

REPORT
of the
DEUTSCHE BUNDESBANK
for the Year 1961



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REPORT OF THE DEUTSCHE BUNDESBANK FOR THE YEAR 1961

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Part A

General Part*)

Economic Developments and Central Bank Policy

I. General Survey

Monetary and Credit Policy in Conformity with the Balance of Payments

The Bundesbank's policy last year was above all marked by conformity to the foreign trade and payments situation which had arisen in 1960 through the growth of surpluses on the balance of payments. As stated in our previous Annual Report, the restrictive credit policy which the Bundesbank had pursued since the autumn of 1959 in order to counteract the internal economic overstrain had in 1960 come increasingly into conflict with the external tendencies. Under the latter's influence the surpluses on the balance of payments had visibly increased; and the expansive effect which this exerted on the liquidity of trade and industry and of the banking system largely deprived the restrictive measures of their efficacy. An important fact in that connection had been that at the beginning of 1960 credit policy in the United States of America had been switched over to "easy money" so as to counter the recession then under way, and that some European countries followed suit. As stated in last year's Report, the Bundesbank in the late autumn of 1960 reacted to this development, inasmuch as it too began to pursue an easier credit policy. The chief object was so far as possible to nullify the wide interest-rate differential between the Federal Republic and many foreign countries, since this had evidently been one of the main factors causing the large surpluses on current account to be further enlarged by considerable surpluses on capital account. At the beginning of March 1961 moreover the Bundesbank assented to the upward revaluation of the DM, resolved by the Federal Government, because the fact that despite the great excess demand on the home market the balance on current account showed persistently high — and indeed rising — surpluses entailed a danger that otherwise the balance of payments would square itself mainly through a gradual rise of domestic prices and costs.

The starting point

As became increasingly clear in the course of the year, this realignment of credit and monetary policy was entirely successful. In the first weeks and months after revaluation, it is true, the balance-of-payments difficulties increased, if anything, because the alteration of the DM parity and the simultaneous revaluation of the Netherlands guilder rekindled international monetary uncertainty — which had already been smouldering for some time — and caused a considerable flight from certain currencies, especially sterling and the dollar, besides a substantial inflow of short-term funds into the Federal Republic. Up till well into the summer of last year the net current movement on capital account (excluding alterations in the foreign exchange position of banks other than the Bundesbank) consequently showed large surpluses, although differences between interest rates no longer contributed to these as much as in 1960, because at least the short-term interest rate level was then already largely assimilated to that in the leading other countries or was actually below it. By way of supplementing its interest-rate and liquidity policy the Bundesbank's efforts in connection with the balance of payments last year were therefore mainly directed at reducing the surplus on capital account through direct meas-

Wave of speculation in the spring and summer of 1961, and the Bundesbank's countermeasures

*) The German original went to press on 27 April 1962.

ures, while helping to restore and consolidate confidence in the currencies hardest hit by the international monetary uncertainty. In this context mention may in particular be made of the premature repayment of the greater part of the external debts arising from post-war economic aid, the granting of further credits to the International Bank for Reconstruction and Development, the providing of funds to meet extensive DM drawings at the International Monetary Fund, and the supporting of other Central Banks in their actions on the exchange markets. A detailed account of these measures is given in the section entitled "External Monetary Policy" on pages 65 et seq.

In its credit policy the Bundesbank allowed for the facts of foreign trade and payments above all by gradually flattening out the interest differential as against foreign countries, at least in the sphere of short-term credit, for that purpose not only lowering its own interest rates but in particular also step by step easing the pressure on liquidity to which the banking system had been subjected during the 1959/60 restrictive period. The object of this policy was to restrain the great money and capital inflow — especially so far as it was based on divergences between interest rates — which had arisen in the restrictive period through the economy's borrowing abroad and through foreigners' large investments in the Federal Republic. But clearly this would also affect that component of the capital inflow which was purely speculative (i. e. due to expectation or fear of exchange parity alterations); for, quite apart from the fact that the money and capital movements induced through interest-rate differences were an essential element in the international monetary uncertainty, the actually speculative capital movements — including the taking of "rate-fixing loans" (i. e., loans for forward covering of the exchange risk), which last year accounted for a large part of the capital influx into the Federal Republic — had evidently been stimulated by the interest-rate differential since, as a rule, the differences between interest rates outweighed the costs of forward covering of the exchange risk. Hence the wave of speculation which followed the revaluing of the DM and the guilder merely confirmed the need to continue the credit policy, "conforming to the balance of payments", which had been initiated at the end of 1960.

The Interest and Liquidity Policy Measures in Detail

Further lowering
of the discount rate . . .

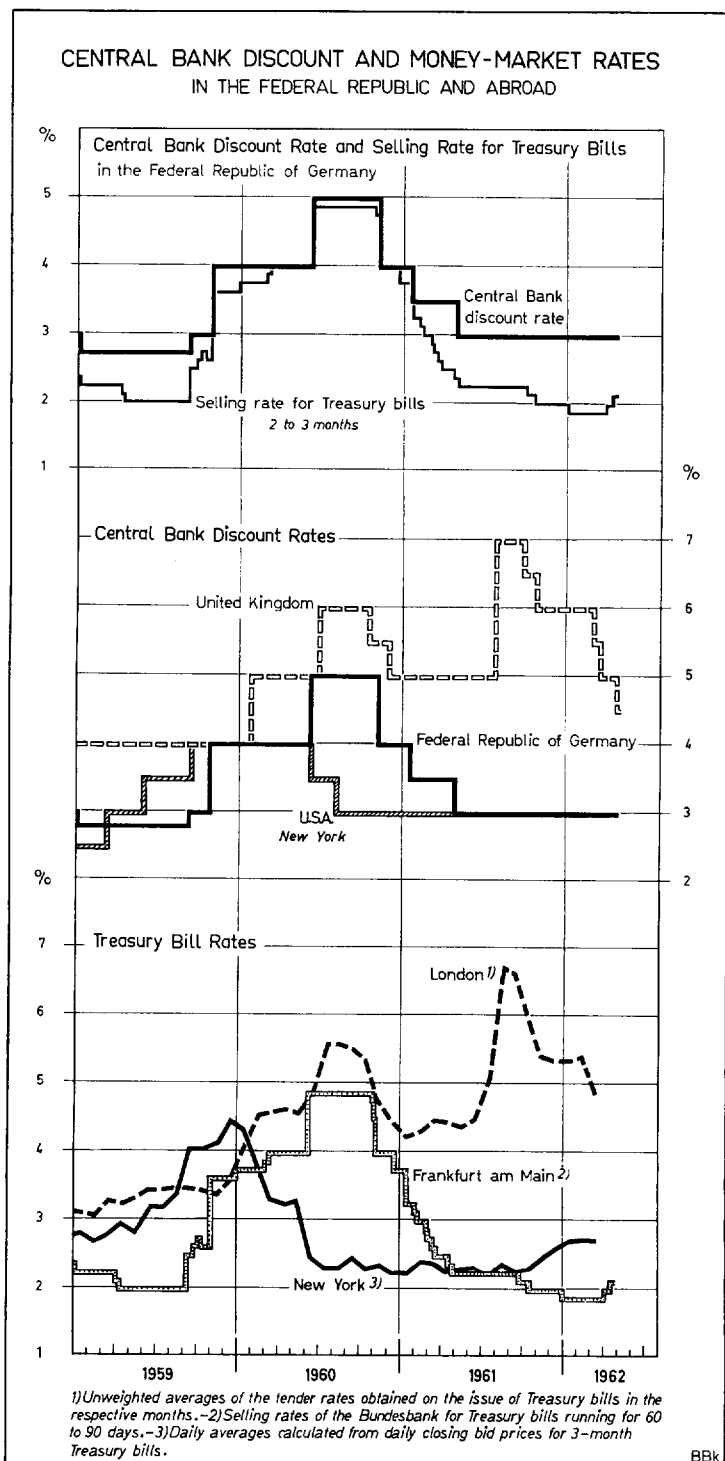
Among the measures which were adopted with this object the first to record are the reductions of the Central Bank discount rate. By the lowering of that rate from 5⁰/₁₀ to 4⁰/₁₀ the first step towards the new credit policy had been taken on 11 November 1960. With effect from 20 January and from 5 May 1961 there followed two further reductions, each by one-half per cent, so that the discount rate has since stood at 3⁰/₁₀. While it has thus not yet reached the uniquely low level of 2³/₄⁰/₁₀ which prevailed from 10 January to 3 September 1959, it is now at the same level as the discount rate of the Federal Reserve Banks in the United States; and it is lower than that in all other industrial countries, except Switzerland, where the Central Bank's discount rate has been unchanged at 2⁰/₁₀ since February 1959.

. . . and of the selling rates
for open-market paper

Much more even than of its discount rate the Bundesbank, in conducting its interest-rate policy last year, made use of the instrument afforded by the rates for sale of the money-market paper in which it deals in the course of its open-market transactions. After the November 1960 discount rate reduction these selling rates had already twice been lowered, the first time by one-half and the second by one-quarter per cent. On the discount rate reduction of 20 January 1961 they were further brought down by one-half per cent (this time, therefore, to the full extent of the Bank Rate reduction), and in the further course of the year there followed ten further reductions, each by 1/8⁰/₁₀, of which however the last was confined to Treasury bills and Storage Agency bills and hence excluded non-interest-bearing Treasury bonds. Finally, at the beginning of January 1962, under the impression of a strong seasonal surge of liquidity, there was a further reduction by 1/8⁰/₁₀ for Treasury bills and Storage Agency bills as well as for non-

interest-bearing Treasury bonds running for up to one year. A feature of these reductions was that, apart from the one in May 1961, they took place with the Central Bank discount rate unaltered; in the end, therefore, all the selling rates were below that rate. After the January 1962 reduction the rate for Treasury bills with a life of 60—90 days for instance, which rate is probably the one most readily comparable with the Central Bank discount rate, stood at only $1\frac{7}{8}\%$; that is to say, it was $1\frac{1}{8}\%$ lower than Bank Rate, which — in view of the existing difference between selling and repurchasing rates — meant that in certain circumstances Treasury

bills could be used at 2% per annum to procure funds at the Bundesbank. For the movement in the level of money-market interest rates this was of great importance inasmuch as in the case of growing liquidity the excess monies on the market could be employed within the country only at an interest rate lying more or less below the Central Bank discount rate, while in the event of any tightness monies were available to the banks at costs lower than rediscount credit. In other words, the lowering of the selling rates made it possible for the level of domestic money rates — at least in periods when the funds resulting from foreign exchange surpluses were pressing on the market — to fall appreciably below the level which would have been the minimum if the former relations between discount rate and selling rates had been maintained. In point of fact the level of German money-market rates has in this way been largely adjusted to that prevailing in comparable countries — in some cases it actually fell below that level. This applies in particular to the interest rate relationship with the United States; as early as the spring of 1961 the Bundesbank's selling rates for corresponding paper had



reached the tender rate for Treasury bills in the United States, and in the meantime they have dropped appreciably below it, especially since the time when the Treasury bill rate in that country was allowed to rise in order to check, so far as possible, the outflows of money to foreign countries. This movement in interest-rate relationships had, at least as far as short-term money is concerned, not only largely removed any incentive from the side of interest to further inflows of money, but had at the same time provided a material prerequisite for money exports by German banks — more particularly since, as will be explained further below, such exports were facilitated by special measures of assistance.

At the end of March and the middle of April 1962, however, the selling rates were somewhat modified inasmuch as they were raised by $\frac{1}{8}\%$ all round. The reason lay in the desire to see domestic money-market paper gradually included to a somewhat greater extent in the banking system's liquidity reserves, and no longer to let money-market funds in search of temporary employment go into investments abroad as much as before, since this had resulted in undesirably wide fluctuations in the banks' external assets, with corresponding foreign exchange movements at the Bundesbank. The object was not, however, basically to alter the interest-rate policy and the interest-rate relationships with foreign countries; in principle, therefore, what has been stated in previous paragraphs about the selling rate policy continues to apply.

Liquidity policy
(general)

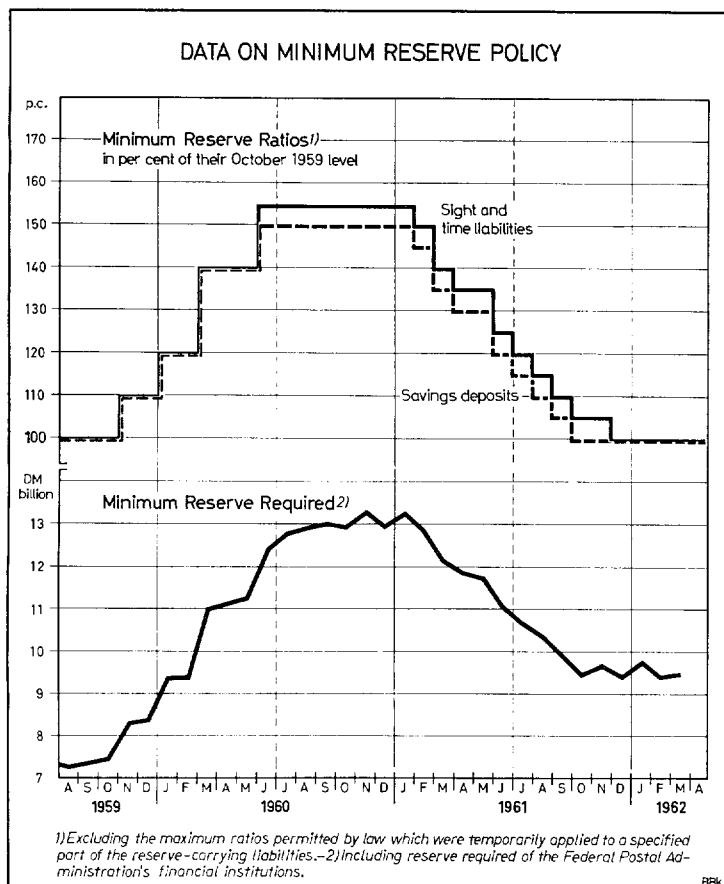
The interest-rate policy which the Bundesbank pursued by lowering its discount rate and the selling rates of course required, as its complement, a corresponding liquidity policy — because only when the market is liquid enough to be able to refrain from using funds the cost of which is above the level desired by the Bundesbank is there any assurance that these rates, which last year meant essentially the selling rates for open-market paper, will prevail. Up to a point this was indeed already ensured by the foreign exchange surpluses because, although (as will be shown later) from the second quarter of 1961 onwards the balance of payments in general showed deficits, these were in the main due to Bundesbank and Federal Government transactions which did not impair the liquidity of the banks and the money market, while at least during a great part of the year the other payment streams on balance actually continued to bring the banks additional liquidity. But this addition was already much smaller than in the preceding years; and on a longer view it was moreover offset or even outweighed by a number of tightening tendencies which resulted from the internal cyclical trends. Thus, for instance, the note and coin circulation rose to an exceptional extent last year under the influence of the great increase in mass incomes and of certain technical circumstances, such as in particular the introduction of the five-day week in banking; on the daily average for December 1961 it was greater by DM 2.4 billion than in December 1960, which means that cash liquidity was withdrawn from the banking system in corresponding degree. At the same time the persistently rapid general expansion greatly increased the reserve-carrying liabilities; and this would have led to a corresponding increase of the minimum reserve burden, had the Bundesbank not counteracted the process by lowering the minimum reserve ratios. Above all however the banks lost a great deal of liquidity last year — especially in its first half — by reason of the fact that, as had already happened to some extent during 1960, the tax revenues of the Federal Government and the Länder grew much faster than their expenditure, and in accordance with the provisions of the Bundesbank Law the resulting cash surpluses were reflected on the Bundesbank accounts of those authorities. In itself this was an "anticyclical" effect of the public finances (although a relatively late one, and one that moreover was doubtless not in the main deliberately sought), which effect, as will be shown, because of its impact on incomes did not fail to influence the subsequent cyclical movement. Because of its effect on the liquidity of the banks and of the money market, however, this process would have hindered adjustment of the interest-rate level in Germany to that in foreign countries unless the Bundesbank had acted to even out liquidity.

Lowering of the
minimum reserve ratios

With that object the Bundesbank last year primarily used the instrument of lowering minimum reserve requirements, just as in the previous restrictive period it had mainly used

minimum reserve increases to produce the reduction of liquidity which it then desired. For the first time the minimum reserve screw had been loosened in December 1960, that is shortly after the first discount rate reduction; this loosening was however effected only through cancelling the so-called "increment reserve" in respect of domestic liabilities, i. e. the provision by which any increase in such liabilities above their average March-May 1960 level had been subjected to the highest reserve ratios permitted by law. From February 1961 onwards the reserve ratios in respect of domestic liabilities were generally lowered in rapid sequence, which applied to every month of 1961 except May and November; the reduction being for technical reasons in each case expressed as a specified percentage of what the reserve ratios had been in October 1959, the month before the first raising of the ratios began in the restrictive period. As a rule the percentage in question was 5; only in March and June 1961 were the ratios lowered by 10 per cent in each case, on the grounds that in those months quarterly advance payments of taxes fell due, and that in view of the Federal Government's and the Länder's financial position such payment dates tended greatly to strain liquidity. It was only from the autumn of 1961 onwards, when the cash surpluses of the Federal Government and the Länder began to decline steeply, while both the general balance-of-payments situation and the relatively low level of German money rates by comparison with those abroad made temporary strains on liquidity no longer seem so undesirable as before on grounds of the balance of payments, that the reserve ratios were lowered only slightly even in months containing a large tax payment date, as in December 1961, or not at all, as in March 1962. Even so, by the latest reduction (that in December 1961, through which the ratios for sight and time liabilities were reduced by a further 5 per cent of their October 1959 level) the ratios for reserve-carrying domestic liabilities were in all cases brought down again to where they had been before the period of restriction began. The ratios for reserve-carrying foreign liabilities, after having in May 1961 been raised

(as part of the revision, which will be discussed later, of the minimum reserve requirements in respect of such liabilities) to the highest level permitted by law, were likewise brought down again to their original level with effect from February 1962. On the whole these measures tended to reduce the banks' minimum reserve burden by DM 5.25 billion. The actual reduction in fact amounted to only about DM 3.8 billion, because the lowering of the reserve ratios was in some measure offset by the almost uninterrupted rise in the total amount of reserve-carrying liabilities; but even at that amount it formed an adequate counterweight to the tightening tendencies which would otherwise have prevented any lowering of the interest-rate level.



Release of public monies under Article 17 of the Bundesbank Law

Some easing of liquidity further resulted from the fact that certain public monies, which under Article 17 of the Bundesbank Law had been initially deposited at the Bundesbank, were with the latter's assent otherwise deposited or employed, namely at the Reconstruction Loan Corporation or in money-market paper, issued by certain Federal Funds, the countervalue of which was not "sterilised" at the Bundesbank. This mainly applied to proceeds of the partial denationalisation of the Volkswagen Works, which proceeds, before they were taken over by the "Volkswagen Works Fund", had first gone in approximately equal parts to the Federal Government and to the E.R.P. Special Fund. Out of the total amount of these monies, namely about DM 1.1 billion, some DM 760 million were "released" in August and September 1961 and a further DM 265 million in January 1962. The considerations which caused the Bundesbank to agree to this release were not, however, primarily connected with liquidity. Liquidity could have been eased just as well through greater lowering of the minimum reserve ratios; normally in fact such lowering is to be preferred to the release of public authorities' liquid funds, because reductions of minimum reserves benefit practically all credit institutions, whereas otherwise investing or depositing of funds coming under Article 17 primarily affects only some of them. By assenting to otherwise investing or depositing the monies, however, the Bundesbank made allowance for the fact that the proceeds of sale of Volkswagen Works shares are monies the income on which is designed in particular to finance research work, and that therefore income-producing employment (such as, in the nature of things, is possible only outside the Bundesbank) accords with their purpose. One precondition of course was that considerations of liquidity policy did not stand in the way, since according to the purport of Article 17 of the Bundesbank Law decisive weight has to be attached, in connection with all releases, to the general requirements of liquidity policy.

Renewed raising of the rediscount quotas, and cancelling of the prohibition on sale of the "Blessing-Milliarde"

A further fact characteristic of the liquidity policy pursued in 1961 was that the reductions which had been applied in 1960 to credit institutions' rediscount quotas at the Bundesbank were cancelled in two stages: With effect from 1 March 1961 the cuts which had been ordered in the previous year — also in two stages — for the new "standard quotas" that had come into force in 1959, by 15 per cent for quotas or parts of quotas up to DM 5 million and by 40 per cent for the parts of quotas exceeding that amount, were reduced to 10 and 20 per cent respectively. With effect from 1 November 1961 the cuts were entirely terminated, so that since then the standard quotas fixed in 1959 have again been in force. In practice however these reliefs were not of great importance for most institutions, because, owing to the progressive increase in the banking system's liquidity, there had in any case been a reduction in availments of the rediscount quotas. At any rate, the renewed raising of the quotas for all institutions did widen the potential liquidity margin and this did not fail to produce a certain, at least psychological, effect. Approximately the same can incidentally be said in the sphere of open-market policy about the cancelling, resolved by the Central Bank Council at the end of August 1961, of the rule prohibiting sale of the DM 1 billion of two-year "mobilisation" Treasury bonds (the so-called "Blessing-Milliarde"), which had at the Bundesbank's desire been taken by the larger credit institutions between August and October 1960 for the purpose of "sterilising" a part of their liquidity reserves. Of the consequent possibility of procuring funds through resale of this paper to the Bundesbank little use had been made, up to the spring of 1962, because for the time being the Bundesbank's repurchasing rate, which is governed by the remaining life of the paper in question, was still too high by comparison with the cost of procuring money by other possible methods; yet this measure too did correspondingly enlarge the credit institutions' potential recourse to the Bundesbank.

Money exports encouraged through easier rate-fixing...

In view of the movement in the balance of payments an effort was moreover made through various specific measures — independent of the revision of the interest-rate differential — to induce the banks to export some money, i. e., to increase their deposits and investments maintained abroad. The starting point for this effort was the fact that under the influence of

the 1960 liquidity shortage the banks had greatly reduced their short-term foreign assets, while their short-term foreign liabilities had at the same time considerably risen. At the end of December 1960, with DM 4.9 billion of liabilities and DM 2.4 billion of assets, the banks' foreign position indeed showed a deficit of DM 2.5 billion against one of only about DM 300 million at the end of the previous year. A substantial part of the foreign exchange accruals recorded by the Bundesbank during 1960 had been due to this fact. The Bundesbank therefore deemed it desirable to induce the credit institutions to replenish their foreign balances and investments so as to prevent the one-sided concentration of the country's exchange reserves at the Central Bank to an extent hardly seen in any other country. Up to a point, it is true, factors already tending in this direction were the gradual closing of the gap between interest rates in the Federal Republic and the other countries concerned, as well as the banks' greater freedom of movement in regard to liquidity. During the first part of the year, however, this process had not yet gone so far that it could by itself have produced the desired consequences, unless the interest-rate differences which still impeded it — and, above all, the relatively high costs entailed by rate-fixing in the market in respect of foreign investments — had been offset through special measures adopted by the Bundesbank. With this object the Bundesbank retained the swap premium, which had been introduced in August 1960, for money exports in U.S. dollars running for periods of two weeks to six months; at first indeed, despite the reduction of domestic interest rates which was starting in November 1960, it retained the rate as raised from 1⁰/₀ to 1¹/₂⁰/₀ in September 1960. In the first two months of 1961, it is true, the premium was gradually reduced. But up till August in that year the Bundesbank undertook the forward exchange covering without any charge; and later, when such a charge was finally introduced, it was almost constantly lower than the market rate of discount on forward dollars — quite apart from the fact that, through the Bundesbank's rate-fixing transactions, the forward dollar market was materially relieved and in that way the market rate was depressed. Out of the income obtainable by employing funds abroad, therefore, a smaller part is absorbed by costs of rate-fixing than would otherwise be the case; the result being that the net interest-rate relationships to foreign countries are affected by the Bundesbank's swap policy, just as they are through lower rates of interest within the country, and that money exports are correspondingly encouraged.

A like purpose was served by the revision of the rules about the minimum reserves to be held against foreign liabilities; this came into effect from May 1961 onwards, and was known by the term "offsetting of reserve-carrying foreign liabilities by foreign assets". Through this revision the credit institutions were authorised, when calculating their reserve-carrying liabilities to non-residents, to deduct an amount equal to the credit balances maintained by them at banks abroad plus their foreign money-market investments; in other words they were able, by holding short-term foreign assets, to economise minimum reserves. The inducement to do so was further increased by the fact that, on the coming into force of the offsetting facilities, the reserve ratios for the greater part of the "unoffset" foreign liabilities — including those for the "old" element in those liabilities — were raised to the highest level permitted by law (namely 30 per cent for sight liabilities, 20 per cent for time liabilities and 10 per cent for savings deposits), whereas previously those rates had applied only to the amount by which reserve-carrying foreign liabilities increased by comparison with their level at the end of November 1959¹). The effect of the whole arrangement on costing was that the interest earned on any "economised" amounts of the minimum reserves could be added to that earned on the foreign balances and investments used for offsetting; accordingly this also entailed a shift of income relationships in favour of foreign investments, even though the actual interest-rate relationships remained unchanged. It is true that this influence was to some extent weakened

... and through new rules for minimum reserves against foreign liabilities

¹) Only the amount already existing on 31 May 1960 of customers' availments of credits opened at institutions abroad remained exempt from the raising of the minimum reserve ratios.

at the beginning of 1962, as already mentioned, inasmuch as the reserve ratios for reserve-carrying foreign liabilities were reduced again with effect from February this year to the level applying to domestic liabilities, the reason being that in view of the change — to be described later — in the balance-of-payments position it no longer seemed necessary to encourage money exports as much as before, while the special minimum reserve requirement in respect of foreign liabilities inevitably entailed certain hardships¹⁾). Since however the offsetting facility was retained as such, the holding of short-term foreign assets may in certain circumstances still result in economising minimum reserves.

Altered Balance of Payments

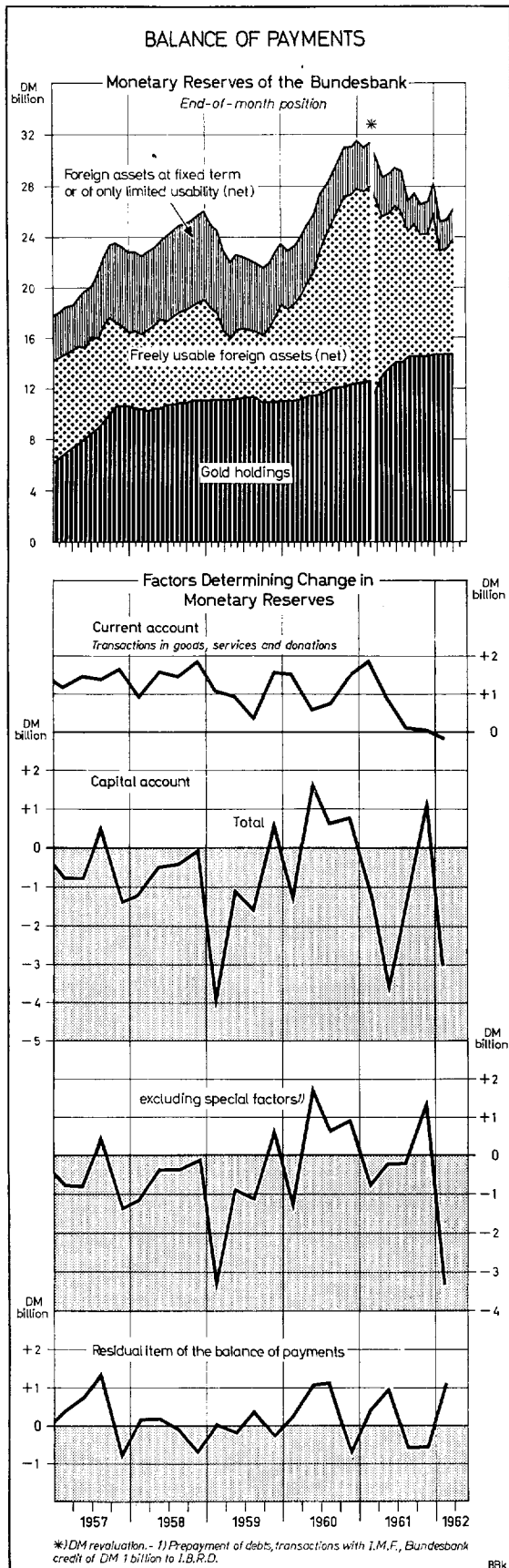
Reversal of the balance
on capital account

In point of fact as a result of these various measures, and of the energetic reform policy initiated in the principal deficit countries, the course of the Federal Republic's balance of capital transactions was completely reversed in 1961. In 1960 such transactions had not only contributed nothing towards offsetting the then large surplus on current account, but had on the contrary themselves shown a surplus, amounting to DM 1.7 billion. On the receipts side of the balance of payments there was moreover an unidentifiable "residual item", of nearly DM 1.8 billion, regarding which it may be assumed that it was also in the main due to (statistically unrecorded) capital accruals or to improvements in the terms of payment, equivalent to net borrowing abroad by the German economy. In 1961 on the other hand the balance of capital transactions showed a deficit of nearly DM 5.2 billion, while the unidentifiable "residual item" in the overall balance of payments showed a surplus of only just on DM 250 million. The picture has thus radically altered by comparison with the previous year.

As already indicated, this reversal was to a material extent due to special payments by which the Bundesbank and Federal Government deliberately sought to offset and outweigh the large current accruals of exchange in respect of trade in goods and of private capital movements. In this connection special mention may be made of the premature repayment of debts arising from post-war economic aid, together with the credit granted by the Bundesbank to the International Bank for Reconstruction and Development; the two of these together amounted to something over DM 4 billion. A similar effect was produced by the heavy recourse to the Bundesbank through DM drawings on the International Monetary Fund; particularly as a result of the United Kingdom's considerable drawing on the Fund in the late summer of 1961 such recourse increased during that year by more than DM 1.3 billion net, as against only about DM 170 million in the previous year. But even apart from these special factors and exceptional influences, the balance on capital account changed quite materially in the period under report. If these factors and influences are disregarded, it showed in 1961 a surplus of only about DM 200 million against DM 2.0 billion in the previous year; and this decrease is the more noteworthy inasmuch as, at the same time, the surplus on the unidentified item in the balance of payments decreased from DM 1.8 billion to not quite DM 250 million.

In this connection the Bundesbank's measures of interest-rate and liquidity policy were no doubt of decisive importance. In particular they caused the other banks to increase their short-term foreign assets again after the great reduction effected during the restriction period, and hence to create a similar contra-item for their foreign liabilities. The net position as between their total short-term foreign assets and their total short-term foreign liabilities improved in 1961 by over DM 260 million, whereas in 1960 it had deteriorated by DM 2.25 billion. During the greater part of the year, therefore, the banks' "foreign position" was in balance, or even in surplus; only at the close of the year, under the influence of the seasonal tendencies to tightness on the home money market, was there a further large reduction of balances and investments abroad and a corresponding deterioration in the position, although

¹⁾ At the same time customers' availments of credits opened at institutions abroad again became generally exempt from the minimum reserve requirement.



this setback was already made good again in the first months of 1962. Special importance attached to the exports of money during the surge of international speculation in the spring and summer of 1961, because in this way the banks themselves returned abroad a part of the funds which accrued to them at that time.

But the influence of the interest-rate reduction was also clear in connection with those capital transactions which are not due to the initiative of banks. Foreigners' net purchases of German securities, primarily those of securities bearing fixed interest, declined considerably in 1961. They had amounted in the fourth quarter of 1960 to over DM 1 billion (and in the whole of that year to more than DM 2 billion); in the third quarter of 1961 they amounted to only a little over DM 60 million, and in its fourth quarter to DM 240 million (although, because of much greater figures for the first two quarters, the amount for the whole of 1961 still reached as much as DM 1.6 billion). Similarly direct borrowing abroad by trade and industry greatly decreased in the further course of 1961; according to all indications it would seem indeed to have been replaced by net repayment of loans. This is above all suggested by the movement in the balance-of-payments residual item, which — as already mentioned — mainly reflects the statistically unrecorded movements of credit, including changes in the terms of payment; in the second half of 1961 that item was in deficit to the extent of almost DM 1.2 billion, whereas it had shown surpluses of DM 1.8 billion in 1960 and of DM 1.4 billion in the first half of 1961.

Besides the course of interest rates, and easier access to domestic sources of credit, other factors of course also contributed to these movements. One fact of great importance was that in the late summer of 1961 international speculation began to flag, not least under the influence of the measures which the United States and the United Kingdom adopted for the purpose of squaring their balances of payments. The

speculative component in the international movements of money and credit decreased; in fact the pendulum of speculation for a time actually swung the other way, and loans which had been taken in view of further possible exchange rate alterations were repaid. A further factor of importance for a time was the increasing of world political tensions through the new phase of the Berlin crisis initiated by the events of 13 August 1961. Thereupon foreigners held back new investments in the Federal Republic; in the first few weeks after 13 August they even sold German securities on balance to a certain extent, while per contra the desire of Germans to employ money and invest capital abroad rather increased slightly. But the essential basis for the reversal of the net movement on capital account was formed by the easing of the domestic credit situation and by the narrowing of the interest-rate differential, especially in the field of short-term credit; the main reason for this narrowing lay in the decline of money rates in the Federal Republic, although it was also assisted by the slight rise of such rates which began in the United States, more particularly in the second half of 1961.

Large decrease
in the surplus
on current account

The restoring of normal conditions in the overall balance of payments, which began with the disappearance of the surplus on capital account, was however also decisively assisted in the period under report by the material change which took place in the position on current account. Thus in 1960 goods, services and donations had together shown a surplus of DM 4.5 billion; in 1961 that surplus declined to about DM 3 billion. The surplus moreover fell from quarter to quarter; in the first three months of 1961 it had amounted to DM 1.9 billion, whereas in the last three months of the year it stood at only DM 80 million. Apart from special influences like the poor 1961 harvest, and increased donations due to the indemnification agreements made with various European countries, this was mainly attributable to the effects of the marked increase in domestic economic activity together with the DM revaluation of 6 March 1961. One important consequence of the internal boom was for instance the considerable rise in German tourists' expenditure abroad, and in remittances by foreign workers employed in the Federal Republic, the number of whom in 1961 reached about 550,000 at its seasonal peak under the pressure of the great labour shortage. Travel in 1961 showed a deficit of roughly DM 1.5 billion, against not quite DM 800 million in the previous year and less than DM 150 million in 1958; the net transfers of wages, salaries and pensions in 1961 showed a deficit of DM 1.2 billion, against about DM 750 million in 1960 and DM 350 million in 1958. A further effect which the internal boom produced on service account was that, at DM 1.3 billion net in 1961, the income derived by foreigners from their investments in the Federal Republic exceeded the 1960 amount by some DM 460 million. But the balance of trade in goods also showed more and more clearly, in the course of the year, the influence of the domestic cyclical tension. On the one hand there was a further considerable increase in imports not only of food but also of industrial goods, especially finished products, with some import prices falling; on the other hand the rise of exports was increasingly inhibited — quite apart from the effects of revaluation — by the steep increases which the boom had induced in costs and by the lengthening of delivery periods. Through the DM revaluation this tendency was then further accentuated. For some time, however, the new trend was not readily discernible; this was especially so if one was content to compare the current figures with those of a year before. At the end of 1960 and the beginning of 1961 the export surplus had risen to an unusually high level, not least because at that time the prospect of revaluation retarded imports and stimulated exports. Thus despite the fact that in cyclical terms exports remained stationary or even declined, while imports rose, the export surplus in the first months of 1961 was almost continuously greater than in the corresponding period a year before; and as a result of the figures for the first three quarters even its total for the year exceeded that for 1960. This was misinterpreted by many people, especially abroad, as meaning that Germany's external trade had been in no way affected either by revaluation or by the course of the domestic business cycle. It was only in the light of the relatively low figures shown by the export surplus in the first three months of 1962 — DM 42 million in

January and February, and DM 574 million in March, or altogether about DM 620 million only against some DM 1,920 million in the first quarter of 1961 — that the change in the foreign trade position could no longer be ignored. True, the impression which those figures in themselves convey is now, on the other hand, rather too unfavourable. Their particularly low level is partly due to the fact that in the first months of 1962, as a result of amendments in Customs regulations, there was a statistical increase in the figures for imports in special trade; according to information from the Federal Statistical Office the amount involved was something over DM 400 million for the months from January to March 1962. There was moreover an exceptional rise in imports of food, this being due to the poor result of the 1961 harvest. Since at the same time exports have so far been maintained at the very high level prevailing at the start of 1961, even slightly exceeding it in March, so that pro tanto there can be said only to have been some slowing of their years-old exceptionally vigorous expansion, there is for the present no reason to dramatise the fall of the export surplus in the first quarter of 1962. Nevertheless there can be little doubt that the period of large export surpluses is over, and that there has accordingly been a decisive change in the balance of payments.

On the whole the balance of payments for 1961, as measured by changes in the Bundesbank's monetary reserves, showed an excess of nearly DM 2 billion of payments to foreign countries (this does not include the DM 1.4 billion book loss which the Bundesbank sustained, in its monetary reserves, through revaluation of the DM), whereas for 1960 there had been an excess of in-payments amounting to DM 8 billion. The 1961 deficit was of course solely due to the above-mentioned large special capital payments, i. e., to premature debt repayments and the monies provided for the International Monetary Fund and the International Bank for Reconstruction and Development. Together these reached about DM 5.3 billion; but for them, therefore, the balance of payments would have shown a surplus of about DM 3.4 billion. Here however it must be borne in mind that the balance of capital transactions had been marked in the first half of the year by relatively large capital accruals, especially owing to international speculation and the extensive buying of German securities, and further that the export surplus had still been substantial in that period. By now however the conditions have materially changed, so that since the autumn of 1961 — even if the decrease in the Bundesbank's monetary reserves is taken together with the improvement in the other banks' exchange position — there has at best been equilibrium in the balance of payments, but no longer any surpluses, even though during this period special charges were no longer an important factor.

As regards the further prospects it would seem, in view of the balance of payments' present fundamental structure, that even deficits are not ruled out unless there is again a considerable inflow of short-term money. The balance-of-payments surplus on current items amounted in 1961 to only about DM 3 billion. In the current year it will no doubt be even smaller. True, there is reason to expect that there will be no further rise (or at least no further substantial rise) in important outgoing items such as foreign workers' transfers, net tourist expenditure and donations to foreign countries, and that there may even be a fall in other outgoing items, such in particular as the income on foreigners' investments in the Federal Republic. But the export surplus, still as much as DM 6.6 billion for the whole of 1961, will certainly decrease. Any very large decrease might indeed cause current items, for the time being, to show no further surplus at all. According to the "basic balance" arrangement, where the balance on current items is simply set against that on long-term capital movements, there would then be no further room for long-term net capital exports, which ought to be considered normal if only in view of the Federal Republic's obligations in regard to assisting development. Net capital exports would on the contrary produce a deficit, and according to its "basic balance" the Federal Republic would have to be classified no longer as a surplus but as a deficit country. As yet it is of course too early to make any such forecast with certainty. As matters now stand, however, the possibility of such a change can certainly not be entirely ruled out. The key lies essentially in the course

The overall picture of the balance of payments

The further prospects

of foreign trade, especially since the large donations to foreign countries (no less than DM 3.5 billion in 1961) cannot be expected to decline before 1963, because in the light of existing agreements and obligations indemnification — the chief cause of the deficit in this category — will not decrease until from 1963 onwards, however much the balance of payments is likely to be relieved on that ground later on. The Bundesbank's large monetary reserves will no doubt make it possible to finance even relatively great deficits for a time. But the experience which other countries have had with deficits on their balances of payments ought to warn us against treating such a development too lightly. The process cannot be immediately reversed, once a country has run deeply into balance-of-payments deficits owing to price and cost increases. In any event we shall have to accustom ourselves to the fact that the foreign trade and payments aspect of German economic trends materially changed last year, and that in future it may be no longer the attaining but the preserving of adequate external equilibrium which will form the crucial balance-of-payments problem.

How far the recent economic trends meet the need for preserving such equilibrium, and how far — despite certain tendencies which may be assessed as favourable — they also imply danger to the balance of payments, will be discussed in the paragraphs which follow.

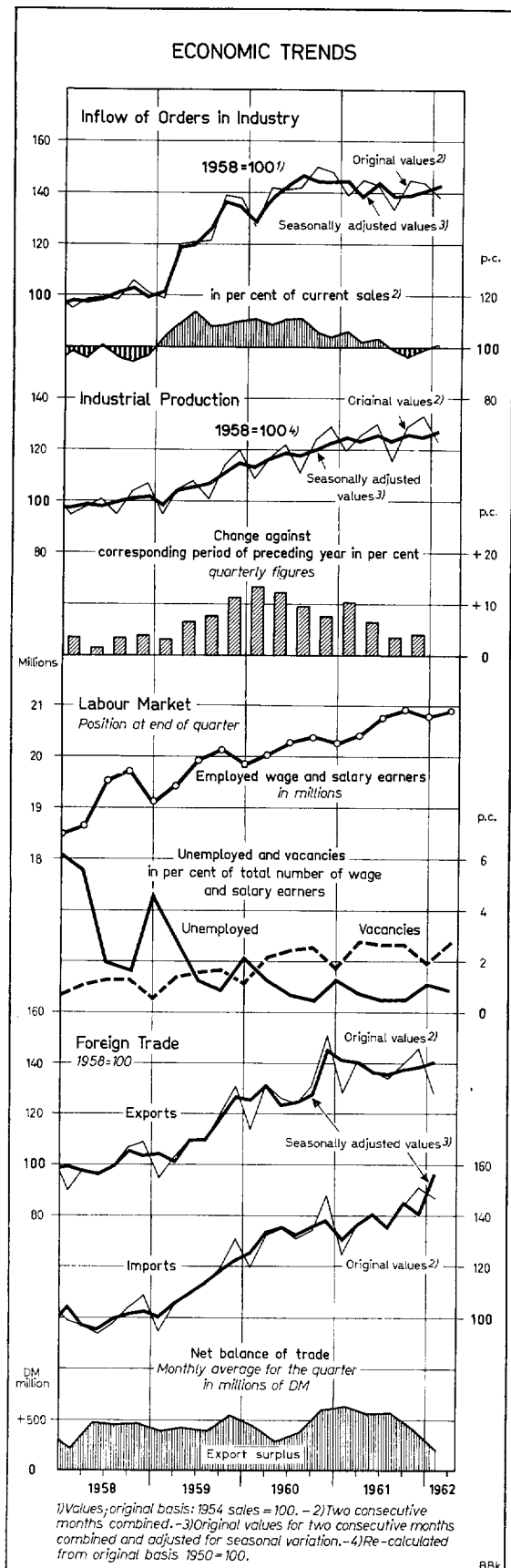
Signs of Decreasing Cyclical Strain, but still no Consolidation

Flagging
entrepreneur demand

Economic trends last year showed at least a certain relaxing of strain inasmuch as there was some flagging of both entrepreneur and export demand, which had formed the dynamic element in the 1959/60 boom. So far, however, there is even less sign of a decrease in enterprises' actual spending than of one in exports. But the inflow of orders to industry has shown a slackening trend in broad sections of the economy since the end of 1960. Since mid-1961 it has in general been actually somewhat below the level of current deliveries, the more so since these have been further raised thanks to the fact that production continued to expand, although in most cases at a much reduced rate. Thus at least at the producer stage there is now on the whole little disparity between current demand and supplies, although it must be borne in mind that the position differs greatly as between individual branches of activity, and that in many industries there are still relatively large order backlogs based on the demand carried over from previous years. Even so a relatively large part of industry has found that the boom is not unlimited. Order backlogs are declining in most industries, and in some cases selling difficulties have already enforced cuts in output. Competition has therefore grown keener, and after the exuberance of recent years there has been a definite sobering down, especially among enterprises no longer benefiting from the pull of demand. Nor has the stock exchange, which had for years been in a sometimes incomprehensible bullish mood, been unaffected by the change in cyclical conditions. Share prices have mostly been falling since mid-1961, after having already appreciably declined between August 1960 and March 1961 from the obviously exaggerated level which they had before then attained.

The causes

The causes of this change will be examined in more detail in one of the special sections which follow. They can of course hardly be defined with perfect clarity, just as switches of the business cycle as a whole often occur on irrational rather than rational grounds. Some importance did no doubt attach to the revaluation of the DM not only because, by abruptly making imports cheaper and exports dearer, it in fact changed important economic factors in the sense of limiting expansion, but also because of its psychological effect in this direction. Yet the beginning of relaxation, as afterwards became apparent on a longer view of many developments, dated in many cases from before revaluation. In this process reactive forces were probably to a large extent at work. When expansion is so rapid as during recent years, it is natural that the expansive forces slacken after a time, if only for purely psychological reasons. Capital development programmes as large as those of 1960 and 1961 are not constantly undertaken, let alone



expanded from year to year; a break in the upward trend of orders for capital goods was therefore due. This applies especially to inventory investments. In the relevant special section of this Report it will be shown how "stock cycle" reactions determined the picture of the economic trend during 1961 in the basic industries in particular; for instance in the case of the steel industry, which in the period under report was affected by definite dullness, this factor was of special importance. The decrease of export demand in many industries was in some measure due to the fact that cyclical expansion likewise flagged in a number of important purchasing countries. There is the further fact that not only revaluation but also increasing internal cyclical strains caused German exporting industries to lose much of the competitive advantage which they had enjoyed in previous years. The production costs of the German economy have risen more in the last few years than those in nearly all comparable countries; and delivery periods, the relative shortness of which was formerly an essential element in German competitive superiority, have in most cases grown longer owing to the overstraining of production factors. The rise in costs has moreover largely deprived the internal investment boom of its driving force. Since if only in view of foreign competition (which for the past two or three years has no longer been weakened by inflationary tendencies anything like so much as before, or indeed at all) it was in many cases not possible to pass higher costs on in prices, the profit margins for a large part of industry became notably narrower in 1961. Growing tax liabilities contributed towards the same result, especially since the public authorities' expenditure for a time fell short of their larger tax revenues, so that their cash transactions tended to deflate profits. Consequently both enterprises' propensity to invest and their ability to finance investment out of their own resources declined.

These processes, however, have still produced no thorough relaxation. Only in some

Still no thorough relaxation

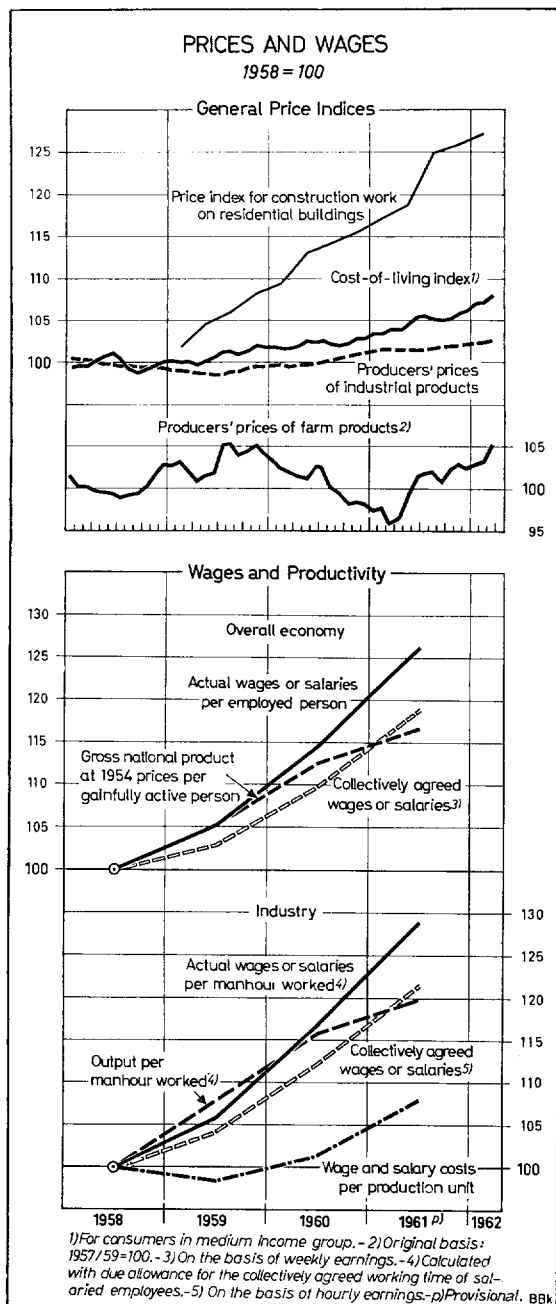
industries has production been cut down under the influence of declining orders; in others it continues to press against the limits set by the available production factors. At all events in the first two months of 1962 total industrial production still exceeded that in the corresponding period of the previous year by 3 per cent. The demand for labour is consequently as great as ever; more vacancies were registered at labour exchanges at the end of March 1962 than a year before. On the other hand the supply of labour has hardly increased. Even where production has been cut down enterprises hesitate to discharge workers, because they are afraid that they might face difficulties if they wished to expand their output again. The cyclical slackening in certain industries accordingly has hardly enlarged the potential supply of labour for the expansive branches of activity. This is the more important because the flow of recruits to the labour force is declining more and more. It is expected that the number of gainfully active persons will rise in 1962 by only 0.7 per cent, against 1.5 per cent in the previous year, since it is hardly possible any longer for workers to migrate here from Central Germany, while the obtaining of additional foreign labour grows more and more difficult; in most countries which might be a potential reservoir the demand for labour has in fact rapidly increased, so that skilled workers in particular find attractive employment on a growing scale in their own countries. The effect which such accrual of fresh labour as still proves possible produces on the total work done in the economy is moreover increasingly offset, and even outweighed, through the shortening of average working time by reason of longer holidays and the further cutting down of the working week. Experts estimate that for these reasons the total number of man-hours worked in 1962 will be smaller by 1 per cent than in 1961.

The Problem of Rising Prices and Wages

Continued rise of the price and wage level

In view of this persistently heavy strain on the material — and above all on the personal — production factors it is not surprising that the level of prices and wages also still exhibits the upward tendencies induced by the boom of 1959/60.

The basic tendency of the most important price indices remained upward during the past twelve months. Revaluation for a time appreciably slowed or even suspended their rise, the more so since at that time the prices on international raw material markets were still falling. But in the second half of 1961 the internal upward tendencies again prevailed; at the beginning of the current year there was even a definite upsurge. Special importance attaches in this connection to the prices for agricultural products and foodstuffs. Between March 1961 and March 1962 producers' prices for agricultural products rose by about 10 per cent, whereas in the previous year they had fallen appreciably, although not in equal degree. This was due to the partly very poor result of the 1961 harvest; the rise could however have been moderated if the import sluices had been opened wider, and if the Import and Storage Agencies had for a time contented themselves, in the case of certain products, with putting smaller amounts into store. A certain renewed rise of the producers' price level — which in 1960 had fallen rather sharply owing to comparatively good crops and the increasing enlargement of meat and dairy production — was however in line with the effort to make the proceeds of farming keep pace so far as possible with the increase in other incomes. Consequently food costs have notably risen since the summer of 1961. It is mainly for this reason that the cost-of-living index rose with relative steepness during recent months, and in March 1962 was above its level of a year earlier by 3.8 per cent. But in other sectors of the economy too the price trend has remained upward. The influence of the at least partial tendencies to relaxation in the business cycle makes itself felt here, it is true, inasmuch as since the beginning of 1961 producers' prices for industrial products have on the whole been rising more slowly than before. On a closer view, however, it becomes clear that this is mainly due to the slight fall in prices for basic materials and textiles; these are especially subject to the pressure of foreign competition, whereas the prices for capital goods and for other



consumer goods have if anything been rising since the middle of 1961 faster than in the first half of that year, although at about 2 per cent on a yearly basis the rise was smaller than in 1960.

Above all, however, the upsurge of wages generated by the boom has not yet ebbed. The average wage and salary income of employed persons was greater in 1961 than in 1960 by over 10 per cent, after having risen in 1960 by not quite 9 per cent and in 1959 by something more than 5 per cent. The growth moreover became little slower in the course of the year, especially if the increases of wages to make good for shortened working hours are included. On the basis 1958 = 100 (average for the year) the index for industrial workers' gross hourly earnings stood at 132.6 in the fourth quarter of 1961, against 120.9 and 108.6 in the corresponding quarter of 1960 and 1959, and to judge by the course of collectively agreed wages the rise continued at about the same pace in the first months of 1962. A considerable divergence has thus appeared between the rise in wages and salaries and that in productivity. In 1961 in fact the gross national product per gainfully active person grew by only 3.7 per cent (against 6.5 per cent in the previous year and 5.5 per cent in 1959); on the other hand the total wages and salaries paid per employed person rose, as already mentioned, by over 10 per cent. According to the available indications 1962 may be expected to show a further decrease in the growth of productivity to perhaps 3 per cent, at least if average hours of labour are reduced as much as is being demanded in some important industries, and as has already been

conceded in some of them. If wage and salary increases continued as fast as hitherto, therefore, the "scissors" as between remuneration of labour and productivity would open still further. But even if the upsurge in wages should to some extent slacken there will for the present remain a considerable gap, and there will be a further rise in labour costs per unit of production, which have already risen considerably during the last two years.

It is not easy to answer conclusively the question (frequently asked of late) whether this increase in costs of labour has caused the above-mentioned rise in prices, and whether therefore wage increases which go on to exceed the growth of productivity must lead to continued price rises. In the light of past years' experience the proposition that increases in the cost of labour normally entail price rises is no doubt supported by the fact that, if branches of activity are separately considered, the raising of prices has usually coincided with wage increases. On the

Excess demand the primary cause . . .

other hand it is clear that cost increases can be passed on in prices only if demand is elastic enough to permit this without undue risk to the course of sales. Thus the steady expansion of demand during recent years was certainly an indispensable basis for the rise of prices; without that expansion it would have been impossible (at least for the economy as a whole) to escape the effect of rising costs — be it only in part — by raising prices, and the wage increases would then have been made at the expense of profits even more than they already were last year. Apart from this there is every reason to ask whether the wage increases themselves do not in reality originate from the course of demand. The wave of wage increases began only when as the result of general excess demand the labour market afforded practically no further reserves, so that increasingly keen competition developed — not only for additional labour but even for that which already existed. The extent to which employers enticed workers away from each other during recent years is well known. Actual earnings in general rose faster during 1960 and 1961 than the level of collectively agreed wages and salaries: that is to say, employers on an increasing scale paid wages and salaries greater than the collective agreements obliged them to pay. They relied precisely on the fact that they would afterwards be able to obtain compensation in the price, or for the time being they attached less importance to any narrowing of their profit margins (at that time in many cases still quite wide) than to the risk that their production programme might be impaired through possible loss of workers, or through inadequate additions to their personnel.

... but "autonomous"
cost increases gaining
in importance

Recently indeed the weights have shifted in such a way that wage increases which are "autonomous", that is to say are not induced by the course of demand, have begun to play a greater rôle in determining the position. Employers, at least in a large section of the economy, have shown much more reserve in their wage offers; this has been due both to the slackening of order inflows and to the fact that the profit margin is far from being so wide as before. On the other hand the trade unions are aware of the strong position which for the time being labour still enjoys because of the strain on the labour market, and they consequently make demands which fall little short of those made a year ago. For the employers there is indeed a certain possibility of escape, inasmuch as some of the actual earnings hitherto paid are above the collectively agreed rates, and the collective agreements do not as a rule provide that actual earnings shall be raised to the extent of any collectively agreed increases. Theoretically therefore earnings above the collectively agreed level might in many cases be counted towards the new collectively agreed rates. In practice however limits are normally set to such a procedure by the fact that the existing wage and salary arrangements have created prescriptive rights, which at least in the present state of the labour market cannot be easily cut down, especially where the collectively agreed rates form the basis for grading wages and salaries within the enterprise according to functions or seniorities. In most cases, therefore, collectively agreed wage and salary increases seem likely to entail approximately equal rises in the effective remuneration.

Possible consequences
on prices ...

Whether the rise of general production costs which is entailed by the present upsurge of wages can be passed on in prices will of course continue to depend, in large measure, on the state of demand. If demand did not in some degree follow, it would no doubt hardly be possible to raise the overall price level. The present elasticity of demand must certainly not be underestimated. In recent years the economy has accumulated large financial reserves which it can easily use. In the consumer sphere a partial passing on of higher costs may moreover be assisted by the very rise in wage incomes because, in the light of experience to date, there is no reason to expect that more than a relatively small part of the additional wages will be saved. Precisely in the consumption sphere the wage and salary increases impart a comparatively strong tendency to price rises, because in that sphere productivity usually grows more slowly than in the sectors of the economy more remote from consumption, and consequently wage and salary increases there are especially apt to raise wage costs per unit of production. There is thus a possibility that, despite the above-described tendencies to a slackening of economic

Figures showing Economic Developments in the Federal Republic of Germany
excluding Berlin
Monthly averages

| Item | Basis or unit | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | 1961 | | | | 1962 1st qtr. p) | |
|--------------------------------------------------------------------------|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|
| | | | | | | | | | 1st qtr. | 2nd qtr. | 3rd qtr. | 4th qtr. | | |
| Production¹⁾¹⁴⁾ | | | | | | | | | | | | | | |
| Index of industrial production (per working day) | | | | | | | | | | | | | | |
| Total | 1950 = 100 | 178 | 192 | 203 | 209 | 225 | 249 | 264 | 257 | 270 | 250 | 279 | . | . |
| Basic and producer goods industries | 1950 = 100 | 175 | 187 | 198 | 203 | 228 | 260 | 275 | 268 | 286 | 271 | 275 | . | . |
| Capital goods industries | 1950 = 100 | 223 | 243 | 253 | 271 | 293 | 337 | 365 | 364 | 381 | 336 | 384 | . | . |
| Consumer goods industries | 1950 = 100 | 162 | 176 | 186 | 184 | 195 | 211 | 220 | 219 | 222 | 204 | 237 | . | . |
| Production of important basic materials ⁵⁾ | | | | | | | | | | | | | | |
| Hard coal, per day worked in mining ¹⁵⁾ | '000 tons | 433.3 | 445.9 | 458.0 | 472.4 | 544.4 | 538.6 | 542.4 | 557.4 | 541.7 | 518.9 | 552.1 | 549.1 | 549.1 |
| Raw steel, per production day ¹⁴⁾ | '000 tons | 65.6 | 72.9 | 76.1 | 73.0 | 94.0 | 103.0 | 100.8 | 105.2 | 104.8 | 98.4 | 94.8 | 97.2 | 97.2 |
| Rolled steel, per production day ¹⁴⁾ | '000 tons | 45.0 | 51.4 | 54.9 | 51.2 | 63.7 | 73.9 | 72.4 | 74.8 | 75.7 | 71.3 | 67.2 | 70.7 | 70.7 |
| Farm products ²⁾ ¹⁶⁾ | | | | | | | | | | | | | | |
| Food production ⁴⁾ | 1935/36-1938/39 = 100 | 121 | 125 | 130 | 138 | 137 | 149 | 144e) | . | . | . | . | . | . |
| of which: | | | | | | | | | | | | | | |
| Vegetable products | 1935/36-1938/39 = 100 | 122 | 125 | 127 | 152 | 130 | 164 | 122e) | . | . | . | . | . | . |
| Animal products | 1935/36-1938/39 = 100 | 120 | 125 | 131 | 134 | 140 | 146 | 153e) | . | . | . | . | . | . |
| Stocks | | | | | | | | | | | | | | |
| (at end of period indicated) | | | | | | | | | | | | | | |
| Pithead stocks of hard coal and coke ¹⁵⁾ | '000 tons | 217 | 269 | 753 | 13,065 | 17,883 | 11,481 | 11,988 | 11,343 | 12,439 | 11,959 | 11,988 | 11,499 | 11,499 |
| Coal stored with main consumers ⁸⁾ ¹⁵⁾ | '000 tons | 6,761 | 8,415 | 11,092 | 11,575 | 8,466 | 8,508 | 7,039 | 7,698 | 7,789 | 8,206 | 7,039 | . | . |
| Rolled-steel stocks ⁸⁾ | | | | | | | | | | | | | | |
| with producers and traders ¹⁷⁾ | '000 tons | 1,247 | 1,474 | 1,707 | 1,565 | 1,789 | 2,263 | 2,267 | 2,316 | 2,277 | 2,270 | 2,267 | . | . |
| with capital goods industries ¹⁸⁾ | 1952-1955 = 100 | 166 | 199 | 236 | 204 | 195 | 276 | 272 | 295 | 304 | 309 | 272 | . | . |
| Retailers' stocks ¹⁹⁾ | 1958 = 100 | | | 94 | 98 | 103 | 108 | 138 | 123 | 125 | 138 | 138 | 157 | 157 |
| Labour Market and Employment | | | | | | | | | | | | | | |
| Registered unemployed ²⁰⁾ | '000's | 935 | 767 | 668 | 689 | 480 | 237 | 161 | 163 ³⁾ | 99 ²⁾ | 95 ²⁾ | 223 ²⁾ | 190 ²⁾ | 190 ²⁾ |
| Employed ⁷⁾ ²⁰⁾ | '000's | 17,496e) | 18,384 | 18,945 | 19,175 | 19,748 | 20,184 | 20,661 | 20,419 ³⁾ | 20,760 ³⁾ | 20,934 ³⁾ | 20,797 ³⁾ | 20,876 ³⁾ | 20,876 ³⁾ |
| of whom, in industry ¹⁴⁾ | '000's | 6,576 | 6,991 | 7,221 | 7,273 | 7,301 | 7,776 | 8,002 | 7,945 ³⁾ | 8,021 ³⁾ | 8,033 ³⁾ | 7,977 ³⁾ | . | . |
| Unemployment ratio ⁶⁾ | per cent | 2.7 ¹⁰⁾ | 2.1 ¹⁰⁾ | 1.9 ¹⁰⁾ | 1.7 ¹⁰⁾ | 0.9 ¹⁰⁾ | 0.5 ¹⁰⁾ | 0.5 ¹⁰⁾ | 0.8 ¹¹⁾ | 0.5 ¹¹⁾ | 0.5 ¹¹⁾ | 1.1 ¹¹⁾ | 0.9 ¹¹⁾ | 0.9 ¹¹⁾ |
| Weekly hours paid in industry ¹⁴⁾ | hours | 48.9 | 48.2 | 46.5 | 45.7 | 45.6 | 45.6 | 45.5 | 45.1 ¹¹⁾ | 45.6 ¹¹⁾ | 45.5 ¹¹⁾ | 45.7 ¹¹⁾ | . | . |
| Weekly hours worked in industry ¹⁴⁾ | hours | . | . | 43.0 | 41.5 | 41.3 | 42.0 | 40.8 | 43.5 ¹¹⁾ | 38.7 ¹¹⁾ | 39.5 ¹¹⁾ | 41.9 ¹¹⁾ | . | . |
| Orders booked, and Turnover¹⁾²¹⁾ | | | | | | | | | | | | | | |
| Orders booked in industry ⁹⁾ | | | | | | | | | | | | | | |
| (Values, per calendar month) | | | | | | | | | | | | | | |
| Total | 1954 = 100 | 126 | 137 | 143 | 142 | 175 | 201 | 201 | 204 | 201 | 194 | 207 | . | . |
| Basic industries | 1954 = 100 | 127 | 136 | 142 | 137 | 168 | 185 | 179 | 181 | 183 | 181 | 173 | . | . |
| Capital goods industries | 1954 = 100 | 136 | 147 | 154 | 163 | 203 | 255 | 254 | 269 | 246 | 242 | 260 | . | . |
| Consumer goods industries | 1954 = 100 | 112 | 126 | 129 | 119 | 147 | 148 | 160 | 146 | 164 | 146 | 183 | . | . |
| Retail turnover at current prices ¹³⁾ ¹⁴⁾ | | | | | | | | | | | | | | |
| Total | 1954 = 100 | 111 | 123 | 133 | 139 | 146 | 159 | 174 | 152 | 163 | 164 | 216 | 163 | 163 |
| Building Industry¹⁴⁾ | | | | | | | | | | | | | | |
| Output of building industry proper ¹⁾ | 1950 = 100 | 173 | 181 | 177 | 183 | 213 | 222 | 241 | 195 | 273 | 257 | 237 | . | . |
| Estimated expenditure on approved buildings, total ²⁾ | DM million | 1,250.6 | 1,344.1 | 1,367.0 | 1,600.5 | 1,844.7 | 2,227.5 | 2,579.9 | 2,129.3 | 2,764.2 | 2,840.6 | 2,585.6 | . | . |
| Price index for residential buildings ¹⁾ | 1958 = 100 | 91.24 | 93.69 | 97.03 | 100.00 | 105.33 | 113.23 | 121.8 | 117.28 | 118.87 | 124.97 | 126.00 | 127.3 | 127.3 |
| Prices and Wages¹⁴⁾ | | | | | | | | | | | | | | |
| Prices of basic materials (of domestic and foreign origin) ¹⁾ | | | | | | | | | | | | | | |
| Total | 1950 = 100 | 125 | 129 | 132 | 132 | 132 | 132 | 131 | 130 | 130 | 131 | 131 | 132 | 132 |
| of which: | | | | | | | | | | | | | | |
| Farm, forest and plantation products | 1950 = 100 | 114 | 119 | 120 | 119 | 120 | 118 | 117 | 115 | 116 | 118 | 118 | 118 | 118 |
| Industrial products | 1950 = 100 | 137 | 140 | 145 | 146 | 145 | 147 | 146 | 147 | 146 | 145 | 146 | 146 | 146 |
| Purchase prices for foreign goods ¹⁾ | | | | | | | | | | | | | | |
| Total | 1950 = 100 | 103 | 107 | 106 | 100 | 97 | 98 | 94 | 96 | 93 | 93 | 93 | 93 | 93 |
| Producers' prices of domestic industrial goods ¹³⁾ | | | | | | | | | | | | | | |
| Total | 1958 = 100 | 97 | 99 | 100 | 100 | 99 | 100 | 102 | 102 | 102 | 102 | 102 | 103 | 103 |
| among which: | | | | | | | | | | | | | | |
| Capital goods industries | 1958 = 100 | 95 | 97 | 99 | 100 | 99 | 101 | 104 | 103 | 103 | 104 | 104 | 105 | 105 |
| Consumer goods industries | 1958 = 100 | 98 | 99 | 102 | 100 | 98 | 101 | 104 | 104 | 104 | 104 | 104 | 105 | 105 |
| Cost-of-living index ¹²⁾ ¹⁶⁾ | | | | | | | | | | | | | | |
| Total | 1958 = 100 | 94 | 96 | 98 | 100 | 101 | 102 | 105 | 104 | 105 | 106 | 106 | 108 | 108 |
| of which: | | | | | | | | | | | | | | |
| excluding food | 1958 = 100 | 94 | 96 | 98 | 100 | 101 | 103 | 106 | 105 | 105 | 106 | 107 | 108 | 108 |
| food | 1958 = 100 | 94 | 96 | 98 | 100 | 102 | 102 | 104 | 102 | 104 | 105 | 104 | 107 | 107 |
| Industrial workers' wages ¹⁴⁾ ¹⁴⁾ | | | | | | | | | | | | | | |
| Hourly earnings | DM | 1.83 | 1.99 | 2.17 | 2.32 | 2.44 | 2.68 | 2.96 | 2.85 ¹¹⁾ | 2.50 ¹¹⁾ | 3.02 ¹¹⁾ | 3.09 ¹¹⁾ | . | . |
| Weekly earnings | DM | 89.31 | 95.77 | 100.74 | 105.82 | 111.51 | 122.42 | 134.82 | 128.42 ¹¹⁾ | 132.24 ¹¹⁾ | 137.44 ¹¹⁾ | 141.17 ¹¹⁾ | . | . |
| Foreign Trade¹⁴⁾²²⁾ | | | | | | | | | | | | | | |
| Imports | DM million | 2,039 | 2,330 | 2,657 | 2,670 | 2,985 | 3,560 | 3,697 | 3,443 | 3,704 | 3,621 | 4,019 | 4,010 | 4,010 |
| Exports | DM million | 2,143 | 2,572 | 2,997 | 3,083 | 3,432 | 3,995 | 4,248 | 4,083 | 4,274 | 4,194 | 4,442 | 4,215 | 4,215 |
| Balance | DM million | + 104 | + 242 | - 340 | + 413 | + 447 | + 435 | + 551 | + 640 | + 570 | + 573 | + 423 | + 205 | + 205 |

¹⁾ Excluding Saarland. — ²⁾ Until end-1958 excluding Saarland. — ³⁾ Position at end of quarter. — ⁴⁾ Farm years from 1 July to 30 June of following year. — ⁵⁾ Industry, transport and public utilities. — ⁶⁾ Until end-1959 excluding Saarland. — ⁷⁾ Averages computed from end-of-quarter figures. — ⁸⁾ Proportion of unemployed to total of employed and unemployed wage and salary earners. — ⁹⁾ Index of orders booked, based on average monthly sales for 1954 = 100. — ¹⁰⁾ Position at end of third quarter. — ¹¹⁾ Position at middle of quarter. — ¹²⁾ For consumers in medium income group. — ¹³⁾ Until end-1960 excluding Saarland. — Sources: ¹⁴⁾ Federal Statistical Office. — ¹⁵⁾ Statistics of Kohlenwirtschaft e. V. (Coal Association). — ¹⁶⁾ Report on the situation of farming (Green Plan). — ¹⁷⁾ IFO Institute. — ¹⁸⁾ Rhenish-Westphalian Institute for Economic Research. — ¹⁹⁾ Institute for Trade Research at Cologne University. — ²⁰⁾ Federal Institution for Labour Exchanges and Unemployment Insurance. — ²¹⁾ Federal Ministry of Economics. — ²²⁾ Special trade according to the official foreign trade statistics: imports c.i.f., exports f.o.b. For 1957 and 1958 including imports of the Federal Government subsequently reported and thus not recorded in the official foreign trade statistics for those years. Including Berlin (West). Until 5 July 1959 excluding Saarland. — p) Provisional. — e) Estimated.

activity, the upward movement of prices may continue under the influence of the present wage increases. In that case the price rise, hitherto primarily induced by demand, would be replaced by one induced by costs.

... on foreign trade
and payments ...

Besides this however there are yet other dangers. As already mentioned in a different connection, the competitive advantage on which German industry could rely in former years has of late largely disappeared. Further price and cost rises might therefore easily place the Federal Republic at a disadvantage as compared with foreign producers, especially if in the chief competing countries the price level were to remain stable or to rise less than in the Federal Republic, as has already been the case in the last two or three years. The foreign trade and payments position of the Federal Republic might then deteriorate to an extent which could become dangerous not only in view of the dependence of a relatively large part of the economy on exports but also perhaps, on a longer view, on grounds of balance-of-payments policy.

... as well as on
investments and overall
economic growth

Attention must finally be drawn to the consequences which the present trend of costs might produce on the economy's total investment. The great cost increases which trade and industry have had to face during recent years have, as is known, been passed on only partly in prices. In future their passing on in full may become still more difficult. As explained above, the internal cyclical conditions altered in the course of 1961; orders are placed more cautiously than before, and costing is done more closely. Above all however the growing foreign competition just mentioned sets a limit to price rises, at least in cases where such competition can produce its effects with relative ease on geographical grounds. It is therefore possible that prices will continue in future not to reflect in full the rise of production costs which results from persistently great wage increases. But it would be a mistake to assume that this creates an opportunity for decisively improving the position of wage and salary earners, that is of rapidly "redistributing" the national income, without causing harm to the economy as a whole. Cost increases which cannot be passed on in the price will detract from profits. A profit margin, once established, is not of course something which must be left untouched for all time. In the Federal Republic, at the peak of the boom, profits had reached a very high level at which they could certainly not permanently stay. On the other hand however profit margins largely determine the propensity to invest, just as the ability to finance fresh capital expenditure depends to some extent on them; there is therefore always a danger that abrupt cuts in profits may cause undesired repercussions on total investment, and hence may impair or even suspend economic growth. Here it must be borne in mind that last year profits already appreciably declined. Continued large increases of wage costs might therefore not only result in constant price rises, but also cause production to enter a stationary or even recessive phase, thus combining the evil of "creeping inflation" with that of insufficient growth — a combination which, in the light of experience already gained in various countries, is rightly regarded as the chief danger of present-day full-employment policy. The fact that in such an event the raising of wages would do employed persons no good is obvious. What after all is the use of a greater share in the national income, if at the same time the growth of the national income is impaired, and if price rises reduce the real value of that greater share?

Correctives

Self-discipline on the
part of employers
and employed

If wage increases because of their excessive size lead to contraction of real investment, to a fall in exports and to the displacing of German products by cheaper foreign goods, they would of course in the longer run brake to a halt because, with employment falling, it would certainly become harder to achieve further raising of wages. But according to the experience of countries where growth has been impaired in recent years through "cost inflation" such a process might easily cause contraction, or at least shortfalls in output, which would mean paying an extravagantly high price for the re-establishment of economic equilibrium. In the interest of all concerned it would therefore be much more rational if from the outset excessive

wage increases, achieved through short-sighted exploiting of momentary market opportunities, were renounced in favour of rises more in harmony with economic growth. It does not accord with the nature of modern economic policy blindly to follow market tendencies when it is evident that troubles and crises may result from them; on the basis of the knowledge acquired during recent decades about the economic process any such development ought, on the contrary, to be prevented through rational behaviour on the part of all concerned in the market. To that extent the call for "self-discipline" is entirely justified. Emphasis could moreover certainly be given to that call if steps were taken in the Federal Republic to follow the example set by other countries, and to draw up each year "Prospective National Accounts" which would clearly show the public what real expansion of the national product appears attainable and how the value of money would deteriorate if the raising of nominal demands on the national product is not kept within the limits of such possible expansion. A neutral body for drawing up and commenting on these National Accounts could be of definite use in that connection, since it might be more capable than governmental authorities of convincing all political groups that such calculations were objective. The plan recently worked out by the Cabinet Committee on Problems of Economic Policy for establishing such a body ought therefore not to be dropped, despite any difficulties which its realisation might encounter, especially since at the instance of the European Parliament forecasts of the National Accounts or even "Economic Budgets" will in the near future have to be submitted at regular intervals to the Commission of the European Economic Community.

The justification for demanding more self-discipline on the part of all concerned in the economic process, and above all of the employers and the employed, does not however relieve the authorities responsible for cyclical policy of the duty also to ensure through actual measures, to the best of their ability, that the upward trend of prices and wages is deprived as quickly as possible of its impetus, namely, by making their contribution to the elimination of such excess demand as is still present. This applies in particular to the by no means impossible case in which the course of wages does not lead — or leads only very slowly — to an endogenous slackening of economic activity, and in which price increases due to rising costs can continue to be enforced at least to a certain extent.

Within the framework of restrictive action on demand, however, relatively narrow limits continue to be set to credit policy for the time being. Its freedom of movement has indeed become greater since the balance of payments has no longer shown a structural surplus and since the strong tendencies to greater liquidity which that entailed have disappeared. Its possible effectiveness continues however to be impaired by the fact that, owing to the years of surpluses on the balance of payments, both trade and industry and the banks continue for the present to enjoy so high a degree of liquidity that extremely drastic measures would be needed in order to affect current demand appreciably within a relatively short time by credit restrictions. Above all, however, even in the conditions of the new balance-of-payments situation the Bundesbank's credit policy must allow for monetary trends in other countries, since it will otherwise be in danger of possibly destroying its own effect, quite apart from the duty of international coordination. The adjustment to the level of interest rates in comparable countries is, it is true, fully established in the case of money-market rates; on the other hand the long-term interest rate, and some of the rates which the banks charge in short and medium-term credit business with their customers, are still relatively high. The Bundesbank must therefore act cautiously to avoid the re-emergence of an interest-rate differential causing money to flow into the country. So long therefore as interest rates do not likewise rise in the most important other countries, but in some of them are actually lowered, the Bank will have to allow for that fact in its credit policy. On the other hand however it no longer needs to provide incentives, since money rates have reached a relatively low level, and the general state of the balance of payments makes the maintenance by banks of the largest possible foreign assets seem no longer so urgent as last

Elimination of the remaining excess demand

Limitations of credit policy

year. The Bundesbank can on the contrary in some measure allow scope for the tightening tendencies, which on the disappearance of balance-of-payments surpluses have begun to determine movements in liquidity, even if money rates occasionally rise and the banks repatriate short-term foreign assets. By this policy the opportunities for action in the field of credit will doubtless be improved in the longer run. That is to say, in so far as the banks have to meet the increasing strain on liquidity without minimum reserve reductions or releases of other Central Bank deposits there is a decrease in their free liquidity reserves, which means mainly in their holdings of mobilisation paper and short-term foreign assets, so that the liquidity conditions for effective credit policy gradually improve. There is therefore a chance that the instruments of credit policy will in the near future again act better than during the period of large surpluses in the balance of payments, and of the consequent excess liquidity; and this creates the possibility, on a longer view, of exerting more influence on the course of the business cycle by credit measures as well. But this is a process which must not be allowed to lead to premature action, since otherwise new undesired inflows of capital from abroad might be induced.

Possibilities of general economic policy, especially fiscal policy

Within the framework of economic policy however, and especially of tax and finance policy, it will be possible to do a good deal to create better market conditions for stabilising the price level. The first important requirement in this connection is something negative, namely to renounce the adopting of premature countermeasures against any further slackening of economic activity, as might be adopted for instance on grounds of a wrongly understood "growth policy" or from exaggerated fear of a recession. Expansive measures of economic policy would inevitably facilitate the passing on of cost increases in prices. This means that any support to production and employment would be achieved at the cost of promoting creeping inflation — which would neither be justifiable from the social point of view nor, in the longer run, guarantee full employment and continuous growth. It is a well-known fact that, on a longer view, undermining the value of money is one of the greatest dangers to any growth of the national product. The signs of cyclical slackening apparent in some sections of the economy for some time should in the circumstances rather be interpreted as indicating a process of returning to normal — a process which might at least to some extent remove the basis for the undesirable tendencies in the wage and price movement resulting from the past years' excess demand, and which should therefore not be stopped before it has produced clear results in that direction.

For the same reason the public authorities' financial policy should in the near future remain as restrictive as possible. It is incompatible with the present general trend of prices that total public expenditure is substantially increased year by year and perhaps grows even more than the nominal national product. Rather, the public authorities' policy as regards expenditure should today be deliberately shaped to serve the purposes of anti-inflationary policy. The principal aim in this connection, however, should be as much as possible to restrict the public authorities' demand for credit. At present there are no savings which would remain unused, from the point of view of the overall economy, unless they were invested by way of the public budgets; on the contrary, total investment (including the improvement in the net claim on foreign countries) even exceeds voluntary savings formation, which is not enforced through price rises. In these circumstances the public authorities' borrowing requirements tend to increase the expansion of bank lendings and hence to stimulate overall demand, even if formally such requirements are made on the capital market. Some curbing of public expenditure, which at least reduces the borrowing requirement, would therefore be entirely appropriate.

Quite special urgency would further seem to attach to measures for checking the high level of activity in building. Building activity formed one of the most important impellers to the boom of recent years, and up till now the demand for building services has remained a principal generator of the general excess demand. As is shown in the subsequent section devoted to cyclical trends, there is so far little sign here of any lasting decrease of demand; in the first months of 1962 the value of officially approved building contracts actually grew further, and

the carry-over of building work from the previous year was greater than ever. The rise in prices is moreover greatest on the building market. In November 1961 the price index for building work was 9 per cent higher than a year before, and in recent months this trend has continued, although at a slower pace. The building market is therefore rightly regarded as specially reflecting the inflationary tendencies of the economic cycle during recent years; but in reality it is more than that, since it is clear that tensions such as those prevailing here tend to spread to other sectors of the economy, and hence to generate more comprehensive troubles. An important fact in this connection is that building is confined to its own locality, so that in this sphere foreign competition can produce only limited regulative effect. A crucial cause of the boom was however that it was independently stimulated by the public authorities' own initiative. Building for such authorities in 1961 accounted for no less than 31 per cent of all the building done, against about 29 per cent in 1958. Above all however house-building has been encouraged by tax privileges, and by capital and interest subsidies, to an extent which was not compatible with the other demands on building capacity, and with the growing difficulties of further expanding that capacity; and this contributed materially towards causing the tensions to become greater in that sector of the economy than in almost any other. Obviously this greatly detracts from the intrinsically very impressive achievement in house-building, especially when one thinks of those people who were deprived, by the great rise in building costs, of the possibility of establishing a home of their own with the aid of what they had saved in the course of many years.

Under the pressure of developments the Federal Government recently initiated a new plan for checking the boom in building, at least to some extent, through the possibilities open to the public authorities for influencing it. In the first place the Federal Budget Law for 1962 blocked 20 per cent of the appropriations for all Federal expenditure on building and for the promotion of other building projects, except where use of the funds in the individual case does not give rise to economic objections, or where the Federal Government has undertaken a legal obligation. The total amount of the possible blocking can be indicated only approximately. The appropriations for buildings in the 1962 Federal budget estimates amount to roughly DM 3.5 billion; on a purely arithmetical basis this means a total of some DM 700 million of funds to be economised. In this connection account must however be taken of the fact that, on the one hand, not all budgetary items can be cut, while, on the other hand, the blocking shall also apply to other than Federal building projects in so far as they are assisted by the Federal Government. There is the further fact that this year's budget appropriations are much greater than last year's actual expenditure, so that the blocking of those appropriations may merely slow the growth of expenditure otherwise to be expected, but not reduce the amounts spent. Greater effects might however be achieved if the Länder and local authorities (with their much greater volume of building for their own account) were to follow the Federal Government's example, and if in recognition of the economic and social urgency of such a measure they vigorously cut down their building activity until more normal conditions are established in the building market.

As a second step towards checking the building boom the Federal Government took powers, in the Budget Law, which relieve it of the need this year to give firm assurances by 1 December that it will provide the funds required for financing publicly-assisted house construction. The object of this measure is to retard the use of the sums applied to house-building, and to that extent it is certainly aimed in the right direction. In the main however the measure will become effective only next year, and then probably only if the Länder cooperate and do not fill the gap with their own monies, just as in past years they largely offset through the use of such monies the Federal Government's planned reduction of housing subsidies. In principle however a great deal could be achieved through adjustments in the provision of public monies for housing purposes, and in that connection more particularly through a reduction of the interest subsidies, which proved in recent years to exert an especially stimulating effect on the demand for house building.

It is further highly desirable that the tax privileges which are accorded for private house-building through Article 7 b of the Income Tax Law be confined to the building of owner-occupied homes, while at the same time the possibility of their use several times over is prevented. In their present form such privileges still confer advantages, at the cost of the Government, on those parties who build dwellings only on fiscal and commercial grounds, which not only contributes materially towards exaggeration of house-building activity, but is also quite unjustifiable on social grounds. It is indeed possible that amendment of Article 7 b of the Income Tax Law would at the same time raise the question of the fiscal treatment applied to non-profit house-building associations, if prejudicing of commercial house construction is to be avoided. But that ought not to deter the authorities from effecting a revision which seems to be more and more urgent on grounds not only of cyclical but also of social policy.

Finally, the appeal to refrain from wage increases exceeding the growth of productivity by as much as those of the last two years could have been made much more effective if decisive importance were attached to the consideration of stabilising prices also in connection with measures directly or indirectly affecting the income of other groups, for instance in connection with the policy concerning agricultural prices, imports and competition. It would seem, however, that measures producing major effect are hardly any longer possible. But, if only on psychological grounds, every possible opportunity — even the smallest — should be taken to ensure that the averting of a further rise in the level of prices and costs is not left entirely to the — only gradually operating — tendencies of self-adjustment, more particularly as the result of diminished international competitive capacity.

II. Trends in Money and Credit

1. Monetary Analysis

The chief feature of the money supply last year was that the afflux of funds from abroad became less important, while internal credit expansion increased. In addition the public authorities' large cash surpluses caused greater borrowing, at least in the first half of the year. Monetary capital formation at credit institutions did not keep pace with this process. Hence internal credit expansion was a much greater determinant of the money supply than in the preceding years. Despite the decrease of surpluses on the balance of payments, and the sometimes very considerable absorption of funds through growth of the public authorities' reserves, the "volume of money" therefore again grew considerably in 1961; its "velocity of circulation" did not however rise further, whereas in 1960 — unlike the three preceding years — it had notably increased.

(a) Bank Lendings to Domestic Non-banks

According to the consolidated condition statement for all credit institutions including the Deutsche Bundesbank (see the table on page 25) the total credit and security commitment of the banks and the Bundesbank to domestic non-banks rose by almost DM 24.0 billion in 1961, reaching about DM 170 billion at the end of that year. Its rise was thus greater than in 1960 by nearly DM 6.7 billion, and exceeded the 1959 addition by not quite DM 5.9 billion.

Bundesbank lendings to
domestic non-banks

The expansion of the Bundesbank's lendings to non-banks — comprising in that context only public authorities admitted to direct credit relations with the Bundesbank, that is the Federal Government, the Federal Special Funds and the Länder — amounted in 1961 to about DM 1.3 billion, against not quite DM 0.1 billion in 1960 and DM 0.7 billion in 1959. This growth was exclusively due to the fact that in 1961 the "DM drawings" at the International Monetary Fund attained relatively large size, and that the monies to be found for this purpose were made

available to the Federal Government as special credits in accordance with Article 20 paragraph 1 item 2 of the Bundesbank Law. Such credits rose on balance during 1961 by over DM 1.3 billion, after having increased in 1960 by only just on DM 200 million and in 1959 by some DM 550 million. Since their taking leads to a corresponding foreign exchange outflow at the Bundesbank, but not, as normally, to direct expansion of the "internal" money supply, it is not to be regarded as an immediate factor of monetary expansion; only in so far as these credits later tend to improve the balance of payments can they contribute, in certain circumstances, to increasing the domestic volume of money. By comparison the Bundesbank's other short-term lendings to domestic non-banks are of little importance. In 1961, just as in 1960, they actually declined on balance. It is true that at the end of 1961 the Federal Government temporarily took a cash advance which, at DM 160 million, was somewhat greater than the DM 78 million taken at the end of 1960; on the other hand, however, at the end of the year under report the Bundesbank had no holdings of domestic Treasury bills and non-interest-bearing Treasury bonds, whereas at the end of 1960 it had shown a total of DM 136 million. Incidentally the Bundesbank's holding of such paper does not represent any direct grant of credit to the issuers concerned, because the Bank does not take such paper from the issuers. The Bundesbank in fact acquires Treasury bills and non-interest-bearing Treasury bonds only on the open market, that is from "previous holders", who procure funds in this way. Thus the Bundesbank's extension of credit through the taking of such paper represents merely the taking over of credits which already exist, that is, an act of liquidity assistance. The decrease of the holding in 1961 is mainly explained by the fact that the credit institutions were able to obtain funds at the Bundesbank by means other than the sale of Treasury bills and non-interest-bearing Treasury bonds; it was however also due to the fact that the total circulation of such paper decreased.

At the credit institutions rendering returns for the monthly banking statistics the expansion of the domestic volume of credit (including the holdings of German securities issued by non-banks) amounted in 1961 to nearly DM 22.75 billion, as compared with DM 17.25 billion in 1960 and almost DM 17.5 billion in 1959. To this accelerated movement the expansion of the banks' short-term lendings to resident non-banks contributed relatively little. It amounted in 1961 to a total of almost DM 6.2 billion, being thus greater than in 1960 by only about DM 0.7 billion, although greater than in 1959 by nearly DM 3.9 billion. The increase by comparison with a year previously was entirely confined to the first half-year, whereas at nearly DM 1.9 billion the rise between July and December 1961 was smaller by over DM 0.5 billion than in the second half of 1960. Since mid-1961 therefore the demand for short-term bank credit has decreased in comparison with a year earlier, partly no doubt due to the fact that during this period, unlike the first half of 1961, the central public authorities' cash transactions no longer withdrew funds from the economy. In addition during the year, after a long period of preference for short-term bank credit, borrowers again obtained additional funds to a greater extent at longer term.

Accordingly the *medium and long-term bank lendings to resident non-banks* rose by a relatively large amount in 1961, especially in its second half. In the whole year the banks' longer-term lendings to resident non-bank customers increased by over DM 15.6 billion, that is by nearly DM 3.9 billion more than in 1960 and by almost DM 2.2 billion more than in 1959. The greater part of the increase as usual represented the lendings of institutions which specialise in long-term lending to business and private customers, particularly the loans granted by private and public mortgage banks as well as by savings banks and their central institutions. But there was also substantial growth during 1961 in the longer-term lendings of the other banking groups, not least of the commercial banks; as regards the larger institutions their increasing engagement in the market for loans against borrowers' notes was no doubt a factor in this connection.

Lendings to resident non-banks by monthly-reporting credit institutions

Finally in 1961 the banks' extension of credit to non-bank customers through the taking of *securities* was considerably greater than in the previous year. The banks' holdings of securities and syndicate participations arising from security issues by domestic non-banks (bank bonds are neglected in this context as forming a component of "interbank indebtedness") rose in 1961 by about DM 0.9 billion, against only just on DM 0.1 billion in 1960; the increase did not however attain the levels of DM 1.6 and 1.7 billion reached in 1959 and 1958, respectively. The differences between the compared years become even more clearly evident if the banks' holdings of bank bonds are also taken into account. On that basis the increase amounted to almost DM 3.6 billion in the year under report as against only DM 400 million in 1960; it fell even further short of the particularly large purchases in 1959 and 1958, amounting respectively to almost DM 4.7 billion and DM 4.8 billion.

(b) *Monetary Capital Formation at the Banks from Domestic Sources*

Overall trend The monetary capital formation at the banks (comprising the accrual of savings and time deposits, of monies and loans taken at longer term, of proceeds from the sale of bank bonds, and growth of the banks' capital and reserves) likewise rose considerably in 1961. In the year under report it totalled almost DM 18.5 billion, thereby exceeding the figure for 1960 by more than DM 2.25 billion and that for 1959 by about DM 3.25 billion. The picture is not materially different even if one disregards the movements, contained in these figures, of the time deposits at shorter term (less than 6 months' date or notice). These deposits, which by reason of their relatively high degree of liquidity hold a kind of intermediate position between the "volume of money" and the bank liabilities to be numbered among the "formation of monetary capital", rose in 1961 by only the small margin of something over DM 300 million, that is by little more than in the two previous years.

Savings deposits As regards the individual components of monetary capital formation at banks it is noteworthy that last year there was a further decline in the accrual of resident depositors' savings deposits, which accrual in itself forms the most important process by which longer-term funds from outside sources accrue at the banks. In 1961 about DM 7.2 billion of savings deposits accrued, against almost DM 8.0 billion in 1960 and something more than DM 8.1 billion in 1959. The reason for this slowing lies not in any diminution of ability or willingness to save but in changes — some due to special circumstances — in the ways in which savings were employed. As will be shown in another connection, private households' *total* saving (which, besides the formation of savings deposits, also comprises in particular the monies employed at building and loan associations and insurance companies as well as in securities) rose considerably in 1961. For the year as a whole the addition was actually a little greater in percentage terms than that to "disposable" income, so that there was a slight rise in the "saving ratio", that is in the quotient of the two. A tendency for the breakdown of savings formation to shift to the detriment of savings deposits was however due, on the one hand, to acquisition (totalling about DM 1.1 billion) of Volkswagen shares; since in many cases savings deposits were used for that purpose, their total grew especially little in April 1961, when the greater part of the subscriptions had to be paid. A further important factor was the expiry of the blocking period for a large amount of fiscally privileged savings deposits, especially in the last two months of 1961. A great part of the released savings deposits was invested elsewhere, above all in securities. Consequently total tax-privileged savings deposits declined by over DM 3 billion last year to about DM 160 million at the year's end (and by the end of March 1962 to a mere DM 86 million). Such deposits had reached their highest level in June 1959; thereafter, owing to amendment of the legal provisions concerning governmentally privileged saving, the releases had throughout been greater than the in-payments, still possible up till the end of 1960, into savings accounts carrying tax privileges. The place of savings deposits carrying such privileges has however to some extent been taken by others with the benefit of premiums, that is savings deposits on which — just as in the case of

Money Supply*)

Increase (+) or decrease (—) in millions of DM

| Items | Yearly figures | | | | Quarterly figures | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------|-----------|----------------------|------------------------------------------------------------|----------|----------|----------|----------|
| | 1958 | 1959 | 1960 | 1961 | Year | 1st qtr. | 2nd qtr. | 3rd qtr. | 4th qtr. |
| I. Bank lendings to German non-banks, total | +12,542 | +18,096 | +17,307 | +23,966 | 1960 +4,068 1961 +5,516 1962 +3,786 ^{P)} | +4,260 | +3,998 | +4,981 | |
| (1) Short-term lendings (including holdings of domestic Treasury bills and non-interest-bearing Treasury bonds but excluding "mobilisation paper" ¹⁾), total | + 501 | + 3,003 | + 5,512 | + 7,461 | 1960 +1,462 1961 +1,891 1962 + 268 ^{P)} | +1,387 | + 850 | +1,813 | |
| of which: | | | | | | | | | |
| Credit institutions (except Bundesbank) | + 91 | + 2,316 | + 5,447 | + 6,189 | 1960 +1,577 1961 +1,893 1962 + 732 ^{P)} | +1,432 | + 871 | +1,567 | |
| Bundesbank ²⁾ | + 210 | + 607 | + 65 | + 1,272 | 1960 -- 115 1961 -- 2 ⁷⁾ 1962 -- 464 | + 45 | + 21 | + 246 | |
| among which: | | | | | | | | | |
| Special credits to Fed. Govt. for meeting its obligations to I.M.F., I.B.R.D. and European Fund ³⁾ | (+ 271) | (+ 549) | (+ 177) | (+ 1,321) | 1960 (+ 37) 1961 (+ 181) 1962 (— 301) | (+ 89) | (+ 4) | (— 47) | |
| (2) Medium and long-term lendings to German non-banks | +10,544 | +13,479 | +11,743 | +15,630 | 1960 +2,507 1961 +3,375 1962 +3,213 ^{P)} | +2,973 | +3,075 | +3,388 | |
| (3) Holdings of German securities and syndicate participations (except bank bonds ⁴⁾) | + 1,697 | + 1,614 | + 52 | + 875 | 1960 + 299 1961 + 150 1962 + 305 ^{P)} | + 100 | + 426 | + 220 | |
| II. Formation of monetary capital at credit institutions out of domestic sources, total | +11,598 | +15,187 | +16,170 | +18,457 | 1960 +3,928 1961 +6,526 1962 +5,858 ^{P)} | +3,172 | +3,916 | +5,154 | |
| (1) Residents' savings deposits ⁵⁾ | + 6,737 | + 8,146 | + 7,960 | + 7,232 | 1960 +2,115 1961 +2,422 1962 +3,128 ^{P)} | +1,359 | +1,456 | +3,030 | |
| (2) Residents' time deposits, total | + 1,013 | + 1,678 | + 1,040 | + 1,318 | 1960 + 628 1961 + 994 1962 (+ 717 ^{P)} | + 188 | + 352 | + 248 | |
| among which: | | | | | | | | | |
| at notice or fixed period of 6 months or more | (+ 1,494) | (+ 1,549) | (+ 794) | (+ 992) | 1960 (+ 364) 1961 (+1,026) 1962 (+ 577 ^{P)} | (+ 370) | (+ 211) | (— 151) | |
| (3) German bank bonds in circulation (except those held by credit institutions ⁶⁾) | + 1,057 | + 2,744 | + 3,118 | + 3,306 | 1960 + 710 1961 +1,154 1962 + 664 ^{P)} | + 600 | + 907 | + 901 | |
| (4) Monies and loans taken from German non-banks at longer term | + 1,667 | + 1,246 | + 2,636 | + 4,881 | 1960 + 84 1961 +1,489 1962 + 846 ^{P)} | + 854 | + 996 | + 702 | |
| (5) Capital and reserves | + 1,124 | + 1,373 | + 1,416 | + 1,720 | 1960 + 391 1961 + 467 1962 + 503 ^{P)} | + 547 | + 205 | + 273 | |
| III. Net claim on foreign countries ⁷⁾ (Bundesbank and other banks) | + 4,218 | + 261 | + 6,269 | + 427 ¹¹⁾ | 1960 + 313 1961 +3,276 ¹¹⁾ 1962 +1,456 | +1,992 | +2,466 | +1,498 | |
| note: Influx of funds (+) into the "economy" due to foreign exchange transactions ⁸⁾ | (+ 6,816) | (+ 5,699) | (+ 9,541) | (+ 7,816) | 1960 (+1,612) 1961 (+3,972) 1962 (+2,317) | (+2,698) | (+2,713) | (+2,518) | |
| IV. Note and coin circulation ⁹⁾ and sight deposits of German non-banks (except German public authorities' Central Bank deposits) | + 4,771 | + 4,685 | + 3,408 | + 7,479 | 1960 +1,272 1961 +1,624 1962 +3,448 ^{P)} | +1,349 | +2,018 | +2,692 | |
| of which: | | | | | | | | | |
| Note and coin circulation ⁹⁾ | + 1,479 | + 1,429 | + 1,428 | + 2,366 | 1960 + 121 1961 + 809 1962 + 336 ^{P)} | + 506 | + 975 | + 174 | |
| Sight deposits | + 3,292 | + 3,256 | + 1,980 | + 5,113 | 1960 +1,393 1961 +2,433 1962 +3,784 ^{P)} | + 843 | + 336 | +2,866 | |
| V. Central Bank deposits of German public authorities ¹⁰⁾ as well as mobilisation paper sold to such authorities | + 671 | + 2,686 | + 2,304 | + 1,024 | 1960 + 839 1961 +2,877 1962 + 948 | + 745 | +1,025 | + 305 | |
| VI. Residents' time deposits at notice or fixed period of less than 6 months | + 481 | + 129 | + 246 | + 326 | 1960 + 264 1961 + 32 1962 + 140 ^{P)} | + 558 | + 141 | + 399 | |

*) The data in this survey relate to the area of the Federal Republic including Berlin (West), since December 1959 also including Saarland. They are based on the "Consolidated Condition Statement for the Credit Institutions including the Deutsche Bundesbank" (see Table I 1 in the Annex). Apart from the "consolidation" of the figures for the credit institutions and those for the Bundesbank, one peculiarity for the purpose of this table lies in the fact that assets and liabilities in respect of foreign countries — except for DM notes and coins and bank bonds held by foreigners, which cannot be ascertained — have been summed up in one overall net total and are, therefore, not contained in any of the other items. — ¹⁾ I. e., Federal Treasury bills and non-interest-bearing Treasury bonds deriving from exchange for a corresponding partial amount of the Bundesbank's equalisation claim, the taking of which paper by the banks does not represent any additional granting of credit to non-banks. — ²⁾ Apart from the special credits to the Federal Government listed below, this item mainly contains the cash advances granted as book credits by the Bundesbank to public authorities, and the credits granted by the taking into the Bundesbank's portfolio of Treasury bills and non-interest-bearing Treasury bonds (other than mobilisation paper). — ³⁾ These credits granted in accordance with Art. 20 par. (1) item 2 of the Bundesbank Law involve the taking of foreign exchange from the Bundesbank and in so far do not directly affect the domestic circulation of money. — ⁴⁾ Banks' holdings of other banks' bonds do not represent any immediate granting of credit to non-banks but form part of inter-bank indebtedness. — ⁵⁾ Amounts credited as currency conversion compensation to expelled persons or as compensation to holders of old savings are taken into account only in so far as covering claims on the Equalisation of Burdens Fund were redeemed. The savings deposits created under Art. 252 par. 4 of the Equalisation of Burdens Law (meeting of basic compensation claims) are taken into account only in so far as the Equalisation of Burdens Fund has made available the counter-value. — ⁶⁾ Set off against the credit institutions' holdings of their own and other banks' bonds; bonds issued under the compensation scheme for holders of old savings are taken into account only in so far as covering claims on the Equalisation of Burdens Fund were redeemed. ⁷⁾ Including I.B.R.D. bonds taken by Bundesbank. — ⁸⁾ Change in banks' net claims on foreign countries after elimination of public authorities' net foreign payments as well as the Bundesbank's interest income on its foreign investments and other transactions on the Bundesbank's own account such as, e.g., that mentioned in footnote ¹²⁾. — ⁹⁾ Excluding the credit institutions' cash holdings, but including DM notes and coins held abroad. — ¹⁰⁾ Up to end-1958 including deposits of agencies of the former occupation powers; from 1961 onwards including deposits of the E.R.P. special fund. — ¹¹⁾ After elimination of the Bundesbank's loss resulting from revaluation. — ¹²⁾ The decline in the net claim on foreign countries is exclusively due to the Bundesbank's acquisition of roughly DM 3.1 billion of claims on the Federal Government in respect of post-war economic aid. — ¹³⁾ Revised. — ^{P)} Provisional. — ^{PE)} Partly estimated.

other private savings — up to certain maximum totals, if they are fixed for five years, a 20 per cent “saving premium” is payable by the Federal Government. The savings deposits carrying such premiums rose in 1961 by over DM 1.1 billion. Even so the total amount of savings deposits carrying tax privileges and premiums declined in the year under report by about DM 1.9 billion net, whereas in 1960 it had slightly risen.

Time deposits

Residents' time deposits rose in 1961 by more than DM 1.3 billion, against something over DM 1.0 billion in 1960 and just under DM 1.7 billion in 1959. Much the greater part of the rise related, just as in the preceding years, to deposits with a life or at notice of 6 months or more. The rise was confined to the balances of German public authorities, while the time deposits held by domestic business and private customers actually showed a slight net decrease in the course of the year. A fact which greatly affected the movement in public time deposits (+ DM 1.33 billion in 1961, against + DM 0.33 billion in 1960 and + DM 0.78 billion in 1959) was that last year the social insurance institutions ran off on maturity their holdings of Bundesbank mobilisation paper, which they had acquired in 1960 to the extent of almost DM 850 million. By the end of 1961 the amount of monies so employed had dropped to about DM 580 million; at the end of March 1962 it was down to as little as about DM 170 million. As against this the time deposits of social insurance institutions further increased.

Proceeds of sale
of bank bonds

The proceeds of the net sale of bank bonds amounted in 1961 to about DM 3.3 billion after deduction of the bonds taken by domestic credit institutions (this part being assignable to “interbank claims and liabilities”); they were thus once again somewhat greater than in the previous year, when they had amounted to something over DM 3.1 billion, against roughly DM 2.75 billion in 1959. During recent years therefore the banks' procurement of funds from outside sources through the issue of bonds has steadily increased; in 1961 it was equal to more than three times as much as in 1958. It is however not possible in this case, as in that of the other items covered by the present analysis, to record exclusively the capital accruing from domestic sources; the reason is that there are no data available showing the extent to which bank bonds were sold to foreign takers. The amount thus sold cannot however have been large, since foreigners do not normally acquire mortgage and communal bonds, which form the greatest element among the bank bonds sold. Probably however foreign credit institutions did take into their holdings a certain amount of medium-term notes issued by banks of the Federal Republic.

Longer-term monies
and loans obtained from
resident non-banks

What chiefly caused the further growth of monetary capital formation at the banks was in fact the rise in the longer-term monies and loans obtained from resident non-banks. These liabilities, mostly representing public authorities' lendings for capital development passed through the banking system, rose in 1961 by almost DM 4.9 billion after having already increased in 1960 by the relatively large margin of over DM 2.6 billion, that is by more than twice as much as in 1959. The further large increase is attributable in particular to the fact that special transactions added substantial amounts to the public authorities' “normal” lendings (mainly serving to finance house construction). Thus in particular the proceeds of the Federal Government's development assistance loan, issued at the beginning of 1961, were transmitted as lendings to the Reconstruction Loan Corporation. Through this transaction alone the amount of longer-term monies and loans obtained by the monthly reporting credit institutions (which include the Reconstruction Loan Corporation) rose by nearly DM 1.2 billion. This represents the total proceeds of the development assistance loan. Part of these monies has already been transferred abroad by the Reconstruction Loan Corporation for development assistance purposes; the amount still unused was put for the time being into U. S. Treasury bills from the Bundesbank's holding. To this there were added about a further DM 370 million of the Länder's budgetary resources, also earmarked for development aid. Furthermore a substantial amount reached the Reconstruction Loan Corporation from the proceeds of partial denationalisation of the Volkswagen Works; to that extent at least a part of the monies accruing from sale of the Volkswagen shares was

reflected in monetary capital formation at the banks, while the residue was mostly employed in money-market paper of German public authorities, and thus (like the proceeds still at the Bundesbank at the end of 1961) ultimately retained the form of liquid funds.

Finally, the formation of monetary capital at the banks was appreciably enlarged in 1961 through their capital resources. As measured by the increase in the banks' capital and in their un earmarked reserves there was in 1961 an accrual of longer-term capital resources amounting to nearly DM 1.75 billion, against about DM 1.4 billion in each of the years 1959 and 1960. On any assessment of these figures it must be borne in mind that they are chiefly based on the monthly balance-sheet statistics, where the retained profits of any accounting year are as a rule not reflected until the following year in an increase of the published capital resources. So far therefore as the greater increase of the relevant items in 1961 does not reflect larger subscriptions to capital, the additional monies may have come mostly from 1960 earnings.

Formation of capital and reserves at the banks

(c) Expansion of the Banks' Lendings as compared with Monetary Capital Formation

Despite many statistical imperfections, which as already indicated hinder correct definition of the chief factors in the present analysis, it is instructive to draw the balance between the internal credit expansion and the monetary capital formation from domestic sources, with a view to thereby determining the approximate influence exerted by the German banks' "domestic business" on the movement in the "volume of money". In this connection the Bundesbank's special credits to the Federal Government, serving merely to perform the latter's obligations to international organisations, are disregarded as being primarily "neutral" in their internal effect. On that basis credit expansion exceeded monetary capital formation in 1961 by nearly DM 4.2 billion against only just on DM 1 billion in 1960, almost DM 2.4 billion in 1959 and about DM 0.7 billion in 1958. The figures clearly show that the domestic banking system's "creation of money", on the basis of its granting of credit, was much more important in 1961 than in the preceding years.

(d) Afflux of Funds from Abroad

The expansion produced by external payments in the domestic money supply was much smaller last year than in 1960. According to the consolidated condition statement for the credit institutions and the Bundesbank, in which the foreign exchange movements taking place between the banks and the Bundesbank (for instance in connection with the "export of money") cancel each other out, the net amount of funds accruing to the domestic non-bank sector (including public authorities) from transactions with foreign countries was something over DM 0.4 billion against more than DM 6.25 billion in 1960; in 1959 on the other hand the amount of foreign exchange taken from the banking system had on balance predominated by about DM 250 million, solely owing to public authorities' substantial foreign payments. The basis for calculating these figures is the so-called net claim of the banks and the Bundesbank on foreign countries, in which net claim all the banking system's short, medium and long-term claims and liabilities in relation to non-residents are combined; changes in valuation due to the revaluing of the DM have been eliminated except for a small unascertainable residue.

Overall movement

Once again in 1961 there was a material difference between the foreign exchange transactions of the economy and those of the public authorities. As usual, the central public authorities (and among them chiefly the Federal Government) made large foreign payments, thereby contributing decisively towards causing the further rise in the banks' and the Bundesbank's net claim on foreign countries to remain within the narrow limits outlined above. A similar effect tended to be produced by premature repayment of German debts arising from post-war economic aid, this having been rendered possible by the fact that the Bundesbank acquired the creditor countries' claims. The consequent decrease in the Bundesbank's net gold and foreign exchange holding amounted by itself to about DM 3.1 billion. The fact that the entire banking system's

Accrual of foreign exchange to the "economy" from foreign-currency transactions

net claim nevertheless continued to rise was due to the continuing quite substantial accrual of foreign exchange to the economy. If with a view to ascertaining the economy's approximate foreign exchange receipts one adds the foreign exchange amounts used by the central public authorities for foreign payment purposes to the changes of the "net claim" in the above-mentioned sense, and eliminates from them the Bundesbank's "own transactions" which produce no direct effect on the economy's money holding (they comprise primarily the acquisition of claims arising from post-war economic aid, but also the interest received by the Bundesbank on its foreign assets), it becomes apparent that the "economy" in 1961 received about DM 7.8 billion as the result of net sales of foreign exchange to the banks. That, it is true, was less than in 1960 by about DM 1.75 billion, although more than in 1959 by over DM 2 billion. The rate of accrual became much slower in the course of the year under report; in the first quarter of 1961 almost DM 4 billion accrued, in the second quarter something over DM 3 billion, in the third only just on half a billion DM and in the last one-quarter of a billion DM.

Credit relationships
to foreign countries

In this notable change the alterations in credit relationships to foreign countries had a large share. Both the statistically recorded "direct" borrowing by the "economy" abroad and the "indirect" afflux (induced through the intermediary of the banks or through security sales to foreigners) of funds to the economy, and in part also to public authorities, from abroad declined almost continuously in 1961; in the last months of that year, indeed, return flows to foreign countries predominated in nearly all categories. It would moreover seem that in 1961 the terms of payment, changes in which operate in the same way as grants or repayments of credit, followed a course similar to that of the other credit relationships. If in the absence of individual data one starts from the total residual item in the balance of payments (which of course entails certain qualifications regarding the reliability of the figures because this item also reflects errors in statistical ascertainment), and if one adds the above-mentioned forms of direct or indirect foreign borrowing by the economy, one finds that the approximate magnitude of borrowing abroad in 1961 was some DM 4.3 billion as compared with over DM 6 billion¹⁾ in 1960, when the high level of interest rates in the Federal Republic had for the first time caused the economy to draw on foreign sources of credit to a considerable extent. In that connection the movements in the two halves of the year present quite different pictures, much as in the case of the total afflux of funds to the economy as the result of foreign payments. Borrowing abroad amounted in fact to almost DM 2.2 billion in the first quarter of 1961, and to DM 2.75 billion in the second; but it dropped to little or nothing in the third quarter, and in the fourth quarter of 1961 there were net repayments of credit amounting to approximately DM 0.7 billion.

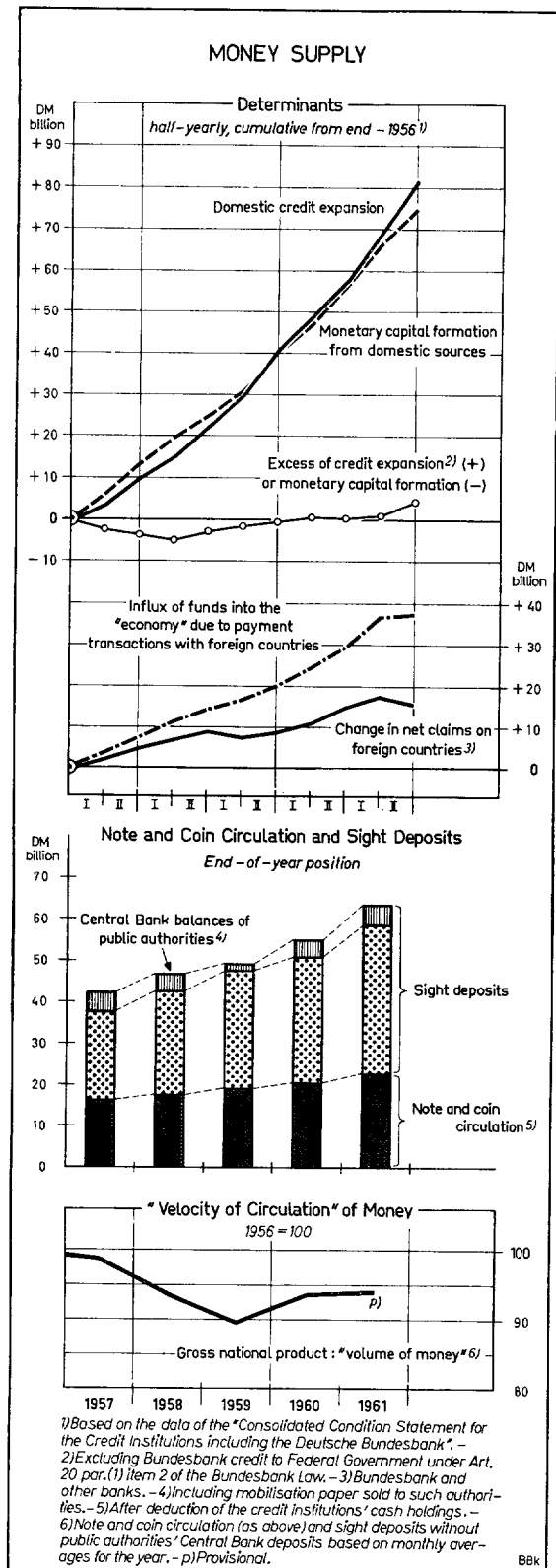
(e) Money Supply

Total money holdings

Under the influence of the above-described processes, as well as of some not specially assignable "other" factors²⁾, the total money holdings in the hands of residents rose by a further considerable amount in 1961. If they are deemed to include not only the note and coin circulation (excluding the banks' cash) and German non-banks' total sight deposits, but also the monies invested by social insurance institutions in Bundesbank mobilisation paper as well as German non-banks' shorter-term time deposits, then the total liquid or easily liquefiable funds of the private and public sectors on this wide definition rose by roughly DM 8.8 billion in 1961, against not quite DM 6 billion in 1960 and only about DM 2.1 billion in 1959. If one disregards German non-banks' shorter-term time deposits (which, as previously mentioned, are "quasi-money" holdings), the increase is somewhat smaller; it then amounts to about DM 8.5 billion as compared with a little over DM 5.7 billion in 1960, and DM 2.0 billion in 1959.

¹⁾ This figure has been revised as against that of DM 5.5 billion given in the Report for the Year 1960. (As to the reasons for this revision see the remarks on page 62 and following pages of the Monthly Report for January 1962.)

²⁾ Among these, particular importance attached in the year under report to the Bundesbank's acquisition of claims in respect of the premature repayment of post-war economic aid.



The Central Bank deposits of German public authorities plus the holdings of Bundesbank mobilisation paper sold to such authorities rose between the end of 1960 and the end of 1961 by something over DM 1 billion net, as compared with an increase by about DM 2.3 billion in 1960 and a decrease by nearly DM 2.7 billion in 1959. Since as already mentioned the amount of monies employed by social insurance institutions in Bundesbank mobilisation paper declined as a whole in 1961, the rise in public Central Bank balances by itself somewhat exceeded the amount mentioned. It amounted in the year under report to almost DM 1.3 billion, an increase of such balances by more than DM 3.9 billion in the first half-year having against it a decrease by over DM 2.6 billion in the second. This was mainly due to the movement in the central public authorities' cash, this having again shown a deficit in the second half-year for the first time in a considerable period, whereas the surpluses in the first half of 1961 had been unusually large and the rise in the Central Bank deposits of the authorities in question had been further increased through the fact that the proceeds of partial denationalisation of the Volkswagen Works were initially concentrated at the Bundesbank.

Public authorities' deposits and investments at the Bundesbank

While the sterilisation of money by the central public authorities was on the whole smaller, the increment in the money holdings mainly in private hands, that is the "volume of money" in the narrower sense, was correspondingly more substantial. The total circulation of notes and coin, excluding cash held by the banks, and the sight deposits of resident non-banks other than public authorities' Central Bank deposits (these money holdings are regarded, according to international convention, as actual "volume of money") rose in 1961 by about DM 7.5 billion as against DM 3.4 billion in 1960 and just under DM 4.7 billion in 1959. These compared figures are however largely affected by chance fluctuations, since sight deposits in particular are often subject at the close of the year to very

"Volume of money"

considerable and not always equal variation. If in view of this one takes as basis for the comparison not the totals at the end of each year but the averages of the end-of-month figures in each of those years, one finds that the increase in the "volume of money" amounted to only

just on DM 4.5 billion in 1961, against DM 4 billion in 1960 and about DM 5.2 billion in 1959. If this method of calculation is applied, the proportionate increase in the year under report was something over 9 per cent; it was thus about equal to that of not quite 10 per cent in the gross national product at market prices. The quotient obtained on dividing the gross national product by the "volume of money", which quotient indicates the "velocity of circulation" of money, consequently changed little in the year under report after having sharply risen in 1960 (as to this see the graph on page 29). Thus in the years 1960 and 1961 as a whole the mainly "private" money holdings grew relatively more slowly than the economy's total expenditure — a fact commonly described as an increase in the "velocity of circulation" of money.

(f) *The Money Supply and its Determinants in the First Quarter of 1962*

In the first three months of 1962 the "volume of money" declined again in accordance with the usual seasonal tendency. In the case of the "volume of money" in the narrower sense (that is excluding public authorities' Central Bank deposits and investments) the decline amounted to nearly DM 3.5 billion as compared with over DM 1.6 billion and not quite DM 1.3 billion respectively in the corresponding period of 1961 and 1960. In part this decrease was due to movements of money to the central public authorities, some of which — in accordance with the recurring trend of their receipts and expenditure — again achieved major cash surpluses in the first quarter of this year. The decrease in *total* money holdings, that is in those of business and private customers and of all public authorities (in the case of the latter including their investments in mobilisation paper) was therefore smaller than that in the actual "volume of money". Even so it amounted to about DM 2.5 billion, as compared with an increase by about DM 1.25 billion in the first quarter of 1961 and a decrease by over DM 0.4 billion in the corresponding period of 1960. Whatever definition is taken, therefore, the recent reduction of liquid funds in the hands of resident non-banks has been considerable.

The chief reason lies in the further slowing of credit expansion in the category of short-term lendings. The total expansion of credit at the banks rendering monthly returns amounted in the first quarter of 1962 to about DM 4.25 billion (against roughly DM 5.3 and 4.2 billion respectively in the corresponding period of 1961 and 1960); of this total the short-term lendings accounted for more than DM 0.7 billion, as compared with almost DM 1.9 billion a year before and nearly DM 1.6 billion in 1960. At nearly DM 5.9 billion in the first quarter of the current year the monetary capital formation at the banks was not so great as that of about DM 6.5 billion in the corresponding period of 1961, when, as already mentioned, strong special influences were at work. It did however considerably exceed the expansion of credit. Thus in the first quarter of 1962, in accordance with the seasonal tendency, the "volume of money" was reduced through an excess of monetary capital formation over credit expansion; it was in fact reduced by more than in the corresponding period of 1961, whereas in the first quarter of 1960 — contrary to the seasonal tendency — it had been slightly expanded. The net claim of the banks and the Bundesbank on foreign countries continued to rise in the first three months of 1962, but at about DM 1.5 billion its rise was barely half as great as that of over DM 3.25 billion in the corresponding period a year earlier, although greater than that of DM 0.3 billion in the comparable period of 1960. At the same time the accrual of foreign exchange to the "economy" as the result of foreign payments (regarding its calculation readers may refer to the relevant remarks on page 28) amounted to about DM 2.3 billion, as against nearly DM 4 billion in the first quarter of 1961 and something over DM 1.6 billion in the corresponding period of 1960.

2. Trends in Bank Liquidity

In the past year the determinants of bank liquidity¹⁾ not directly affected by the Bundesbank's liquidity policy continued at first to produce widely differing effects. Thus the rise in the note and coin circulation as well as the cash transactions of the central public authorities represented an appreciable strain on bank liquidity, while the net flow of foreign exchange into the Federal Republic afforded perceptible relief. In the course of the year, however, this picture altered; the tightness emanating from the public finances greatly decreased in the second half-year, but the addition to bank liquidity produced by foreign exchange transactions also declined. On the overall result for the year under report, however, the tightening factors predominated even if in the ascertaining of the addition to liquidity due to the net exchange inflow allowance is also made for the amounts employed by the banks themselves at short term abroad, which amounts of course likewise increased the banks' liquidity reserves, but were at the same time withdrawn from the home money market. Any strain on liquidity was however prevented on grounds of balance-of-payments policy, more particularly through the Bundesbank's several times reducing minimum reserves. In the first part of the year the banks actually managed somewhat to build up again their free liquidity reserves, which had been greatly reduced during the restrictive phase; they were able to do so because the Bundesbank at that time made efforts in accordance with the state of the balance of payments to bring down the level of interest rates on the home money market, so as to ward off the afflux of money and capital from abroad and to make the banks increase their money exports. Since German money rates have fallen to a relatively low level, and the balance of payments inclines to deficits rather than to surpluses, it is no longer necessary in the same way to keep the market constantly liquid. At the end of last year the Bundesbank therefore became more neutral in its actions affecting liquidity, and in some measure allowed free scope to the periodical tendencies to tightness which are mainly due to movements in the note and coin circulation, to the public authorities' internally effective cash surpluses, and to the structural rise of the required minimum reserves due to growth of the banks' liabilities. On a longer view, therefore, the banking system's liquidity is gradually decreasing.

Overall trends

Looking at the most important determinants of bank liquidity one finds that last year it was, above all, the central public authorities' cash transactions which produced a strongly contractive effect. As will be shown in a subsequent section of this Report, those authorities achieved large cash surpluses in 1961; but these were concentrated entirely in the first half of 1961, whereas in the second half there were deficits, which however were not nearly so great as the surpluses in the first. The result was that in the course of 1961 the central authorities' net cash position in relation to the Bundesbank showed correspondingly wide variations. The extremely marked rise during the first six months of 1961 in the net balances of the Federal Government and Länder in particular was followed by a steady decrease of Federal balances in the last months of that year; at the end of 1961 the Federal Government temporarily even took a small cash advance at the Bundesbank.

Withdrawal of liquidity due to the central public authorities' cash transactions

In order to ascertain the effect which the public authorities' cash transactions produced on bank liquidity one must eliminate from the total of such transactions, as reflected in the change of the authorities' net position in relation to the Bundesbank, that expenditure which does not improve German banks' liquidity. It comprises, in particular, the Federal Government's foreign payments. On eliminating these payments, neutral in their effect on liquidity, one finds that the central public authorities' purely cash transactions took liquidity from the banks in the first half of 1961 to the extent of about DM 4.2 billion, and in the second half to that of nearly DM 0.9 billion. This strain moreover was considerably increased in the first half-

¹⁾ A comparative statement of the factors determining bank liquidity is contained in Table IV₁ in the Statistical Annex to the present Report. Except where otherwise stated the figures reproduced in this table, and given in the following section, are based — for the purpose of eliminating chance fluctuations — on averages for the four bank return dates in the closing months of years and quarters.

year by special transactions of the Federal Government. First, at the beginning of last year the amounts subscribed to the Federal Government's development assistance loan had to be paid into a special account at the Bundesbank; this alone took as much as something over DM 1 billion from the banks¹⁾, most of it in January. In April there followed the transfer to the Bundesbank of the proceeds which had so far accrued from the sale of Volkswagen shares, and this also greatly reduced bank liquidity. The in-payment in April of last year amounted to DM 857 million; by the middle of the year the total proceeds had risen to nearly DM 1 billion, mainly as the result of further in-payments in respect of shares allotted later. In the further course of the year however the greater part of the monies was with the approval of the Central Bank Council employed in money-market paper in accordance with Article 17 of the Bundesbank Law, or was placed at the disposal of the Reconstruction Loan Corporation as loans for specified periods. The total releases in the second half of 1961 amounted to about DM 760 million; this largely offset the above-mentioned withdrawal of funds from the banks resulting from the central public authorities' current cash transactions in the second half of 1961.

In the first three months of 1962 there was again a sharp rise in those authorities' net balances at the Bundesbank, especially in deposits of the Länder, this being largely due to seasonal influences on the public authorities' cash position. The current cash surpluses were however smaller than in the first quarter of 1961, and the consequent decrease of bank liquidity (by about DM 1.7 billion) was less than that in the corresponding period of the previous year. (In that period, with additions due to the development assistance loan excluded, it had amounted to nearly DM 2.5 billion.) This applies in even greater degree if account is also taken of the further release, effected in January this year, of proceeds from the partial denationalisation of the Volkswagen Works.

Rise in the note and
coin circulation

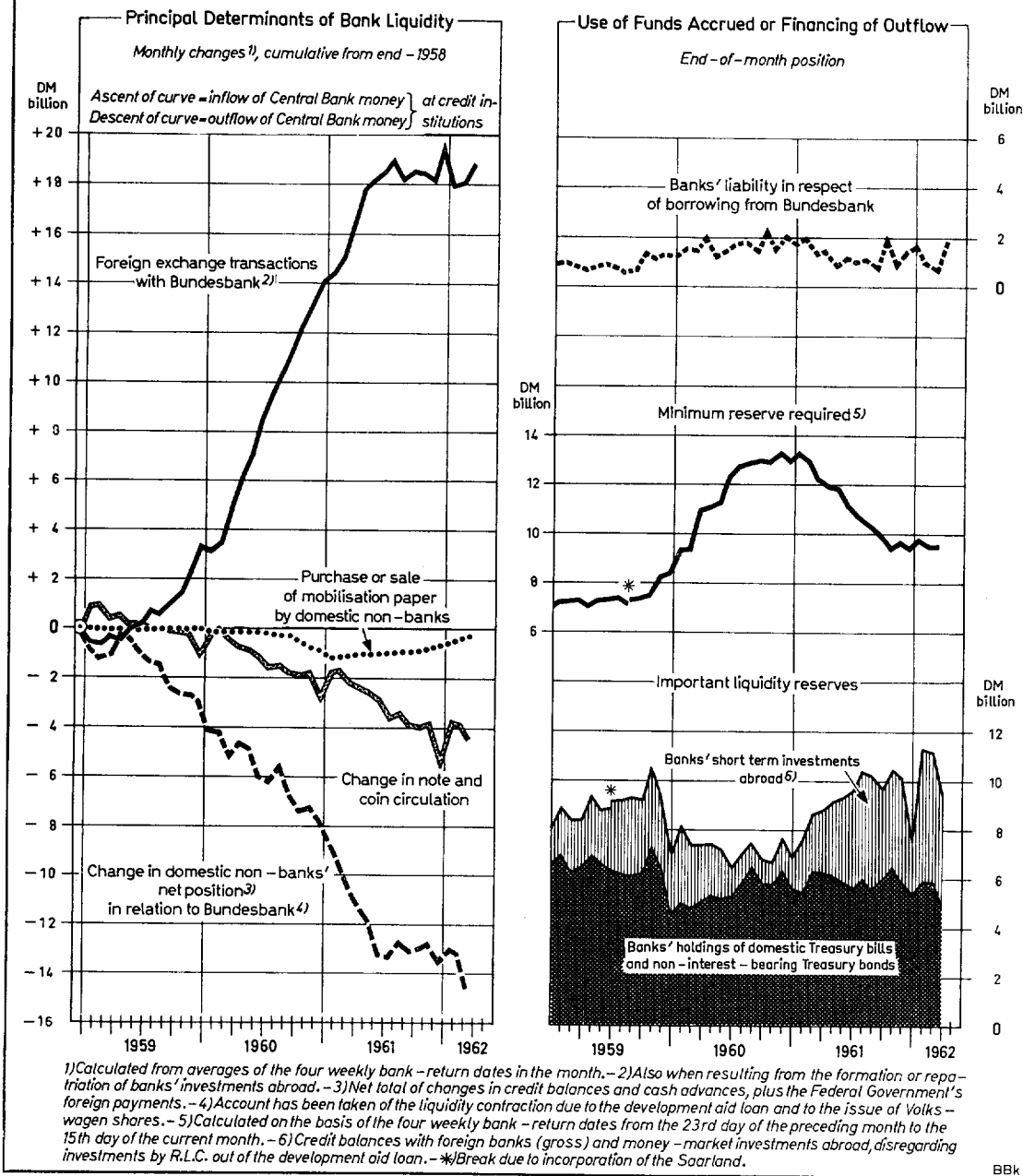
A substantial strain on bank liquidity was further entailed by the persistently steep rise in the note and coin circulation. This rise was mainly explained by the current growth — greater again than a year previously — of mass incomes, for the paying out of which notes and coin continue to be required on a large scale. Evidently the introduction of cashless wage payments in a growing number of enterprises has not yet tended to reduce the need for notes and coin. On the contrary the demand for these was further increased at times during the year under report through another institutional influence, namely that of the transition to the five-day week in banking. A further factor greatly increasing the demand for notes and coin is travel, the amount of which grows each year. Growing foreign travel, in particular, plays an important part in this connection, the more so since — if only for technical reasons — there is some delay in the reflux of notes from abroad. At all events, the total note and coin circulation, at an average of about DM 23.8 billion for the four bank-return dates in December 1961, was greater by over DM 2.5 billion than on the corresponding dates in December 1960. Between December 1959 and December 1960 it had increased by only just on DM 1.7 billion, and in the preceding twelve months by no more than about DM 0.9 billion. At the start of the present year, it is true, the usual seasonal reduction of the note and coin circulation again occurred; but the general trend remains upward. On the average of the four bank-return dates in March 1962 the total note and coin circulation amounted to DM 23.1 billion; it was thus above the comparable level a year earlier by more than DM 2.25 billion. The chief reason why the difference from a year previously was not greater than at the end of 1961 was that Easter, which always entails a peak demand for notes and coin, fell at a later date in 1962 than in 1961.

The most important factor counteracting the tendencies to tightness was the afflux of foreign exchange to the economy as a result of external payments. For the year 1961 as a whole, it is true, the balance of payments showed a deficit; but this arose from payments which did not

¹⁾ The total proceeds of the development assistance loan amounted to DM 1.18 billion. Of this amount DM 145 million was withdrawn and handed to the Reconstruction Loan Corporation to repay an advance made by it in anticipation of the proceeds of the development assistance loan. The remaining proceeds of this loan were also transferred in full to the Reconstruction Loan Corporation; but the amount at any given time not yet transferred abroad for development assistance purposes was employed in United States Treasury bills from the Bundesbank's holding, and was thus sterilised as regards its effect on liquidity.

The Bundesbank's foreign
exchange transactions

BANK LIQUIDITY



impair the banks' liquidity. The first point to mention here is the Bundesbank's acquisition of foreign claims to the extent of about DM 3.1 billion in respect of post-war economic aid, the second the amount of the central public authorities' current foreign payments. If these payments are left out of account in the same way as the Bundesbank's "own transactions" (apart from the above-mentioned taking over of claims in respect of post-war economic aid these mainly comprise the Bank's receipts of interest on foreign assets), the accrual of Central Bank money to the banks as a result of the Bundesbank's foreign exchange transactions amounted between December 1960 and December 1961 to almost DM 5.6 billion, as compared with about

DM 10.75 billion in the previous year and DM 3.4 billion in 1959. The amount would have been still greater if the banks had not themselves taken a greater part in the holding of foreign exchange, inasmuch as they again on balance increased their short-term foreign balances and investments, whereas in 1960 under the pressure of contracting liquidity these had for a time been greatly reduced. Between the end of 1960 and the end of 1961 the banks' short-term money-market investments abroad¹⁾ increased on balance by over DM 0.8 billion, as against a decrease by about DM 1.25 billion in 1960 and a rise by DM 1.25 billion in 1959. The 1961 addition resulted from strongly contrary movements, going one way (+ DM 2.8 billion) between January and November 1961 and then the other (— DM 2.0 billion) in December 1961; thus at the end of the year, mainly on window-dressing grounds, the banks' liquidity reserves which in the course of the year had been employed abroad were in great part brought home again.

After the turn of the year there was again a start of large "money exports", which actually exceeded the extensive "repatriations" of December last year, so that at DM 5.4 billion at the end of January the banks' short-term money-market investments were greater by some DM 1.25 billion than at the end of November last year. Much the greater part of the altogether DM 3.25 billion of monies newly employed abroad in January was procured by the banks through swap transactions with the Bundesbank, whose net gold and exchange holding correspondingly decreased. Besides this, over DM 400 million accrued to the banks from current payment transactions with foreign countries, so that to this extent their total liquidity increased. In February and March the repatriations of short-term foreign assets again predominated, especially in March, when the demands on liquidity were particularly great because of the heavy tax payment. By the end of March 1962 the banks' short-term foreign assets had accordingly fallen by altogether about DM 850 million, although current transactions in February and March together again brought them an additional amount of over DM 400 million. It was not until April that the banks appear once more to have to some extent employed funds abroad. Despite the decline, evident in recent months as a whole, in the banks' short-term balances and money-market investments abroad their foreign liquidity reserves are still considerable — at the end of March this year, indeed, together with the short-term lendings to foreigners they still exceeded the short-term foreign liabilities by nearly half a billion DM, the Reconstruction Loan Corporation's foreign investments being once again not included. At the end of March 1961 on the other hand the banks' short-term foreign assets had been smaller by DM 1.3 billion than the liabilities. Thus a large part of the total funds accruing from abroad was added to the banks' liquidity reserves maintained in foreign countries.

Lowering of the
minimum reserves

It was a precondition for this that the Bundesbank step by step reduced the minimum reserve requirements, so as to enable the banks to use for other purposes an appreciable part of their holdings of Central Bank money. The aggregate minimum reserve required of credit institutions other than the Postal Cheque and Postal Savings Bank offices was smaller in December 1961 by altogether about DM 3.4 billion than in December 1960. The effect exerted in this connection by the lowering of the minimum reserve ratios, or by the measures of minimum reserve policy in general, has already been discussed in the "General Survey". In previous years, on the other hand, the minimum reserve requirement had always risen more or less steeply, rising in 1960 for instance by nearly DM 4.4 billion because of the restrictive policy then pursued. In the first three months of 1962 the required minimum reserve again rose to some extent, because the reduction in reserve requirements as a result of the last reserve-policy measure²⁾ (that of 25 January this year) was smaller than the rise due to the current growth of reserve-carrying liabilities.

¹⁾ In the absence of comparable figures for the weekly bank-return dates these can be given only as they stood at the ends of months; in all cases the amounts employed by the Reconstruction Loan Corporation in connection with the development assistance loan are for this purpose left out of account.

²⁾ The special reserve ratios for foreign liabilities were abolished, while the offsetting facility was continued; customers' drawings on credits opened at banks abroad were completely exempted from the minimum reserve obligation.

The banks' holdings of Bundesbank mobilisation paper showed only a small rise last year. In December 1961 they exceeded their December 1960 level by approximately DM 0.1 billion; a year earlier, mainly owing to the acquisition of DM 1 billion of special mobilisation paper (the so-called "Blessing-Milliarde"), they had increased by almost DM 0.5 billion net. Thus, although in 1961 the banks were no longer exposed to any great strain on their liquidity but were able for the time being to replenish their reserves of liquid funds, the acquisition of mobilisation paper was insignificant. This is due mainly to the fact that, by comparison with the rates obtainable abroad, the interest paid on domestic money-market paper was not very attractive and the banks, in forming liquidity reserves, therefore largely preferred investment abroad. The immobilisation of liquid funds at the Bundesbank through acquisition of mobilisation paper by the credit institutions was outweighed however last year by the fact that the social insurance institutions, which in 1960 had taken a considerable amount of mobilisation paper from the Bundesbank, reduced their holdings in the year under report, so that pro tanto liquid funds accrued to the banking system. Consequently the Bundesbank's open-market operations on the basis of mobilisation paper on the whole slightly increased the banks' liquidity in 1961, whereas in 1960 they had sterilised over DM 1.3 billion of liquid funds. On the other hand the Bundesbank's holding of "other" money-market paper (e.g. Storage Agency bills, Treasury bills and non-interest-bearing Treasury bonds of the Federal Government, Federal Railways and Federal Postal Administration, etc.) fell short in December 1961 by over DM 0.1 billion of its December 1960 level; this means that by way of purchase or redemption of such paper by banks and non-banks further liquid funds have been absorbed. Accordingly the total open-market transactions of the Bundesbank (comprising mobilisation paper and other paper) were approximately neutral in their effect on bank liquidity. In the first quarter of 1962 however, especially in March, the banks also drew on their holdings of mobilisation paper when they found themselves exposed to greater strains on their liquidity. In March alone mobilisation paper amounting to about DM 800 million was resold to the Bundesbank; for the whole quarter the resales were somewhat smaller, however, since in January some investors had purchased additional mobilisation paper. At any rate, the part of liquidity reserves employed in domestic money-market paper has also fallen. It was not until April that the banks somewhat replenished their holdings of such paper.

Open-market transactions
of the Bundesbank

In 1961 moreover the banks employed substantial sums in reducing their indebtedness to the Bundesbank. Their total rediscounts and advances taken at the Bundesbank amounted in December 1961 to DM 1.57 billion, being thus smaller by nearly DM 0.5 billion than in the corresponding month of the previous year; in 1960 the total had risen by about DM 0.8 billion. The movements in the two halves of the year, however, differed greatly. Thus in the first half of 1961 borrowings at the Bundesbank declined by almost DM 900 million; in the further course of the year they rose by upwards of DM 400 million, rising most in September and December, the months of greatest tightness. Again in March 1962 the banks' Bundesbank indebtedness increased by the large margin of about DM 700 million, being about the same amount as that by which it had been reduced in January and February this year. On the whole first quarter of 1962 it thus remained roughly unchanged, whereas in the corresponding period of 1961 it had been reduced by more than DM 200 million.

Recourse to Bundesbank
credit

3. Security Markets

In the first months of the year under report the *bond market* was marked by the fall in interest rates which had begun about the middle of 1960 in spite of the Bundesbank's credit policy, then still restrictive. The impulse causing the change in the course of interest rates had been given by foreigners' increased demand for German fixed-interest-bearing securities, this being largely a result of the fact that on an international comparison the level of German interest

Prices and
interest rates

rates was relatively high at about 7⁰/₀ in the summer of 1960, although no doubt it was also due in some measure to the rule forbidding payment of interest on foreigners' deposits at banks as well as to currency speculation. The downward tendency of interest rates received further strong impulses when the Bundesbank, in the autumn of the same year, began step by step to remove the credit restrictions. After the level of interest rates had already fallen nearly to 6⁰/₀ by the end of 1960, the 5¹/₂⁰/₀ type of security became generally established in the first quarter of 1961. In April the quotations for such securities reached par, so that thereafter 5⁰/₀ bonds were again issued for the first time in nearly two years. The first major loan bearing this rate of interest was issued in June by a department store company at the price of 98 per cent, and was readily sold. Thus the level of interest rates on the German bond market had nearly returned to the level to which it had sunk in the spring of 1959 at the low point of the fall which then took place in such rates.

Shortly afterwards the downward trend of interest rates was again interrupted, however, this probably being due not least to the greater world political tension which followed the failure of the Vienna summit talks at the beginning of June and, in particular, the closing of the Berlin intersector boundary on 13 August. The German Federal Railways' 5⁰/₀ loan which was offered at the beginning of July, also at 98 per cent, was not fully placed during the subscription period, so that the underwriting banks had to take large amounts of it into their own holdings. Under pressure of the selling which then began, especially by foreigners, the rate of interest on capital rose again by the autumn to something over 6⁰/₀ despite the suspension of issues by occasional issuers (i. e., issuers other than real-estate credit institutions) on the recommendation of the Central Capital Market Committee, whereas about the middle of the year it had been less than 5.5⁰/₀. In October, however, this setback gave place to further easing of the market. The result was that in November and December, after an interval of more than four months, the occasional issuers were again able to enter the market. Their loans, which in all cases bore 6⁰/₀ nominal interest and with one exception were offered at par, met with a remarkably good reception.

Especially typical of the improvement in market conditions, which incidentally persisted in the new year, was the market's greatly increased readiness to take new issues, while the falling tendency of interest rates was less pronounced. Apart from the circumstance that there was relatively great recourse to the market (as will be described later) this was due in particular to the fact that, in order to avoid setbacks, the occasional issuers are at pains not to endanger the downward tendencies of interest rates by too rapidly lowering their terms. Although some of the 6⁰/₀ bonds issued during the old year and in the first months of the new year had already risen by 2 to 3 points above their issue prices of 100 per cent, and although the real-estate credit institutions had meanwhile begun to issue 5¹/₂⁰/₀ securities at prices of 98 to 98¹/₂, the other issuers mostly offered their new loans on unchanged terms. Only the Federal Postal Administration's DM 210 million loan issued at the end of February and the Federal Railways' DM 260 million loan issued at the beginning of April were given a nominal interest rate reduced to 5³/₄⁰/₀, the price of issue being 99 in the first case and 99¹/₂ in the second. With allowance for the period to maturity the yield of these two loans on issue was thus about 5.9⁰/₀.

On the *share market* the level of prices further declined, with some fluctuations, in the year under report. After the DM revaluation, to which the share market had reacted with sharp price falls, there began in the spring of 1961 a gradual recovery which assumed boom-like proportions for a time in May. Apart from the favourable annual accounts published by companies at that time the partial denationalisation of the Volkswagen Works would seem for a time to have given fresh impulses to the course of quotations, since it immediately aroused interest in the share market among wider circles. About the middle of the year however share prices began a fresh downward movement, in the course of which the general level of quotations dropped at the beginning of September to the year's lowest point. Apart from world

political tensions it was no doubt chiefly the more unfavourable business reports, especially the contraction of many companies' profits, which depressed prices. A part of the fall in these was recovered at the start of the last quarter in 1961; but towards the end of the year the increasingly evident slowing of the cyclical upswing caused downward tendencies which — apart from occasional interruptions — continued in the first months of 1962. The share-price index which is calculated by the Federal Statistical Office on the basis 31 December 1953 = 100, and which at 647 at the end of the previous year had been below its end-of-1960 level by about 9 per cent, had fallen by the end of March 1962 to 616. At the middle of April it stood at 603.

Procurement of capital through the capital markets was appreciably more important in 1961 than in the previous year, although within the framework of overall financing it has not yet reattained the importance which it had in 1958 and 1959. Altogether the gross placings of fixed-interest securities and shares in the year under report amounted at par value to DM 10.6 billion¹⁾, against DM 7.3 billion in 1960 and DM 11.1 billion in 1959. In comparison with 1959 the picture becomes still more favourable if one goes not by gross placings at par but by current net placings (gross placings with allowance for repayments and repurchases as well as for re-placings) at sale values, and confines the comparison to issues by German borrowers. The net proceeds of issue then work out at DM 9.9 billion (excluding the development aid loan), which was DM 0.4 billion more than in 1959. The increase is however exclusively due to the large rise in placings of shares. Despite last year's mainly downward tendency in prices it proved possible again to increase the sales of shares, which at DM 2.8 billion in the previous year (after DM 1.7 billion in 1959) had already reached a relatively large amount, so that they rose to about DM 3.3 billion (in each case at sale values), the Volkswagen shares taken by private acquirers at a purchase value of about DM 1.1 billion on the partial denationalisation of the Volkswagen Works not being included²⁾). At about DM 6.6 billion in 1961 the net proceeds of sale of fixed-interest securities were indeed also greater than in the previous year, when they reached DM 4.1 billion, but they fell definitely short of the 1959 and 1958 totals of DM 7.8 and 7.4 billion respectively. In the first quarter of 1962 the amount of money procured through security markets further greatly increased. At sale value the net placings of German securities in that period reached DM 3.72 billion as against DM 3.18 billion (excluding the development aid loan) and DM 2.35 billion, respectively, in the corresponding periods of the two previous years. Of the 1961 amount DM 0.55 billion were shares and DM 3.17 billion fixed-interest securities.

The greatest issuing activity was put forth in the year under report by the *real-estate credit institutions*. At a total of over DM 5 billion the funds found by them for financing purposes accounted for more than 50 per cent of all those procured through security markets, and for fully three-quarters of the capital obtained in the bond market. In 1960 on the other hand the proceeds from the sale of mortgage and communal bonds had reached only about DM 3 billion; the 1961 total exceeded even the largest annual amount previously obtained, namely that of almost DM 4.7 billion in 1959. The heavy demand made on the market by the real-estate credit institutions was due to the large amount of new mortgage loans promised by them; this, at over DM 4.3 billion in 1961, was greater by about one-half than in the previous year and clearly reflects the pull exerted by the financing of building. At a total of DM 1.84 billion in the first quarter of 1962 the net placing of new mortgage and communal bonds by real-estate credit institutions was again well above the totals of respectively DM 1.47 and 0.73 billion reached in the corresponding period of the two preceding years.

¹⁾ Because of its special character the DM 1.18 billion development aid loan which the Federal Government obtained from trade and industry is not included in this figure; the loan was issued at the time on terms which were not in line with the market, and was originally subject for several years to prohibition of sale by subscribers.

²⁾ The reason why this amount does not appear in the statistics of sales is that the above-mentioned transaction constituted not a new issue but merely a change of holders.

Security placings

Demand for means of financing

Industry also derived increased benefit from the greater abundance of funds on security markets in 1961. Altogether it received from sale of new securities in the year under report about DM 3.4 billion net, this being roughly one-third of the total accrued in security markets, against DM 2.4 billion and something over DM 2.3 billion in the two previous years. The greater part represented the proceeds of share issues, the shares being offered in many cases at prices well above par. Of industrial bonds only DM 100 million net were placed in the year under report; this was moreover exclusively due to one large issue in December of last year, whereas in its first eleven months (just as in the whole of 1960) the redemptions had been greater than the simultaneous new issues. During 1962 to date the issuing activity of industry has continued in the bond market. The total net placing of new industrial loans amounted in the first quarter of 1962 to about DM 250 million. The chief reason why the amount taken from the bond market by industry was small in 1961 is that, not least with a view to avoiding Securities Tax, enterprises largely met their need for borrowed funds by taking private loans against their notes. According to estimates such loans taken in the period under report yielded approximately DM 1.5 to 2 billion.

On the other hand, if the DM 1.18 billion proceeds of the development aid loan are disregarded, the *public authorities'* share in the procurement of funds through security markets remained relatively modest. The total amount of capital obtained by public authorities reached DM 830 million net, or something over 8 per cent of the aggregate, against not quite DM 1.2 billion in 1960 and averages of DM 1.8 to 1.9 billion in each of the years 1959 and 1958. The total amount of public authorities' bonds issued in the first quarter of 1962 was some DM 890 million; it was thus materially greater than in the corresponding period of the previous year. The borrowers who obtained new funds during 1961 and in the first quarter of 1962 comprised in particular the Federal Railways, the Federal Postal Administration and the Equalisation of Burdens Fund, while the territorial authorities on balance hardly increased their indebtedness in the security market.

Ownership distribution
of securities

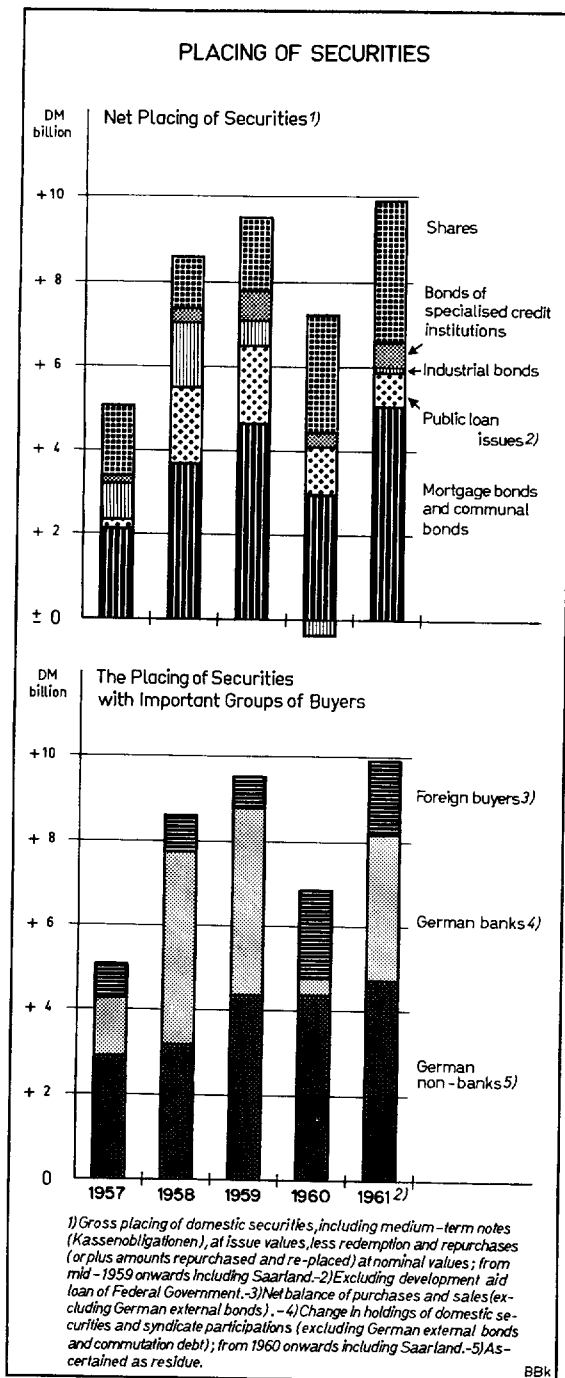
It will be seen from the following graph that among the various groups of buyers the *banks* in particular took a larger share during the year under report, whereas in 1960 they had confined their portfolio purchases to a few hundred millions of DM, and dividend-bearing securities at that. It was mainly due to the increased buying by banks that the security markets showed materially greater absorptive capacity last year. The banks' holdings of German securities (other than external bonds and commutation debt) rose in the year under report by a total of almost DM 3.5 billion against only just on DM 400 million in 1960. Thus the banks' purchases again amounted to more than one-third of the total net placing of German securities, although they neither in absolute amount nor proportionately reattained the extent reached in 1958 and 1959, in each of which years they had accounted for roughly half the securities placed. Of the total additional placings the greater part comprised securities bearing fixed interest, while those bearing dividends represented only about 8 per cent of the addition. The principal buyers (taking about two-thirds of the total) were the savings banks and central giro institutions, which further increased their purchases in the second half of 1961, whereas in that period most of the other groups greatly reduced their acquisition of securities. In the first quarter of 1962 the banks further considerably increased their investments. Their purchases amounted in that period to DM 1.9 billion net, against DM 750 and 570 million respectively in the corresponding periods of the two preceding years.

On the other hand the net purchases of German securities by *foreign takers* did not reattain the same amount as in 1960. In the year under report, with German external bonds excluded, they totalled DM 1.7 billion against DM 2.1 billion in 1960; and they were mainly concentrated in the first half of 1961, when the purchases of German securities by foreigners exceeded the simultaneous sales by about DM 1.4 billion. The decrease was especially marked in the case of fixed-interest securities, which previously had for a rather long while — since

about the middle of 1960 — been a central object of attraction for foreign investors. Whereas in the first half of 1961 foreigners had taken German fixed-interest securities to the net extent of DM 650 million (against DM 1.18 billion in the second half of 1960), in the second half of 1961 sales exceeded purchases by DM 260 million. As against this the interest shown in shares by foreign buyers declined less. Altogether in the second half of 1961 foreigners acquired German dividend-bearing securities amounting to over DM 600 million net, against about DM 740 million in the first half-year and DM 630 million in the corresponding period of the year before. Of the amount for the second half of 1961, however, capital increases by two foreign-held companies alone accounted for DM 200 million, these being transactions which cannot be

directly equated with ordinary share purchases. In the first months of the new year the purchases of securities by foreigners again notably increased. On balance they amounted in the first quarter of 1962 to about DM 550 million against some DM 340 million in the whole second half of 1961. The reason lay in the change of tendency in connection with fixed-interest securities, which have again been in greater demand since the start of the year.

Finally as regards the purchases, ascertainable only as a residue, by *other German investors* (that is by public and private institutional investors, business enterprises and private households), these rose further during the past year. At a total of about DM 4.8 billion they exceeded by some DM 400 million the net purchases in each of the two preceding years. It looks as though there was special growth in the share taken by individuals in that connection. Thus, according to the figures for initial placings of occasional issuers' bonds issued since last November, more than 50 per cent have in some cases been taken by individuals, although it must of course be borne in mind that these results may have been affected by the release of fiscally privileged savings deposits and by the taking of savings premiums. A further point important in assessing private saving through securities is that in connection with partial denationalisation of the Volkswagen Works individuals (only they in fact were entitled to subscribe) took "people's shares" amounting at sale value to about DM 1.1 billion. In the above-mentioned figure this amount is not included because the transaction, as already mentioned, represented merely a change of ownership; but it did involve corresponding expansion of private saving through securities.



III. The Public Authorities' Cash Transactions as affecting Monetary Trends

1. Growing Cash Surpluses

The part which the public finances played in the monetary trends of 1961 was mainly determined by the sharp rise in their cash surpluses. This rise was however confined to the first half of last year, whereas in the second half there were considerable cash deficits. Regarding the year as a whole, the trend was appreciably more favourable than in 1960. The central budgets — those of the Federal Government, the Federal Special Funds and the Länder — showed surpluses of almost DM 1.8 billion in 1961 as against deficits, although these were only small, in 1960. In the case of the local authorities the gap in the financing of their capital budgets further narrowed, with larger surpluses on current account, so that at not quite DM 200 million the cash deficits were very small, as compared with earlier years in particular. Only in the case of the social insurance institutions including the Unemployment Insurance Fund (as in 1960 they achieved accounting surpluses of about DM 2.5 billion) did the cash surpluses, after deduction of the monies provided at long term for capital purposes, fall somewhat short of those in the previous year. Altogether in 1961 the public authorities after financing their large capital expenditure were left with almost DM 3 billion out of their current receipts, against only about DM 1 billion in 1960; and this they used for building up their reserves and for purposes of debt redemption.

Large expansion
of expenditure . . .

At the same time the rise in expenditure by comparison with the previous year definitely quickened. The current expenditure increased by about 10 per cent, that is roughly to the same extent as the national product, whereas at something over 8 per cent its 1960 increase had been appreciably smaller than the national product's. In detail the movements indeed differed widely. There was a more than proportionate rise in the expenditure on personnel including that on pensions (by about 11 per cent), and in that on defence (by 11 per cent), while at not quite 9 per cent the increase in expenditure for social purposes was below the average, although appreciably greater than in the two previous years. There was especially rapid growth in capital expenditure, at least if it is reckoned as comprising not only what the authorities spent on their own investment projects but also the funds which they made available for a wide variety of purposes such as house-building, development assistance, and structural improvement in agriculture. Altogether such expenditure amounted in 1961 to some DM 21.5 billion, this being more by roughly DM 2.3 billion (or 12 per cent) than in 1960, when at about DM 1.8 billion (roughly 10 per cent) the rise had not been so great. The total amount of about DM 21.5 billion consisted to the extent of more than one-half of expenditure on the authorities' own material assets, chiefly buildings, and somewhat less than one-half on loans (as well as grants) for officially assisted private capital projects. The authorities' own capital expenditure rose by about DM 1.1 billion, or roughly 11 per cent. The increase, which was smaller than in the two preceding years at about 21 and 16 per cent, respectively, may have been somewhat slowed by the fact that bottlenecks in building delayed the execution of some capital projects. As against this the loans granted increased by the considerable margin of about DM 1.2 billion, by comparison with only DM 500 million in 1960. Even allowing for the fact that the 1961 total included non-recurring items of expenditure, such as the contribution by the Länder towards development aid, and anticipatory loans granted to the Federal Railways for electrification, in a total of nearly DM 0.6 billion, the rise remains substantial. In particular the assistance given to house-building by public authorities was further increased, in which connection — unlike the previous year — the granting of loans increased notably faster than the subsidising of interest and redemption payments.

. . . but even greater
increase in receipts

The reason why the cash surpluses were approximately trebled despite the above-described growth of expenditure last year lay in the very favourable course of ordinary receipts. Last

The Public Authorities' Finances on a Cash Basis

in millions of DM

| | 1959 | 1960 | 1961 | | |
|-------------------------------------------------------------------|---------|---------|---------|----------|----------|
| | | Total | Total | 1st half | 2nd half |
| Cash Surplus (+) or Deficit (—) | | | | | |
| (1) Central authorities ¹⁾ | — 5,352 | — 46 | + 1,754 | + 3,158 | — 1,404 |
| Federal Government ²⁾ | — 4,848 | — 1,358 | + 324 | + 1,845 | — 1,521 |
| Equalisation of Burdens Fund ³⁾ | — 560 | — 140 | — 165 | — 44 | — 121 |
| E.R.P. Special Fund | — 56 | — 91 | — 95 | + 115 | — 210 |
| Länder | + 112 | + 1,543 | + 1,690 | + 1,242 | + 448 |
| (2) Other authorities | + 638 | + 1,105 | + 1,065 | + 895 | + 170 |
| Local authorities | — 410 | — 270 | — 175 | — 45 | — 130 |
| Social insurance funds | + 1,048 | + 1,375 | + 1,240 | + 940 | + 300 |
| (3) Total of 1 plus 2 | — 4,714 | + 1,059 | + 2,819 | + 4,053 | — 1,234 |
| Financing | | | | | |
| Increase (+), decrease (—) in | | | | | |
| I. Cash resources | | | | | |
| (1) Central authorities | — 2,796 | + 1,091 | + 1,159 | + 2,990 | — 1,831 |
| Federal Government | — 3,246 | — 205 | + 77 | + 1,658 | — 1,581 |
| Equalisation of Burdens Fund | + 63 | + 17 | + 17 | + 121 | — 104 |
| E.R.P. Special Fund | — 56 | — 91 | — 95 | + 115 | — 210 |
| Länder | + 443 | + 1,370 | + 1,160 | + 1,096 | + 64 |
| (2) Other authorities | + 1,888 | + 2,495 | + 2,505 | + 1,435 | + 1,070 |
| Local authorities | + 840 | + 1,120 | + 1,265 | + 495 | + 770 |
| Social insurance funds | + 1,048 | + 1,375 | + 1,240 | + 940 | + 300 |
| (3) Total I (1 plus 2) | — 908 | + 3,586 | + 3,664 | + 4,425 | — 761 |
| II. Credit market indebtedness | | | | | |
| (1) Central authorities | + 2,472 | + 1,045 | — 689 | — 210 | — 479 |
| Federal Government | + 1,512 | + 1,041 | — 348 | — 214 | — 134 |
| Equalisation of Burdens Fund | + 629 | + 177 | + 190 | + 150 | + 40 |
| Länder | + 331 | — 173 | — 531 | — 146 | — 385 |
| (2) Local authorities | + 1,250 | + 1,390 | + 1,440 | + 540 | + 900 |
| (3) Total II (1 plus 2) | + 3,722 | + 2,435 | + 751 | + 330 | + 421 |
| III. Amounts credited to Federal Government in respect of coinage | 84 | 92 | 94 | 42 | 52 |
| Total (I less II less III) | — 4,714 | + 1,059 | + 2,819 | + 4,053 | — 1,234 |

¹⁾ The cash surpluses or deficits of the Federal Government and the Equalisation of Burdens Fund were ascertained as balance of in-payments on, and out-payments from, the accounts kept by the said authorities with the Bundesbank. These surpluses and deficits deviate from the final results of the official financial statistics primarily because the underlying payments are not recorded at the time they are entered in the budgetary accounts but at the time of the actual receipt or out-payment, and because the incurring of debt was eliminated from the income, and the expenditure on debt redemption (including repurchase of bonds) from the outgo. The cash results of the E.R.P. Special Fund, the Länder, local authorities and social insurance funds were estimated, according to the same method, by using statistics on budgetary receipts and expenditure, indebtedness and investments of these authorities. — ²⁾ The cash surpluses or deficits of the Federal Government and the Equalisation of Burdens Fund do not in exact detail correspond to the changes in cash resources and indebtedness, because there are certain items in the course of settlement between these two authorities.

year the territorial authorities' taxes and the Equalisation of Burdens Fund's levies yielded DM 78.7 billion, which was more than in 1960 by about DM 10 billion or 15 per cent. In particular the yield of the income taxes rose more than proportionately, namely by about DM 5.3 billion or 22 per cent; because of the progressive scale, together with final payments for earlier years, the rate of growth appreciably exceeded the simultaneous rise in incomes and profits. On the other hand the increase of social insurance contributions became much slower in 1961. In 1960 they had risen by around DM 2.7 billion, or 11 per cent; in 1961, despite the somewhat greater growth of wages and salaries, they rose by about DM 2.2 billion (or say 8 per cent) because the collection of contributions for unemployment insurance was for a time suspended. At about DM 29 billion however the total amount of social insurance contributions received in 1961 was

actually very large. In that year such contributions and taxes accordingly yielded almost DM 108 billion as against about DM 95 billion in 1960.

Movement varying during the year

In 1961, as already mentioned, the picture presented by the cash movements changed greatly. After surpluses of about DM 4.1 billion in the first half-year there were deficits of roughly DM 1.2 billion in the second. The change was particularly clear in the central budgets, especially that of the Federal Government. In part this was due to the seasonal timing of receipts and expenditure. Towards the close of the financial year (which since 1961 has been identical with the calendar year) expenditure of course as a rule increases considerably owing to end-of-year payments, so that the results tend to fall off appreciably in the last months. The decisive reason was however that the rise of expenditure later in 1961 materially quickened, even apart from the seasonal trend, while the growth of tax revenues became perceptibly slower. The less favourable longer-term tendency of the cash movements by comparison with the first half of 1961 is also borne out by the fact that the surpluses occurring in the first three months of 1962 were no longer equal to those in the corresponding months a year earlier. The Länder showed greater surpluses than a year before, it is true, but those of the Federal Government declined to roughly DM 600 million or one-third of what they had then been.

2. Indebtedness and Cash Reserves

Slower increase in indebtedness . . .

The public authorities' *indebtedness* rose last year by about DM 750 million, against over DM 2.4 billion in 1960 and more than DM 3.7 billion in 1959. Thus the improvement in the cash result, which amounted to about DM 1.8 billion in comparison with 1960 if the differing results of individual budgets and groups of budgets are combined, has a corresponding reflection in the greatly reduced recourse by public authorities to the credit markets. The chief reason why indebtedness increased at all in view of the large surpluses lay in the local authorities' still heavy borrowing, which at about DM 1.4 billion was roughly as great as in the preceding year even though their cash deficits as a whole amounted to only a fraction of the sums borrowed, and hence — again taking the local authorities as a whole — large sums were available for building up reserves. This is not only because the positions of individual local authorities continue to differ widely, but also because, where credits are provided for financing capital projects, they are often used before the time. On the other hand the central authorities' indebtedness declined considerably. Thus the Länder applied to repayment of market debts a substantially greater part of their surpluses than in the previous year, namely about DM 530 million against some DM 170 million in 1960, and the Federal Government reduced by roughly DM 350 million the indebtedness which it had incurred in 1959 and 1960 on the money and capital markets. This however takes no account of the DM 1,176 million development assistance loan issued in 1961, since its proceeds are not available to the Federal Government for general budgetary purposes. The Bundesbank's special credits for financing payments to international institutions, which credits increased by about DM 1.3 billion in 1961, are also not contained in the figure mentioned.

. . . with growth of reserves continuing to be large

At something over DM 3.6 billion last year's increase in the authorities' *financial reserves* was about as great as that in 1960. In the case of the central authorities, whose final result improved by nearly DM 2 billion, the liquid reserves grew by little more than in 1960, actually by DM 1.16 billion as against DM 1.09 billion; at a total of around DM 2.5 billion in the case of the local authorities and the social insurance institutions, including the Unemployment Insurance Fund, the rise was about as much as in 1960. At the same time, for the reasons already mentioned, the local authorities as a whole both in 1960 and in 1961 have against their net borrowing an increase by almost the same amount in their cash reserves. The social insurance institutions and the Unemployment Insurance Fund on the other hand did not increase their liquid or easily liquefiable assets quite so much as in the previous year, since they applied

a somewhat greater amount to long-term investments (these are included in the above-mentioned amount for capital expenditure).

Special interest attaches in this connection to the shifts which occurred last year both in the ownership distribution of the indebtedness and in the form of the investments. The following paragraphs deal with this point in somewhat more detail, the public authorities' position in relation to the Bundesbank and to credit institutions being in particular examined.

Although the authorities' reserves as a whole increased last year somewhat more than in 1960, the rise in their *funds deposited at the Bundesbank* was somewhat less than then. Including the social pension and unemployment insurance institutions' funds which were employed during 1960 in mobilisation paper, for the most part running off in 1961, all public authorities' balances and investments at the Bundesbank rose in the latter year by only DM 730¹⁾ million against DM 2,084 million in the former. After a very substantial rise by over DM 2.8 billion in the first half-year they fell by about DM 2.1 billion in the second, this being largely due to the above-described widely varying cash movements in the course of the year.

Cash transactions
as reflected in the
Bundesbank return

Last year, unlike all earlier years, the Federal Government's *liabilities to the Bundesbank* rose very substantially, namely by a total of over DM 5 billion, although this represented solely special transactions. Thus there came into existence a claim of about DM 1.27 billion on the Federal Government in respect of alteration of the monetary parity, as a result of the revaluation, and a further claim in connection with the premature redemption of debts arising from post-war economic aid, which originally amounted to about DM 3.1 billion, but had by the end of 1961 been reduced to around DM 2.5 billion. Finally the Bank, as already mentioned, granted about DM 1.3 billion of credits to the Federal Government for its payments to the International Monetary Fund. Since the said liabilities do not result from the general cash movement of the Federal budget, they are entered in the table overleaf only as incidental items. The table shows as Central Bank indebtedness merely the liability to the Bundesbank resulting from the public authorities' current financing needs, which has been extremely low for years; it was reduced in 1961 by a further DM 10 million as against DM 72 million in 1960. It is true that the credits granted in account to the Federal Government and to one of the Länder rose somewhat between the end of December 1960 and the end of December 1961, but the Bank's holding of Federal non-interest-bearing Treasury bonds (DM 95 million at the end of December 1960) was entirely run off.

In 1961 therefore the public authorities' *net cash position in relation to the Bundesbank* improved by DM 740 million as against DM 2,156 million in 1960. After deduction of the amounts which were credited to the Federal Government on account of coinage, and which while increasing its credit balances are not reckoned among its current receipts, the relevant figures are DM 2,064 million for 1960 and DM 646 million for 1961. To this extent monies which originated from current receipts, mainly from taxes and social insurance contributions, were not spent again by public authorities. Further funds at least temporarily sterilised at the Bundesbank came from the proceeds of partial denationalisation of the Volkswagen Works. Since these were special earmarked funds, they have been shown in the following table only as a note. They greatly increased the sterilisation of money which resulted from official cash transactions in the first half-year; in the second, when they were for the most part employed "in another manner" (in money-market paper and on accounts at the Reconstruction Loan Corporation), they on the contrary increased liquidity.

Unlike the public authorities' Bundesbank position, which did not improve by nearly as much last year as in 1960, their net balances at credit institutions rose much more in 1961 than then. Altogether their *deposits at credit institutions* rose last year by something over DM 2.6 billion.

Cash transactions as
reflected at credit
institutions

¹⁾ The figures differ from those given on page 29 of the present Report in particular because the credit balances resulting from the in-payment of proceeds from the sale of Volkswagen shares and those of the Central Cash Office of the Postal Administration were not included.

Change in the Public Authorities' Net Cash Position

Increase (+), decrease (—)

in millions of DM

| | 1959 | 1960 | 1961 | | |
|--------------------------------------------------------------------------------|---------------|---------------|--------------|---------------|---------------|
| | Total | | Total | 1st half | 2nd half |
| I. Bundesbank | | | | | |
| (1) Deposits | -2,797 | +1,239 | + 994 | + 2,797 | -1,803 |
| Federal Government | -3,246 | - 205 | - 8 | +1,596 | -1,604 |
| Equalisation of Burdens Fund | + 63 | + 17 | - 3 | + 101 | - 104 |
| E.R.P. Special Fund | - 161 | - 80 | - 33 | + 130 | - 163 |
| Länder | + 535 | +1,495 | +1,060 | + 986 | + 74 |
| Local authorities | + 7 | - 1 | - 5 | - 9 | + 4 |
| Social insurance funds | + 5 | + 13 | - 17 | - 7 | - 10 |
| (2) Mobilisation paper | - | + 845 | - 264 | + 28 | - 292 |
| Total of 1 plus 2 | -2,797 | +2,084 | + 730 | +2,825 | -2,095 |
| <i>Note:</i> | | | | | |
| Proceeds from the sale of Volkswagen shares | (-) | (-) | (+ 313) | (+ 976) | (- 663) |
| (3) Indebtedness | + 158 | - 72 | - 10 | - 173 | + 163 |
| Federal Government | + 245 | - 72 | - 13 | - 173 | + 160 |
| Equalisation of Burdens Fund | - 18 | - | - | - | - |
| Länder | - 69 | - | + 3 | - | + 3 |
| <i>Note:</i> | | | | | |
| Special credits for payments to international institutions | (+ 549) | (+ 176) | (+1,322) | (+ 544) | (+ 778) |
| Indebtedness in respect of change in the exchange parity | (-) | (-) | (+1,265) | (+1,265) | (-) |
| Indebtedness in respect of acquired claim resulting from post-war economic aid | (-) | (-) | (+2,513) | (+2,598) | (- 85) |
| (4) Net balance (1 plus 2 less 3) | -2,955 | +2,156 | + 740 | +2,998 | -2,258 |
| II. Credit Institutions | | | | | |
| (1) Deposits (pe) ¹⁾ | +1,575 | +1,253 | +2,627 | +1,263 | +1,364 |
| Federal Government | - | - | + 85 | + 62 | + 23 |
| Equalisation of Burdens Fund | - | - | + 20 | + 20 | - |
| E.R.P. Special Fund | - | - | - | - | - |
| Länder | - 92 | - 125 | + 100 | + 110 | - 10 |
| Local authorities | + 833 | +1,121 | +1,270 | + 504 | + 766 |
| Social insurance funds | + 834 | + 257 | +1,152 | + 567 | + 585 |
| (2) Free loans | + 233 | + 236 | + 441 | + 323 | + 118 |
| E.R.P. Special Fund | - | + 75 | + 22 | - 3 | + 25 |
| Social insurance funds | + 233 | + 161 | + 419 | + 326 | + 93 |
| (3) Indebtedness | +2,906 | + 659 | + 740 | + 242 | + 498 |
| Federal Government | + 958 | + 86 | - 100 | + 0 | - 100 |
| Equalisation of Burdens Fund | + 555 | - 62 | + 145 | + 50 | + 95 |
| Länder | + 232 | - 339 | - 434 | - 122 | - 312 |
| Local authorities | +1,161 | + 974 | +1,129 | + 314 | + 815 |
| (4) Net balance (1 plus 2 less 3) | -1,098 | + 830 | +2,328 | +1,344 | + 984 |
| III. Non-banks | | | | | |
| (1) Investment of cash resources ²⁾ | + 81 | + 13 | - 134 | + 14 | - 148 |
| (2) Indebtedness | + 658 | +1,848 | + 21 | + 260 | - 239 |
| Domestic non-banks | + 608 | +1,188 | + 21 | + 135 | - 114 |
| Foreign parties ³⁾ (pe) | + 50 | + 660 | - | + 125 | - 125 |
| (3) Net balance (1 less 2) | - 577 | -1,835 | - 155 | - 246 | + 91 |
| Domestic non-banks | - 527 | -1,175 | - 155 | - 121 | - 34 |
| Foreign parties ³⁾ (pe) | - 50 | - 660 | - | - 125 | + 125 |

pe) Partly estimated. — ¹⁾ In particular the amounts deposited by Länder and local authorities have been estimated. They were ascertained as difference between the overall change in cash reserves (cf. preceding table) and item I of this table; in the case of the social insurance funds data from the statistics on operating funds and investments of the Pension Insurance Institutions and the Unemployment Insurance Fund were taken as a basis. — ²⁾ Investments of E.R.P. Special Fund and social insurance funds. — ³⁾ Including foreign banks.

The increase was thus more than twice as great as that of just over DM 1.2 billion in 1960¹); it is chiefly explained by the fact that in 1961 — just as in all earlier years except 1960, when they had acquired mobilisation paper from the Bundesbank — the social insurance institutions employed their liquid assets mainly at the banks. According to the partial data available their deposits held at credit institutions increased last year by no less than DM 1,150 million against only about DM 250 million in 1960. The deposits of local authorities grew last year by almost DM 1.3 billion, that is in fact somewhat more than those of the social insurance institutions; the increase however, unlike that in the case of these latter, was not appreciably greater than the growth (of over DM 1.1 billion) in 1960. The deposits of the central authorities, which under the provisions in Article 17 of the Bundesbank Law are only small, rose somewhat in 1961 after a slight fall in 1960. Apart from deposits the public authorities, especially the social insurance institutions, also place a certain amount of money in the form of “free” loans at the banks. At about DM 450 million in 1961 the increase was roughly twice as great as in 1960.

In passing it may be observed that the substantial amount of monies and loans taken by banks from public authorities, which have been discussed in connection with the banks’ monetary capital formation (cf. Section II), did not represent such “free” loans but monies which public authorities had already expended for capital purposes and which therefore do not constitute such authorities’ reserves. In many cases indeed the lending authorities transferred such monies in advance to the banks entrusted with transmitting them, so that the latter were able temporarily to employ them elsewhere before applying them to the purposes laid down.

By comparison with the rise in the amount of monies employed at the banks in the form of deposits and “free” loans the *credit extended by the banks* to public authorities — through direct loans, the taking of money-market paper and fixed-interest securities — was little greater at DM 740 million in 1961 than at roughly DM 660 million in the previous year. The credit extended by the banks was however about as great as the total increase (DM 750 million, as mentioned) in public authorities’ indebtedness, whereas in 1960 it had accounted for only about 25 per cent of the credit taken by public authorities.

The movement of individual authorities’ indebtedness to credit institutions in 1961 can be seen from the preceding table. Against the very large rise by about DM 1.1 billion in bank lendings to local authorities, and a slight increase by DM 145 million in credit granted to the Equalisation of Burdens Fund, there were repayments to the extent of about DM 430 million by Länder and DM 100 million by the Federal Government.

The variation between movements in individual authorities’ bank indebtedness also affected the forms in which credit was granted. Thus the banks’ direct lendings rose by DM 920 million, that is more than their total credit granted to public authorities. This item includes in particular the large direct lendings to local authorities (+ DM 1.12 billion), against which however there were repayments by the Länder. On the other hand the banks’ holdings of public authorities’ money-market paper (excluding mobilisation paper, which does not represent true indebtedness of such authorities) decreased by about DM 270 million, this being mainly because the Federal Government last year greatly reduced the amount of its non-interest-bearing Treasury bonds in circulation. Bank holdings of bonds and medium-term notes of public authorities (other than the Federal Railways and Postal Administration) increased in 1961 by an estimated DM 85 million; thus a great part of the DM 108 million increase in the total circulation (against the DM 150 million loan issued for Equalisation of Burdens purposes there were repayments and repurchases by territorial authorities) was taken by the banks. By comparison with 1960 therefore, when the credit institutions had reduced their holdings of public authorities’ fixed-interest debt instruments by about DM 370 million although the

¹) The figures are somewhat lower than the increase in the “deposits of public authorities” shown in the banking statistics, because these also include deposits which belong not to public budgets but to other public entities (publicly owned enterprises, churches and charitable associations); the amount relating to such depositors has been ascertained through estimates and eliminated.

circulation had then risen by over DM 600 million, the placing of such instruments has undergone a great change.

On balance last year the public authorities' *net cash position in relation to credit institutions* improved by the wide margin of nearly DM 2.3 billion against only about DM 0.8 billion in 1960. The picture would, it is true, be less favourable if one included the banks' credit granted to the Federal Railways and the Postal Administration, which amounted last year to DM 1.2 billion and was thus considerably greater than the credit extended to public authorities. But even then a great deal more money would have flowed from public authorities to credit institutions than they took from the banks by way of borrowing.

Reflections elsewhere

If one combines the changes in the public authorities' net cash position in relation to the Bundesbank and the credit institutions, the improvement by about DM 3.1 billion in 1961 was about the same as that by roughly DM 3.0 billion in 1960. In 1961 the excess of bank balances over indebtedness towards the banking system roughly equalled the authorities' total surpluses. In 1960 on the other hand it had appreciably exceeded such surpluses, because then a large part of the authorities' extensive borrowings had come from lenders outside the banking system. Considerable importance attached here to foreigners' purchases of public authorities' debt instruments (chiefly bonds and medium-term notes, but also to some extent money-market paper), which purchases we estimate for 1960 at about DM 660 million. In 1961 on the other hand foreigners' purchases and sales roughly equalled each other. The determining factor was however that in 1961 the marked slowing in the rise of indebtedness caused the granting of credit by domestic non-banks to public authorities practically to cease, whereas at about DM 1.2 billion the amount of credit so granted in 1960 had been unusually large.

IV. Economic Activity*)

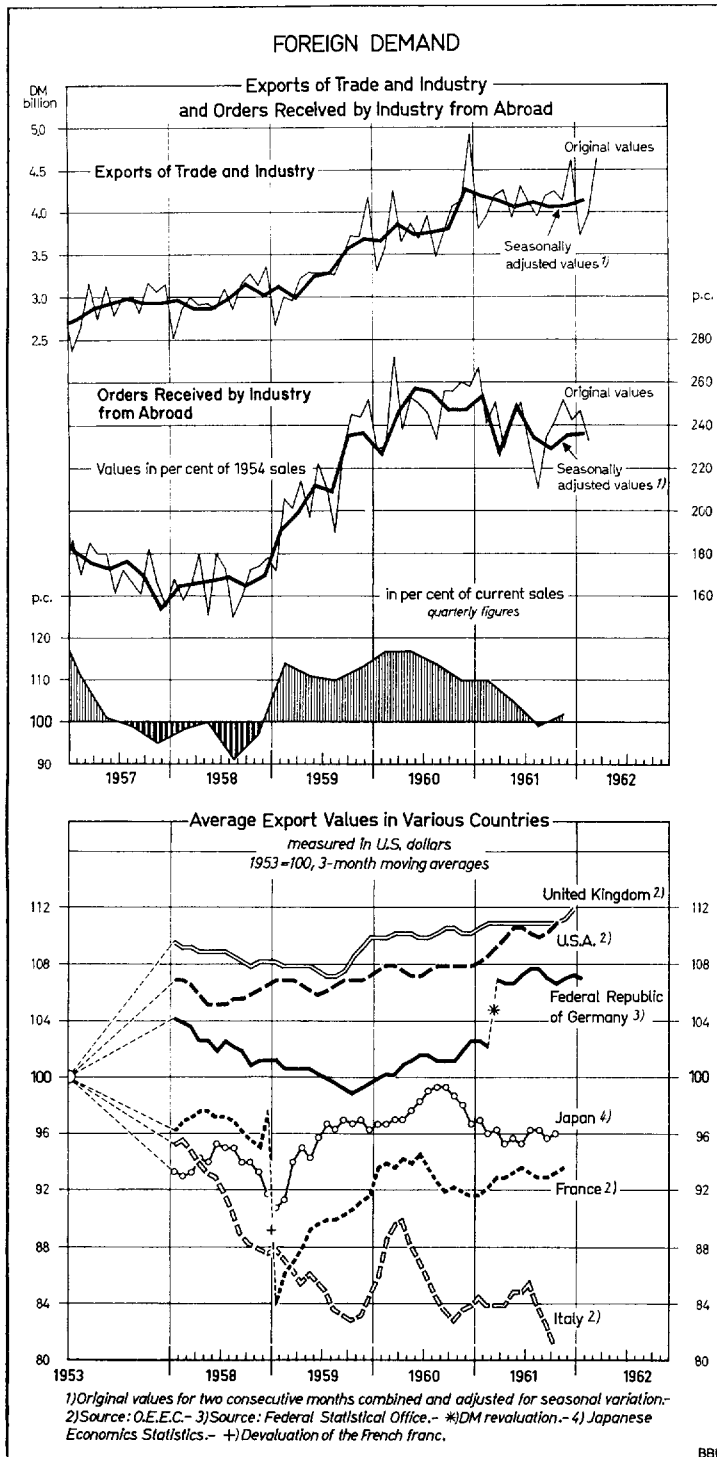
The features of the economic situation in the Federal Republic during 1961 and the first months of 1962 continued to be full employment, a notable rise in production (although at a slower rate than in 1960) and an upward price trend. Nevertheless the course of the business cycle in that period differed in many respects from that in 1960. The most important change was that the rise in foreign and entrepreneur demand, which up till then had determined the cyclical upswing, ceased and was finally replaced by a slight decline. This however at first became clearly evident only in incoming orders, while deliveries and hence also the expenditure by Germans engaging in capital projects and by foreign buyers continued to increase, or at least did not decrease. The reason was that large cushions of unexecuted orders were available, and these were now worked off. In most industries this process produced a desirable return to normal, especially as regards delivery periods, and consequently eased the market situation. In some industries there were in addition declines in output, which however remained within narrow limits and have so far had no major consequences on the state of employment. On the contrary throughout 1961, and also in the months of 1962 on which figures are so far known, there continued to be a predominance of demand on the labour market, although here also first signs of a certain relaxation appeared. The reason for the labour market's only slight reaction to the cyclical changes was that many enterprises regarded the downward tendencies in orders as merely temporary, and so hesitated to reduce their level of employment. The strain on the labour market contributed to prolonging the rise of wages, and hence in that respect also prevented any noticeable reaction to the easing of cyclical tension.

*) The figures in this section of the Report relate to the Federal Republic excluding Berlin (West).

1. Demand

The slackening of demand was above all evident in the *orders reaching industry*. Seasonally adjusted, these showed from the beginning of 1961 onwards at first a slightly falling and then a stationary tendency. As from the middle of the year the orders arriving were above their level of a year earlier by a few points per cent; until the end of 1961 they were also smaller

Smaller inflow of orders



than current deliveries, whereas previously they had exceeded sales appreciably — on the average for 1960 by 8 per cent, and on that for the first half of 1961 by 4 per cent. This means that from mid-1961 onwards the order backlogs in industry steadily decreased. Since at the same time producers' capacity further expanded, the previously long delivery periods became shorter, in some cases quite considerably so. For purchasers this had the advantage that in giving their orders they no longer needed to provide for a long period ahead, and hence could be more cautious in giving new orders. In principle there was no change of this situation in the first months of 1962 either. It is true that incoming orders in January and February together exceeded the simultaneous deliveries by 1 per cent, but this was much less than usual at the season.

Unlike the giving of orders, German purchasers' expenditure continued to increase in the period under report. This appeared clearly in the movement of the *national product*. Reckoned at current prices, the gross national product in the Federal Republic (excluding West Berlin) rose according to provisional calculation by DM 28.0 billion, or 9.9 per cent, to DM 310.4 billion; the rise thus fell little short

Further increase of total expenditure

of that (by DM 29.8 billion or 12.0 per cent) in the previous year. Domestic purchases of goods and services — for private and governmental consumption as well as for investment — increased in 1961 somewhat more than the gross national product, namely by DM 28.7 billion or 10.5 per cent, while the “external contribution” — that is the surplus on goods and service transactions with foreign countries and West Berlin — decreased by DM 0.7 billion in 1961 to DM 7.3 billion. The greatest expansion during 1961 was that of 14.9 per cent in investment in fixed assets; at 12.5 per cent the increase in governmental expenditure on consumption was also above the average. The consumer expenditure of private households also increased considerably, although by less than other domestic expenditure, which rose by 10.2 per cent. Only the expenditure on inventory investments declined. According to the provisional calculation of the national product for 1961 by the Federal Statistical Office inventories grew by DM 5.5 billion as against DM 8.0 billion in 1960; to that extent therefore the downward tendency apparent in ordering has already produced major effects on the actual position.

(a) *Contractive Factors*

Foreign demand

There was an especially large decrease in orders arriving from abroad; it was in their case that the decline began earliest. If adjusted for the season, export orders reached their peak in the second half of 1960; there was however a notable decline only in March 1961, that is immediately after revaluation. In the months from March 1961 to February 1962 the orders arriving from abroad were about 5 per cent lower, with fluctuations from month to month, than in the corresponding period a year before. This led relatively soon to a slowing of the rise in exports, and finally indeed to a standstill; thus from November 1961 onwards exports were on a monthly average no longer greater than in the corresponding period a year before.

Consequence of world economic activity . . .

Here a number of factors were producing effects. In point of time the first impulse came from the course of the business cycle in the main importing countries. In some E.E.C. countries and even more in the non-E.E.C. countries the cyclical upswing became notably slower towards the

Wages and Productivity in the Processing Industries of Selected Countries

| Country | 1959 | 1960 | 1961 | Change 1961 against 1960 in p. c. |
|-------------------------------------------------|------------|------|-------------------|-----------------------------------------|
| | 1959 = 100 | | | |
| Federal Republic of Germany | | | | |
| (a) Wages and salaries per manhour worked | 100 | 111 | 123 | + 11 |
| (b) Output per manhour worked | 100 | 107 | 111 | + 4 |
| (c) Wage cost per production unit ¹⁾ | 100 | 103 | 111 | + 8 |
| France | | | | |
| (a) Collectively agreed hourly wages | 100 | 107 | 114 | - 7 |
| (b) Output per manhour worked | 100 | 104 | 108 | - 4 |
| (c) Wage cost per production unit ¹⁾ | 100 | 103 | 107 | + 4 |
| United Kingdom | | | | |
| (a) Gross hourly earnings | 100 | 105 | 109 | + 4 |
| (b) Output per manhour worked | 100 | 106 | 106 | ± 0 |
| (c) Wage cost per production unit ¹⁾ | 100 | 99 | 103 | + 4 |
| Belgium | | | | |
| (a) Gross hourly earnings | 100 | 104 | 107 ^{a)} | + 3 ^{b)} |
| (b) Output per manhour worked | 100 | 102 | 107 ^{a)} | + 3 ^{b)} |
| (c) Wage cost per production unit ¹⁾ | 100 | 102 | 100 ^{a)} | ± 0 ^{b)} |
| Italy | | | | |
| (a) Gross hourly earnings | 100 | 104 | 111 ^{a)} | + 6 ^{b)} |
| (b) Output per person employed in industry | 100 | 110 | 112 ^{a)} | + 2 ^{b)} |
| (c) Wage cost per production unit ¹⁾ | 100 | 95 | 99 ^{a)} | + 5 ^{b)} |
| United States of America | | | | |
| (a) Gross hourly wages | 100 | 103 | 106 | + 3 |
| (b) Output per manhour worked | 100 | 103 | 109 | + 6 |
| (c) Wage cost per production unit ¹⁾ | 100 | 100 | 97 | - 3 |

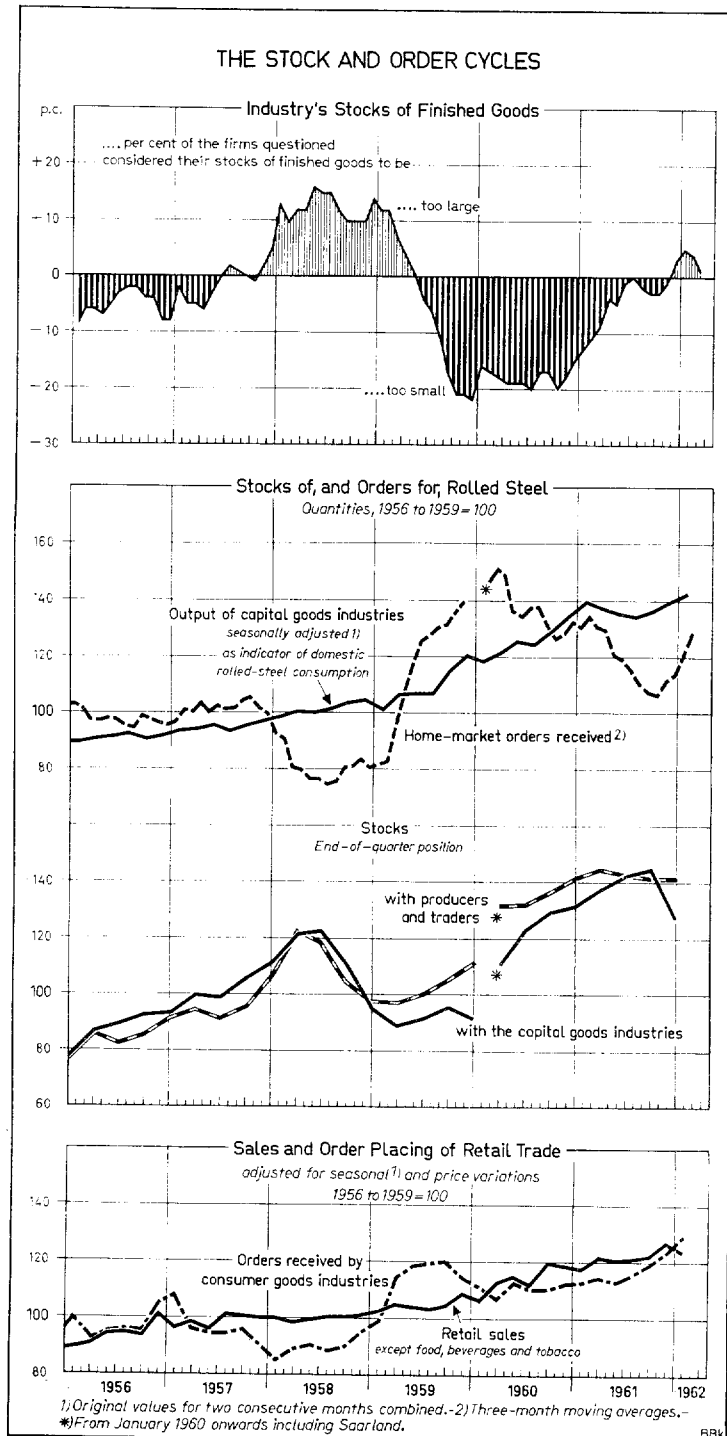
¹⁾ Computed by dividing index (a) by index (b). — The results are only roughly comparable because of the heterogeneity of the basic data.
a) Average of first to third quarters.
b) Average of first to third quarters 1961 in per cent of the same period in the preceding year.

end of 1960, so that there was less demand for capital goods, the main products exported by German industry. On the other hand the cyclical upswing proceeding in the United States since 1961 has so far not significantly affected German exports; even in the last months of 1961 exports from the Federal Republic to the United States were smaller than a year previously. With the easing of cyclical tensions abroad moreover producers' delivery periods became shorter, in general probably more so than in the Federal Republic, where this process operated only with some delay in the export industries, so that this factor — which is important for

the international competitive position — altered to the disadvantage of the Federal Republic.

The export boom was further checked by the revaluation of the DM on 6 March 1961. For most foreign purchasers this made German goods dearer by approximately the revaluation ratio of 5 per cent because, according to the available data, only a few exporters were prepared to make appreciable price concessions. Reckoned in DM the average values of German exports, which afford a fairly reliable indicator of export price movements, were at an average of 104 for January and February 1962 (1954 = 100) lower by only one point than in the corresponding months of the previous year, that is immediately before the DM revaluation. From the foreigners' point of view therefore the level of German export prices rose by almost the entire revaluation ratio, which in view of the high degree of price stability in world trade was bound materially to affect the position; this is also clear from the fact that the increase in the price of German exports through revaluation was as great as the whole of the rise in German export prices between 1954 and 1960.

Last, the German export situation was adversely affect-



... of revaluation ...

... and of the rise in the internal cost level

ed through the fact that in 1961 the level of costs rose faster in the Federal Republic than in most other industrial countries. Quite apart from the less important cost factors, such as depreciation and indirect taxes, the rise of labour costs in particular materially exceeded the simultaneous increase of productivity. As will be shown in detail later, the wage and salary costs per production unit rose in the whole economy by roughly 7 per cent. As against this in other countries wages rose less — in part very considerably less — than in the Federal Republic, while in many cases the advances in productivity came up to or even exceeded those in German industry.

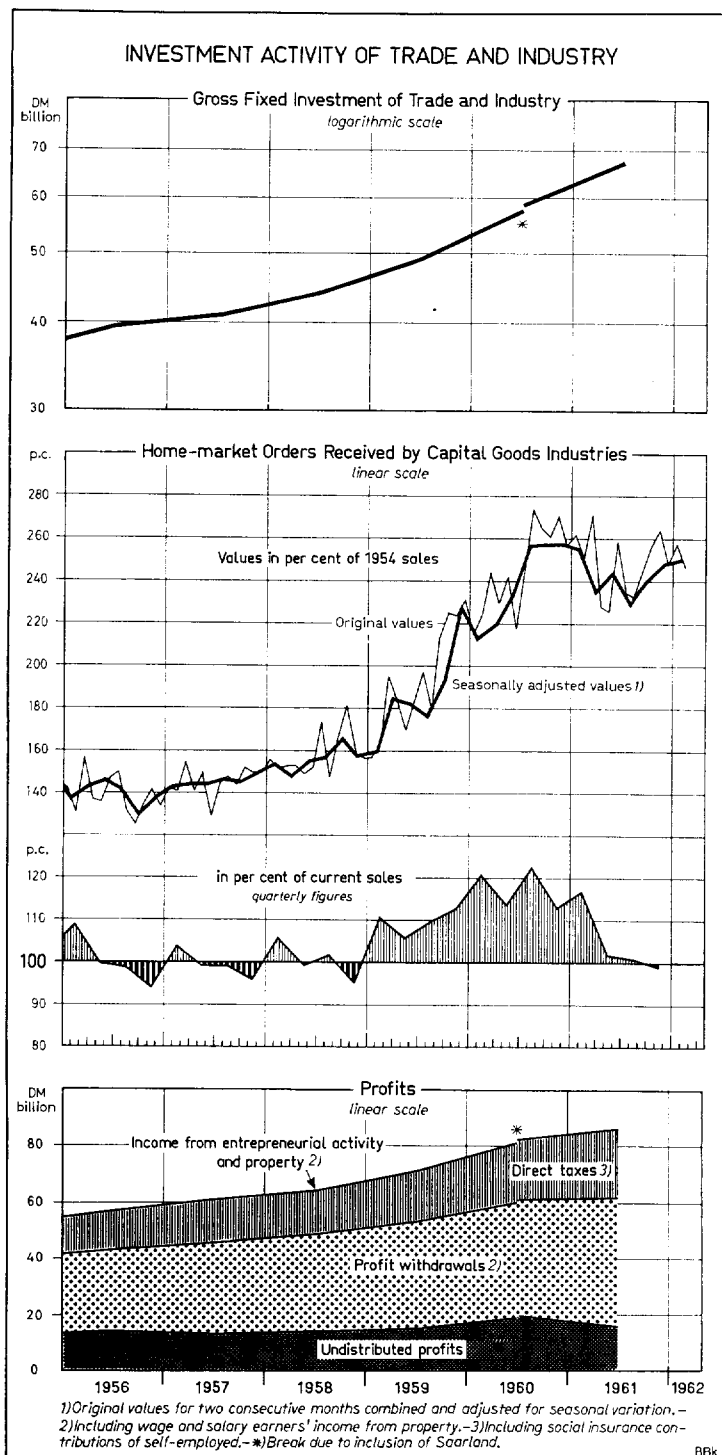
As can be seen — subject to all qualifications for which such comparisons call — from the figures given in the foregoing table regarding the course of wages and productivity in important countries' industries, wage costs per unit of production rose in the Federal Republic more than in the other countries, quite apart from the United States, where they declined. Despite the substantial raising of the wage-cost level in the Federal Republic there has however as yet been no rise in German export prices; as mentioned, indeed, the average values of exports have slightly fallen. This however does not mean that as yet the rise of the internal cost level has not affected the German export situation; it shows only that, because of the competition in the world market and the general increase in price of German products through revaluation, it has not been possible to pass rising costs on to foreign customers. Although it cannot be assumed that wage increases in the most important exporting industries — in most of which wages are not a large element in costs, while the advances in productivity have been greater than the average — produced so great an effect as in the rest of industry, even in their case the wage costs per production unit are likely to have risen. With export prices remaining stable this as a rule narrowed the profit margin. Since in many cases the cost increases could be more readily passed on in price on the home market, this tended to dampen German producers' interest in exporting.

Restrained ordering
for stock

As regards domestic demand, signs of slackening first appeared in the orders given for stock. They appeared chiefly in the basic industries, where orders from the home market were smaller by 3 per cent in 1961 than in 1960. At first the decrease of orders, with production further rising and deliveries growing, merely reduced the order backlogs. But from the middle of the year onwards there was a drop in deliveries to customers, who were now covering a part of their raw-material requirements by running down their stocks. A typical example was the movement of rolled-steel stocks held by the main steel processors; in February 1962 — the last month for which figures were available as this Report went to press — they were 18 per cent lower than six months before, being thus still enough to cover the need for 77 production days as against 97 in August 1961. In the previous steel cycle the period for which stocks sufficed had declined to 75 production days, and in years further back it had dropped to not quite 50. It is therefore hard to judge whether the slight increase of home-market orders apparent in the rolled-steel industry during February and March this year already marks the start of a fresh rise in the giving of orders. In the case of the other basic materials, where the decrease in orders was not so marked, the stock cycle's restraining effect on the placing of orders has so far persisted. In these categories, apart from the chemical industry, the inflow of orders from the home market continued to show a downward trend during the first months of 1962.

Decreased capital
development planning

One particular factor which very materially eased the demand situation was the change in enterprises' capital development plans. This was apparent mainly in the fact that from the beginning of 1961 onwards the home-market orders reaching the capital goods industries declined if adjusted for the season. At first this represented only a drop to the previously lower level of deliveries. Not until later in the year did the orders fall even below that level, so that there was a decrease in the exceptionally large order backlogs which had accumulated in the two preceding years. So far however this decrease has remained within narrow limits, and in the spring of 1962 producers assessed their stocks of unfilled orders as being too great rather



than too small. Up till the last few months the capital goods industries' deliveries have tended slightly to rise, this being a sign that so far capital expenditure has hardly fallen off. In the second half of 1961 equipment investments were greater than a year earlier by 12 per cent, against 20 per cent in the first half-year, and again in the first quarter of 1962 they probably still were well above their level of a year before. The position was similar as regards commercial and industrial investment in building. According to the building permits granted the volume of trade and industry's bare construction projects has fallen somewhat since the autumn of 1961; nevertheless trade and industry's capital expenditure on building continued to increase in cyclical terms, because here also — just as in all forms of building — there was still a substantial carry-over of orders.

As already stated in the General Survey, the restraint shown in the planning of new capital investment was largely a reaction to the exaggerated investment activity in the previous two years. This relatively early start of reaction was doubtless due in the main to the fact that during the first half of 1961 the extent to which capacities were employed declined in certain

Reasons for the decrease in such planning

industries, under the influence of stock-cyclical factors and in some cases of falling foreign demand, so that the possibility of a discrepancy between fresh investments and future sales emerged. Further to be mentioned as a factor in the reduction is the narrowing of profit margins. This may partly reflect the fact, just mentioned, that capacities were less fully employed. But the decisive cause lay in the steep rise of German production costs, with only relatively small possibilities of passing on that rise in price. The National Accounts reflect this in the fact that in 1961 the income of the employed — that is total wages and salaries, including

The Movement in Incomes from Entrepreneurial Activity and from Property¹⁾

| Item | 1957 | 1958 | 1959 | 1960 P) | 1960 ²⁾ P) | 1961 ²⁾ P) | Change on previous year | | |
|--------------------------------------------------------------------------------------------|----------------|------|------|---------|--------------------------|--------------------------|-------------------------|---------|-----------------------|
| | | | | | | | 1959 | 1960 P) | 1961 ²⁾ P) |
| | Billions of DM | | | | | | per cent | | |
| (1) Gross income from entrepreneurial activity and property ³⁾ | 65.3 | 68.5 | 75.5 | 85.4 | 86.7 | 90.8 | + 10.2 | + 13.2 | + 4.8 |
| (2) Public authorities' income from property and from their own enterprises ³⁾ | 3.6 | 3.7 | 3.6 | 4.0 | 4.0 | 4.3 | - 4.3 | + 10.9 | + 6.5 |
| (3) Direct taxes ⁴⁾ | 15.7 | 15.7 | 18.3 | 20.9 | 21.1 | 24.5 | + 16.4 | + 14.1 | + 16.0 |
| (4) Net income of enterprises ⁵⁾ (1 less 2 and 3) | 46.0 | 49.1 | 53.6 | 60.6 | 61.6 | 62.1 | + 9.3 | + 13.1 | + 0.8 |
| (5) Profit withdrawals by self-employed, and wage and salary earners' income from property | 32.1 | 34.5 | 38.0 | 41.0 | 41.7 | 45.7 | + 10.3 | + 7.8 | + 9.7 |
| (6) Undistributed profits ⁶⁾ (4 less 5) | 13.9 | 14.6 | 15.6 | 19.6 | 19.9 | 16.4 | + 6.8 | + 25.8 | - 17.8 |

¹⁾ Details may not add to totals because of rounding. — ²⁾ Including Saarland. — ³⁾ After deduction of interest on public debts.
⁴⁾ Including social insurance contributions of self-employed. — ⁵⁾ Including wage and salary earners' gross or net income from material and monetary assets. — ⁶⁾ Enterprises with and without legal personality of their own. — P) Provisional.

employers' contributions to social insurance — rose by 12.4 per cent, that depreciation rose by the same percentage and indirect taxes (less subsidies) by 11.4 per cent, while the rate of growth in the gross national product (which can be approximately equated with that in enterprises' net proceeds of sale) amounted to only 9.9 per cent. Thus the gross income from entrepreneurial activity and wealth rose in 1961 by only 4.8 per cent; its proportion to the total national income fell from 39.4 to 37.7 per cent.

The narrowing of profit margins doubtless tended to moderate the view taken of the prospective return on further capital investments. Besides this there was a further considerable increase of the tax burden, due to the appreciable time-lag in assessment and to the mainly progressive effect of the Income Tax scales. With allowance for the likewise expanded profit withdrawals by owners, therefore, enterprises had available in 1961 for the self-financing of capital expenditure some DM 3 billion less than in the previous year. But all experience shows that, however desirable a reduction in the rate of self-financing may be with an eye to social policy, the result of it is that (because of the increased compulsion to borrow) enterprises as a rule embark on new investment programmes with greater caution than before.

(b) Expansive Factors

Persistent building boom

Among the expansive factors on the demand side the first to mention is the demand for building work. If measured by the estimated expenditure on officially approved buildings, it rose in 1961 by not quite 16 per cent. It is true that the increase in building permits became clearly slower in the course of the year, the estimated expenditure on building having been greater than a year earlier by 24 per cent in the first quarter but by only 4 per cent in the fourth. Since however the sharp rise in the spring of 1961 was mainly due to precautionary application for building permits with the object of escaping a suspension of their issue, which was then thought possible, there is much evidence that the subsequent decline in the autumn was largely a reaction to such anticipating. Conclusions can therefore not be directly drawn from it with regard to the longer-term trend. From January 1962 onwards the granting of building permits, as seasonally adjusted, again showed a definitely rising tendency.

Increased excess of building demand

The expenditure on building projects rose almost as fast in 1961 as the planning of buildings. It would however be a mistake to see this as restoring the equilibrium of the building market. The figures for the increase in building expenditure and the planning of buildings are based on current prices. Reckoned at constant prices, on the other hand, the investment in building — reflecting the real expansion in the volume of building — rose in 1961 by only something

over 6 per cent. From the divergence between the nominal and real rates of growth, which corresponds to a 7.5 per cent price rise, it can be seen that the supply in the building market fell considerably short of the demand. In the case of house construction the excess demand can be more accurately determined. Whereas during 1961 building permits were granted for 629,000 dwellings in the Federal Republic excluding West Berlin, the number of dwellings completed was 543,000; at the end of 1961 the carry-over of dwellings approved but not yet begun, and begun but not yet completed, was therefore greater by 75,000 than at the end of 1960. It was in fact about 716,000 dwellings, equal to the building output of — at present — over 15 months. In the case of other buildings the carry-over increased even more; according to provisional calculations the backlog of building projects begun, or of such projects approved but not yet in course of execution, was greater by 18 per cent at the end of 1961 than a year previously.

*Consequences of
excess demand*

Thus in the spring of 1962 the situation in the building market appeared, if anything, even more critical than one or two years before. Demand still considerably outstrips the expansion of supply, so that the excess demand grows further. At the same time for the economy as a whole it is of little importance that there are certain differences between individual categories; in civil engineering the conditions are perhaps somewhat less strained than in building proper, and in bare construction somewhat less so than in the finishing trades. The effects produced by the constant overstrain on building trade are considerable. First, it causes a substantial upsurge of all prices directly connected with building; the index for building costs in connection with residential buildings rose by 27 per cent between 1958 and February 1962 (while that for producers' prices of industrial products did so by not quite 3 per cent). This means that the prices for house-building work have risen on the average of the last four years by about 7 per cent, and that in the last twelve months for which figures are available — from February 1961 to February 1962 — they rose by 8.5 per cent. The price for building work outside house construction may have risen somewhat less; but still the recently calculated index for the cost of road-making work shows for the period from November 1960 to November 1961 a rise by as much as 7.4 per cent. Apart from this the excess demand in the building market also caused substantial rises in the price of preliminary products, besides a steady increase of labour costs. The collectively agreed hourly wages in building and civil engineering rose in 1961 by over 10 per cent, the statistically recorded actual hourly earnings (for November 1961 against November 1960) by 12 per cent. In addition the costs incidental to wages rose sharply as the result of many collectively agreed and other concessions; it can thus be calculated from the building statistics that the expenditure on wages per man-hour worked in 1961 was 16 per cent greater than in 1960.

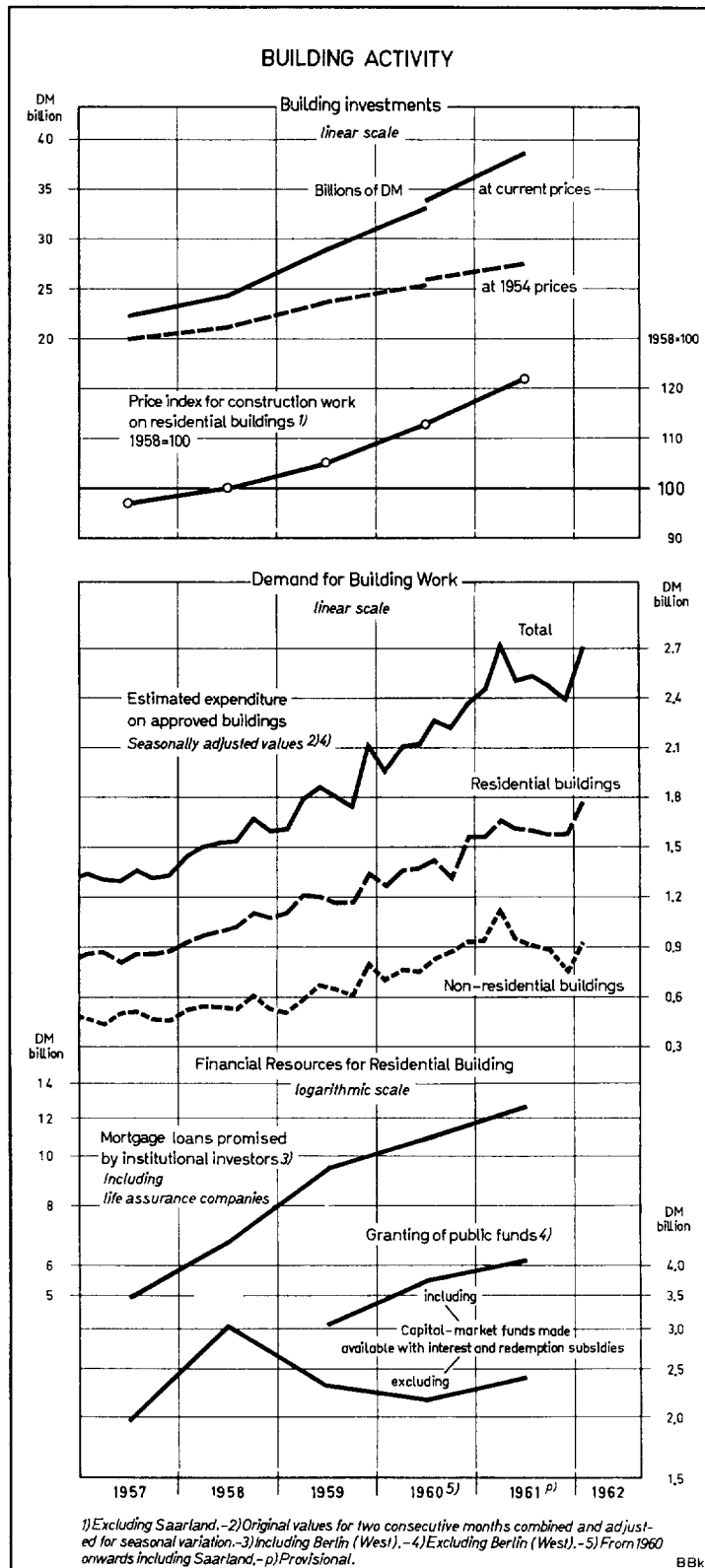
The continued price rises gave rather frequent occasion in the period under report for the discussion of economic policy measures. In the spring of 1961 a temporary stop to the granting of building permits was discussed; and in the spring of 1962 it was debated whether to ban new building (with possible exceptions). Neither the one project nor the other has so far been executed, since there was doubt whether equilibrium in the building market could be achieved by such means. For this purpose indeed the checking of demand at its source appears much more important. In 1961, however, the demand for building was further stimulated by the public authorities. Thus on the one hand the total building activity of such authorities themselves increased by more than that of other parties ordering building. According to calculations by the German Institute for Economic Research the 1961 expenditure on official building (including transportation projects) reached about DM 14 billion; it thus accounted for nearly 31 per cent of the total volume of building against 29.6 per cent in 1960. At the same time the new planning of official buildings, which in great part will no doubt be started only in 1962, increased by more than that of other buildings; the estimated expenditure on officially approved public buildings was greater by 23 per cent in 1961 than in the previous year, as against 15 per cent in the case of other building projects. Yet the Federal Government had

*Economic policy
measures*

asked for spreading out its own building orders, and some Länder had also introduced administrative measures in 1961 to restrict building expenditure; possibly the slowing of official planning of buildings, apparent towards the end of 1961, was partly due to this reason. Since however the budgets for 1962 in general again provide more funds to finance official building (and the estimated expenditure on officially permitted public buildings also shows a rising tendency again since the start of the year), it is urgently desirable to stop the renewed rise in the public authorities' demand for building work. In April 1962 the Federal Government therefore resolved generally to block 20 per cent of the appropriations, in its 1962 budget, for expenditure on building, and to permit exceptions only as far as this does not run counter to economic considerations. It expects that the Länder and local authorities, which do most of the public building, will follow the Federal Government's example.

Governmental influencing of house-building

Even more important in terms of quantity than the direct influence exerted by public authorities on the building market through their own orders, however, is the indirect influence emanating from their measures to encourage house-building. About one-half of all completed dwellings are directly assisted by public loans and grants, while the major part of "private house-building" is greatly encouraged through allowance of the most varied tax concessions. Last year the opportunity for anticyclical influencing of the



demand for house-building work remained unused, just as in earlier periods of overheating in the building market, although attention was drawn in many quarters to the need for economic policy measures. In 1961 as a whole the Länder's authorising agencies — through which the greater part of the public monies flow — granted 8 per cent more funds by way of capital assistance and 7 per cent more by way of subsidies towards interest and repayment than in 1960. At the same time, owing to the changing of the financial year to the calendar year, the amounts promised in the first quarter of 1961 were much smaller than in the first quarter of 1960; if one combines the second to fourth quarters of 1961, one finds an increase of 22 per cent in the capital assistance promised and one of 10 per cent in the capital market resources tapped through interest and repayment subsidies. Through the additional monies however it was not primarily the building of more dwellings than before that was assisted, but in particular the amount of assistance per dwelling was greatly increased; this compensated for a large part of the increased financing requirement induced by price rises, and did so without any appreciable addition to the interest burden on the borrower. In this way the "normal market" reaction to great price rises, namely a decrease of demand, was largely inhibited so far as publicly-assisted housing is concerned. But outside publicly-assisted housing also the incentives offered by economic policy increased if anything in importance. This applies particularly to the special depreciation on house-building allowed under Article 7b of the Income Tax Law; the provisions have remained unaltered since 1960, and they increased in importance because — with rising incomes and the progression in the tax scale — use of the relevant privilege saved more tax. As already stated in the General Survey, consideration is now being given to reducing the scope of this Article's validity. At the same time the binding promise of monies for housing purposes is to be given by the Federal Government to the Länder for the next financial year not as usual on 1 December of the current year, but not until the next year.

The course of private consumption also remained unaffected by the steadying of economic activity in other spheres. According to the provisional National Account figures, the consumer expenditure of private households rose in 1961 by 10.2 per cent against 9.1 per cent in 1960. The acceleration of growth by comparison with 1960 fell mainly in the second half-year, when the annual rate of growth was 11.2 per cent. It was chiefly due to greatly increased expenditure on recreation and travel (especially abroad), but also to a relatively large increase of spending in other categories of semi-luxury demand, many of them connected with services. The expenditure on rent also grew relatively fast, since (in accordance with the course of building costs and better equipment) considerably higher rents were payable on the dwellings completed last year. If seasonal influences are eliminated, the rise in private consumption would appear to have also continued in the first months of 1962. On the average for the first two months this year — like that for the year 1961 — retail sales showed growth by nearly 10 per cent in comparison with the corresponding period a year before; in March however, largely no doubt because the persistent winter weather offered no inducement for spring buying, they were relatively low.

The basis for the relatively fast increase of private consumption was the persistently steep rise of mass incomes. Net incomes from wages, salaries and income transfers together rose by nearly 11 per cent in 1961 against 9.3 per cent in 1960. Nearly all factors of importance for the movement contributed to this acceleration. Thus the average earnings rose by more in 1961 than in the previous year and in most years before that, although working hours were reduced, in some cases quite considerably. The deductions for social insurance contributions and Wages Tax rose a good deal more slowly in 1961 than in the year before, because between August 1961 and March 1962 no contributions for unemployment insurance were levied. Social insurance and assistance pensions, benefit payments and retirement pensions increased by nearly twice as much in 1961 as in either of the two preceding years, because existing social benefits were increased and additional benefits were introduced. Incidentally during 1961, in accordance with the general trend towards increased consumption, self-employed persons' profit withdrawals

Faster increase
of consumption

Steeply rising
mass incomes

also further increased. So far as data are yet available, the increase of private households' total disposable income continued in the first months of 1962, although the rate of growth evidently became somewhat slower.

*Fairly stable
propensity to save*

Private households' saving activity in 1961 neither appreciably reduced nor increased the influence exerted by growing incomes on consumption; in other words the saving ratio remained almost unchanged. This at all events applies to 1961 as a whole, when the saving ratio stood at 8.8 per cent against 8.6 per cent in 1960. In the first half of 1961 indeed a greater rise, to 9.5 per cent, did take place; it was no doubt primarily due to the acquiring of nearly DM 1 billion of Volkswagen shares, which evidently reduced investment in other forms of saving only in some cases. But in the second half of 1961, when there was no such special impulse, the saving ratio dropped to 8.2 per cent; a factor here was that the worsening of the Berlin crisis in August 1961 affected consumers for a short time with a certain nervousness. In the last months of 1961, and especially in the first months of the present year, private households' saving activity probably again increased and the saving ratio once again rose slightly.

*Vigorous increase of
governmental
consumption*

The picture of the impelling forces on the side of demand would not be complete if the Government's demand for goods and services were left unmentioned. The Government's total consumer expenditure rose in 1961 by not quite DM 5 billion, or 12.5 per cent, to about DM 43 billion. The greatest increase was in defence expenditure, which according to the definition used in the National Accounts (it relates to actual deliveries and not to payments) rose by 14 per cent to DM 10.8 billion. But civil expenditure also increased by the large margin of 12 per cent, especially that on salaries, wages and otherwise on personnel. The rise in governmental consumption was on the whole notably greater than that in the total national product; its effect on overall demand however fell short of that produced by the Government's capital expenditure, especially on the promoting of private investment, that is, primarily of house construction.

2. Supply

*Slower growth of
production*

In the period now under report the overall supply was once again not sufficient to meet nominal demands. Apart from the further — although slower — increase of effective demand, this was mainly due to the fact that the expansion of supply became slower. The gross national product at constant prices, which is the most comprehensive definition of total production, rose by 5.3 per cent in 1961 as compared with the previous year. While however this growth of output was in itself substantial, it was appreciably smaller than those of 8.8 per cent in 1960 and 6.7 per cent in 1959. The slowing was in great part due to the labour bottleneck. Although the total number of gainfully active persons did rise in 1961 by 1.5 per cent against 1.9 per cent in the previous year and 1.2 per cent in 1959, there was at the same time a decrease in the average number of hours worked. On the 1961 weekly average in industry, for which fairly accurate data are available, only 40.8 hours were worked as against 42.0 in 1960; in industry therefore, partly through reduction of weekly working hours and partly through lengthening of holidays, the total number of hours worked was reduced by nearly 3 per cent. In other branches of activity the shortening of the time worked was as a rule not so great; in some, for instance in the public service, it was not reduced at all. In the economy as a whole the total average time worked in 1961 is estimated to have been reduced for wage and salary earners by about 1.5 per cent, and for all gainfully active persons by roughly 1 per cent, so that the growth in the labour force was almost entirely offset. That is why in the economy as a whole production rose only to the extent of the growth in productivity, which — reckoned per gainfully active person's hour of work — probably amounted to about 5 per cent in 1961 against something over 6 per cent in 1960.

*Hardly any cyclical
upswing in industrial
production*

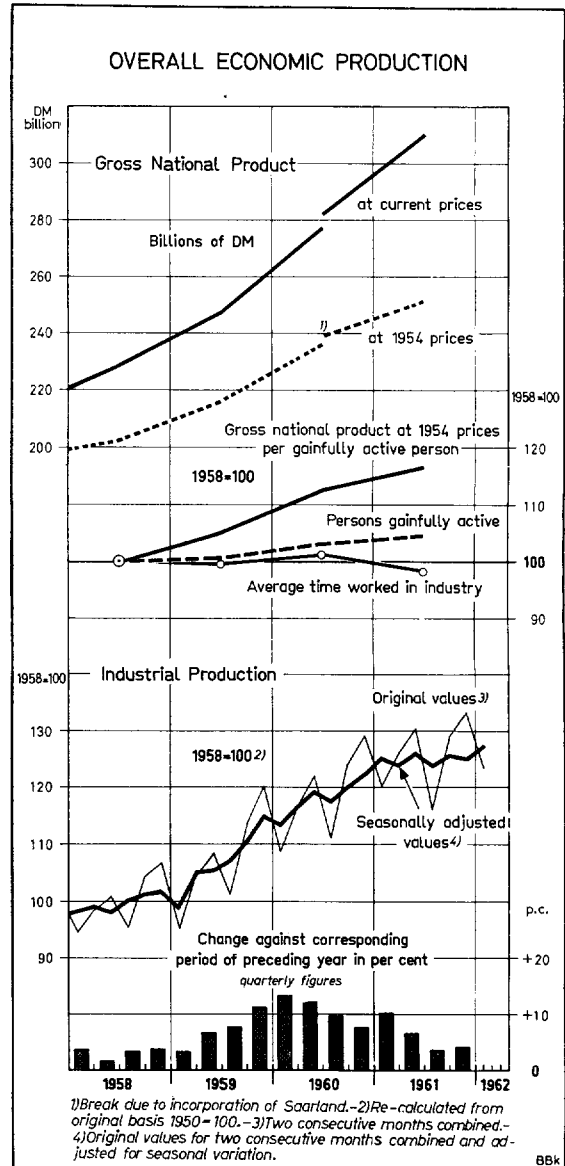
Comparison of the yearly figures does not however fully reflect the slowing which occurred during 1961 in the increase of the national product; that slowing was in fact due in considerable

The National Product*)¹⁾

| Items | 1950 | 1952 | 1954 | 1956 | 1957 | 1958 | 1959 | 1960 ²⁾ | 1960 ²⁾ ³⁾ | 1961 ³⁾ ⁴⁾ | Change against previous year | | | |
|---------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|----------------------------------|----------------------------------|------------------------------|--------------------|----------------------------------|--|
| | | | | | | | | | | | 1959 | 1960 ²⁾ | 1961 ³⁾ ⁴⁾ | |
| Billions of DM | | | | | | | | | | | | | | |
| I. Origin of the National Product | | | | | | | | | | | | | | |
| | | | | | | | | | | | per cent | | | |
| (a) At Current Prices | | | | | | | | | | | | | | |
| Contributions to gross domestic product | | | | | | | | | | | | | | |
| Agriculture, forestry and fisheries | 10.1 | 13.3 | 13.7 | 15.0 | 15.6 | 16.5 | 16.9 | 17.5 | 17.6 | 17.8 | + 2.1 | + 3.5 | + 1.2 | |
| Producing industries ⁴⁾ | 48.0 | 69.0 | 82.0 | 104.9 | 113.3 | 120.2 | 131.5 | 149.6 | 152.6 | 168.5 | + 9.4 | + 13.7 | + 10.4 | |
| Trade and transport ⁵⁾ | 20.1 | 28.3 | 30.9 | 39.4 | 43.6 | 46.6 | 50.9 | 56.1 | 56.9 | 61.5 | + 9.2 | + 10.2 | + 8.1 | |
| Services ⁶⁾ | 19.0 | 25.0 | 30.3 | 37.8 | 41.7 | 45.5 | 49.2 | 54.9 | 55.7 | 63.6 | + 8.1 | + 11.6 | + 14.1 | |
| Gross domestic product | 97.2 | 135.5 | 157.0 | 197.1 | 214.2 | 228.8 | 248.4 | 278.0 | 282.8 | 311.4 | + 8.6 | + 11.9 | + 10.1 | |
| Net income payments to factors of production due from the rest of the world | + 0.0 | + 0.1 | - 0.6 | - 0.7 | - 0.6 | - 0.3 | - 0.5 | - 0.3 | - 0.4 | - 1.0 | . | . | . | |
| Gross national product at market prices | 97.2 | 135.6 | 156.4 | 196.4 | 213.6 | 228.5 | 247.9 | 277.7 | 282.4 | 310.4 | + 8.5 | + 12.0 | + 9.9 | |
| (b) At 1954 Prices | | | | | | | | | | | | | | |
| Gross national product at market prices id., per gainfully active person, in DM | 113.1 (5,655) | 135.4 (6,475) | 156.4 (7,111) | 186.4 (7,954) | 196.5 (8,198) | 202.9 (8,391) | 216.5 (8,849) | 235.5 (9,426) | 239.4 (9,451) | 252.1 (9,802) | + 6.7 + 5.5 | + 8.8 + 6.5 | + 5.3 + 3.7 | |
| II. Distribution of National Income and National Product | | | | | | | | | | | | | | |
| (a) Before income re-distribution | | | | | | | | | | | | | | |
| Compensation of employees ⁷⁾ | 44.1 | 59.6 | 71.9 | 91.8 | 100.5 | 109.0 | 116.7 | 131.0 | 133.5 | 150.0 | + 7.1 | + 12.3 | + 12.4 | |
| Income from entrepreneurial activity and property | 25.3 | 34.8 | 38.1 | 47.5 | 50.8 | 53.4 | 59.1 | 67.1 | 82.7 | 86.5 | + 10.6 | + 13.5 | + 4.7 | |
| Undistributed income of enterprises with legal personality of their own | 4.3 | 6.7 | 7.6 | 9.8 | 11.0 | 11.4 | 12.8 | 14.4 | 82.7 | 86.5 | + 12.8 | + 12.5 | + 4.7 | |
| Government income from entrepreneurial activity and property | 0.9 | 1.8 | 2.1 | 2.9 | 3.6 | 3.7 | 3.6 | 4.0 | 4.0 | 4.3 | - 4.3 | + 10.9 | + 6.5 | |
| Net national product at factor costs (national income) | 74.5 | 102.8 | 119.7 | 152.1 | 165.8 | 177.5 | 192.2 | 216.4 | 220.2 | 240.8 | + 8.3 | + 12.6 | + 9.4 | |
| plus indirect taxes | 13.1 | 20.3 | 23.3 | 28.7 | 30.9 | 32.5 | 36.1 | 39.7 | 40.3 | 44.8 | + 11.2 | + 9.9 | + 11.3 | |
| less subsidies | 0.5 | 0.9 | 0.1 | 0.9 | 1.4 | 1.4 | 1.2 | 1.4 | 1.4 | 1.5 | - 14.0 | + 17.9 | + 7.9 | |
| Net national product at market prices plus depreciation | 87.1 | 122.3 | 142.8 | 179.9 | 195.3 | 208.6 | 227.1 | 254.7 | 259.0 | 284.1 | + 8.9 | + 12.2 | + 9.7 | |
| | 10.1 | 13.3 | 13.6 | 16.6 | 18.3 | 19.9 | 20.8 | 23.0 | 23.4 | 26.3 | + 4.7 | + 10.4 | + 12.4 | |
| Gross national product at market prices | 97.2 | 135.6 | 156.4 | 196.4 | 213.6 | 228.5 | 247.9 | 277.7 | 282.4 | 310.4 | + 8.5 | + 12.0 | + 9.9 | |
| (b) After income re-distribution | | | | | | | | | | | | | | |
| Net compensation of employees | 34.7 | 45.9 | 55.8 | 70.7 | 77.0 | 82.2 | 88.3 | 97.9 | 99.7 | 111.6 | + 7.4 | + 10.9 | + 11.9 | |
| Public income transfers to private households ⁸⁾ | 11.7 | 15.4 | 17.9 | 22.7 | 27.8 | 31.2 | 32.3 | 33.9 | 34.6 | 37.3 | + 3.3 | + 4.9 | + 7.8 | |
| Mass income | 46.4 | 61.3 | 73.7 | 93.4 | 104.8 | 113.4 | 120.6 | 131.8 | 134.4 | 148.9 | + 6.3 | + 9.3 | + 10.8 | |
| Net income of enterprises | 22.7 | 31.3 | 33.7 | 43.7 | 46.0 | 48.9 | 53.6 | 60.6 | 61.6 | 62.1 | + 9.6 | + 13.1 | + 0.8 | |
| Net income of Government | 18.0 | 29.7 | 35.4 | 42.8 | 44.5 | 46.3 | 52.9 | 62.3 | 63.0 | 72.9 | + 14.3 | + 17.9 | + 15.7 | |
| Net national product at market prices | 87.1 | 122.3 | 142.8 | 179.9 | 195.3 | 208.6 | 227.1 | 254.7 | 259.0 | 284.1 | + 8.9 | + 12.2 | + 9.7 | |
| III. Appropriation of the National Product at Current Prices | | | | | | | | | | | | | | |
| Private consumption | 62.5 | 79.9 | 92.8 | 115.1 | 125.6 | 134.9 | 144.2 | 157.2 | 160.4 | 176.7 | + 6.9 | + 9.1 | + 10.2 | |
| Government consumption | 14.0 | 20.8 | 22.0 | 25.4 | 27.3 | 30.6 | 33.6 | 37.8 | 38.3 | 43.1 | + 9.8 | + 12.3 | + 12.5 | |
| Gross investment in fixed assets | 18.3 | 25.9 | 32.9 | 45.0 | 46.7 | 50.3 | 57.1 | 66.4 | 67.7 | 77.8 | + 13.5 | + 16.3 | + 14.9 | |
| of which: | | | | | | | | | | | | | | |
| Building | 8.9 | 11.7 | 15.5 | 21.3 | 22.5 | 24.5 | 29.0 | 33.3 | 34.0 | 38.8 | + 18.4 | + 14.8 | + 14.2 | |
| Equipment | 9.4 | 14.2 | 17.5 | 23.7 | 24.2 | 25.8 | 28.1 | 33.1 | 33.7 | 39.0 | + 8.9 | + 17.8 | + 15.6 | |
| Inventory changes | 3.7 | 5.6 | 3.4 | 4.3 | 5.3 | 3.8 | 4.6 | 7.9 | 8.0 | 5.5 | + 18.8 | + 71.7 | - 31.2 | |
| Net exports of goods and services | - 1.2 | + 3.4 | + 5.3 | + 6.6 | + 8.7 | + 8.8 | + 8.5 | + 8.4 | + 8.0 | + 7.3 | - 4.3 | - 0.4 | - 8.7 | |
| Gross national product at market prices | 97.2 | 135.6 | 156.4 | 196.4 | 213.6 | 228.5 | 247.9 | 277.7 | 282.4 | 310.4 | + 8.5 | + 12.0 | + 9.9 | |

Source: Federal Statistical Office, and calculations of the Bundesbank. — *) Not including Saarland and Berlin (West). — ¹⁾ Details may not add to totals because of rounding. — ²⁾ Provisional. — ³⁾ First provisional results. — ⁴⁾ Mining and power, manufacturing, building. — ⁵⁾ Including communications. — ⁶⁾ Banks and insurance companies, lease of dwellings, Government, other services. — ⁷⁾ Gross wages and salaries including employers' contributions to social insurance funds. — ⁸⁾ Including officials' retirement pensions. — ⁹⁾ Including Saarland.

measure to the fact that in 1960 the level of production had risen steeply, so that when adjusted for season the end-of-year level was considerably above the year's average, and the values for 1961 were also notably above the previous year's monthly average despite an only slight increase during the year. This applies at all events to industrial production (it represents roughly two-fifths of overall production), the monthly index for which has risen only slightly since the spring of 1961 if seasonal fluctuations are eliminated, but which as a whole was above the average for the year 1960 by 6 per cent. In the rates of growth reckoned by comparison with a year previously this was reflected in a steady decline from 10 per cent in the first quarter of 1961 to 4 per cent in the fourth quarter, and to 3 per cent in January and February 1962. In many industries the difficulties of further raising output were doubtless connected with the labour shortage and the reductions of working hours; in some the slackening of demand was also a factor. This latter applies above all to those industries where production declined, for instance ironworking and some other basic industries; but it also applies to a number of industries in which the growth of output by comparison with a year earlier was very slight, being probably a good deal smaller than the expansion of capacities, as in the textile, footwear and paper processing industries.



"Hoarding" of labour . . .

The difference as between the course of production and sales in individual industries and branches of activity has so far not led to corresponding changes in the employment situation. It is true that at the beginning of 1962 the number of persons employed in certain industries, such as mining and textiles, was smaller than a year before; and in some branches of activity outside industry the number employed also further declined, as in agriculture and forestry. These however were mainly cases of structurally induced change, due to the pull of employment in better rewarded or less exacting forms, and would in some cases not seem to conform to the demand for labour. So far on the other hand cyclically induced decreases of employment have been discernible only in some cases, and there only as first beginnings, for instance in ironworking and shipbuilding. Enterprises are evidently reluctant to adjust the number of persons on their payroll to their output, because they do not at present wish to do without workers for whom they might be unable to find adequate replacement if business later revived.

. . . prevents easing of the labour market

This is one important reason why no appreciable relief has yet been apparent in the labour market despite the partial easing of the cyclical situation. On a superficial view the statistical picture offered by the labour market in the first months of 1962 rather indicates a further increase of strain. Thus at 581,000 at the end of March this year the number of vacancies was

greater by almost 3,000 than in the corresponding month of last year, and the number of unemployed at the same date would certainly have been lower than a year earlier if the exceptionally prolonged winter weather had not delayed the seasonal reduction of unemployment. Still, by the end of March 1962 the number of vacancies had not reattained the previous peak level reached in August 1961, and the figures for the addition to vacancies show — apart from seasonal fluctuations — a declining tendency. A further consequence produced by “hoarding” of labour is a slowing of the growth in productivity. This can be clearly seen from the year-to-year growth-rate of output per man-hour worked in industry, which in the first quarter of 1961 still amounted to about 5 per cent but was down in the fourth quarter to only around 3 per cent; the keeping on of workers not actually required therefore produced appreciable adverse effects on the cost situation of enterprises.

Clearly enterprises would rather cease this costly “hoarding” of workers if they could rely for the future on a greater labour supply. But in the near future only a relatively small net addition to gainfully active persons can be expected either from the domestic labour reservoir or from net immigration. As can be seen from the following table, the net addition to the labour force was about 310,000 in 1961 against 225,000 in 1960. This relatively favourable result was due to the fact that for the first time since 1954 there was an increase in the number of juveniles leaving school, while net immigration of economically active persons was exceptionally large owing to influxes from Central Germany and from abroad. The number of employed wage and salary earners rose in 1961 by a good deal more than the labour force, namely by about 460,000, because unemployment was further reduced (on a yearly average by 80,000) and moreover a substantial number of previously self-employed persons and assisting family members took up paid work. In 1962, however, some of these sources of potential labour will more or less dry up. This applies both to immigration from Central Germany and to possible reduction of the “unemployment reserve”. Nor can it be expected that the net addition to the labour force from

Only slight further growth of the potential labour force

The Labour Force in the Area of the Federal Republic
in thousands

| Categories of population | 1952 | 1953 | 1954 | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 |
|------------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|---------------------|---------------------|--------------------|--------|
| I. Total labour force and gainfully active persons | | | | | | | | | | | | |
| 1) Number on a yearly average | | | | | | | | | | | | |
| Labour force, total | 22,685 | 23,075 | 23,620 | 24,165 | 24,595 | 25,025 | 25,270 | 25,345 | 25,570 | 25,880 | 26,030 | 26,090 |
| Unemployed | 1,385 | 1,265 | 1,225 | 935 | 765 | 665 | 685 | 480 | 240 | 160 | 130 | 120 |
| Gainfully active | 21,300 | 21,810 | 22,395 | 23,230 | 23,830 | 24,360 | 24,585 | 24,865 | 25,330 | 25,720 | 25,900 | 25,970 |
| of whom: | | | | | | | | | | | | |
| Self-employed | 3,230 | 3,215 | 3,215 | 3,215 | 3,210 | 3,230 | 3,285 | 3,280 | 3,240 | . | . | . |
| Assisting family members | 3,015 | 2,950 | 2,900 | 2,855 | 2,815 | 2,785 | 2,730 | 2,655 | 2,560 | . | . | . |
| Wage and salary earners | 15,055 | 15,645 | 16,280 | 17,160 | 17,805 | 18,345 | 18,570 | 18,930 | 19,530 | . | . | . |
| 2) Change against preceding year | | | | | | | | | | | | |
| Labour force, total | 355 | 390 | 545 | 545 | 430 | 430 | 245 | 75 | 225 | 310 | 150 | 60 |
| Unemployed | - 50 | - 120 | - 40 | - 290 | - 170 | - 100 | 20 | - 205 | - 240 | - 80 | - 30 | - 10 |
| Gainfully active | 405 | 510 | 585 | 835 | 600 | 530 | 225 | 280 | 465 | 390 | 180 | 70 |
| of whom: | | | | | | | | | | | | |
| Self-employed | - 5 | - 15 | 0 | 0 | - 5 | 20 | 55 | - 5 | - 40 | . | . | . |
| Assisting family members | - 65 | - 65 | - 50 | - 45 | - 40 | - 30 | - 55 | - 75 | - 95 | . | . | . |
| Wage and salary earners | 475 | 590 | 635 | 880 | 645 | 540 | 225 | 360 | 600 | . | . | . |
| II. Detailed data on the addition to the labour force | | | | | | | | | | | | |
| 1) Juveniles leaving school ²⁾ | 849.0 | 894.0 | 944.7 | 866.5 | 769.3 | 743.7 | 709.5 | 650.5 | 577.1 | 676.8 | 700.4 | 743.0 |
| 2) Net addition from Berlin and the Soviet-occupied zone ³⁾ | 99.1 | 195.4 | 157.5 | 216.8 | 227.6 | 216.9 | 96.7 | 72.1 | 150.0 ³⁾ | 125.0 ³⁾ | 35.0 ³⁾ | . |
| 3) Net addition from abroad ¹⁾³⁾ | -26.1 | - 9.3 | -12.5 | - 3.4 | - 3.6 | 16.3 | 29.8 | 35.5 | . | . | . | . |
| 4) Increase in the number of foreign wage and salary earners on a yearly average ⁴⁾ | . | . | . | . | . | . | . | . | 110.0 | 195.0 | 100.0 | 50.0 |

Source: Calculations and estimates of the Federal Statistical Office. — 1) 1952 to 1956: economically active persons estimated at 60 p. c. of the balance of migration. — 2) In the course of the year. — 3) Net addition in the course of the year resulting from migration across the frontiers of the Federal Republic (excluding foreign wage and salary earners). — 4) In comparison with the preceding year.

abroad will again be so great as in 1961, when the number of foreign workers employed in the Federal Republic rose by 195,000 on the year's average to 470,000. Only the number of young people leaving school will be somewhat greater (by about 25,000) in 1962 than in the previous year. Altogether, to judge by the tendencies now apparent, the number of gainfully active persons will rise in 1962 by only 180,000, or 0.7 per cent, unless greater efforts are made to increase the labour supply. Opportunities for this exist in particular as regards the recruiting of foreign workers; one way to make such recruiting more effective might be to conclude longer-term employment contracts on a growing scale.

3. Prices and Wages

(a) Prices

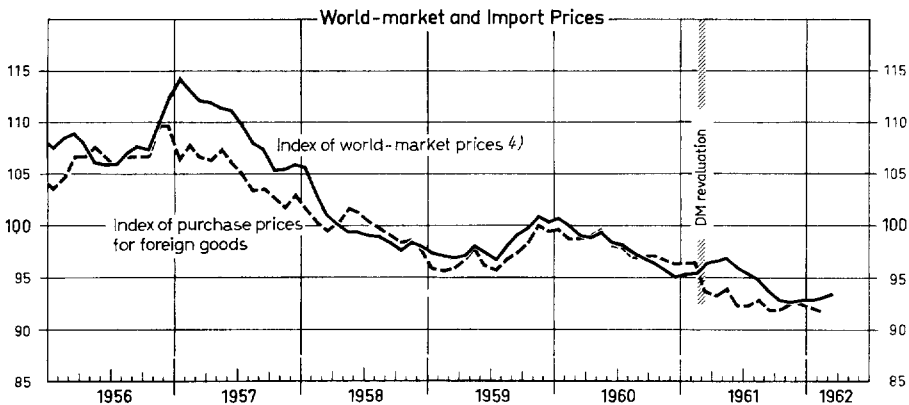
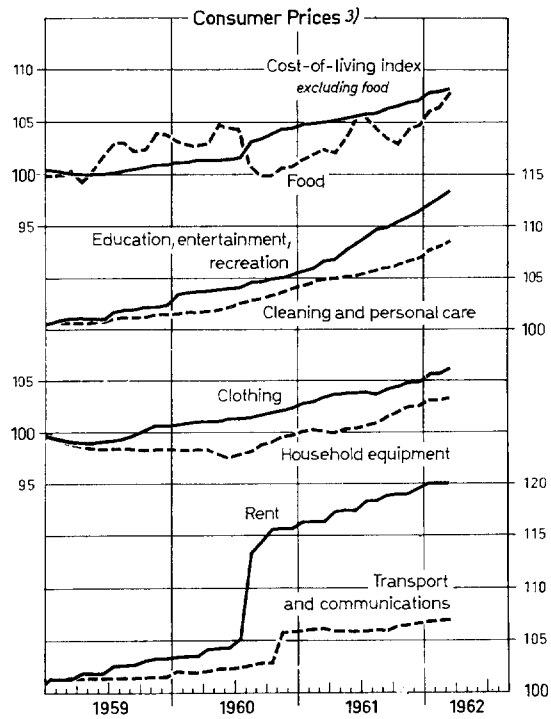
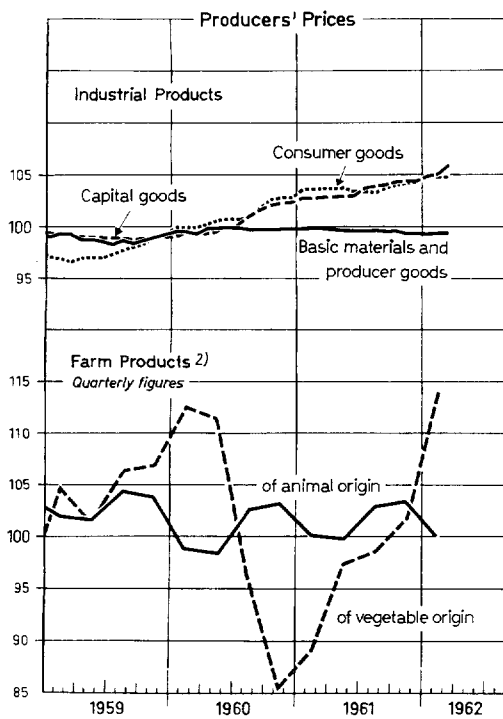
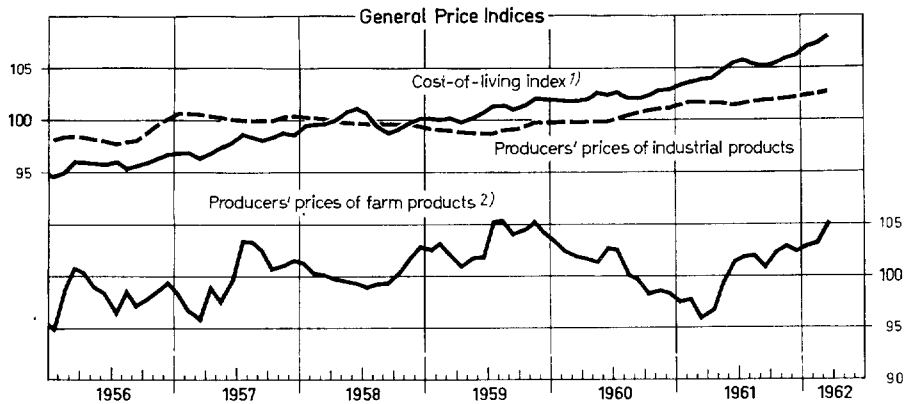
Rise of the overall price level

In 1961 and the first months of 1962 the price level continued to show a rising tendency. On the average for the year the most important price indices actually rose somewhat faster than in previous years; thus the cost-of-living index rose by 2.5 per cent in 1961 against 1.5 per cent in 1960, and the index for producers' prices of industrial products by 1.5 as against 1.2 per cent. Only the index of producers' prices for agricultural products was on the year's average below the level for the previous year by 0.8 per cent, although this was due simply to the low level in the first half of the year. The price upsurge was most clearly reflected in the "price index for the national product", which rose by 4.4 per cent in 1961 against 3.0 per cent in the previous year. This index relates to the movement in the price of all goods and services ultimately used, so far as this is due to the course of prices and costs within the country; the influence of import prices on the domestic price level is in that connection left out of account. Since however import prices in 1961 notably declined because of revaluation and the persistent fall in world-market prices, a part of the price rise relating to domestic production was offset, so that the prices of products going into ultimate domestic use rose by the smaller margin of 3.5 per cent. But even this rate of increase affords an inadequate idea of the rise in the prices of goods usually of prime interest, since it also reflects the raising of certain wages and salaries (those of persons employed in the public service) which is not of significance for the price movement in the sphere of private consumption. According to the cost-of-living index consumer prices rose on the average for the year 1961 by 2.5 per cent, that is by appreciably less than the price index for the national product.

Slight reaction to cyclical relaxation

Whatever indices are considered, however, there is no mistaking the fact that so far the partial easing of cyclical tension has failed to find any clear reflection in the course of prices. This indeed is partly because cyclical changes are as a rule reflected in prices with a substantial time-lag, so that stronger reactions could hardly be expected when the easing of strains has been proceeding for only a short time. Still, first signs of a cyclically induced slackening of the price rise have been apparent in producers' prices for industrial products, although mostly it was only a case of the rise slowing perceptibly. Between March 1961 and March 1962 producers' prices for industrial products rose by only 1.0 per cent after having done so in the previous twelve months by 2.0 per cent. This favourable trend in the overall index is due, inter alia, to the fact that because of revaluation and the slightly downward tendency on world raw material markets there has been a slight fall in prices for industrial basic materials, which are closely linked with world market prices. On the other hand the prices for endproducts have continued to rise. In March 1962 producers' prices in the capital goods industries were higher than a year previously by 2.9 per cent, and those in consumer goods industries by 1.1 per cent; over the same period in 1960/61, on the other hand, the rises had amounted to 3.5 and 3.6 per cent respectively. In some industries any greater steadying of prices was impeded by still considerable order backlogs; this was so in mechanical engineering, where prices rose in the course of 1961 by 3.4 per cent, and

PRICE MOVEMENTS 1958 = 100



1) For consumers in medium income group; 1956 linked up in January 1957 with index of the 1950 weighting scheme.-
2) Origin: basis: 1957/59=100.- 3) According to the cost-of-living index.- 4) Index of Hamburgisches Welt-Wirtschafts-Archiv.

BBk

in the first three months of this year — following the recent raising of metalworkers' wages — by a further 1.5 per cent. The fact that there were also some quite considerable price rises in the case of many other industrial finished goods, where there can hardly be said still to be any major disparity between supply and demand, was largely due — at least as regards the reasons stated — to the increase of wage costs. Especially in the case of many consumer goods a fairly close correlation of the price movement with collectively agreed wage increases was evident; this is true of the garment, printing and pottery industries, where prices were raised between March 1961 and March 1962 by 3.9, 5.6 and 5.7 per cent respectively.

Poor crops raise the price of farm products

Especially strong upward tendencies came, from mid-1961 onwards in particular, from the rise in the price of farm products. It is true that, as already mentioned, on the average for 1961 producers' prices for such products were somewhat lower than a year before. But this was solely due to their relatively low level in the first half of 1961; at the end of that year the index was higher than a year previously by 4.3 per cent, and in March 1962 by 9.6 per cent. This even put it well above the relatively high March 1960 level. The price rises from mid-1961 onwards largely resulted from the poor crops in that year. There were rises in the price of most vegetable products other than price-controlled grain. Thus fruit, potatoes and green vegetables, the prices for which in the first half of 1961 had been far below those a year previously, were dearer in March 1962 by almost 50, 100 and 200 per cent respectively than a year before. The movement was on the other hand much more balanced in products of animal origin. The prices for these on the average of the year 1961 and in March 1962 were only slightly above their level of a year earlier. The reason for this relative stability was that, because of the large German production (and in some cases considerable imports), the prices for fat hogs and eggs have greatly fallen since the autumn of 1961. On the other hand the slight rise in prices for fat cattle persisted throughout 1961, purchases by the Import and Storage Agency in the autumn and in the winter months being a factor in this movement. The rise in butter prices by almost 9 per cent between the spring of 1961 and the spring of 1962 — it is not reflected in the index for producers' prices of farm products because butter, being processed, is not such a product in the narrower sense — was due not least to the fact that in the case of this product, which is subject to governmental market regulation, the widening gap between consumption and domestic production has been closed only in part through imports.

Perceptible effects on consumer prices

The rise in prices for farm products at the producer stage led to rises which were also quite considerable, although not quite so great, at the consumer stage. In March 1962 the food sub-index within the cost-of-living index was 5.4 per cent higher than a year before. More than half the total rise in the cost of living by 3.8 per cent between March 1961 and March 1962 was therefore due to the increase of food costs. In the other consumption categories, however, prices likewise rose; on the average they were higher by 2.9 per cent in March 1962 than in March 1961. The rise applied chiefly to services of all kinds, but also to industrially produced goods, even in categories where producers' prices had remained fairly stable. This latter indicates the further widening of traders' margins, which — like the great increase in the cost of services — is closely connected with the rise in wage costs.

(b) Wages

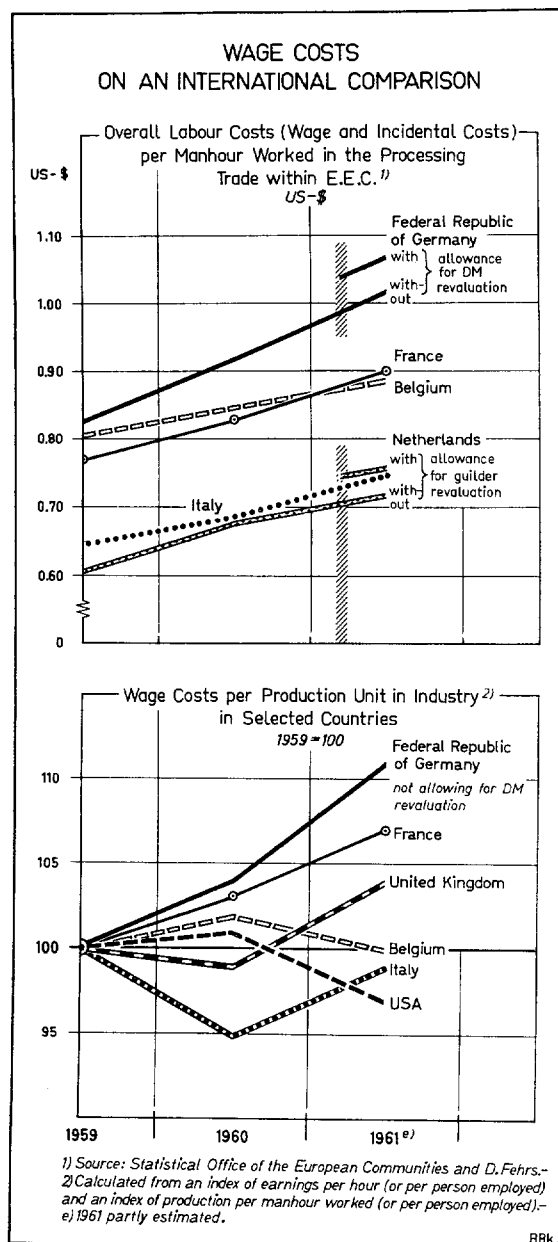
Sharp rise in collectively agreed earnings

The undiminished labour shortage gave employed persons an unusually good position in the labour market. One result was that in collective negotiations the employers generally gave way to the wage demands of the employed even more than in the previous year. The overall collectively agreed wage and salary level (reckoned on an hourly wage basis) rose by 8.5 per cent in 1961 against 7.3 per cent in the previous year; during 1962 so far the rise in collectively agreed wages has continued at about the same rate. But there is no mistaking the fact that just during recent months the employers' attitude has hardened (this applies especially to the public service), so that in the agreements to be concluded in the near future the increases of

earnings will probably be somewhat smaller than before. There is however at present some strengthening of the demands which aim at improving other terms of employment, for instance at lengthening holidays and at introducing a special holiday allowance.

Actual earnings rose in the period under report even more than those collectively agreed. Thus in the economy as a whole during 1961 the collectively agreed earnings (reckoned on a weekly wage basis) rose by 8.3 per cent, but actual average earnings did so by 10.1 per cent. Up to a point the greater rise in actual earnings is due to the fact that transfers take place from low to higher wage and salary groups. In any consideration of the figures applying to the entire economy importance also attaches to the so-called "structural effect", that is the rise in average values due solely to the fact that employed persons move from sectors with a relatively low wage level to others where the average income is higher. These influences are however not enough to explain the whole difference between the rise in collectively agreed and that in actual wages; this is indeed due in great part to the fact that employers were

Even steeper rise in actual earnings



prepared to raise earnings to an extent going beyond that stipulated in the collective agreements. Such readiness would appear to have been greatest in industry; there at all events the growth-rates of 8.3 per cent for the collectively agreed wage level (reckoned on an hourly wage basis), and of 10.3 per cent for actual hourly earnings, show divergences even somewhat greater than in the case of the entire economy, although in this comparison the so-called structural effect has been statistically eliminated in the case of actual earnings. Towards the end of 1961, however, the rise of wages became somewhat slower in industry as regards both actual remuneration and that collectively agreed. In November 1961, the last month for which this comparison can at present be made, the annual rate of growth was 7.6 per cent in collectively agreed wages and 9.7 per cent in actual earnings. As yet, therefore, there has been no narrowing of the margin between the minimum wages agreed with the trade unions and the higher remuneration actually paid. It is however possible that a certain change has taken place since the beginning of 1962; some firms have at all events applied the collectively agreed wage increase no longer entirely to raising the standard earnings, but in part to embodying in collective agreements some supplements hitherto voluntarily paid.

The quickening of the rise in wages during 1961 was out of proportion to the movement of productivity, because while average earnings rose by 10.1 per cent in that year (against 8.9 per cent in the previous year)

Increase of wage costs per unit of production

the output per gainfully active person rose by only 3.7 per cent (against 6.5 per cent). Thus in 1961 the increase in the cost of labour was no longer offset to anywhere near the same extent as before through a rise in the output per employed person. Wage costs per production unit therefore rose considerably in 1961, in fact by more than in any other year since 1951; they appear to have risen in the whole economy by about 7 per cent as against roughly 3 per cent in 1960. And by way of contrast with earlier years the rises of productivity and wages in industry diverged if anything even more widely than in the remaining branches of activity, since an increase in the annual average earnings of workers and employees by 9.7 per cent had against it an addition of only 2.0 per cent to output per person employed. Accordingly the wage costs per unit of production in industry also rose in 1961; for each production unit over 7 per cent more wages and salaries had to be expended than in 1960. In earlier years too a notable difference between the rises in wages and productivity had at times been evident. In some measure the slowing of the rise in productivity, and a persistently vigorous upsurge of wages (which always lags to some extent in comparison with the general cyclical trend) are typical accompaniments of a waning cyclical upswing (in 1958 for instance the average earnings in the entire economy increased by 6.6 per cent, and the real gross national product per gainfully active person by 2.4 per cent); but never before has the discrepancy been so strongly evident as in 1961.

Labour costs higher than in other European countries

The overall problems presented by the great increases of wage costs during recent years become particularly clear when a comparison is made with conditions in the most important countries competing with the Federal Republic on world markets. Even before the latest wage upsurge began — in 1959 — the Federal Republic was among the countries with the highest labour costs in Europe. Thus an investigation by the French National Institute for Statistics and Economic Research (INSEE) showed that in 1959 the cost of wages and incidentals per man-hour worked in the manufacturing industries of the most important European countries was, but for Sweden, highest in the Federal Republic. It is characteristic that this was primarily due not to the level of hourly wages but to the size of the wage incidentals, mainly based on statutory and contractual obligations, these being put for German industries at 44 per cent of the gross wages. A more recent investigation carried out for the same year by the Statistical

Labour Costs per Hour in the Processing Industries in 1961

Federal Republic of Germany = 100

| Country | 1959 ¹⁾ | 1960 ²⁾ | 1961 ³⁾ | |
|-----------------------------|--------------------|--------------------|----------------------------------------------|---------|
| | | | with allowance for revaluation ³⁾ | without |
| Federal Republic of Germany | 100 | 100 | 100 | 100 |
| Belgium | 98 | 92 | 87 | 83 |
| France | 93 | 90 | 88 | 84 |
| Italy | 78 | 75 | 74 | 70 |
| Netherlands | 73 | 74 | 71 | 71 |

¹⁾ Source: Data on Wages in E.E.C. Industries, Social Statistics, published by the Statistical Office of the European Communities, Number 3/1961. — ²⁾ Extrapolation of the data mentioned in footnote ¹⁾ according to D. Fehrs, Die Gesamtarbeitskosten in den Industrien der EWG, Arbeit und Sozialpolitik, Number 1/1962, p. 7. — ³⁾ Revaluation of Deutsche mark and Dutch guilder on 6 March 1961, the new exchange rate being taken into account or disregarded, respectively, for the whole year 1961.

Office of the European Communities, on the basis of a primary collection of data, confirmed these results for the E. E. C. countries. Since 1959, however, the wage level in the Federal Republic has risen much faster than in the other European countries. Thus hourly earnings per industrial worker rose between 1959 and 1961 by 21 per cent in the Federal Republic¹⁾ as against 14 per cent in France, 11 per cent in Italy, 9 per cent in the United Kingdom and 7 per

¹⁾ If salaries are included, and are converted to hourly wages, the rise amounts to 23 per cent (see the table on page 48).

cent in Belgium. An expert extrapolation of the said Statistical Office's figures accordingly reaches the conclusion that the gap between the Federal Republic and the other E. E. C. countries widened a good deal further between 1959 and 1961. It showed that in the latter year the level of labour costs, without allowance for the DM revaluation, was below that in the Federal Republic by 12 and 13 per cent in France and Belgium, and by 26 and 29 per cent in Italy and the Netherlands. If allowance is further made for changes in relations between currencies through the revaluation of the DM (and the Netherlands guilder), the difference between wage costs in those countries (other than the Netherlands) and the Federal Republic becomes even greater.

A comparison of nominal wages plus incidentals of course implies anything as regards their influence on a country's competitive position only in so far as it relates to countries at a roughly equal technological level, that is having approximately the same degree of productivity. Comparisons between the levels of productivity in individual countries are not available; statistically indeed — apart from comparisons between enterprises or industries — they are hardly practicable. What can be done is to compare with each other the movements of productivity in various countries during any given time, as has been done in the table on page 48. Such comparison shows that, contrary to what was the case in the previous decade, the Federal Republic's industries led the annual advance in productivity neither in 1960 nor in 1961, even though on an international view the rates of growth were quite substantial. Since therefore the large wage increases had no equivalent in the movement of productivity — and had it even less in the Federal Republic than in other countries — wage costs per production unit in the Federal Republic rose between 1959 and 1961 by the particularly large margin of 11 per cent, whereas in other countries, so far as they did not decline (as in the United States and Italy), they either remained the same (as in Belgium) or (as in the United Kingdom and France) rose by much less than in the Federal Republic. Together with the effects of the DM revaluation this basically changed some factors of essential importance for the German economy's international competitive position.

No offset through a rise in productivity

V. External Monetary Policy

1. German Balance of Payments Policy

If the greatly fluctuating short-term capital movements are disregarded, account being taken only of the basic items, the German balance of payments at the turn of the year 1960/61 reached the peak of the surplus formation which has persisted — with fluctuations — since 1952. As shown in Part A I, German monetary policy has been seeking to counter this imbalance in two ways. One was through measures designed to remedy or at least reduce the fundamental causes, in particular through an interest-rate and credit policy conforming to the balance of payments as well as through revaluation of the DM; the other was through temporary transitory measures which were to offset the exchange inflows until the more fundamental measures should become effective.

Peak in balance of payments surplus at the beginning of 1961

(a) *Special Transactions to Offset the Exchange Inflows*

The most important of these special measures, namely the premature repayment in April and May 1961 of post-war debts to the United States (\$ 587 million), the United Kingdom (£ 67.5 million) and France (\$ 5.3 million), totalling DM 3.1 billion, has already been described in the Bundesbank's last Annual Report. The Bundesbank, which temporarily financed these transactions by assuming the foreign Governments' claims on the Federal Republic, had

Heavy debt repayments . . .

... and extensive provision of resources for international institutions ...

at the time agreed with the Federal Finance Minister that the total amount would be repaid within eight years; towards this the Federal Government last year paid DM 588 million as scheduled redemption and in part anticipation of the repayments laid down for 1963/64, so that the outstanding claim on the Government now amounts to DM 2.5 billion. A further special transaction which resulted in offsetting the exchange inflows was the contract, already concluded in August 1960 between the Bundesbank and the International Bank for Reconstruction and Development, for a loan of DM 500 million and \$ 120 million running for staggered periods of 8 to 11 years; of the amounts held available in respect of this loan only DM 100 million was called in 1960, while the remaining DM 400 million and \$ 120 million (making a total of DM 880 million) were withdrawn in the course of 1961, and thereby burdened the net exchange position for that year. A further major special item to be mentioned in the exchange movement for 1961 are the amounts called in DM by the International Monetary Fund within the limits of the German membership subscription to that Fund. In such calls the initiative of course does not come from the German side, although it cooperates in the decisions to be made by the Fund. In connection with the latter's extensive lendings in 1961¹⁾ the DM was, after the U.S. dollar, the currency most borrowed, while in terms of net amount, that is after allowance for debtor countries' repayments, it was actually the currency most in demand. Altogether the Fund's gross calls totalled DM 2,022 million, including DM 1,080 million for the United Kingdom alone, which in August and September 1961 drew currencies worth \$ 1.5 billion from the Fund. Besides the United Kingdom 12 other countries were supplied by the IMF with DM amounts under drawing arrangements. Of the above-mentioned DM 1,080 million for the United Kingdom the Fund had in point of fact procured DM 360 million against delivery of gold at the Bundesbank, so that to this extent there was no net reduction of German exchange reserves. In addition the United Kingdom repaid DM 340 million of its DM drawing before the end of 1961. Altogether therefore the net charge induced by the Fund's calls of DM in the past calendar year amounted to only DM 1,322 million. This amount, which went to counteract the foreign exchange inflows into the Federal Republic, was also financed by the Bundesbank; while it is of course true that the DM contributions within the German membership quota have to be made by the Federal Government in the external relationship to the Fund, they are financed by the Bundesbank under agreements with the Government through a special credit granted under the terms of legislation to that effect.

... reduced the Bundesbank's monetary reserves

The above-described special transactions with foreign countries, financed through the Bundesbank, placed a total charge of no less than DM 5.3 billion on the German exchange position in 1961. In the same year the remaining foreign exchange transactions yielded a surplus of about DM 3.4 billion, so that in the course of it the Bundesbank's monetary reserves declined by roughly DM 1.9 billion, if the DM 1.42 billion bookkeeping reduction in the value of its gold and exchange holdings consequent on the DM revaluation is disregarded. Whereas in 1960 the Bundesbank's monetary reserves had grown by no less than DM 8 billion, in 1961 the above-mentioned special transactions made it possible not only to offset but even to outweigh the surplus on other exchange movements. Last year therefore, thanks to these special transactions, the Federal Republic furnished "international liquidity" to the rest of the world and contributed towards relieving the international payments situation; this relief benefited the U. S. dollar in particular.

(b) Change in the Basic Balance of Payments Position

Important though the successful offsetting of the German surplus position through large special transactions was for the international payments situation in the first half of 1961, on a longer view probably more significance attaches to the signs — increasing in number since

¹⁾ As to this see also the special study "Activities of the International Monetary Fund during 1961" in the Monthly Report of the Deutsche Bundesbank for February 1962, page 20 and following pages.

Important Items in the Balance of Payments
in billions of DM

| Items | 1959 | 1960 | 1961 | 1961 | | 1962 |
|------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | | 1st half | 2nd half | 1st qtr. |
| Balance of trade ¹⁾ | + 5.4 | + 5.2 | + 6.6 | + 3.6 | + 3.0 | + 0.6 |
| Services | + 1.6 | + 2.2 | - 0.1 | + 0.7 | - 0.8 | + 0.2 |
| Donations | - 2.9 | - 2.9 | - 3.5 | - 1.5 | - 2.0 | - 1.0 |
| I. Current items, total | + 4.1 | + 4.5 | + 3.0 | + 2.8 | + 0.2 | - 0.2 |
| II. Long-term capital movements (special transactions excluded) | - 2.5 | - 0.2 | - 0.3 | + 0.5 | - 0.8 | + 0.1 |
| among which: | | | | | | |
| German capital investments abroad | - 2.9 | - 2.3 | - 2.1 | - 0.9 | - 1.2 | - 0.7 |
| Foreigners' capital investments in Germany | + 0.4 | + 2.1 | + 1.8 | + 1.4 | - 0.4 | + 0.8 |
| III. "Basic balance of payments" (I + II) | + 1.6 | + 4.3 | + 2.7 | + 3.2 | - 0.5 | - 0.1 |
| IV. Short-term capital movements (including residual item of the balance of payments) | - 2.4 | + 4.0 | + 0.7 | - 0.1 | + 0.8 | - 2.3 |
| V. "Normal" movement of gold and exchange (III + IV) (special transactions excluded) | - 0.8 | + 8.3 | + 3.4 | + 3.1 | + 0.3 | - 2.4 |
| VI. Special transactions | - 1.4 | - 0.3 | - 5.3 | - 3.8 | - 1.5 | + 0.3 |
| of which: | | | | | | |
| Premature repayment of post-war debts | - 0.9 | - | - 3.1 | - 3.1 | - | - |
| Bundesbank loans to I.B.R.D. ²⁾ | - | - 0.1 | - 0.9 | - 0.2 | - 0.7 | - |
| I.M.F. transactions (net) | - 0.5 | - 0.2 | - 1.3 | - 0.5 | - 0.8 | + 0.3 |

¹⁾ Imports c.i.f., exports f.o.b. — ²⁾ Refers only to the special Bundesbank loan granted to I.B.R.D. in 1960 (DM 980 million).

mid-1961 — that a change has begun in the Federal Republic's basic balance-of-payments position. The above statement provides details.

The table shows that the basic, "normal" items of the balance of payments still overall recorded a surplus in the neighbourhood of DM 3 billion, but that this surplus in fact arose entirely in the first half of the year, while in the second half the basic balance of payments, consisting of the current items and long-term capital movements (excluding special transactions), actually resulted in a slight deficit. The data available for the first quarter of 1962 indicate that this tendency has continued, and that in the first quarter of this year not only the current items but also the "basic balance of payments" (in the above-mentioned sense) were slightly in deficit.

Squaring the balance of payments in the second half of 1961

(c) Effect of the Interest-rate and Liquidity Policy conforming to the Balance of Payments

To judge by first appearances the Bundesbank's change-over, initiated in November 1960, to an interest-rate and liquidity policy conforming to the balance of payments — the individual stages in this process during 1961 are described more fully in the General Survey — affected German capital exports only in the export of money by the banks, not however in the longer-term export of capital. Thus at DM 2.1 billion in 1961 (excluding special transactions) the longer-term German capital exports were actually smaller than in the two preceding years. This is all the more astonishing since under the influence of systematic extension of the German development assistance programme the official loans and credits to foreign countries, comprised therein, rose from DM 0.7 billion in 1960 to DM 1 billion in 1961. In fact the decrease of private longer-term capital exports in 1961 was solely due to residents' restraint in the purchase of foreign shares — a tendency which cannot be put down to German money and credit policy and which

Private capital exports as yet only slightly affected

is indeed hard to explain in view of the Berlin crisis in the summer of 1961, the diminution of the exchange risk on foreign securities for their German acquirers since the DM revaluation, and the fact that for other reasons also some foreign stock exchanges became much more attractive in 1961 than the hard-pressed German stock markets. So far as German longer-term capital exports are at all sensitive to interest rates and credit conditions, however, the switch in credit policy and the consequent recovery of the German internal capital market were not entirely devoid of effect. Thus longer-term private lendings to foreign countries in the second half of the year still showed a certain upward movement, and in February 1962 the successful placing of a DM 100 million loan for the Japanese city of Osaka (bearing 6½% interest and issued at 96½) formed a further link in the chain of developments which had begun, in 1958/59, to open the German capital market for foreigners.

Against this, a marked reduction in borrowing abroad . . .

On the other hand the change-over to a monetary policy conforming to the balance of payments produced an incomparably greater effect on the German economy's borrowing abroad, and this effect was of more significance as regards restoration of the German balance of payments to normal in the course of 1961. Direct and indirect borrowings abroad had been largely responsible for bringing the German surplus position to a head in 1960. With the inclusion of capital imports in the form of sales of German securities to foreigners and in that of changes in the terms of payment they had amounted in 1960 to a total of over DM 6 billion, and had thus greatly exceeded the simultaneous German export of capital to foreign countries. In the first half of 1961 this trend, despite the intervening change in the Bundesbank's interest-rate policy, had if anything become even stronger. Apart from the interest differential — still not evened out completely — as against foreign countries one particular contributing cause was distrust of existing exchange rate relationships, which induced foreign currency borrowing by the German economy for the purpose of limiting the exchange risk on outstanding claims, purchases of German securities by foreigners, and other capital movements influenced by speculation.

Influx of Foreign Funds into the Federal Republic

(according to figures from the balance-of-payments statistics; partly estimated)
in millions of DM

| Items | 1959 | 1960 | 1961 | |
|------------------------------------------------------------------------------------------|-------|---------|----------|----------|
| | | | 1st half | 2nd half |
| Trade and industry's direct borrowing | + 544 | + 2,964 | + 2,662 | — 912 |
| of which: Statistically ascertained long and short-term credits ¹⁾ | + 589 | + 1,183 | + 1,234 | + 272 |
| Changes in the terms of payment ²⁾ | — 45 | + 1,781 | + 1,428 | — 1,184 |
| Indirect borrowing (foreign credits taken by banks other than Bundesbank ³⁾) | — 248 | + 1,016 | + 918 | — 8 |
| Foreigners' net purchases of domestic securities | + 469 | + 2,066 | + 1,345 | + 301 |
| Total | + 765 | + 6,046 | + 4,925 | — 619 |

¹⁾ Including acquisition of business and capital interests by foreigners. — ²⁾ Including borrowing not statistically ascertainable; measured by the residual item — which cannot be broken down any further — of the balance of payments. — ³⁾ The funds borrowed abroad by banks (other than Bundesbank) are assumed to have accrued entirely to trade and industry.

. . . but only after distrust of currencies had been overcome

The DM revaluation at the beginning of March 1961 did not at once overcome, and for a time even increased, this distrust of exchange rate relationships with all its consequences. It was only when people became more and more convinced in July and August 1961 that the newly established currency parities would last and a more permanent equilibrium would presumably be more easily achieved on this basis, that capital transactions inspired by speculation and by the desire to eliminate the exchange risk began to lose in importance. On an overall view, foreign borrowing by trade and industry and the banks completely ceased in the second half of 1961; during that period the running down of speculative positions actually changed the terms of payment so that for a time they represented a net outflow of foreign money.

A special position is held in the balance of capital transactions with foreign countries by *the banks' movements of money* from and to such countries, a subject discussed in Part A I.

The banks' money exports under the influence of the new interest-rate policy

Under the influence of the 1961 money exports the German banks' former net indebtedness to foreigners — still about DM 2.5 billion at the end of 1960 — changed, with great fluctuations from time to time, into a substantial short-term surplus position. At the end of March 1962 approximately DM 6.5 billion of short-term claims by banks on foreign countries had against them almost DM 5.5 billion of short-term liabilities to foreigners. Although a certain part of the short-term foreign assets amounting to DM 6.5 billion represents the working balances which German banks hold at foreign correspondents, and which are indispensable for their extensive foreign business, they also include several billion DM of pure liquidity reserves which have been temporarily employed abroad only on grounds of the interest rate. These liquidity reserves employed abroad represent quite mobile funds which the banks bring home when liquidity is strained, and send abroad again when it becomes easier. The experience gained with these "flitting" short-term funds towards the end of 1961 and in the first months of 1962 has strengthened the doubts whether it is expedient for the German banks to hold so large a part of their liquidity reserve abroad, so that every technically induced variation of internal liquidity causes large foreign exchange movements between foreign countries and the Federal Republic. Since moreover the balance of payments in general no longer afforded any special reason to encourage further money exports with a view to easing international liquidity, the Bundesbank has recently begun — as already described in the General Survey — cautiously to reduce its measures for assisting the export of money by banks. In all its actions affecting such exports one way or the other the Bundesbank has never lost sight of the fact that such short-term money movements must be regarded not so much as a permanent means of squaring the balance of payments but merely as a short-term and temporarily effective method of reducing extreme positions in it.

No need any longer for forcing money exports

(d) Reduction of the Surplus Position on Current Items in the Balance of Payments, and DM Revaluation

While from mid-1961 onwards the abatement of the great capital inflows from abroad ended an abnormal situation of relatively brief duration, the simultaneous reduction of the surplus on current items (see the table "Important items in the balance of payments") must on the other hand be seen as a fundamental change in the country's balance-of-payments structure. The figures for the various calendar years do not adequately reflect this change. According to them the surplus on current items dropped from DM 4.5 billion in 1960 to DM 3.0 billion in 1961. Much more revealing is the fact that this latter surplus accrued almost entirely in the first half of the year, whereas in the second half the current items were in virtually complete equilibrium. In terms of figures the change in the tendency was due to the modification as regards services, the previously large surplus here completely disappearing in 1961, even though its component representing exchange received from foreign troops' expenditure in the Federal Republic remained at a practically unaltered level. The main causes of the tendency were the heavy deficit on travel, increased transfers of investment income and other additional expenditure abroad.

Deficit on services

Trade in goods with foreign countries also showed signs of a change in tendency during 1961. Comparison of the trade surpluses in the 1960 and 1961 calendar years, often used in superficial analyses, does not indeed reveal this changed tendency. At DM 6.6 billion in the latter year a substantially larger surplus was obtained than that of DM 5.2 billion in 1960; and the increase of 6.3 per cent in exports between 1960 and 1961 was greater than in imports, where the figure was 3.8 per cent. But these comparisons between years obscure the real dynamic tendencies. In reality, if adjusted for the season, exports already reached their peak at the end of 1960; and since as early as the spring of 1961 the trade surplus has slowly but steadily declined, until at a

Change of tendency in trade also

mere DM 616 million in the first quarter of 1962 it reached its lowest level since 1956. Similarly the flow of orders arriving from abroad shows that, after a temporary peak in the first months of 1961, the export boom was slowly waning throughout the rest of that year; in the first two months of 1962 foreign orders reaching industry were smaller by 5.5 per cent than in the same period of 1961.

Effects of the DM
revaluation

There can be no doubt that, however the internal effects produced by the *DM revaluation* of March 1961 may be assessed (as to this, see in particular Section IV), it did influence the above-mentioned trends in the German balance of payments. As to capital movements, the Bundesbank's interest-rate policy conforming to the balance of payments succeeded in checking foreign borrowing only when distrust of the DM parity had disappeared. No doubt the outbreak of the Berlin crisis at mid-August 1961 also contributed towards depriving rumours about further revaluation of their basis; but this political crisis could not be foreseen in planning monetary policy, and there are moreover clear indications that even before August 1961 confidence in the new exchange rates was already beginning to regain strength. In connection with services it is, to say the least, highly probable that the DM revaluation, which cheapened foreign travel as reckoned in DM, did broaden the stream of German tourists going abroad. As regards trade in goods it is likewise probable that the increase caused by revaluation in the price of German goods as expressed in foreign currencies somewhat curtailed exports, just as it encouraged the importation of many finished goods into the Federal Republic. It is true that in connection with foreign trade the DM revaluation was of course only one influence among many which tended to keep exports stationary and to reduce the surplus. It may be assumed that no less an effect was produced by the rise of many domestic cost elements caused through the persistent wage increases and other influences, by the growth on other grounds of many foreign producers' competition, by the slackening pace of the upswing on some important markets abroad, and by other factors. In regard to imports moreover the fact must not be overlooked that the increase in food imports since the autumn of 1961 has been due less to the shifting of price relationships through revaluation than to the relative poorness of the 1961 crops. In the first months of 1962 purely statistical adjustments also contributed to the exceptional rise in the import figures. Even with allowance for all these circumstances, however, the conclusion is inescapable that the DM revaluation relatively soon affected German exports and imports in those categories where they are at all price-sensitive, and that these effects on the incoming and outgoing goods-streams also restrained the movement in domestic prices of the products in question. From the balance-of-payments angle at all events the 5% DM revaluation sufficed, together with the other influences already operating, to restore adequate normality in the German balance of payments. In last year's Report the Bundesbank already emphasised that it was necessary in any assessment of the DM revaluation's adequacy to take the other influences into account as well. It would have been risky in a relatively late phase of the boom to administer an excessive shock to exporters by pitching the revaluation ratio unduly high. The fact that despite revaluation and simultaneously rising wages our exports have so far maintained the exceptionally high level at which they stood at the beginning of 1961 shows that the German balance-of-payments position has been restored to normal in a manner lenient to the German economy.

Future changes on the
balance of payments

Although because of the special influences affecting it the trend of the trade balance in the first quarter of 1962 cannot be projected without qualification to the future, all present indications suggest that the "basic balance of payments", that is the balance of all current items and longer-term capital transactions, will in the further course of 1962 show no appreciable surpluses and may even show deficits. Apart from the prospective larger payments to the United States and United Kingdom in respect of defence it may be expected that in 1962 the Federal Government's assistance for development will give rise to greater expenditure than last year. It will be remembered that in 1961 the German Government assumed very heavy obligations, totalling DM 5.8 billion, to provide bilateral aid to developing countries; of this amount DM

1.7 billion represents firm assurances for technical and financial assistance projects, while DM 4.1 billion concerns overall credit promises for which actual projects still have to be worked out and investigated. Of these obligations and assurances only a relatively small part gave rise in 1961 to actual out-payments and deliveries. It may be assumed that in 1962 and also in subsequent years such assurances will more strongly affect the balance of payments, particularly since a substantial overall scope has been outlined for further assurances in 1962. For that year indeed the Federal budget and the E.R.P. economic plan provide some DM 600 million in cash for bilateral technical and financial help, besides which there is a financing limit of DM 1.64 billion to cover commitment authorisations for such purposes. These figures do not include the contributions by public authorities to multilateral financial institutions, nor those by the Federal Government for funding schemes and guarantees, the former of which, in particular, have already at times attained considerable size. Although the greater part of technical aid will be covered in the balance of payments by corresponding German material deliveries, and although the same applies to part of the financial aid despite the fact that this is not normally linked with German exports, on the other hand experience does show that increased financial help for development purposes will entail a certain charge on the balance of payments.

On the other hand the change which has so far taken place in the German balance of payments must not be dramatised. The basic items, namely those of a current nature plus longer-term capital transactions, show only slight deficits for the last few months, and only small impulses towards renewed growth of the foreign capital inflows would be needed to make surpluses reappear. Even if the balance of payments ran into deficit for a time, this would not in itself justify any alteration of the present foreign trade and payments policy. At the end of March 1962 the Bundesbank's monetary reserves stood at DM 26.8 billion gross, or (if foreign assets of only limited usability are eliminated) at DM 24.4 billion, equal to over six months' import needs; this is enough to face occasional exchange outflows without there being any consequent need to change the basic principles of German foreign trade and payments policy, namely the traditionally liberal attitude towards imports, active cooperation in a free multilateral world economic order, the principle that development assistance must not normally be tied to German exports, and the like.

No call for an alteration of foreign trade and payments policy

2. International Cooperation in Currency and Foreign Exchange Policy

(a) The Monetary Strains induced by American and British Balance-of-Payments Deficits

In 1961 the international currency system was exposed to exceptionally heavy strains. Yet it not only withstood these without appreciable disturbances of world trade, but actually emerged stronger and firmer than before. The background to these strains was formed by difficulties concerning the balances of payments of the two great reserve currency countries, the United States and the United Kingdom.

True, in 1961 the U.S. dollar was no longer under pressure to the same extent as in 1960. The firm declarations made and the initial measures adopted for the defence of the dollar by the United States Government when it entered office at the beginning of 1961 did not fail to take effect. The American balance of payments improved in 1961, to some extent thanks to world economic conditions, and at \$ 878 million the gold losses were only half as great as in the previous year. The total 1961 deficit of \$ 2.5 billion cannot, it is true, be regarded as normal and tolerable in the longer run. Still, the prospects of overcoming the deficit in the balance of payments have improved. The American cost and price level has given proof of surprising

U.S. dollar no longer under such heavy pressure

... but still not out
of the danger zone

Operations
to support sterling

stability in the course of the cyclical upswing so far; the American economy's competitive capacity has been strengthened by Government action as well; and finally the Administration is seeking to alleviate the political strains on the American balance of payments. Despite this the U.S. dollar is still not entirely out of the danger zone; and although last year there were no further actual attacks on the dollar, the American monetary authorities nevertheless felt impelled during the period under report to intervene actively in the exchange markets in order to defend the dollar rate, and to supplement their stock of foreign-exchange-policy weapons for defensive operations in those markets.

The main pressure of monetary unrest last year was directed against sterling. The large deficit on the British balance of payments, cloaked in 1960 by considerable streams of money flowing from foreign countries to London, became evident when in the first months of 1961 these short-term money-streams were reversed — a process which began in part already before the DM and guilder were revalued in March 1961, but was greatly quickened when this happened — and when confidence that the sterling parity would be maintained was for a time shaken. The short-term money movements were however relatively soon brought under control without having caused any serious disturbance of international payments, inasmuch as the Central Banks intervened on the exchange markets in accordance with an understanding reached at Basle soon after revaluation of the DM and guilder, and placed adequate short-term foreign exchange facilities at the disposal of the Bank of England. By the middle of the year these facilities, provided in various forms by European Central Banks, had reached their maximum at a total of \$ 910 million. In connection with this support scheme the Bundesbank not only accumulated considerable sterling balances for some months, being covered against the exchange risk by the dollar guarantee of the European Monetary Agreement (E.M.A.), but also lent U.S. dollar balances for short periods to the British monetary authorities. The short-term foreign exchange assistance provided by European Central Banks gave the United Kingdom time to work out a reform programme and put it into effect. On the basis of this programme, announced at the end of July 1961, the United Kingdom received from the International Monetary Fund extensive longer-term assistance, namely a right running for 3 to 5 years to draw other currencies up to a total of \$ 1.5 billion, and in addition a \$ 0.5 billion stand-by credit line. In connection with this British drawing on the I.M.F. the countervalue of \$ 270 million (DM 1,080 million) was made available in German currency; of this amount, as already mentioned elsewhere, the Fund bought one-third from the Bundesbank against gold, calling the other two-thirds out of the German membership subscription in the I.M.F. The help given by the Fund enabled the United Kingdom to repay the short-term Central Bank assistance in the summer and autumn of last year. Soon afterwards the position of the British currency improved, not least through money inflows induced by the level of interest rates, to such an extent that from November 1961 onwards the United Kingdom started rapidly repaying before maturity its drawing on the Fund. Both the short-term Central Bank assistance in the spring and summer of 1961 and the more extensive longer-term help provided in foreign exchange by the Fund were of course merely interim aid, designed to avert speculative excesses and to gain time for real reform of the British balance of payments. The improvement which has by now taken place in the balance on current account and the progress made in consolidating the United Kingdom's internal economic policy, particularly in regard to wages and other incomes, clearly demonstrate the usefulness of such interim measures. The emergency aid given by the Central Banks under the Basle arrangement was certainly of special value, if only because it was immediately available and not bureaucratically handled. It is not however without its problems, since in connection with this form of assistance it is difficult adequately to coordinate individual contributions from participating countries and total aid, as well as adequately to investigate the more deep-seated difficulties in the balance of payments and the possibilities of overcoming them.

(b) Coordinated Actions in Foreign Exchange Markets

The extensive money movements between the world's chief financial centres in the spring and summer of 1961 led to a reform of American exchange policy. Whereas European Central Banks have always operated on the exchange markets, buying and selling leading currencies in order to keep the rate for their own currency within the limits laid down by the I.M.F. and additionally agreed in the European Monetary Agreement (E.M.A.), the American monetary authorities had until then been content to square the balance of payments and maintain the gold parity of the U.S. dollar by selling or buying gold against that currency at the fixed sale and purchase prices. Now they began to build up holdings of foreign currencies so as to be able to meet residual payments in one direction or another before these resulted in gold movements. Thereby they approximated to the tradition in other countries, where apart from the gold reserve it has always been usual to hold foreign currencies as a cushion for meeting residual payments to other countries. At the premature repayment in April 1961 of the greater part of the still outstanding German post-war debt to the United States a part of that repayment was made in DM, which the American monetary authorities held for a time as an operating reserve. Greater importance attached to the operations carried out by the American monetary authorities, together with the Bundesbank, on the forward market for U.S. dollars and DM. In agreement with the Federal Reserve System, acting as Agent for the United States Treasury, the Bundesbank in the spring and summer of 1961 sold considerable amounts of DM against U.S. dollars at forward date in order to ward off the pressure exerted by bear speculators on forward dollars. At their maximum these forward operations reached an amount of somewhat more than \$ 300 million. They steadied the exchange markets, and prevented any further spread of money movements — induced partly by speculation and partly by interest differentials — between the United States and the Federal Republic. After calm had been restored to exchange markets in the autumn of 1961 these forward transactions were liquidated and suspended until further notice. Since then the American monetary authorities have begun systematically to include in their set of instruments the foreign exchange operations which had originated from the acute 1961 situation; and since February 1962 not only the U.S. Treasury's Exchange Stabilisation Fund but also the Federal Reserve System with its own resources have taken part in the exchange operations. This of course is not a device by the aid of which any persistent deficit in the American balance of payments could in the longer run be met, since apart from selling gold the American authorities can build up a stock of foreign currencies capable of use for intervention purposes only out of temporary balance-of-payment surpluses, or else by resorting to short-term borrowing from partner countries. Nevertheless such operations can be of considerable use in overcoming short-term disturbances in the exchange markets, thereby avoiding any mistrust.

Close cooperation between the Bundesbank and American authorities to even out movements in rates

(c) Increase of the International Monetary Fund's Resources through "General Arrangements to Borrow"

The high degree to which the most important currencies are mutually convertible, and the increasingly close interlocking of the principal money markets, have caused the money-streams which can start to flow between the chief financial centres when confidence is disturbed, or when there are major discrepancies between interest rates, to become steadily greater. Especially vulnerable to such money movements are the key currency countries, that is the United States and United Kingdom, which because of their function as international bankers and reserve centres have large short-term liabilities to other countries. When in addition the basic balance-of-payments position of those countries is weakened, there is a danger of critical aggravations, which may constitute a threat to the present gold exchange standard. To avert such dangers and to give the countries concerned time in case of need to adopt the necessary economic and monetary policy measures is in the joint interest of all members of our currency system, and is a special duty of the International Monetary Fund. It has however now been found that the Fund

The international currency system needs additional defence against disturbances

as hitherto equipped with stocks of currencies would not be able at all times to meet the requirements in connection with such disturbances. It is true that its total holdings of gold (about \$ 2.9 billion at the end of 1961, including gold invested in U.S. Treasury paper) and of convertible currencies (over \$ 6¹/₂ billion at the end of 1961) are very considerable; but because of the quotas laid down at the time for members these holdings mainly consist of the two principal reserve currencies, dollars and sterling, whereas at the end of 1961 there were only inadequate stocks of other "strong" currencies, worth not much more than \$ 1 billion. So as to equip the Fund adequately for all needs, especially for any interim assistance to the two reserve centres themselves, the Executive Board of the Fund adopted on 5 January 1962 a resolution regarding "General Arrangements to Borrow", according to which the ten most important industrial countries are in certain circumstances and conditions to make credits available in their currencies, up to a maximum total of U.S. \$ 6 billion and running for up to five years, in order to strengthen the Fund's resources. These credits are to be used only "when supplementary resources are needed to forestall or cope with an impairment of the international monetary system". Such impairment of the international monetary system, capable of being met by currency assistance from the I.M.F., is chiefly to be feared in the event of a threat to the main reserve currencies through speculative capital movements. While use of the special resources to be made available is not confined to such cases, they are to be employed only for the benefit of other countries participating in the Arrangements, because only disturbances in the balance of payments of one or more large countries can constitute a threat to the international monetary system. Hence the Arrangements, in the ultimate analysis, provide for conditional mutual currency assistance as between the participants.

Terms of the special credits to the I.M.F.

The maximum amounts up to which the individual participants are prepared to commit themselves under the "General Arrangements to Borrow" can be seen from the opposite table. Of these total commitments, reaching a maximum of \$ 6 billion, Germany will assume one for up to DM 4 billion (= U.S. \$ 1 billion). Suitable provisions ensure that a country can be called upon to make such special contributions only if this is not impracticable in view of the state of its balance of payments, and further that in the event of a subsequent threat to its own balance-of-payments position its asset originating from the currency assistance can be prematurely recalled. Since the assets arising under the Arrangements

*I.M.F. Quotas of Ten Industrial Countries
and I.M.F.'s Holdings of their Respective
Currencies on 31 December 1961*

| Countries | I.M.F. quota | I.M.F.'s holdings of currencies at end-1961 | |
|-----------------------------|------------------------|---------------------------------------------|----------------------|
| | in millions of U.S. \$ | in millions of U.S. \$ (or equivalent) | in per cent of quota |
| United States of America | 4,125.0 | 2,435.1 | 59 |
| United Kingdom | 1,950.0 | 2,508.5 | 129 |
| Federal Republic of Germany | 787.5 | 150.2 | 19 |
| France | 787.5 | 361.0 | 46 |
| Italy | 270.0 | 27.2 | 10 |
| Belgium | 337.5 | 181.1 | 54 |
| Netherlands | 412.5 | 169.9 | 41 |
| Five E.E.C. countries | 2,595.0 | 889.4 | 34 |
| Canada | 550.0 | 337.9 | 61 |
| Japan | 500.0 | 320.0 | 64 |
| Sweden | 150.0 | 87.5 | 58 |
| All ten countries | 9,870.0 | 6,578.4 | 67 |

Participants and Amounts of Credit Arrangements

| Countries | Units of participant's currency | Equivalent in millions of U.S. \$ |
|--------------------------|---------------------------------|-----------------------------------|
| United States of America | 2,000,000,000 | 2,000 |
| Deutsche Bundesbank | 4,000,000,000 | 1,000 |
| United Kingdom | 357,142,857 | 1,000 |
| France | 2,715,381,428 | 550 |
| Italy | 343,750,000,000 | 550 |
| Japan | 50,000,000,000 | 250 |
| Canada | 208,938,000 | 200 |
| Netherlands | 724,000,000 | 200 |
| Belgium | 7,500,000,000 | 150 |
| Sweden | 517,320,000 | 100 |
| All ten countries | | 6,000 |

are currency credits of relatively high liquidity, the Bundesbank has acceded to the said Arrangements on behalf of the Federal Republic, and has undertaken to ensure financing in case of need. The special credits are protected by a gold clause.

The "General Arrangements to Borrow" are supplemented by rules of procedure simultaneously agreed between the participants. These in particular meet the fear that the provision of additional credits might relax balance-of-payments discipline in the deficit countries. So as to counteract that possibility the potential lenders have been given considerable rights of influence. The Fund can for instance obtain additional resources under the plan only if the lenders, after consultation with each other (outside the Fund), have expressed themselves unanimously or by a large majority in favour of activating the plan in a specific case and of providing specified amounts. Apart from that the Fund's general principles concerning the preconditions for drawings and stand-by agreements are to apply to the transmission of special resources to any benefiting country.¹⁾

The decision concerning the "General Arrangements to Borrow" comes into force as soon as at least seven of the ten participants named in the decision, with a total commitment of not less than U.S. \$ 5.5 billion, have acceded to the agreement in the prescribed form. They may be expected to do so by the summer of 1962. The Fund's power of action in the event of major disturbances of the international monetary order will be greatly strengthened through these "General Arrangements to Borrow", although they provide additional "international liquidity" only for accurately defined special cases and subject to strict control of its use. The certainty that in cases of need such additional assistance can be quickly mobilised will strengthen confidence in the present monetary system, which may perhaps make actual use of these special resources superfluous for a long time.

(d) Move towards an Economic Policy conforming to the Balance of Payments

Neither bilateral nor multilateral currency assistance, nor coordinated actions on exchange markets, can cope effectively with the more deep-seated causes of difficulty in balances of payments. For overcoming such difficulties what matters will in the last resort always be the economic and monetary policy pursued in the deficit or surplus countries affected by disequilibria. A system of fixed currency parities can in the long run function only if economic and monetary policy in the most important countries is adequately attuned to the needs of balance-of-payments equilibrium, that is to say conforms to the balance of payments. Many difficulties in the post-war international payment system can be traced to the fact that in numerous countries, immediately after the war, internal economic objectives were too one-sidedly in the foreground. In this respect a change has taken place during the last few years. In a number of countries regard for balance-of-payments equilibrium has of late acquired equal rights with, or even precedence over, internal economic objectives. Thereby the preconditions for proper functioning of our monetary order have been notably improved.

Among the most important changes in this sphere is the fact that in the United States, where difficulties in the balance of payments might seriously threaten the present reserve system built on the dollar as leading currency, a definite turn towards an economic and monetary policy conforming more to the balance of payments has been proceeding for about the last one and a half years. In the light of the last few years' experience the United States has for the first time in its economic history become "balance-of-payments conscious"; since the beginning of 1961 it has assigned to the overcoming of its external deficit and to defence of the dollar equal priority with the achieving of adequate economic growth and the overcoming of unemployment.

Conversely, in the European surplus countries the aligning of economic policy according to the balance of payments made further progress in the period under report, as is shown not only

Balance-of-payments equilibrium again in the foreground

... in deficit countries

... as much as in surplus countries

¹⁾ Further details regarding procedure and the conditions for granting credit under the plan are given in a special study entitled "The Provision of Additional Resources for the International Monetary Fund through 'General Arrangements to Borrow'" on pages 14 et seq. of the Monthly Report for February 1962.

by the example of conformity to the balance of payments in interest-rate and liquidity policy (as well as in the measures for revaluation) in the Federal Republic and the Netherlands, but also by certain measures of external economic policy in countries like France and Italy, which have for some time been coming to the fore as surplus countries.

Voluntary submission to the discipline of the balance of payments which has now replaced the "quasi-automatism" of the former gold standard presupposes close coordination between the deficit and surplus countries, not only for the purpose of keeping one another mutually informed about currency policy in the main countries and so far as possible preventing national policy from exerting disturbing effects on other countries, but also above all in order to ensure that the participating countries' policy, conforming to their balances of payments, shall not amount to keeping step in inflation but shall lead to maximum stability combined with sound growth of the entire system. It is gratifying that progress can be recorded in these respects also. Mainly on American initiative the coordination between European and American monetary and balance-of-payments policy has since the beginning of 1961 become closer and more confident than ever before, not only in the bodies established for that purpose in the Paris Organisation for Economic Cooperation and Development (O. E. C. D.) but also at the monthly meetings between Central Bank Governors at the B.I.S. Within the framework of the European Economic Community the cooperation in regard to monetary policy has for quite some time been especially close and confident.

It can therefore be stated by way of conclusion that the year 1961, which in the field of international monetary policy had begun in such stormy and strained circumstances, afterwards brought not only a steadying of the international balance-of-payments situation but also the building up and strengthening of the present monetary order.

The Deutsche Bundesbank's Credit and Foreign Exchange Policy Regulations at present in force

I. Credit Policy Regulations

1. Credit Instruments Eligible at the Bundesbank

(a) *Discount Business*

Bills of exchange presented for purchase are to be backed by three parties known to be solvent. The bills must be payable within three months from the date of purchase. They should be good commercial bills (Article 19 paragraph 1 item 1 of the Law concerning the Deutsche Bundesbank).

General

For assessment of the soundness of a signature the Central Bank Council has laid down the following rules: Any person who is liable on a bill which has been presented to the Deutsche Bundesbank for purchase or as security for an advance, and who despite being invited to provide information as to his financial affairs gives no information or no sufficient information, and with regard to whom there are otherwise available or procurable no data permitting adequate judgment of his financial affairs, is not to be regarded as "party known to be solvent" within the meaning of Article 19 paragraph 1 item 1 of the Law concerning the Deutsche Bundesbank. A bill may not be purchased, nor may an advance be made against it, if it is clear that the acceptor cannot be regarded as a "party known to be solvent" (decision of 20 February 1957).

The period to the maturity of bills must not exceed the time which is necessary for carrying out the underlying transaction in goods (decision of 10 May 1949). In the case of grain and fodder bills the period to maturity may amount to three months, however, so as to facilitate the storage of grain and feedingstuffs at the marketing and processing stages, and thereby to reduce the demands for financial accommodation made on central official agencies (decision of 31 July 1952).

In other respects, as regards the granting of discounts, the "Deutsche Bundesbank's General Business Conditions" (V. Purchase of domestic bills, XI. B. Purchase of foreign bills and foreign cheques) apply.

Bills which are given for the purpose of financing instalment sale transactions are in principle excluded from purchase (decision of 21 March 1956).

Instalment sale
financing bills

Instalment sale bills which serve to finance the purchase of agricultural machines that have a long life and assist production may however be purchased. In this exceptional case all bills which are due within 90 days may be discounted if it is a case of an instalment sale transaction where the buyer has paid cash down for at least 40 per cent of the purchase price, and the whole period for which the credit runs does not exceed 24 months. If these conditions are not fulfilled, then only the last bill due within 90 days (or, in the case of instalment sale transactions which are based on monthly instalments, the last three bills relating to the whole transaction) will be discountable.

In addition instalment sale bills with a remaining life not exceeding 14 days may be presented for purchase.

Bills which serve for the interim financing of building projects (building bills) will not be purchased (decision of 12 October 1955). On the other hand bills which are drawn on the basis of the producer's building material deliveries to the trade, those of the trade to the builder or building craftsman, and those of the builder to the owner of the house (for repair or maintenance work) (building-material bills), but not their prolongations, are purchasable.

Building bills and
building-material bills

Prime
bankers' acceptances

DM acceptances of accepting banks admitted to the prime acceptance market, which serve for the financing of import or merchanting transactions and have a remaining period of not more than 90 days to run (prime bankers' acceptances), can be purchased (decision of 18 December 1958). Prime bankers' acceptances must be for at least DM 50,000 and should not exceed DM 250,000. The amount of the bill should be divisible by 5,000. Prime bankers' acceptances are outwardly distinguishable from other bank acceptances by the reference, marked on the upper margin of their face, to the transaction financed. (In the case of imports the number of the import declaration or import permit, and the goods financed, must be indicated. Where it is a case of financing merchanting transactions, the goods traded or the relevant statistical number must be noted, apart from the indication that a merchanting transaction is underlying the bank acceptance.)

Other bank acceptances

Other bank acceptances are purchased only if they serve to finance at short term specific individual transactions. They should be for at least DM 5,000 (decision of 31 January 1951). The Land Central Banks may in cases where they deem it appropriate waive the declaration as to the underlying transaction, which indicates the business financed by the bank acceptance (decision of 14 April 1954). Bank acceptances which serve to finance capital investments or to render frozen debtors liquid are not purchased (decision of 10 May 1949).

Since bank acceptances as a rule bear only two signatures when taken by the Land Central Bank, regard must be paid to the legal provision that the third signature may be dispensed with only if the security of the bill is guaranteed in some other way (Article 19 paragraph 1 item 1 of the Law concerning the Deutsche Bundesbank).

Bills drawn on debtors

The guiding principles for the purchase of "other bank acceptances" apply mutatis mutandis to the purchase of bills drawn by credit institutions on their debtors, subject to the proviso that the total amount of the bills drawn by a bank and relating to any one debtor should not exceed DM 20,000, and that no minimum amount is laid down (decision of 31 January 1951).

Promissory notes of the
Import and Storage
Agencies

Up to certain maximum amounts, newly fixed from time to time, promissory notes of the Import and Storage Agencies (known as Storage Agency bills) may in virtue of special decisions of the Central Bank Council be declared purchasable within the meaning of Article 19 paragraph 1 item 1 of the Law concerning the Deutsche Bundesbank and the guiding principles in force for credits, and may be used in the regulating of the money market (decision of 22 March 1962). (See page 84, "Money Market Regulation and Money Market Policy".)

Bills for financing
export orders

Also rediscountable are the bills drawn on themselves by German exporters, or their promissory notes, bearing the endorsement of the exporter's bank and of the Ausfuhrkredit-AG (Export Credit Company), and necessary prolongations of the said instruments, which have been issued mainly for the purpose of financing medium and long-term transactions for deliveries to developing countries within the limit of a rediscount line accorded to the Ausfuhrkredit-AG (decisions of 5/6 March 1952 and 5 May 1960). The rediscount line, known as Limit B of the Ausfuhrkredit-AG and amounting to DM 500 million since the spring of 1957 (decision of 20 February 1957), was reduced by DM 200 million to the level of DM 300 million in March 1960 subject to the proviso that with effect from 1 June 1960 the part-lines becoming free through due repayments of credit shall in each case be regarded as having lapsed to the extent of one-half until the amount of the DM 200 million cut has been reached (decision of 5 May 1960).

The rediscount line may be used only for credits running for not less than one and not more than four years (decision of 6 February 1957). The exporter must as a rule himself participate to the extent of 40 per cent of the value of the order, either through use of his own resources or through recourse to his own bank (decision of 6 October 1954). Only individual transactions may be financed. The financing assistance is intended in general to bridge over the interval between the time when production begins and that when the export proceeds are received. In case of the export of mass or series-produced goods, which are produced within any manufacturer's normal production programme or are sold ex warehouse, the duration of production and of

warehousing must not be included in the period for which the financing assistance runs. For export transactions of this kind, therefore, the Bundesbank's assistance is given only for the purpose of bridging over the period between despatch of the goods and receipt of the export proceeds (decisions of 18 May 1956, 25 July 1956 and 6 February 1957). The rediscount line must not be used to provide funds for capital investment or working resources for general export purposes of the exporting firms.

Under Article 19 paragraph 1 item 8 in conjunction with Article 22 of the Law concerning the Deutsche Bundesbank the Bundesbank is empowered to purchase from any person bills and cheques which are expressed in foreign currency. At present the Bank is making use of this power only in so far as it is prepared to purchase bills and cheques expressed in foreign currency not only from credit institutions but also from public departments (decision of 16 October 1957 and 4 September 1958).

Foreign currency bills

Foreign currency bills and cheques are purchased at the Deutsche Bundesbank's rate of discount (decisions of 18 May 1956 and 22 January 1958). The rates for purchase of foreign bills are laid down in conformity with the prevailing forward rates, and are regularly published in the Federal Advertiser (*Bundesanzeiger*) (decision of 21/22 August 1957).

(b) Advances on Securities

Advances on securities (interest-bearing loans, against collateral, for not more than three months) may be granted to credit institutions against pledging of the securities and debt register claims listed in Article 19 paragraph 1 item 3 of the Law concerning the Deutsche Bundesbank. Detailed information regarding the assets eligible as security for advances, and the lending limits applicable thereto, is given in the "List of Securities Eligible at the Deutsche Bundesbank as Security for Advances" which is published in the Federal Advertiser and in the Bank's Notices.

The inclusion of a security in the above-mentioned list does not oblige the Bundesbank to grant advances, and does not limit the Bank's right to determine the cover to be provided by the borrower.

The question whether an advance against securities can be granted will be decided according to the general credit situation and the individual circumstances of the would-be borrower. In principle an advance against securities shall be granted only where the object is to cover for a short period a temporary need for liquidity, and where there are no objections to the purpose of the borrowing (decision of 17/18 December 1952).

Bills which cannot be purchased under the regulations in force are also in principle ineligible as security for advances (decision of 10 May 1949). There is an exception in the bills drawn by German exporters on themselves, or their promissory notes, financed through the *Ausfuhrkredit-AG's* Limit A, which instruments may be taken as security for advances but may not be purchased (decisions of 5/6 December 1951 and 8 March 1962).

In other respects the "Deutsche Bundesbank's General Business Conditions" (VI. Advances) apply to the granting of advances on securities.

Notwithstanding the limitations under Article 19 paragraph 1 item 3 of the Law concerning the Deutsche Bundesbank the Bundesbank may grant loans to credit institutions, insurance companies and building and loan associations against the pledging of equalisation claims within the meaning of Article 1 of the Law on the Redemption of Equalisation Claims¹⁾, in so far and so long as is necessary for maintaining the solvency of the pledger (Article 24 paragraph 1 of the Law concerning the Deutsche Bundesbank).

¹⁾ According to the decision taken by the Federal Constitutional Court on 16 June 1959 the Law on the Redemption of Equalisation Claims of 14 June 1956 (Federal Law Gazette I, page 507), in the version of Article 11 of the Law for Increasing Payments in respect of Private Pension Insurance (Insurance Companies and Pension Funds) as well as of Compulsory Capital-sum Insurance, of 24 December 1956 (Federal Law Gazette I, page 1074), and of Article 26 of the Law on Amendment of Provisions of the Conversion Law (Second Supplementary Conversion Law) of 23 March 1957 (Federal Law Gazette I, page 285) is incompatible with Article 120 of the Basic Law and is therefore null and void.

2. Rediscount Quotas for Credit Institutions

The extent of the recourse by credit institutions to the Deutsche Bundesbank by way of rediscounting bills of exchange and foreign cheques is limited — apart from other measures of Central Bank policy — through individually proportioned rediscount quotas. The Central Bank Council has laid down standard quotas, differentiated according to categories of institutions, which are calculated on the basis of the liable funds (decisions of 17 April 1952, 15 December 1954 and 20/21 August 1959). The method of fixing the quotas contains sufficiently elastic elements.

The calculation of the standard quotas was regulated afresh with effect from 1 October 1959 (decision of 20/21 August 1959).

From 1 March 1960 and from 1 July 1960 onwards the standard quotas were reduced, each time by specified percentages fixed by the Central Bank Council. In 1961 these reductions were cancelled in two stages, with effect from 1 March 1961 (decision of 2 March 1961) and with effect from 1 November 1961 (decision of 26 October 1961).

The rediscount quotas are fixed by the Land Central Banks for the credit institutions located in their area. The rediscount quota of any large bank with a branch system, or of any other supra-regionally operating credit institution, is fixed by the Land Central Bank in the area of which the head office of the institution in question is located (decision of 17/18 September 1952).

The rediscount quotas of the following credit institutions, which have central functions for the whole area of the Federal Republic (Article 7 paragraph 1 item 2 of the Law concerning the Deutsche Bundesbank), are laid down on the basis of the standard quotas by the Directorate of the Deutsche Bundesbank (decision of 27/28 March 1958):

Ausfuhrkredit-Aktiengesellschaft, Frankfurt am Main,
Deutsche Bau- und Bodenbank AG, Frankfurt am Main,
Deutsche Genossenschaftskasse, Frankfurt am Main,
Deutsche Girozentrale — Deutsche Kommunalbank, Düsseldorf,
Deutsche Verkehrs-Kredit-Bank AG, Frankfurt am Main,
Industriekreditbank AG, Düsseldorf,
Kreditanstalt für Wiederaufbau, Frankfurt am Main,
Landwirtschaftliche Rentenbank, Frankfurt am Main,
Lastenausgleichsbank (Bank für Vertriebene und Geschädigte), Bad Godesberg,
Privatdiskont-Aktiengesellschaft, Frankfurt am Main.

For the purpose of determining the extent to which any credit institution has used its rediscount quota the total amount of the bills (except those mentioned in the following paragraph) which the credit institution has rediscounted and which are not yet due, and of the foreign cheques, is decisive.

Outside the fixed rediscount quota those bills drawn by German exporters on themselves, or promissory notes, may be purchased which have been issued within the rediscount line (Limit B) opened by the Bundesbank for the Ausfuhrkredit-AG for the purpose of financing medium and long-term export transactions (decisions of 17 April 1952 and 15 December 1954), and also prime bankers' acceptances which have passed through the money market and, at the time of their purchase, have not more than 45 days still to run (decision of 18 December 1958).

The fixed rediscount quota must never be exceeded, not even temporarily. Credit institutions whose rediscount quota is exhausted may resort to advances against securities.

3. Guiding Ratios for Credits Granted by Credit Institutions

In order to bring the total amount and the structure of any credit institution's lendings into line with its financial capacities the Central Bank Council (then called the Board of Directors of the Bank deutscher Länder) had in 1951 for the first time established Guiding Ratios on the observance of which the Deutsche Bundesbank's assistance through rediscounting or similar operations could be made dependent. There were four Guiding Ratios, namely Guiding Ratio I for the ratio of the lendings at short and medium term to the liable funds; Guiding Ratio II for the ratio of the debtors to the total of liable funds and deposits; Guiding Ratio III for the liquidity; and Guiding Ratio IV for the ratio of the acceptance credits to the liable funds.

On the basis of the experience and knowledge gained by application of these structural standards the Guiding Ratios were subjected to comprehensive examination extending over several years. After completion of this preliminary work the Central Bank Council on 26 October 1961 decided on four new Guiding Ratios, which differ in their construction — in some cases materially — from the preceding Guiding Ratios for Credits¹⁾. The new Guiding Ratios have however not been published as being the Bank's. The work of revision in fact coincided in point of time with the revision of the Banking Law. At an early stage, in view of the provisions contained in the relevant bill about credit institutions' capital resources and liquidity, the Bank had informed the Federal Ministry of Economics (which was centrally handling the arrangements) regarding the basic lines of the reform of the Guiding Ratios, as well as concerning the progress of the preliminary work. From the outset it was agreed between the Federal Ministry of Economics and the Bank that the fixing of general structural rules for banking business and their enforcement on individual credit institutions were by their nature sovereign functions, and that any coexistence of legal normative regulations about credit institutions' capital resources and liquidity with the Bank's Guiding Ratios — especially if these latter required anything different of the credit institutions — was by all means to be avoided.

The Banking Law of 10 July 1961 (Federal Law Gazette I, page 881), which came into force on 1 January 1962, has solved this important problem inasmuch as Articles 10 and 11 contain general programmatic precepts, for whose specification the Federal Banking Supervisory Office in agreement with the Deutsche Bundesbank establishes Principles according to which it is to be judged, as a rule, whether a credit institution's endowment with liable funds is adequate and whether its liquidity is sufficient.

By its Notice No. 1/62 of 8 March 1962 (Federal Advertiser No. 53 of 16 March 1962) the Federal Banking Supervisory Office published, in pursuance of Article 10 paragraph 1 and Article 11 of the Banking Law, the Principles established in agreement with the Deutsche Bundesbank and after the associations representing the credit institutions had been heard. These Principles are the new Guiding Ratios on which the Central Bank Council resolved. They are being applied by the Federal Banking Supervisory Office from April 1962 onwards.

On the Federal Supervisory Office's application of these Principles regarding the capital resources and liquidity of credit institutions, the Deutsche Bundesbank's previous Guiding Ratios in regard to Credits ceased on 31 March 1962 to have effect. The Guiding Ratios in regard to Credits having ceased to be valid, the Deutsche Bundesbank since 1 April 1962 has in the conduct of its banking business been using Principles I, Ia, II and III as internal directives for its lending activity. The significance of the Principles for banking as a whole, and for every individual credit institution, is thereby emphasised.

The texts of the Deutsche Bundesbank's Guiding Ratios for Credits valid up till 31 March 1962, and of the Federal Banking Supervisory Office's Principles valid from 1 April 1962 onwards concerning credit institutions' capital resources and liquidity, are reproduced as follows.

¹⁾ See in this connection the article on "The Principles Concerning the Capital Resources and Liquidity of Credit Institutions in Accordance with Articles 10 and 11 of the Banking Law", published in the Monthly Report of the Deutsche Bundesbank for March 1962 with a full analysis of the revision of the Guiding Ratios and with comments on the new Principles.

The Deutsche Bundesbank's Guiding Ratios in regard to Credits as valid until 31 March 1962

| Guiding Ratio | Commercial Banks ¹⁾ | Savings Banks | Industrial Credit Cooperatives | Agricultural Credit Cooperatives | Central Giro Institutions | Central Institutions of Industrial Credit Cooperatives | Central Institutions of Agricultural Credit Cooperatives |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| I | The total of the short-term and medium-term lendings to business and private customers shall not exceed 18 times the liable funds of the commercial bank. ²⁾ | The total of the short-term lendings to business and private customers shall not exceed 15 times the liable funds of the savings bank. | The total of the short-term lendings to business and private customers shall not exceed 15 times the liable funds of the industrial credit cooperative (plus the addition to these which is permitted by law). | The total of the short-term lendings shall not exceed 15 times the liable funds of the agricultural credit cooperative (plus the addition to these which is permitted by law). | The total of the short-term lendings to business and private customers shall not exceed 15 times the liable funds of the central giro institution. | The total of the short-term lendings to business and private customers shall not exceed 5 times the liable funds of the central institution of industrial credit cooperatives. | The total of the short-term lendings shall not exceed 20 times the liable funds of the central institution of agricultural credit cooperatives. |
| II | The debtors shall not exceed 60 per cent of the liable funds and deposits. ²⁾ | The total of the debtors plus the bills drawn on debtors shall not exceed 60 per cent of the liable funds and deposits, the savings deposits being taken at the rate of only 50 per cent. | The total of the debtors plus the bills drawn on debtors shall not exceed 70 per cent of the liable funds (plus the addition to these which is permitted by law) and of the deposits. | The total of the debtors plus the bills drawn on debtors shall not exceed 70 per cent of the liable funds (plus the addition to these which is permitted by law) and of the deposits. | The total of the debtors plus the bills drawn on debtors shall not exceed 70 per cent of the liable funds and deposits, the savings deposits being taken at the rate of only 50 per cent. | The total of the debtors plus the bills drawn on debtors shall not exceed 80 per cent of the liable funds and deposits. | No Guiding Ratio established. |
| III | The liquid resources shall not be less than 20 per cent of the borrowed funds. | The liquid resources shall not be less than 15 per cent of the borrowed funds, the savings deposits being taken at the rate of only 50 per cent. | The liquid resources shall not be less than 15 per cent of the borrowed funds, the savings deposits being taken at the rate of only 50 per cent. | The liquid resources shall not be less than 15 per cent of the borrowed funds, the savings deposits being taken at the rate of only 50 per cent. | The liquid resources shall not be less than 20 per cent of the borrowed funds, the savings deposits being taken at the rate of only 50 per cent. | The liquid resources shall not be less than 20 per cent of the borrowed funds, the savings deposits being taken at the rate of only 50 per cent. | No Guiding Ratio established. |
| IVa | The total of acceptance credits and bills drawn on debtors shall not exceed three times the liable funds. | | | | | | |
| IVb | The acceptance credits and bills drawn on debtors, included in such credits and bills, and not serving directly to finance exports, imports or crops, shall not exceed the liable funds. | | | | | | |
| <p>¹⁾ Big banks with branch networks, state, regional and local banks, and private bankers. — ²⁾ If the position of a commercial bank in regard to Guiding Ratio I is substantially better than the standard laid down, then the Deutsche Bundesbank may take this into account in the application of Guiding Ratio II (decision of 20/21 June 1951).</p> <p><i>Remarks</i></p> <p>Any credit which a credit institution has granted to expelled persons is in principle left out of account in determining whether, and if so, to what extent, the credits granted by the institution are in accordance with the Guiding Ratios, provided that the Lastenausgleichsbank (Bank für Vertriebene und Geschädigte) — (Equalisation of Burdens Bank) — has guaranteed the credit and has placed the funds at the disposal of the credit institution. This applies also to that part of the credit on which the credit institution itself carries the commitment (decision of 11/12 April 1951).</p> <p><i>Definitions</i></p> <p>Liable funds: These are the liable capital and reserves ("Eigenkapital") within the meaning of Article 11 paragraphs 2 and 3 of the Banking Law (Kreditwesengesetz) in the version of 1939, plus the global adjustment of values permitted under the tax laws.</p> <p>Debtors: Credits in current account, and acceptance credits.</p> <p>Liquid resources: Cash holdings, balances at Deutsche Bundesbank, postal cheque account balances, cheques and bills, Treasury bills and non-interest-bearing Treasury bonds of the Federal Government and the Länder, certain foreign Treasury bills and non-interest-bearing foreign Treasury bonds.</p> <p>Borrowed funds: Deposits, monies and loans taken, own acceptances and promissory notes in circulation.</p> <p>The definitions of the Guiding Ratios conform closely with those which are in current use in the banking statistics. There are full explanations indicating which items in the form for the statistical return must be used in the calculation for the purpose of each of the Ratios.</p> | | | | | | | |

*The Principles Concerning the Capital Resources and Liquidity of Credit Institutions,
as established by the Federal Banking Supervisory Office in Agreement with the
Deutsche Bundesbank*

*(Notice No. 1/62 of the Federal Supervisory Office, of 8 March 1962,
published in the Federal Advertiser No. 53 of 16 March 1962)*

P r e a m b l e

The Federal Banking Supervisory Office hereby announces in pursuance of Article 10 paragraph 1, sentence 3, and Article 11, sentence 3, of the Banking Law — KWG — of 10 July 1961 (Fed. Law Gazette I, page 881) the Principles, established in agreement with the Deutsche Bundesbank and after the associations representing the credit institutions have been heard, according to which it will judge, as a rule, whether the capital resources of a credit institution are adequate and whether the liquidity of a credit institution is sufficient (Article 10 paragraph 1, and Article 11, Banking Law).

If a credit institution exceeds not merely slightly the upper limits laid down in the Principles, or if it exceeds them repeatedly, there is as a rule ground for presuming that the said credit institution has not the necessary capital resources (Principles I and Ia) or that its liquidity is inadequate (Principles II and III). In connection with the assessment of the adequacy of a credit institution's capital resources and liquidity it shall be permissible to take into account special circumstances which justify smaller — or, according to the facts of the case, greater — requirements.

The Principles shall not apply to private mortgage banks which make no use of the right to conduct extended business in pursuance of Article 46 paragraph 1 of the Mortgage Bank Law, to ship mortgage banks, to public mortgage banks, to instalment credit institutions, to central security depositories, to investment companies or to credit institutions within the meaning of Article 1 paragraph 1 items 7 and 8 of the Banking Law.

The Principles shall be applied with effect from 1 April 1962.

P r i n c i p l e I

A credit institution's lendings to business and private customers and to credit institutions, and its participations, less the global value adjustment, shall not exceed 18 times the liable funds.

Lendings are to be regarded as comprising short, medium and long-term lendings. In this connection those long-term loans shall be disregarded which serve as cover for bonds, or are granted against charges on real property in the course of real-property credit business within the meaning of Article 20 paragraph 2 item 1 and item 4 of the Banking Law, or are granted against corresponding charges on ships.

P r i n c i p l e I a

A credit institution's circulating own acceptances, promissory notes and bills drawn on debtors shall not exceed 1.5 times the liable funds.

P r i n c i p l e I I

A credit institution's investments in long-term lendings, in syndicate holdings, in participations, in securities not quoted on the stock exchange, and in land and buildings shall not exceed the long-term financial funds.

The following are to be regarded as long-term financial funds:

- the capital resources,
- the credit institution's own bonds in circulation,
- the bonds sold in advance,
- the loans taken at long term,
- 60% of the savings deposits,
- 10% of the sight and time deposits of non-banks.

In the case of central giro institutions and central institutions of credit cooperatives the following shall in addition be included:

- 20% of the member credit institutions' time deposits subject to a period of notice, or running for an agreed period, of from six months to under four years,
- 50% of the member credit institutions' time deposits subject to a period of notice, or running for an agreed period, of at least four years.

Principle III

A credit institution's debtors, its bills drawn on debtors, its dividend-bearing stock-exchange securities and its "Other assets" shall not exceed the total of the following financial funds:

- 60% of the sight and time deposits of non-banks,
- 35% of the sight and time deposits of credit institutions,
- 20% of the savings deposits,
- 35% of the monies taken for, or at notice of, periods of from one month to under four years, excluding customers' availments of credits opened at credit institutions abroad,
- 80% of customers' availments of credits opened at credit institutions abroad,
- 80% of the circulating own acceptances, promissory notes and own drawings credited to the borrowers, plus the surplus or less the deficit on financing as in Principle II.

In the case of credit institutions conducting business in goods the stocks of goods comprised in the item "Other assets" shall be disregarded.

A compilation of the Monthly Balance Sheet Statistics' items to be used as basis of calculation for the above Principles has been attached as Annex to "Notice No. 10012/62 of the Deutsche Bundesbank" of 27 March 1962.

4. Money Market Regulation and Money Market Policy

In order to enable the Deutsche Bundesbank to conduct open-market policy on a broader basis and to ensure efficiency in credit and liquidity policy, the Federal Government, as the debtor in respect of the equalisation claim which the Bank holds under the Monetary Reform provisions, is required by law (Article 42 of the Law concerning the Deutsche Bundesbank) to hand to the Bank, on request, Treasury bills or non-interest-bearing Treasury bonds in denominations and on terms of the Bank's choice ("mobilisation paper") up to a maximum of DM 4 billion. On the Bank's request the Cabinet may increase the maximum to the nominal amount of the equalisation claim. In June 1958 the maximum was increased, on request, to the full amount of the equalisation claim (about DM 8.1 billion) entered in the Federal Debt Register in the name of the Bank. The mobilisation paper is payable at the Bundesbank. The Bank is under obligation to the Federal Government to meet all liabilities arising from such mobilisation paper.

In the course of its regulation of the money market the Bundesbank furthermore arranges the placing of Treasury bills and non-interest-bearing Treasury bonds which are issued by the Federal Government, its Special Funds and the Länder, as well as of promissory notes of the Import and Storage Agencies (Storage Agency bills). It lays down the selling rates for such money-market paper and also the purchasing rates so far as such paper is purchased (decisions of 11 January 1956 and 10 April 1958).

With a view to maintaining the efficiency of the prime acceptance market, the Bundesbank has also declared itself ready to regulate that market. In purchasing and selling prime bankers' acceptances in the market, the Bank contracts only with the Privatdiskont-Aktiengesellschaft.

5. Provisions as to Minimum Reserves

After entry into force of the Bundesbank Law, except for one single provision, the instructions as to minimum reserves issued by the various Land Central Banks to credit institutions under Article 14 paragraph 2, second sentence, of the Land Central Bank Law in accordance with the specimen instruction¹⁾ approved by the Board of Directors of the Bank deutscher Länder remained in force for the time being and to that extent mutatis mutandis continued to be valid (Announcement of the Deutsche Bundesbank dated 1 August 1957). The exception was the deletion of Article 2 paragraph 1 (b) of the Instructions as to Minimum Reserves. The said para-

¹⁾ See the Report of the Bank deutscher Länder for the Year 1956, page 121 and following pages.

graph provided for liabilities arising from the taking of earmarked monies, so far as the latter had not yet been passed on, to carry the reserve obligation even though they had periods to maturity of four years or more and/or were liabilities to credit institutions subject to the reserve obligation. Cancellation of this special arrangement followed from Article 16 paragraph 1, first sentence, of the Bundesbank Law, under which liabilities in respect of long-term borrowings and liabilities to credit institutions required to maintain minimum reserves cannot be subjected to the minimum reserve obligation.

On 1 May 1958 the Instructions as to Minimum Reserves formerly issued by the Land Central Banks to the credit institutions were abolished. They were replaced by the "Deutsche Bundesbank's Order on Minimum Reserves (MRO)", adopted by the Central Bank Council under Articles 6 and 16 of the Bundesbank Law on 28 March 1958. The principal innovation contained in this Order is the cancellation of the provision—issued in accordance with Article 14 paragraph 2, first sentence, of the former Land Central Bank Law—stipulating that the credit institutions with branch establishments in several Land Central Bank areas had to decentralise their maintenance of reserves. The institutions operating on a supra-regional basis have since been able, therefore, to distribute the minimum reserves at will among the Land Central Banks in whose area the Bundesbank's account-keeping branch establishments appropriate for their branches are located (Article 5 paragraph 1).

The rate of the special interest charged for failure to meet the reserve requirement had previously been established in the Instructions as to Minimum Reserves. Under the Order of the Deutsche Bundesbank, on the other hand, it is fixed from time to time by the Bundesbank. With effect from 1 May 1958 the special interest under Article 10 paragraph 1 of the Order on Minimum Reserves was fixed at three per cent above the Deutsche Bundesbank's advance rate applying on the 15th of the month in question (decision of 24 April 1958). This has not entailed any material change.

In connection with a re-fixing of the minimum reserve ratios the Central Bank Council has, by its decision of 9 July 1959, revised with effect from 1 August 1959 the reserve class system (differentiation of the minimum reserve requirements according to the size of the institutions subject to the reserve obligation) which had been introduced in May 1952 and remained in the same form since then. The previous six reserve classes (for two consecutive classes of which however equal reserve ratios had applied for years, so that in practice there were only three reserve classes) have now been replaced by four classes. The criterion for their delimitation is the total amount of an institution's liabilities subject to the reserve requirement, including savings deposits, whereas previously the savings deposits had been left out of account when placing the institutions in the various reserve classes (revision of Article 7 paragraph 3 of the MRO). The delimitation of reserve classes thus depends to a greater extent than previously on the individual institution's balance-sheet total. At the same time however, in accordance with the increase in balance-sheet totals recorded since the introduction of the reserve-class system, the limits for the various reserve classes were considerably raised. In line with the revision of the reserve-ratio structure accompanying this reform (greater differentiation of the ratios according to the size of the institutions required to maintain reserves and according to bank places or non-bank places) the ratio for savings deposits, which previously had been uniform, was for the first time graded according to bank places and non-bank places¹⁾.

From 1 January 1960 onwards the maximum ratios permitted by law for reserves in respect of the individual types of liability were imposed temporarily (cf. decision of 20 April 1961) on any increase occurring as compared with 30 November 1959 in the liabilities to non-residents subject to the reserve requirement, the ratios for increases being thus 30 per cent in the case of sight liabilities, 20 per cent in that of time liabilities and 10 per cent in that of savings deposits (decision of 17 December 1959).

¹⁾ Cf. Monthly Report of the Deutsche Bundesbank for July 1959, page 53 and following pages.

Under a decision adopted by the Central Bank Council on 2 June 1960, any addition to the minimum-reserve-carrying liabilities to residents over and above the average level for the months March to May 1960 was also made subject, with effect from 1 July 1960, to the highest reserve ratios permitted by law. That ruling was cancelled on 1 December 1960 with effect from the same date.

The provisions regarding minimum reserves in respect of liabilities to non-residents were — under a decision adopted by the Central Bank Council on 20 April 1961 — revised to the effect that, as from 1 May 1961, credit institutions may deduct from their liabilities to non-residents the credit balances they maintain with banks abroad as well as their holdings of foreign money-market investments (insertion of paragraph 4 in Article 2 of the Order on Minimum Reserves). At the same time the maximum reserve ratios permitted by law were imposed temporarily (cf. decision of 25 January 1962) on the remaining liabilities to non-residents. The regulation concerning the addition to liabilities to non-residents, as resolved on 17 December 1959, was thereby cancelled.

From 1 February 1962 onwards liabilities to non-residents carry the same reserve ratios as liabilities to residents (decision of 25 January 1962).

During the period under report the Deutsche Bundesbank's Order on Minimum Reserves was amended in various respects:

For credit institutions with branches a simplified reserve-reporting procedure was allowed (decision of 13 July 1961). Since 1 August 1961 these institutions have been permitted, subject to certain conditions, to render a combined reserve statement (at present Form 1500) for two or more offices at similar places in the area of one Land Central Bank (revision of Article 11 paragraph 2 of the MRO).

An amendment of the MRO resulted from the Thirteenth Law to Amend the Equalisation of Burdens Law, dated 27 February 1961 (Federal Law Gazette I, page 133), in which the meeting of claims to basic compensation through establishment of savings deposits is regulated. Among other things this Law rules in Article 1 paragraph 4 that, on the establishment of such blocked savings deposits, covering claims on the Equalisation of Burdens Fund shall originate in favour of the financial institutions, and that to the extent of these covering claims "the financial institutions' liabilities in respect of savings deposits shall be left out of account in the calculation of the required minimum reserve". By the Central Bank Council's decision of 12 October 1961 this exemption was included in the list of exemptions in Article 2 paragraph 3 of the MRO (item j being added).

The coming into force (on 1 January 1962) of the Banking Law of 10 July 1961 gave occasion for further amendments of the Minimum Reserve Order. The definition given for credit institutions in the new Banking Law has been taken into the MRO (Article 1 paragraph 1). The effect is that the term credit institutions within the meaning of the MRO — unlike the previous regulation — now also includes enterprises the business of which is "the incurring of the obligation to acquire claims in respect of loans prior to their maturity" (Article 1 paragraph 1 item 7 of the Banking Law). To the provision in Article 63 paragraph 3 of the Banking Law, according to which Article 16 paragraph 1 of the Bundesbank Law is amended to the effect that a net liability on inter-company account in relation to the foreign parent institution or/and to foreign branches of the same institution is also deemed to be a liability in respect of sight deposits at a credit institution within the meaning of Article 53 of the Banking Law (branches of foreign banks), the MRO has been adapted through appropriate amendment of Article 2 paragraph 1 and Article 3 paragraph 2. The amendments which in this connection were made in Article 1 paragraph 2a and Article 3 paragraph 4 of the MRO result from the new numbering of the Banking Law paragraphs and items quoted in those provisions (decision of 21 December 1961; Notice No. 5026/61).

By decision of 25 January 1962 the Central Bank Council terminated the previous minimum reserve obligation, in force since 1 July 1960, in respect of liabilities arising from customers' availments of credits opened at institutions abroad. Previously such liabilities were subject to the reserve obligation in so far as they exceeded their level of 31 May 1960; since 1 February 1962 they have again been exempt in full from the minimum reserve obligation (revision of Article 2 paragraph 3 f).

In accordance with the Central Bank Council's decision of 22 February 1962, German branch establishments of foreign banks have on grounds of equality of treatment with German credit institutions been allowed (with effect from 1 March 1962), for the purpose of calculating the minimum reserve, to deduct from a net liability on inter-company account those liabilities in relation to their own enterprise which are based on transactions that otherwise (in a legally independent credit institution) are not subject to the minimum reserve obligation (paragraph 5 being added to Article 2).

For the sake of clarity the version of the Deutsche Bundesbank's Order on Minimum Reserves (MRO) now in force is reproduced below.

The Deutsche Bundesbank's Order on Minimum Reserves (MRO)

of 16 April 1959

*as amended on 9 July 1959, 17 March, 2 June and 18 August 1960, 20 April, 13 July,
12 October and 21 December 1961, 25 January and 22 February 1962*

In pursuance of Articles 6 and 16 of the Law concerning the Deutsche Bundesbank the Central Bank Council of the Deutsche Bundesbank has resolved on the following Order as to Minimum Reserves (MRO):

I. General Provisions

Article 1

- (1) Credit institutions within the meaning of this Order comprise all enterprises (also branches of foreign banks) conducting bank business within the meaning of Article 1 paragraph 1 of the Banking Law of 10 July 1961 (Federal Law Gazette I p. 881) — KWG — in the scope there indicated.
- (2) Not subject to the reserve obligation are
 - (a) the enterprises mentioned in Article 2 paragraph 1 items 4 to 9 of the Banking Law, except those quoted in Article 2 paragraph 1 item 8 of the Banking Law which mainly conduct banking business;
 - (b) the investment companies (Law dated 16 April 1957);
 - (c) the security-clearing institutions (Kassenvereine);
 - (d) credit institutions which are in liquidation, and other credit institutions whose activity is confined to winding up.

Article 2

- (1) Liabilities subject to the reserve requirement comprise all liabilities to
 - (a) non-banks,
 - (b) credit institutions not subject to the reserve requirement, and
 - (c) banks in foreign countries,arising from deposits and from loans taken, the latter for agreed periods to maturity, or at agreed periods of notice, of less than four years. In the case of a credit institution as defined in Article 53 of the Banking Law, a net liability on inter-company account is likewise deemed to be a liability in respect of deposits within the meaning of sentence 1.
- (2) For the purpose of ascertaining the liabilities subject to the reserve requirement an account-holder's deposits payable on demand may be reduced by the offsetting of short-term claims on that account-holder on
 - (a) accounts which in the calculation of interest and commission are treated together with the deposit accounts in question as a unit,

- (b) special loan accounts in accordance with Article 2 paragraph 4 of the Agreement regarding Debtor Interest (the so-called "English accounting method").

This does not apply to deposits in foreign currency.

- (3) Exempt from the reserve requirement are liabilities
 - (a) to the Bundesbank;
 - (b) in respect of earmarked monies taken as loans, so far as the said monies have already been passed on to the recipients or to an intermediary credit institution. Earmarked monies within the meaning of this provision are monies which according to directions laid down from the outset by the lender, in regard to the terms of lending in particular, are to be lent to borrowers designated by name by the lender or — where it is a case of a public or publicly assisted lending scheme — to borrowers who fulfil the requirements for taking part in the said lending scheme; the agreed maturity or period of notice of the earmarked monies as well as of the credits granted or to be granted out of this source must be not less than one year, unless a public or publicly assisted lending scheme is concerned;
 - (c) of private or public mortgage banks or ship mortgage banks in respect of monies which have been taken as global loans but have not yet been passed on to the borrowers indicated, and for the purpose of securing which there has been transferred to the lender a registered mortgage bond that is covered not by mortgages but by substitute cover through use of the loan monies received,
 - (d) in respect of balances for covering letters of credit, and of other covering balances, in so far as the credit institution for its part maintains a corresponding covering balance at a bank within the country or abroad;
 - (e) (annulled)
 - (f) in respect of customers' drawings on credits opened with third parties;
 - (g) in respect of the receipt of amounts collected purely on a commission basis, so far as the said amounts are currently paid over to the beneficiaries. Amounts are to be regarded as "currently paid over" if they remain at the collecting institution for not longer than 14 days;
 - (h) in respect of compensation balances within the meaning of Article 4 of the Law on Currency Conversion Compensation for Expelled Persons' Savings Balances, in so far as such balances have not yet been released (Article 11 paragraph 3 of the Law);
 - (i) in respect of savings deposits to the extent of the covering claims held under the "Old Savings Law" for amounts credited as compensation to deposit accounts;
 - (j) in respect of savings deposits to the extent of the covering claims held under the Thirteenth Law to Amend the Equalisation of Burdens Law.
- (4) Exempt from the reserve obligation are, moreover, liabilities to non-residents — in so far as they are not already exempt under the above provisions — in the amount of the credit balances maintained with banks abroad and not taken into account according to paragraph 3 (d) and the foreign money-market investments (bank acceptances, bank-endorsed commercial bills, Treasury bills and non-interest-bearing Treasury bonds).
- (5) Branches of foreign banks (Article 53 of the Banking Law) may, for the purpose of calculating the minimum reserve, deduct from a net liability on inter-company account those liabilities in relation to their own enterprise which in the case of a juridically independent credit institution would constitute liabilities according to paragraph 3 items d, f, or g.

Article 3

- (1) Among the liabilities subject to the reserve requirement a distinction is made between:
 - (a) sight liabilities,
 - (b) time liabilities, and
 - (c) savings deposits.
- (2) Sight liabilities are deemed to comprise liabilities due on demand, as well as liabilities in respect of which a period of notice of less than one month or a period to maturity of less than 30 days has been agreed, and, in the case of a credit institution as defined in Article 53 of the Banking Law, a net liability on inter-company account.
- (3) Time liabilities are deemed to comprise
 - (a) liabilities in respect of which a fixed period to maturity of at least 30 days has been agreed;
 - (b) liabilities in respect of which a period of notice of at least one month has been agreed.
- (4) Savings deposits are deposits within the meaning of Articles 21 and 22 of the Banking Law.

Article 4

A "bank place" (Bankplatz) within the meaning of the provisions as to minimum reserves is any place at which the Deutsche Bundesbank maintains a branch establishment. In exceptional cases where due reason exists the appropriate Land Central Bank may declare localities within a "bank place" which are difficult of access, for example distant suburbs included within the municipal boundaries, to be "non-bank places".

II. Reserve Obligation

Article 5

- (1) Credit institutions subject to the reserve requirement (Article 1) are required to maintain minimum reserves at the Bundesbank as credit balances on giro account.
- (2) Agricultural credit cooperatives which are affiliated to a regional central institution and maintain no giro account at the Bundesbank are to keep the minimum reserves as balances payable on demand on a special account at their central institution; to the extent of the balances on such accounts the central institution is to maintain credit balances at the Bundesbank.

Article 6

The duty to maintain minimum reserves is fulfilled if a credit institution's actual reserve (Article 9) comes up to the required reserve (Article 7).

III. Calculation of the Required and Actual Reserves

Article 7

- (1) The required reserve is found by applying the percentages fixed by the Bundesbank (reserve ratios) to the monthly average, ascertained in accordance with Article 8, of the liabilities subject to the reserve requirement (Article 2). In the case of credit institutions with more than one branch or office the monthly averages of the individual branches' or offices' liabilities subject to the reserve requirement will be reckoned together.
- (2) The required reserve of a central institution of agricultural credit cooperatives means the required reserve found according to paragraph 1 plus the total actual reserves of the cooperatives holding reserves with it.
- (3) If the reserve ratios are set at different levels according to the size of the institutions (reserve classes), then the ranking of a credit institution in one of the reserve classes is determined by the total of the monthly averages shown in the previous month's Reserve Statement (Article 11) for its liabilities subject to the reserve requirement.

Article 8

- (1) The monthly average of the liabilities subject to the reserve requirement will be calculated from the totals at the close of the business and non-business days in the period from the 16th of the previous month to the 15th of the current month.
- (2) The monthly average can instead be calculated uniformly for all categories of liabilities subject to the reserve requirement (Art. 3) from the total of these liabilities as they stand at the close of the following four days:
 - 23rd day of the previous month;
 - last day of the previous month;
 - 7th day of the current month;
 - 15th day of the current month.

This method may be excluded in individual cases where there is reason to assume that the credit institution has influenced the level of the reserve-carrying liabilities at the four fixed dates so as to depress it below the amount which would result from calculation according to Article 8 paragraph 1.

- (3) Agricultural credit cooperatives may use, in place of the monthly average, the total of the liabilities subject to the reserve requirement as they stood at the close of the last day of the previous month. In exceptional cases where due reason exists the appropriate Land Central Bank may permit other credit institutions to do the same.
- (4) If one of the days mentioned in paragraphs 1 to 3 falls on a non-business day, then for the total of the liabilities subject to the reserve requirement on that day the total at the close of the previous business day shall be taken.

- (5) In the case of agricultural credit cooperatives which maintain minimum reserves in accordance with Article 5 paragraph 2, the appropriate Land Central Bank may permit an ascertained monthly average to stand good for a further period of up to five months.

Article 9

- (1) The actual reserve means the monthly average of the credit balance maintained in accordance with Article 5. It will be calculated from the totals at the close of all the days in the month — the total balance on any non-business day being deemed to be the balance ascertained as at the close of the preceding business day — and will be notified to the credit institution at the close of the month by the Bundesbank (or the appropriate central institution in the case of agricultural credit cooperatives).
- (2) If a credit institution keeps a giro account at more than one office of the Bundesbank, the actual reserve is deemed to be the total of the monthly averages of the individual credit balances.

IV. Special Interest

Article 10

- (1) If in any month a credit institution's actual reserve falls short of its required reserve the said credit institution shall for 30 days pay on the deficiency, unless the Bundesbank grants a request for waiver of the interest payment, special interest at the rate from time to time ordered by the Bundesbank.
- (2) Deficiencies of agricultural credit cooperatives which maintain minimum reserves in accordance with Article 5 paragraph 2 may not be offset by the central institution against its own surplus reserve or the surplus reserve of another cooperative. In respect of deficiencies of cooperatives the central institution shall pay the special interest to the Bundesbank.

V. Reserve Statement

Article 11

- (1) Not later than the 5th business day in each month every credit institution subject to the reserve requirement is in respect of the past month, except as otherwise provided in paragraphs 2 and 3, to submit a reserve statement (Form 1500, Section A)¹⁾ to the account-keeping office of the Bundesbank. For each day (Article 8) this statement shall show — on a schedule in the case of liabilities the monthly average of which is calculated in accordance with Article 8 paragraph 1 — the liabilities subject to such requirement divided according to the different categories (Article 3) and, divided between liabilities in accordance with paragraphs 2 and 3 of Article 2, the liabilities left out of account in accordance with the said paragraphs of that Article.
- (2) (a) In the case of credit institutions with branches, each office or branch shall in principle submit a reserve statement (Form 1500 — cf. paragraph 1). A combined reserve statement (Form 1500) indicating the number of the offices or branches covered may however be submitted for two or more offices or branches at similar places in the area of one Land Central Bank, if the records of the institution at any time permit the liabilities to be broken down according to the individual offices or branches. At the request of the Land Central Bank, such breakdown has to be made for the time fixed by it.
- (b) If a credit institution renders more than one reserve statement (Form 1500), the main office has moreover to submit a collective statement (Form 1500 a) in which the monthly averages shown in the reserve statements (Form 1500) of the liabilities subject to the reserve requirement and of the Bundesbank giro balances of each office or branch, or of the offices or branches combined in one reserve statement (Form 1500) are to be shown. In this case the monthly averages of the reserve-carrying liabilities of offices or branches not having a Bundesbank giro account of their own may be shown in summary, with an indication of the number of such offices or branches, even if no use has been made of the possibility of submitting a combined statement — cf. (a).
- (c) The collective statement (Form 1500 a) shall likewise be submitted together with the reserve statements (Form 1500) not later than the fifth business day in each month, in respect of the past month, to the Bundesbank's account-keeping office appropriate to the main office; the appropriate Land Central Bank may permit submission to another office of the Bundesbank.

¹⁾ Now Form 1500.

- (3) Agricultural credit cooperatives which maintain minimum reserves in accordance with Article 5 paragraph 2 are to give to their central institution the data required in Form 1500 (Section A)¹⁾ for the calculation of the required reserve. For each cooperative maintaining a reserve with it the central institution shall state, in a schedule to its reserve statement, the monthly averages (Article 8) of the liabilities subject to the reserve requirement, the required reserve and the actual reserve.
- (4) The Bundesbank may cause the ascertainment of the liabilities subject to the reserve requirement to be explained to it in the reserve statement or in a schedule thereto. It retains the right to assure itself that the said ascertainment is in order.

VI. Coming into Force

Article 12

The Order in the foregoing version comes into force on 1 May 1959. At the same time "The Deutsche Bundesbank's Order on Minimum Reserves of 28 March 1958" ceases to have effect.

Deutsche Bundesbank
Blessing Dr. Wolf

¹⁾ Now Form 1500.

6. Interest Rates and Minimum Reserve Ratios of the Deutsche Bundesbank*)

(a) Rates for Discounts and Advances, and Special Rate of Interest charged for failure to meet the Minimum Reserve Requirement

| Applicable from: | Discount rate ¹⁾ | Rate for advances on securities | Special rate of interest charged to credit institutions for failure to meet the minimum reserve requirement |
|------------------|-------------------------------|---------------------------------|-------------------------------------------------------------------------------------------------------------|
| | % per annum | % per annum | % p. a. over advance rate |
| 1948 July 1 | 5 | 6 | 1 |
| Dec. 1 | | | 3 |
| 1949 May 27 | 4 1/2 | 5 1/2 | |
| July 14 | 4 | 5 | |
| 1950 Oct. 27 | 6 ²⁾ ³⁾ | 7 | |
| Nov. 1 | | | 1 |
| 1951 Jan. 1 | | | 3 |
| 1952 May 29 | 5 ⁴⁾ | 6 | |
| Aug. 21 | 4 1/2 | 5 1/2 | |
| 1953 Jan. 8 | 4 | 5 | |
| June 11 | 3 1/2 | 4 1/2 | |
| 1954 May 20 | 3 | 4 | |
| 1955 Aug. 4 | 3 1/2 | 4 1/2 | |
| 1956 March 8 | 4 1/2 | 5 1/2 | |
| May 19 | 5 1/2 ⁵⁾ | 6 1/2 | |
| Sep. 6 | 5 | 6 | |
| 1957 Jan. 11 | 4 1/2 | 5 1/2 | |
| Sep. 19 | 4 | 5 | |
| 1958 Jan. 17 | 3 1/2 | 4 1/2 | |
| June 27 | 3 | 4 | |
| 1959 Jan. 10 | 2 3/4 | 3 3/4 | |
| Sep. 4 | 3 | 4 | |
| Oct. 23 | 4 | 5 | |
| 1960 June 3 | 5 | 6 | |
| Nov. 11 | 4 | 5 | |
| 1961 Jan. 20 | 3 1/2 | 4 1/2 | |
| May 5 | 3 | 4 | |

*) Up to 31 July 1957 rates of Bank deutscher Länder and of Land Central Banks.

¹⁾ This is also the rate for cash advances to public authorities and to the Reconstruction Loan Corporation; cf. footnotes ³⁾ and ⁴⁾. The discount rate for bills expressed in foreign currency was uniformly fixed at 3%, for the time being, by a decision adopted by the Board of Directors of the Bank deutscher Länder on 3 August 1948. By decision of 9/10 November 1949 the Board of Directors authorised the Board of Managers to fix varying rates for bills in this class, in accordance with the discount rates of the foreign Central Banks. The same applied to bills in DM which had been accepted abroad (decision of 22/23 March 1950), and also to export drafts (decisions of 15/16 November 1950 and 23/24 May 1951); cf. footnote ⁵⁾. — ²⁾ Promissory notes arising under the export promotion scheme of the Reconstruction Loan Corporation were discounted at the preferential rate of 4% even after the raising of the discount rate on 27 October 1950 (decision of 29/30 November 1950). This privilege in regard to the interest rate was cancelled by decision of 7/8 November 1951; and it could then be claimed only for promissory notes arising from credits which were granted or promised not later than 7 November 1951. — ³⁾ Under a decision taken by the Board of Directors of the Bank deutscher Länder on 20 December 1950 the interest rate for cash advances to the Reconstruction Loan Corporation was fixed, with effect from 27 October 1950, at 4% in the case of lendings to agriculture, maritime shipping and housebuilding, while for credits serving other purposes it was fixed at 5 1/2%. — ⁴⁾ From 29 May 1952 onwards there had been in effect only the special arrangement mentioned under ³⁾ for lendings to be used for financing agriculture, maritime shipping and housebuilding, to which lendings the rate of 4% applied until their settlement. — ⁵⁾ From 19 May 1956 onwards also discount rate for foreign bills, foreign cheques, foreigners' DM acceptances and export drafts.

(b) Reserve Ratios and Reserve Classes

(1) Reserve Ratios¹⁾

per cent of reserve-carrying liabilities

| Applicable from: | Sight liabilities | | | | | | | | | | | | Time liabilities | | | | | | Savings deposits | | Reserve ratios for addition to liabilities | | |
|-------------------------------------------------------------------------|---------------------------|-------|-------|-------|----|----|-----------------|-------|-------|-------|----|----|------------------|-------|-------|------|----|-----|------------------|-----------------|---------------------------------------------------------------|------------------|------------------|
| | Bank places ^{*)} | | | | | | Non-bank places | | | | | | Reserve class | | | | | | Bank places | Non-bank places | Sight liabilities | Time liabilities | Savings deposits |
| | 1 | 2 | 3 | 4 | 5 | 6 | 1 | 2 | 3 | 4 | 5 | 6 | 1 | 2 | 3 | 4 | 5 | 6 | | | | | |
| Reserve-carrying Liabilities to Residents | | | | | | | | | | | | | | | | | | | | | | | |
| all such liabilities | | | | | | | | | | | | | | | | | | | | | | | |
| 1948 1 July | | | | | | | 10 | | | | | | | | | | | | 5 | | | | |
| 1 Dec. | | | | | | | 10 | | | | | | | | | | | | 5 | | | | |
| 1949 1 June | | | | | | | 9 | | | | | | | | | | | | 5 | | | | |
| 1 Sep. | | | | | | | 8 | | | | | | | | | | | | 4 | | | | |
| 1950 1 Oct. | | | | | | | 12 | | | | | | | | | | | | 8 | | | | |
| 1952 1 May | 15 | 14 | 13 | 12 | 11 | 10 | 12 | 11 | 10 | 9 | 8 | 8 | 8 | 7.5 | 7 | 6.5 | 6 | 5.5 | 4 | | | | |
| 1 Sep. | 12 | 12 | 11 | 11 | 10 | 9 | 10 | 10 | 9 | 9 | 8 | 8 | 7 | 7 | 6 | 6 | 5 | 5 | 4 | | | | |
| 1953 1 Feb. | 11 | 11 | 10 | 10 | 9 | 9 | 9 | 9 | 8 | 8 | 8 | 8 | 7 | 7 | 6 | 6 | 5 | 5 | 4 | | no special ratios | | |
| 1955 1 Sep. | 12 | 12 | 11 | 11 | 10 | 10 | 10 | 10 | 9 | 9 | 9 | 9 | 8 | 8 | 7 | 7 | 6 | 6 | 5 | | | | |
| 1957 1 May | 13 | 13 | 12 | 12 | 11 | 11 | 11 | 11 | 10 | 10 | 9 | 9 | 9 | 9 | 8 | 8 | 7 | 7 | 6 | | | | |
| 1959 1 Aug. | 13 | 12 | 11 | 10 | — | — | 10 | 9 | 8 | 7 | — | — | 9 | 8 | 7 | 6 | — | — | 6 | 5 | | | |
| 1 Nov. | 14.3 | 13.2 | 12.1 | 11.0 | — | — | 11.0 | 9.9 | 8.8 | 7.7 | — | — | 9.9 | 8.8 | 7.7 | 6.6 | — | — | 6.6 | 5.5 | | | |
| 1960 1 Jan. | 15.6 | 14.4 | 13.2 | 12.0 | — | — | 12.0 | 10.8 | 9.6 | 8.4 | — | — | 10.8 | 9.6 | 8.4 | 7.2 | — | — | 7.2 | 6.0 | | | |
| 1 March | 18.2 | 16.8 | 15.4 | 14.0 | — | — | 14.0 | 12.6 | 11.2 | 9.8 | — | — | 12.6 | 11.2 | 9.8 | 8.4 | — | — | 8.4 | 7.0 | | | |
| 1 June | 20.15 | 18.60 | 17.05 | 15.50 | — | — | 15.50 | 13.95 | 12.40 | 10.85 | — | — | 13.95 | 12.40 | 10.85 | 9.30 | — | — | 9.00 | 7.50 | Addition to the average level of the months March to May 1960 | | |
| such liabilities up to average level of the months March to May 1960 | | | | | | | | | | | | | | | | | | | | | | | |
| 1 July | 20.15 | 18.60 | 17.05 | 15.50 | — | — | 15.50 | 13.95 | 12.40 | 10.85 | — | — | 13.95 | 12.40 | 10.85 | 9.30 | — | — | 9.00 | 7.50 | 30 | 20 | 10 |
| all such liabilities | | | | | | | | | | | | | | | | | | | | | | | |
| 1 Dec. | 20.15 | 18.60 | 17.05 | 15.50 | — | — | 15.50 | 13.95 | 12.40 | 10.85 | — | — | 13.95 | 12.40 | 10.85 | 9.30 | — | — | 9.00 | 7.50 | | | |
| 1961 1 Feb. | 19.50 | 18.00 | 16.50 | 15.00 | — | — | 15.00 | 13.50 | 12.00 | 10.50 | — | — | 13.50 | 12.00 | 10.50 | 9.00 | — | — | 8.70 | 7.25 | | | |
| 1 March | 18.20 | 16.80 | 15.40 | 14.00 | — | — | 14.00 | 12.60 | 11.20 | 9.80 | — | — | 12.60 | 11.20 | 9.80 | 8.40 | — | — | 8.10 | 6.75 | | | |
| 1 April | 17.55 | 16.20 | 14.85 | 13.50 | — | — | 13.50 | 12.15 | 10.80 | 9.45 | — | — | 12.15 | 10.80 | 9.45 | 8.10 | — | — | 7.80 | 6.50 | | | |
| 1 June | 16.25 | 15.00 | 13.75 | 12.50 | — | — | 12.50 | 11.25 | 10.00 | 8.75 | — | — | 11.25 | 10.00 | 8.75 | 7.50 | — | — | 7.20 | 6.00 | no special ratios | | |
| 1 July | 15.60 | 14.40 | 13.20 | 12.00 | — | — | 12.00 | 10.80 | 9.60 | 8.40 | — | — | 10.80 | 9.60 | 8.40 | 7.20 | — | — | 6.90 | 5.75 | | | |
| 1 Aug. | 14.95 | 13.80 | 12.65 | 11.50 | — | — | 11.50 | 10.35 | 9.20 | 8.05 | — | — | 10.35 | 9.20 | 8.05 | 6.90 | — | — | 6.60 | 5.50 | | | |
| 1 Sep. | 14.30 | 13.20 | 12.10 | 11.00 | — | — | 11.00 | 9.90 | 8.80 | 7.70 | — | — | 9.90 | 8.80 | 7.70 | 6.60 | — | — | 6.30 | 5.25 | | | |
| 1 Oct. | 13.65 | 12.60 | 11.55 | 10.50 | — | — | 10.50 | 9.45 | 8.40 | 7.35 | — | — | 9.45 | 8.40 | 7.35 | 6.30 | — | — | 6.00 | 5.00 | | | |
| 1 Dec. | 13 | 12 | 11 | 10 | — | — | 10 | 9 | 8 | 7 | — | — | 9 | 8 | 7 | 6 | — | — | 6 | 5 | | | |
| Reserve-carrying Liabilities to Non-residents | | | | | | | | | | | | | | | | | | | | | | | |
| all such liabilities | | | | | | | | | | | | | | | | | | | | | | | |
| (Until April 1957 ratios were the same as for liabilities to residents) | | | | | | | | | | | | | | | | | | | | | | | |
| 1957 1 May | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | | | | |
| 1 Sep. | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 20 | 20 | 20 | 20 | 20 | 20 | 10 | | | | |
| 1959 1 April | 13 | 13 | 12 | 12 | 11 | 11 | 11 | 11 | 10 | 10 | 9 | 9 | 9 | 9 | 8 | 8 | 7 | 7 | 6 | | | | |
| 1 Aug. | 13 | 12 | 11 | 10 | — | — | 10 | 9 | 8 | 7 | — | — | 9 | 8 | 7 | 6 | — | — | 6 | 5 | | | |
| 1 Nov. | 14.3 | 13.2 | 12.1 | 11.0 | — | — | 11.0 | 9.9 | 8.8 | 7.7 | — | — | 9.9 | 8.8 | 7.7 | 6.6 | — | — | 6.6 | 5.5 | | | |
| such liabilities up to the level as of 30 November 1959 | | | | | | | | | | | | | | | | | | | | | | | |
| 1960 1 Jan. | 15.6 | 14.4 | 13.2 | 12.0 | — | — | 12.0 | 10.8 | 9.6 | 8.4 | — | — | 10.8 | 9.6 | 8.4 | 7.2 | — | — | 7.2 | 6.0 | 30 | 20 | 10 |
| 1 March | 18.2 | 16.8 | 15.4 | 14.0 | — | — | 14.0 | 12.6 | 11.2 | 9.8 | — | — | 12.6 | 11.2 | 9.8 | 8.4 | — | — | 8.4 | 7.0 | 30 | 20 | 10 |
| 1 June | 20.15 | 18.60 | 17.05 | 15.50 | — | — | 15.50 | 13.95 | 12.40 | 10.85 | — | — | 13.95 | 12.40 | 10.85 | 9.30 | — | — | 9.0 | 7.5 | 30 | 20 | 10 |
| all such liabilities | | | | | | | | | | | | | | | | | | | | | | | |
| 1961 1 May | 30 | 30 | 30 | 30 | — | — | 30 | 30 | 30 | 30 | — | — | 20 | 20 | 20 | 20 | — | — | 10 | 10 | no special ratios | | |
| 1962 1 Feb. | 13 | 12 | 11 | 10 | — | — | 10 | 9 | 8 | 7 | — | — | 9 | 8 | 7 | 6 | — | — | 6 | 5 | | | |

¹⁾ Prior to May 1954, partly different regulations applied to the Berlin credit institutions. The Saarland credit institutions have been subject to the minimum reserve requirement since August 1959. — ²⁾ From July 1960 to end-January 1962 these ratios also applied to the addition, as compared with the level on 31 May 1960, to credits availed of by customers with third parties abroad. Up to this level the liabilities in question remained exempt from the reserve requirement also during the period mentioned. — ^{*)} "Bank places" are places at which there is an office or branch of the Deutsche Bundesbank.

(2) Reserve Classes¹⁾

| From May 1952 to July 1959 | | Since August 1959 | |
|----------------------------|----------------------------------------------------------------------|-------------------|------------------------------------------------------------------------------------|
| Reserve class | Credit institutions with reserve-carrying sight and time liabilities | Reserve class | Credit institutions with reserve-carrying liabilities (including savings deposits) |
| 1 | of DM 100 million and over | 1 | of DM 300 million and over |
| 2 | of DM 50 million to under DM 100 million | 2 | of DM 30 million to under DM 300 million |
| 3 | of DM 10 million to under DM 50 million | 3 | of DM 3 million to under DM 30 million |
| 4 | of DM 5 million to under DM 10 million | 4 | under DM 3 million |
| 5 | of DM 1 million to under DM 5 million | | |
| 6 | under DM 1 million | | |

¹⁾ The reserve class into which any credit institution is to be placed is determined by the amount of its reserve-carrying liabilities in the preceding month.

II. Foreign Exchange Policy Arrangements

On 1 September 1961 the Allied Exchange Control Laws were replaced by the Foreign Trade and Payments Law. In virtue of the authority conferred by that Law the Federal Government is able, in consultation with the Deutsche Bundesbank, to regulate through Orders both capital transactions with foreign countries (capital exports and imports) and transactions in foreign exchange and gold. As to establishing consultation between the Federal Government and the Deutsche Bundesbank, an administrative convention has been concluded. Subject to one exception, not of interest in connection with foreign exchange, the granting of permits in the category mentioned is a function of the Deutsche Bundesbank. The Bundesbank, together with certain other authorities, has furthermore been given the right to require information and to carry out investigations among those obliged to furnish it.

Foreign Trade
and Payments Law

The Federal Government has made use of its legal authority by issuing—in agreement with the Deutsche Bundesbank, so far as this is laid down in the Law — the Order for Implementing the Foreign Trade and Payments Law (Foreign Trade and Payments Order), which likewise came into force on 1 September 1961. According to the provisions of the Foreign Trade and Payments Order the Deutsche Bundesbank, in addition to the functions already assigned to it in the Law, cooperates as previously in establishing statistics concerning foreign trade and payments.

Foreign Trade
and Payments Order

In the sphere of capital transactions with foreign countries the state of affairs which existed before the coming into force of the Foreign Trade and Payments Order has continued in essentials to exist. In particular the provision making payment of interest on foreigners' deposits at German credit institutions subject to special permission has been maintained. It is only on savings balances of foreign individuals that interest may be generally paid. In respect of foreigners' sight deposits permits to pay interest are in principle not granted. From May 1962 onwards credit institutions may obtain special licences, or revocable general licences made out for specified periods, permitting payment of interest on time deposits placed for not less than 30 days. Permission is, on request, also granted for the payment of interest on foreigners' credit balances where the monies serve to cover letters of credit and have been credited to credit-cover accounts. The limiting provision that German money-market paper (Treasury bills, non-interest-bearing Treasury bonds, Storage Agency bills, bank-endorsed bills and bank acceptances) may not be sold by residents to foreigners has also remained in force. There is moreover no change in the rule forbidding sale of German fixed-interest securities to foreigners subject to an obligation to reacquire those securities later at a fixed price (en pension transactions in securities).

Non-residents' investments
and employed monies

On the other hand the order made in June 1960 to the effect that German credit institutions may assume only with exchange control permission a liability to repay loans obtained by residents abroad was dropped on the issue of the Foreign Trade and Payments Order.

In connection with the import of goods the Liberalisation List has been replaced by the Import List (an Annex to the Foreign Trade and Payments Law). Relaxations have in particular resulted from the fact that in specified cases only the bringing of goods within the Customs frontiers, and no longer the conclusion of purchase contracts, requires a permit. In the case of "everyman" imports the value limit has been raised from DM 100 to DM 200. The special provisions for import of goods without valuable consideration have been dropped.

Import of goods

In the sphere of goods exports the amendments made consist essentially in the fact that the pricing is no longer subject to limitations, that the terms of payment are now restricted only in relation to the countries in List of Countries C (Annex L to the Foreign Trade and Payments Order), and that a free quota has also been introduced for exports of goods against valuable consideration.

Export of goods

So far as permits are still required within the scope of the Foreign Trade and Payments Order for merchanting trade transactions between residents and non-residents, the authority for issuing them passed, on the coming into force of the Foreign Trade and Payments Law, from the

Merchanting trade

Comparative Survey of the Progressive Liberalisation of Trade in Goods and the

| | Position at end of 1949 | Position at end of 1956 | Position in July 1958 | Position in May 1962 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| A. Trade in Goods | | | | |
| Liberalisation of the import of goods | | | | |
| I. from O.E.E.C. countries (in p.c. of 1949 imports) | 47 per cent ¹⁾ | 92.4 per cent ¹⁾ | 94.0 per cent ¹⁾ | *) |
| II. from dollar countries (in p.c. of 1953 imports) | — | 92.9 per cent ¹⁾ | 95.0 per cent ¹⁾ | |
| B. Services | | | | |
| I. Transfer in respect of incidental expenses and services directly resulting from trade (e.g. freight and insurance) | transport costs free, otherwise Special Licence | free | free | free |
| II. Transfer in respect of incidental expenses and services indirectly resulting from trade | | | | |
| (1) Commissions | Special Licence | free | free | free |
| (2) Expenses on commercial agency reports and publicity | free | free | free | free |
| (3) Licence fees (current and non-recurring) | Special Licence | free up to DM 50,000 per quarter, or DM 300,000 once | free | free |
| III. Insurance (for transport insurance see B. I) | | | | |
| (1) Property insurance contracts | not permitted | free (with certain exceptions) | free (with certain exceptions) | free (with certain exceptions) |
| (2) Life assurance contracts | | | | |
| (a) between residents and foreign life assurance companies | not permitted | not permitted | Special Licence | free |
| (b) between non-residents and German life assurance companies | not permitted | free on DM basis | free on DM basis | free |
| (c) between residents and German life assurance companies, in foreign currency | not permitted | not permitted | not permitted | free |
| (3) Active and passive reinsurance and further reinsurance — in any currency — conclusion and performance | Special Licence | free | free | free |
| IV. Transfer of employees' compensation (wages and salaries, old-age, disability and retirement pensions, fees) | Special Licence | free | free | free |
| V. Travel | | | | |
| (1) Purchase and export of national and foreign payment media to be used abroad by residents of the Federal Republic | Special Licence, private journeys only in exceptional cases | free | free | free |
| (2) Export of national and foreign payment media by foreigners when leaving the country | | | | |
| (a) national payment media | free up to DM 40 | free | free | free |
| (b) foreign payment media | free up to amount of imported foreign payment media | free | free | free |
| (3) Import of foreign and national payment media | | | | |
| (a) by residents (aa) national payment media | free up to DM 40 | free | free | free |
| (ab) foreign payment media | free | free | free | free |
| (b) by foreigners (ba) national payment media | free up to DM 40 | free | free | free |
| (bb) foreign payment media | free | free | free | free |
| VI. Miscellaneous payments to foreign countries | | | | |
| (1) Inheritances | to Blocked DM Account | free in currency of limited convertibility; otherwise Special Licence | free | free |
| (2) Dowries | to Blocked DM Account under Special Licence | free in currency of limited convertibility up to DM 50,000; otherwise Special Licence | free | free |
| (3) Gifts and support payments to physical persons | to Blocked DM Account under Special Licence | free up to DM 300 per month | free | free |
| (4) Legal and contractual maintenance payments | to Blocked DM Account under Special Licence | free up to DM 3,000 per month | free | free |
| (5) Loans to relatives abroad | not permitted | Special Licence | free | free |
| (6) Winnings from governmentally approved gaming (lotteries, totalisator, etc.) | to Blocked DM Account under Special Licence | free in currency of limited convertibility; otherwise Special Licence | free | free |
| (7) Prizes, e. g. art, literature or sport prizes and prizes in connection with public and other competitions | to Blocked DM Account under Special Licence | free up to DM 50,000 | free | free |
| (8) Fines and penalties; compensation on the ground of tortious act, of average and on other non-contractual grounds of liability, unjustified enrichment | to Blocked DM Account under Special Licence | free | free | free |
| (9) Taxes and public imposts | to Blocked DM Account under Special Licence | Special Licence | free | free |
| (10) Individual indemnification | to Blocked DM Account | free in currency of limited convertibility; otherwise Special Licence | free | free |

¹⁾ Excluding governmental imports. — ²⁾ Re-calculation of liberalisation ratios based on 1961 imports is in the course of preparation.

Main Items of Services and Capital Transactions with Foreign Countries

| | Position at end of 1949 | Position at end of 1956 | Position in July 1958 | Position in May 1962 |
|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| C. Capital Transactions | | | | |
| I. Income from foreign-owned investments in the Federal Republic and countervalue of drawn bonds | to Blocked DM Account | free | free | free |
| II. Repatriation of foreign-owned capital amounts or investments (including transfer of capital assets to emigrants) | | | | |
| (1) Proceeds of sale, redemption, repayments | to Blocked DM Account | free in currency of limited convertibility; otherwise Special Licence | free | free |
| (2) Balances on accounts at financial institutions | not permitted | free in currency of limited convertibility; otherwise Special Licence | free | free |
| (3) Acquisition of German securities and external bonds abroad by residents of the Federal Republic | not permitted | not permitted (free for German external bonds) | free | free |
| III. Interest and redemption payments under the London Debts Agreement | Agreement not yet concluded | full service according to Agreement | full service according to Agreement | full service according to Agreement |
| IV. Fresh investments | | | | |
| (1) Foreign investments in the Federal Republic | | | | |
| (a) German securities | not permitted, except in certain cases out of original Blocked DM Accounts | marketable securities free out of Liberalised Capital Accounts; otherwise Special Licence | free against freely convertible currency | free (except for "en pension" security transactions) |
| (b) German money-market paper | not permitted | not permitted | not permitted | not permitted at present |
| (c) DM loans running for not less than 5 years | not permitted | free out of Liberalised Capital Accounts, maximum interest rate 4½%; otherwise Special Licence | free against freely convertible currency; otherwise Special Licence | free |
| Loans in foreign currency running for not less than 5 years | not permitted | Special Licence | Special Licence | free |
| Loans running for less than 5 years | not permitted | Special Licence | Special Licence | free |
| (d) Participations | not permitted | free out of Liberalised Capital Accounts up to DM 500,000; otherwise Special Licence | free | free |
| (e) Real estate | not permitted | free out of Liberalised Capital Accounts | free | free |
| (2) German investments abroad | | | | |
| (a) Enterprises, branch establishments and participations | not permitted | free up to DM 3 million for German enterprises | free | free |
| (b) Acquisition of foreign securities | not permitted | free (marketable securities only) | free (marketable securities only) | free |
| (c) Acquisition of real estate | not permitted | Special Licence | free | free |
| V. Import and export of foreign-owned securities | not permitted | free | free | free |
| VI. Import of gold coin and dealings therein in the Federal Republic | not permitted | free | free | free |
| D. Special Official Deliveries and Payments | | | | |
| (1) Israel Agreement | Agreement not yet concluded | deliveries and payments according to Agreement | deliveries and payments according to Agreement | deliveries and payments according to Agreement |
| (2) Federal Indemnification Law | Law not yet promulgated | free | free | free |
| (3) Federal Restitution Law | Law not yet promulgated | Law not yet promulgated | free | free |
| (4) War Consequences Law | Law not yet promulgated | Law not yet promulgated | free | free |
| E. Keeping of Accounts | | | | |
| I. For foreigners, at financial institutions in the Federal Republic | Blocked DM Accounts only (interest-bearing) | Accounts of limited and of free convertibility (non-interest-bearing) | Accounts of limited and of free convertibility (non-interest-bearing) | All accounts freely convertible (interest only on savings accounts of physical persons, on cover for letters of credit, and at specified maximum rates on time deposits) |
| II. For residents, at foreign financial institutions | | | | |
| (1) Financial institutions | Opening and operation restricted | Opening free; operation restricted | Opening free; operation restricted | Opening and operation free |
| (2) Business enterprises | not permitted | Opening and operation restricted | Opening free; operation restricted | Opening and operation free |
| (3) Private persons | not permitted | Opening and operation restricted | Opening free; operation restricted | Opening and operation free |
| III. Foreign currency accounts for residents, at financial institutions in the Federal Republic | not permitted | Opening free; operation restricted | Opening free; operation restricted | Opening and operation free |

Bundesbank to the Federal Office for Trade and Industry and to the Foreign Trade Agency for Food and Agricultural Products. Merchanting trade transactions between residents and persons having their usual residence, registered office or chief place of business in the currency area of the DM (East) continue in all cases to require a permit; since 1 September 1961 the proper agencies for granting such permits have been the Land authorities for economic affairs. Payments made and received in connection with merchanting trade have to be reported to the Deutsche Bundesbank, as before, through the Land Central Bank appropriate to the party whose duty it is to report.

The table entitled "Comparative Survey of the Progressive Liberalisation of Trade in Goods and the Main Items of Services and Capital Transactions with Foreign Countries" shows the advance since the end of 1949 from exchange control to the present extensive freedom in connection with foreign trade and payments.

Interzonal transactions

In connection with interzonal transactions — which are not affected by the Foreign Trade and Payments Law — the functions and powers of the Deutsche Bundesbank have remained unchanged. On the coming into force of the Foreign Trade and Payments Order the Deutsche Bundesbank revised its regulations for interzonal transactions, and in that connection made clear to what extent the arrangements that formerly applied to both external and interzonal transactions continue to apply to the latter.

In connection with interzonal transactions in goods and services the total amount of the permitted swing was DM 200 million as before. With effect from 1 January 1962 onwards the number of sub-accounts for effecting clearing transactions was reduced from the previous eight to three.

Part B

Explanation of the Deutsche Bundesbank's Annual Statement for 1961

Legal Bases, Classification and Valuation

The provisions regarding the Deutsche Bundesbank's accounting system and Annual Statement (Article 26 of the Law concerning the Deutsche Bundesbank of 26 July 1957 — Federal Law Gazette I, page 745) remain the same as in the previous year.

Legal bases
accounting system
and Annual Statement

In accordance with Article 5 of the Law concerning the Liquidation of the German Reichsbank and the German Gold Discount Bank of 2 August 1961 (Federal Law Gazette I, page 1165) the Deutsche Bundesbank is required, for the purpose of compensating the German Reichsbank's shareholders, to issue in respect of each RM 100 of Reichsbank shares DM $66\frac{2}{3}$ of Bundesbank Enjoyment Rights embodied in Enjoyment Right Certificates and to hold them at the disposal of the Liquidator of the German Reichsbank. The Enjoyment Rights convey entitlement to receive a yearly dividend at the rate of 6% of their nominal amount from 1 January 1958 onwards. In the event of liquidation of the Deutsche Bundesbank they further entitle the holder to a payment of one hundred and fifty per cent of their nominal amount — only, however, after adjustment of the liabilities. The Enjoyment Rights are not to be shown in the Deutsche Bundesbank's Annual Statement, but are to be mentioned in its Annual Report.

Liquidation of the
German Reichsbank

The dividends on the Enjoyment Rights are to be paid in advance out of the Deutsche Bundesbank's net profit which remains after deduction of the amounts accruing, in accordance with Article 27 item 1 of the Bundesbank Law, to the legal reserve. If in any year the net profit does not suffice for this purpose, the arrears are to be paid out of the net profit of later years. For the purpose of redeeming Bundesbank Enjoyment Rights there is being formed at the Deutsche Bundesbank a juridically dependent Fund, to which there accrue

- (1) the surplus on liquidation of the German Reichsbank according to Article 6 paragraph 5 of the Law concerning the Liquidation of the German Reichsbank and the German Gold Discount Bank of 2 August 1961, and
- (2) the Deutsche Bundesbank's residual profit due to the Federal Government under Article 27 item 4 of the Bundesbank Law — at most, however, ten million Deutsche Marks — the first profit so to be allocated being that for the year 1960.

Out of this Fund the Deutsche Bundesbank is required, according to the means available, to redeem the Enjoyment Rights against payment of a consideration equal to one hundred and fifty per cent of their nominal amount through drawing by lot.

In accordance with the power, conferred on it in Article 8 of the Law concerning the Liquidation of the German Reichsbank and the German Gold Discount Bank, to purchase Reichsbank shares the Deutsche Bundesbank on 2 October 1961 declared itself ready, in relation to the German Reichsbank's shareholders, to purchase Reichsbank shares at the price of DM 114 (less Stock Exchange Turnover Tax) per RM 100 nominal. By 31 March 1962 the Bank had purchased Reichsbank shares having a nominal value of RM 133.6 million.

Bundesbank Enjoyment Rights have so far not been issued.

Credits granted to the Federal Government in respect of participation in international institutions

By Article 2 of the Law concerning Authority to grant Credit in respect of the Increase in the Federal Republic of Germany's Contribution to the European Fund, dated 3 June 1961 (Federal Law Gazette II, page 565), the limit up to which credits may be granted to the Federal Government under Article 20 of the Bundesbank Law with a view to meeting its commitments as a member of the European Fund has been raised from DM 180 million to DM 210 million.

Amendment of legal and other provisions relating to personnel

Section III article 3 paragraph 1 of the Third Law to Amend the Law to Regulate the Status of Persons coming within the Provisions of Article 131 of the Basic Law, dated 21 August 1961 (Federal Law Gazette I, page 1557), partly amended Article 41 of the Law concerning the Deutsche Bundesbank of 26 July 1957. By the amendments the Bundesbank Law is adapted to the legal situation as altered by the Third Law to Amend Article 131 of the Basic Law.

On 20 March 1961 there came into force an Order on Procedure for Determining the Qualification of Persons other than Applicants for Officials' Careers (Article 44, BBkLV) for Service in the Deutsche Bundesbank, this Order having been issued by the Central Bank Council on 15 March 1961 in pursuance of Article 5 paragraph 3 of the Staff Regulations of the Deutsche Bundesbank. By a decision of 18 May 1961 the Central Bank Council designated the members and alternate members of the Committee, formed in accordance with Article 5 paragraph 2 of the Deutsche Bundesbank's Staff Regulations, for the purpose of determining the qualification of persons other than applicants for officials' careers (Article 44, BBkLV) for service in the Deutsche Bundesbank.

For the Bank's salaried employees the Directorate concluded with the Trade Union for Public Services, Transport and Communications and with the German Salaried Employees' Trade Union a collective agreement (BBkAT) which came into force as from 1 April 1961.

Form of the Annual Statement

In the same way as in previous years the classification of the Annual Balance Sheet, and the designations of the Balance Sheet items, have been largely adapted to the arrangement in the Deutsche Bundesbank's return. The sub-item "including: earmarked" under Asset Item 2 "Balances at foreign banks and money-market investments abroad" has been dropped, the residual balances shown under this head having been used, on 28 April 1961, for part payment of the acquired claim on the Federal Government in respect of post-war economic aid. The claims on the Federal Government which have arisen from this acquisition and from the meeting of the need for compensation in respect of the DM revaluation are shown in the new Balance Sheet Asset Item 14 "Claims on Federal Government in respect of (a) acquisition of claim resulting from post-war economic aid (b) alteration of exchange parity". After allocation elsewhere of certain assets contained in Asset Item 14 (in the Balance Sheet for 1961 in Asset Item 15) the title of the item "Short and medium-term loans to international institutions and consolidation loans" has been changed to "Loans to international institutions and consolidation loans".

Since 29 April 1961 the deposits of the Federal Government and of the Federal Special Funds have been separately shown in the return. Accordingly in Liability Item 5 "Deposits" the sub-item (ba) "Federal Govt. and Federal Special Funds" has been dropped; its place has been taken by the sub-items (ba) "Federal Government" and (bb) "Federal Special Funds".

The classification of the Profit and Loss Account has remained unchanged by comparison with the previous year.

Valuation

In the same way as in previous years the provisions of Company Law (Aktengesetz) have been taken into account mutatis mutandis in the valuation (Article 26, Bundesbank Law).

Meeting of compensation requirement in respect of DM revaluation

The alterations in value of the gold and foreign exchange holdings and of certain other items through the upward revaluation of the DM, effected as from 6 March 1961, created a compensation requirement in the amount of DM 1,475.1 million. The compensation was effected to the extent of DM 210.1 million through drawing on the Bank's "Reserves for other purposes" (Liability Item 3d), and for the remainder through a claim on the Federal Government resting on the authority conferred in Article 30 of the 1961 Budget Law. This claim is to be redeemed

at least to the extent of the amounts which the Bank has to transfer to the Federal Government as dividend (remaining balance) under Article 27 of the Law concerning the Deutsche Bundesbank.

Conversion Account

The Combined Conversion Account of the Institutions Amalgamated to Form the Deutsche Bundesbank is attached to this Report as Appendix 1.

Through the corrections of the Partial Conversion Accounts for the Bank deutscher Länder and the Land Central Banks, which now give the position shown by the books on 31 December 1961, the Deutsche Bundesbank's claim to allocation of equalisation claims has declined by DM 2,255,174.80 to DM 8,101,868,358.81. The claim on the Federal Government arising from the non-interest-bearing debt certificate issued in connection with the currency conversion in Berlin rose by DM 124.45 during the year under report to DM 547,167,550.55.

Annual Statement

In the same way as in previous years the Annual Statement for 1961, which is attached as Appendix 2, will be explained in the order of the items in the Balance Sheet and Profit and Loss Account. At the same time a report is rendered on the Deutsche Bundesbank's activity during 1961.

Balance Sheet

Comparison of Balance Sheet Results

Millions of DM

| Assets | 31 December | | | Liabilities | 31 December | | |
|--------------------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|--------------------------------------------|-----------------|-----------------|-----------------|
| | 1959 | 1960 | 1961 | | 1959 | 1960 | 1961 |
| Gold | 10,934.0 | 12,285.9 | 14,426.6 | Capital | 290.0 | 290.0 | 290.0 |
| Balances at foreign banks and money-market investments abroad | 8,248.9 | 15,905.2 | 11,386.8 | Reserves | 522.2 | 562.3 | 588.0 |
| Foreign notes and coin, foreign bills and cheques | 150.0 | 157.2 | 291.7 | Reserves for specific purposes | 806.0 | 1,077.0 | 949.7 |
| German divisional coin | 88.3 | 90.6 | 57.2 | Bank notes in circulation | 19,045.7 | 20,470.3 | 22,991.7 |
| Postal cheque account balances | 226.2 | 193.0 | 281.1 | Deposits of | | | |
| Domestic bills of exchange | 853.3 | 1,283.3 | 1,146.1 | credit institutions | 9,343.8 | 13,036.4 | 11,615.0 |
| Treasury bills and non-interest-bearing Treasury bonds of Federal Government and Federal Special Funds | 80.0 | 136.3 | — | Federal Government | 28.2 | 38.5 | 79.1 |
| Advances against securities | 234.4 | 419.0 | 219.7 | Federal Special Funds | 894.2 | 776.2 | 991.8 |
| Cash advances | 265.1 | 79.1 | 167.5 | Länder | 1,069.9 | 2,564.9 | 3,625.1 |
| Other claims | 140.3 | 92.3 | 98.6 | other public depositors | 46.7 | 59.9 | 37.0 |
| Securities | 234.6 | 323.6 | 1,483.7 | other German depositors | 221.8 | 219.7 | 252.4 |
| Equalisation claims on public authorities and debt certificate in respect of Berlin | 5,731.0 | 3,561.1 | 3,431.8 | Liabilities in respect of foreign business | 672.5 | 446.7 | 367.7 |
| Credits to Federal Government for participation in international institutions | 1,210.7 | 1,387.2 | 2,635.7 | Items in course of settlement | 239.4 | 169.8 | — |
| Claims on Federal Government in respect of acquired claims resulting from post-war economic aid | — | — | 2,512.8 | Other liabilities | 83.8 | 108.2 | 111.5 |
| alteration of exchange parity | — | — | 1,265.0 | Net profit | 143.3 | 93.7 | 180.8 |
| Loans to international institutions and consolidation loans | 4,816.5 | 3,657.3 | 2,442.4 | | | | |
| Items in course of settlement | — | — | 6.2 | | | | |
| Other assets | 214.2 | 342.5 | 226.9 | | | | |
| Total | 33,407.5 | 39,913.6 | 42,079.8 | Total | 33,407.5 | 39,913.6 | 42,079.8 |

The Balance Sheet total as at 31 December 1961 has risen by DM 2,166.2 million, as compared with the end of 1960, to DM 42,079.8 million. Balance Sheet total

Assets

Gold
Balances at
foreign banks
and money-market
investments abroad

The gold holding rose by DM 2,140.7 million during 1961 to DM 14,426.6 million.

| | | |
|-------------------------------------------------------------------------------------------------------|----------------|----------------|
| The balances with foreign banks amounted to the following: | 31 Dec. 1960 | 31 Dec. 1961 |
| | Millions of DM | |
| in foreign currency | 1,601.8 | 2,244.5 |
| in DM | 0.2 | 15.1 |
| | <hr/> 1,602.0 | <hr/> 2,259.6. |
| The money-market investments amounted to | 14,303.2 | 9,127.2. |
| Of the total shown in the Balance Sheet at there were earmarked as international liquidity assistance | <hr/> 259.3 | <hr/> —, |
| so that the freely available balances and money-market investments amounted to | 15,645.9 | 11,386.8. |

The money-market investments abroad include DM 7,699.4 million (at the end of 1960 DM 12,541.3 million) of Treasury bills and DM 1,427.8 million (at the end of 1960 DM 1,502.6 million) of bank acceptances.

Foreign exchange
dealings

The Deutsche Bundesbank's turnover in foreign exchange spot dealings amounted in the year under report to DM 15,055.3 million, against DM 18,367.6 million in 1960; the number of deals rose further from 5,393 in the previous year to 6,566. They comprised

| | 1960 | | 1961 | |
|-----------|-------------|----------------|-------------|-----------------|
| | Number | DM million | Number | DM million |
| Purchases | 3,268 | 13,996.6 | 2,542 | 7,250.4 |
| Sales | 2,125 | 4,371.0 | 4,024 | 7,804.9 |
| | <hr/> 5,393 | <hr/> 18,367.6 | <hr/> 6,566 | <hr/> 15,055.3. |

The bulk of the turnover was once again in U. S. dollars.

The Deutsche Bundesbank's commitment in respect of U. S. dollar swap transactions, concluded with German credit institutions to assist the employment of money abroad, amounted at the end of 1961 to U. S. \$ 283.8 million (at the end of 1960, including transactions then not yet liquidated for the financing of import and merchanting trade, U. S. \$ 399.8 million); in the year under report the lowest level was reached at its close, and the highest (namely U. S. \$ 989.0 million) on 11 August 1961. In connection with the forward repurchase of U. S. dollars sold spot there was allowed in transactions up till 11 February 1961 a premium — reduced by steps from 1½% to ¼% per annum — on the spot rate, whereas in transactions from 14 August to 14 December 1961 a discount of ¼% per annum was charged; in transactions during the periods from 13 February to 11 August and from 15 to 29 December 1961 the spot rate was used as the basis for the forward repurchase.

Foreign payments

The payment orders to and from foreign countries processed by the Deutsche Bundesbank have been as follows:

| | 1959 | 1960 | 1961 |
|------------------------------------------------------------------|---------------|---------------|---------------|
| | | Number | |
| Orders for payment to foreign countries | | | |
| in foreign currency | 124,791 | 156,858 | 186,367 |
| in DM | 82,854 | 113,223 | 130,678 |
| | <hr/> 207,645 | <hr/> 270,081 | <hr/> 317,045 |
| Orders for payment from foreign countries | | | |
| in foreign currency | 45,583 | 21,349 | 20,701 |
| in DM | 173,535 | 215,126 | 212,321 |
| | <hr/> 219,118 | <hr/> 236,475 | <hr/> 233,022 |
| Total processed orders for payment to and from foreign countries | 426,763 | 506,556 | 550,067. |

| | | | |
|----------------------------------------------------------------------------------------------------|---------------|----------------|---------------|
| Of the orders for payment in foreign currency the amount given by the debit of German banks' | 1959 | 1960 Number | 1961 |
| U. S. \$ accounts kept at the Bank was and to the credit of such accounts | 10,691 | 5,011 | 3,905 |
| | 8,189 | 4,486 | 3,760 |
| | <u>18,880</u> | <u>9,497</u> | <u>7,665.</u> |
| The number of transfers between such accounts was | 39,052 | 45,197 | 48,685. |

During the year under report trade and other economic agreements were concluded, with the Bank's participation, with 29 countries. They included five investment promotion agreements.

At DM 4.7 million the holding of foreign notes and coin at the end of 1961 was greater by DM 1.7 million than on 31 December 1960. During the year under report the Deutsche Bundesbank effected 38,178 purchases of foreign notes and coin (against 40,577 in 1960) and 13,553 sales of foreign notes and coin (against 12,626 in 1960).

At the close of 1961 the holding of foreign bills arising from purchase within the country was DM 284.4 million as compared with DM 150.1 million on 31 December 1960.

The following were purchased:

| in | Number | DM million |
|------|--------|------------|
| 1960 | 54,667 | 1,028.4 |
| 1961 | 58,823 | 1,574.5. |

The proportion of DM acceptances to the foreign bills purchased, as compared with an average of 60 per cent in 1960, varied around 70 per cent at the beginning of the year under report, declined to about 30 per cent after the DM revaluation, and stood at approximately 40 per cent at the close of 1961.

During the year under report 144,788 foreign cheques with a countervalue of DM 135.8 million were purchased, against 190,413 having a value of DM 163.2 million in the previous year. Altogether 12,520 cheques on foreign countries were sold, against 8,967 in 1960, their total amount being DM 41.3 million as against DM 14.5 million in 1960.

The Bank took the following for realisation on a commission basis:

| | 1960 | 1961 |
|---------------------------------------------|---------------|----------------|
| | Number | |
| Foreign notes and coin | 8,541 | 8,420 |
| Bills, cheques, etc., on a commission basis | 12,456 | 11,291 |
| | <u>20,997</u> | <u>19,711.</u> |

The Bank's holding of German divisional coin amounted at the close of 1961 to DM 57.2 million, against DM 90.6 million at the end of 1960. In 1961 the Federal Government was credited with DM 94.4 million for coin taken over from the Mints, and debited with DM 0.6 million for coin called in or no longer fit for circulation. Altogether in the years 1948 to 1961 the Bank took over coin amounting to DM 1,697.8 million; during the same period DM 144.0 million of coins which were no longer fit to circulate, or had been called in, were sent to the Federal Coinage Metal Depository.

With the inclusion of the deliveries of coin still outstanding at the end of December 1961 on minting orders given up till that time, namely DM 64.9 million of all denominations, the amount of coin per head of population works out at DM 28.56 on the basis of a population of 56.7 million in the Federal Republic including the Land of Berlin on 30 September 1961. The amount of coin minted is thus within the limit of DM 30 laid down by Article 5 of the Law on the Striking of Divisional Coin, dated 8 July 1950.

The postal cheque account balances, including transfers in progress from the branch establishments of the Land Central Banks to the postal cheque account of the Bank (Directorate) at

Trade and other
economic agreements

Foreign notes and
coin, foreign bills
and cheques

Purchase and sale of
foreign notes and coin

Purchase of foreign bills

Purchase and sale
of foreign cheques

Foreign commission
business

German divisional coin

Postal cheque account
balances

Frankfurt am Main, amounted on 31 December 1961 to DM 281.1 million (against DM 193.0 million at the end of 1960). Each day the credit balance on that account, in amounts rounded off to multiples of DM 100,000, is offset against the giro balance of the Central Cash Office of the Postal Administration.

Postal Cheque Transactions with Third Parties

| | 1960 | | | | 1961 | | | |
|------------------------|--------------------------------|----------|----------------------------|---------|--------------------------------|----------|----------------------------|---------|
| | Third-party transfers received | | Used for current transfers | | Third-party transfers received | | Used for current transfers | |
| | Number | DM mn | Number | DM mn | Number | DM mn | Number | DM mn |
| Land Central Bank | | | | | | | | |
| Baden-Württemberg | 87,021 | 6,121.9 | 33,490 | 586.1 | 80,629 | 6,639.1 | 30,906 | 692.1 |
| Bavaria | 87,004 | 6,984.5 | 29,818 | 590.0 | 83,873 | 7,675.0 | 28,496 | 603.5 |
| Berlin | 15,481 | 1,308.4 | 22,836 | 505.3 | 15,275 | 1,382.3 | 12,020 | 451.3 |
| Bremen | 28,751 | 850.0 | 1,908 | 13.8 | 29,420 | 904.6 | 2,173 | 22.1 |
| Hamburg | 50,553 | 3,994.4 | 7,996 | 51.6 | 48,030 | 4,116.2 | 8,274 | 56.0 |
| Hesse | 64,340 | 3,728.8 | 25,802 | 767.5 | 62,402 | 4,087.8 | 25,232 | 881.5 |
| Lower Saxony | 99,435 | 4,000.0 | 22,576 | 452.9 | 93,626 | 4,295.4 | 19,734 | 446.4 |
| North Rhine-Westphalia | 198,032 | 8,380.7 | 43,045 | 1,020.6 | 193,792 | 8,963.1 | 41,389 | 1,116.6 |
| Rhineland-Palatinate | 56,534 | 1,508.3 | 13,798 | 223.1 | 55,314 | 1,634.1 | 12,799 | 220.1 |
| Saarland | 4,604 | 782.6 | 1,050 | 80.7 | 4,523 | 796.2 | 963 | 41.0 |
| Schleswig-Holstein | 13,834 | 240.7 | 7,855 | 145.5 | 12,446 | 259.5 | 6,939 | 119.9 |
| Total | 705,589 | 37,900.3 | 210,174 | 4,437.1 | 679,330 | 40,753.3 | 188,925 | 4,650.5 |
| Bundesbank | | | | | | | | |
| — Directorate — | 8,475 | 1,380.0 | 41,815 | 46.0 | 8,949 | 1,379.0 | 50,883 | 61.9 |
| Grand total | 714,064 | 39,280.3 | 251,989 | 4,483.1 | 688,279 | 42,132.3 | 239,808 | 4,712.4 |

Domestic bills of exchange

| The domestic bill holding comprises: | 31 Dec. 1960 | 31 Dec. 1961 |
|-------------------------------------------------------------------------------|----------------|----------------|
| | Millions of DM | |
| Domestic bills | | |
| purchased by way of discount | 1,146.4 | 1,111.1 |
| Import and Storage Agency bills taken in the course of open-market operations | 104.5 | 17.2 |
| Prime bankers' acceptances | 32.4 | 17.8 |
| | <u>1,283.3</u> | <u>1,146.1</u> |

The average bill holding, as calculated from the figures on the return dates in the year under report, was DM 1,064.1 million against DM 1,706.6 million in 1960.

Purchase of Domestic Bills of Exchange in the Land Central Bank Areas

| | Purchase | | | | Held on | |
|-------------------------------|----------|----------|-------|----------|--------------|--------------|
| | 1960 | | 1961 | | 31 Dec. 1960 | 31 Dec. 1961 |
| | '000 | DM mn | '000 | DM mn | DM million | |
| Land Central Bank | | | | | | |
| Baden-Württemberg | 321 | 2,108.2 | 208 | 1,605.6 | 104.2 | 71.5 |
| Bavaria | 179 | 1,628.8 | 79 | 720.7 | 89.9 | 81.0 |
| Berlin | 14 | 417.6 | 13 | 304.5 | 10.2 | 13.3 |
| Bremen | 38 | 489.4 | 33 | 376.0 | 19.0 | 22.1 |
| Hamburg | 118 | 2,151.9 | 99 | 1,570.8 | 123.3 | 99.3 |
| Hesse | 266 | 4,536.0 | 207 | 3,014.7 | 249.4 | 146.9 |
| Lower Saxony | 190 | 1,154.0 | 134 | 942.3 | 84.0 | 90.9 |
| North Rhine-Westphalia | 568 | 6,699.3 | 491 | 6,794.1 | 367.0 | 497.9 |
| Rhineland-Palatinate | 109 | 610.6 | 71 | 437.4 | 61.1 | 34.6 |
| Saarland | 5 | 205.6 | 3 | 109.4 | 14.9 | 32.2 |
| Schleswig-Holstein | 56 | 306.3 | 40 | 252.1 | 22.4 | 13.0 |
| Bills in course of remittance | — | — | — | — | 1.0 | 8.4 |
| Total | 1,864 | 20,307.7 | 1,378 | 16,127.6 | 1,146.4 | 1,111.1 |

At DM 11,712 the average amount per bill of the bills purchased in 1961 was slightly above the previous year's average of DM 10,895.

Of the purchased bills the following were returned and charged, in the absence of payment, to the parties presenting them for discount:

| | 1960 | | 1961 | |
|------------------------------------|--------|------------|--------|------------|
| | Number | DM million | Number | DM million |
| | 10,769 | 13.3 | 7,334 | 10.4 |
| in per cent of the total purchased | 0.6 | 0.07 | 0.5 | 0.06. |

Domestic bills and the like were taken on a commission basis as follows:

Commission business

| | Number | DM million |
|------|---------|------------|
| 1960 | 294,775 | 1,722.5 |
| 1961 | 295,632 | 2,749.8. |

The Bundesbank's discount rate for domestic and foreign bills and for foreign cheques was 4% until 19 January 1961, 3½% from 20 January 1961 onwards and 3% from 5 May 1961 onwards.

Discount rate

Open-market purchases and sales of Storage Agency bills were somewhat over the previous year's level. Bills having a face value of DM 1,743.9 million were purchased (in 1960 DM 1,513.7 million), and DM 820.4 million of these (in 1960 DM 633.1 million) were resold. Bills amounting to DM 1,010.7 million out of the Bank's holding were repaid in 1961 (in 1960 DM 805.2 million).

Storage Agency Bills

The amount of liquidity assistance afforded by the Bank to the prime bankers' acceptance market during the year under report was much the same as in the previous year. From the Privatdiskont-Aktiengesellschaft of Frankfurt am Main, acting as broker, the Bank purchased prime bankers' acceptances amounting to DM 365.6 million (in 1960 DM 351.2 million), and resold items totalling DM 366.7 million (in 1960 DM 248.4 million) with a view to their being placed in the market. Bills which because of their short remaining life were no longer good delivery were repaid to a total extent of DM 13.5 million.

Prime bankers' acceptances

In the same way as previously the Bank's open-market business during the year under report included — besides the Storage Agency bills, the prime acceptances and the mobilisation paper (discussed below) in accordance with Article 42 of the Bundesbank Law — the Treasury bills of the German Federal Railways and the non-interest-bearing Treasury bonds of the Federal Government, the Federal Railways and the Federal Postal Administration, placed in each case

Treasury bills and non-interest-bearing Treasury bonds of the Federal Government and Federal Special Funds

*Money-Market Paper Issued for Account of Federal Government, Federal Special Funds,
and Reconstruction Loan Corporation*
Millions of DM

| Category of paper | In circulation on 31 Dec. 1960 | Issued | Redeemed | In circulation on 31 Dec. 1961 |
|-----------------------------------------------------------------------------------------------|--------------------------------|-------------|-----------------|--------------------------------|
| | | in 1961 | | |
| Non-interest-bearing Treasury bonds of the Federal Republic of Germany (of which, issue "SL") | 880.8 (85.0) | 90.2 (—) | 563.4 (85.0) | 407.6 (—) |
| Treasury bills of the German Federal Railways | 199.4 | 709.8 | 726.8 | 182.4 |
| Non-interest-bearing Treasury bonds of the German Federal Railways | 445.0 | 546.6 | 401.6 | 590.0 |
| Non-interest-bearing Treasury bonds of the German Federal Postal Administration | 192.2 | 205.0 | 132.9 | 264.3 |
| Promissory notes of the Reconstruction Loan Corporation | 275.0 | 242.0 | 392.0 | 125.0 |

for account of the issuers. They further comprised the Federal Republic of Germany's non-interest-bearing Treasury bonds („SL“) at a residual amount of DM 85 million, which expired in July 1961, as well as the Reconstruction Loan Corporation's promissory notes, both these categories of paper having been issued for the first time in the summer of 1959 on the economic reincorporation of the Saarland.

Of the items shown in the table none were in the hands of the Bundesbank on 31 December 1961.

**Advances
against securities**

The average extent of recourse to the Bank through taking advances against securities, as calculated from the amounts on return dates during the year under report, was DM 57.1 million against DM 67.1 million in 1960. On 31 December 1961 such advances were outstanding to the extent of DM 219.7 million as compared with DM 419.0 million at the end of 1960.

Lending on Securities in the Land Central Bank Areas

| Land Central Bank | Advances granted against securities | | | | Outstanding on | |
|------------------------|-------------------------------------|---------|--------|---------|----------------|--------------|
| | 1960 | | 1961 | | 31 Dec. 1960 | 31 Dec. 1961 |
| | Number | DM mn | Number | DM mn | DM mn | |
| Baden-Württemberg | 1,646 | 423.8 | 1,259 | 249.9 | 4.5 | 3.8 |
| Bavaria | 1,246 | 209.8 | 1,064 | 215.7 | 50.0 | 40.2 |
| Berlin | 119 | 136.7 | 50 | 106.0 | 1.7 | 1.9 |
| Bremen | 57 | 28.4 | 50 | 25.7 | 4.0 | 4.0 |
| Hamburg | 518 | 311.7 | 523 | 370.9 | 37.3 | 37.8 |
| Hesse | 1,494 | 1,108.7 | 1,135 | 496.1 | 149.2 | 19.0 |
| Lower Saxony | 2,597 | 746.9 | 2,122 | 414.0 | 26.0 | 23.9 |
| North Rhine-Westphalia | 1,093 | 1,239.5 | 726 | 1,384.8 | 128.4 | 72.5 |
| Rhineland-Palatinate | 839 | 248.3 | 787 | 235.0 | 15.7 | 15.5 |
| Saarland | 42 | 12.8 | 46 | 16.9 | 0.0 | 0.1 |
| Schleswig-Holstein | 454 | 110.0 | 324 | 93.1 | 2.2 | 1.0 |
| Total | 10,105 | 4,576.6 | 8,086 | 3,608.1 | 419.0 | 219.7 |

Advance rate The rate of interest for advances against securities was 5% up till 19 January 1961, 4¹/₂% up till 4 May 1961 and 4% from 5 May 1961 onwards.

Cash advances Article 20 paragraph 1 item 1 of the Bundesbank Law lays down the following maximum credit limits:

| | Millions of DM |
|-----------------------------------------------------------------------------------------------------------------------|----------------|
| for the Federal Government | 3,000 |
| for the Federal Railways | 400 |
| for the Federal Postal Administration | 200 |
| for the Equalisation of Burdens Fund | 200 |
| for the E. R. P. Special Fund | 50 |
| for the Länder DM 20 per inhabitant — except for Berlin, Bremen and Hamburg, where the limit is DM 40 per inhabitant. | |

(a) Federal Government and Federal Special Funds Of these amounts the following had been taken and were outstanding on 31 December 1961:

| | Millions of DM |
|---------------------------------------------------------------------------------------------------------|----------------|
| by the Federal Government as a book credit | 160.1 |
| by the Federal Railways through Treasury bills in circulation with an assurance of purchase by the Bank | 182.4 |
| (b) Länder by the Saarland as a book credit | 3.0 |

(c) Other public authorities Claims on the Reconstruction Loan Corporation are shown among the cash advances to other public authorities. The table which follows indicates the amounts drawn on the credit lines which already existed when the Bundesbank Law came into force.

Credits to Reconstruction Loan Corporation

Millions of DM

| Purpose of credit | 31 December 1960 | | 31 December 1961 | |
|----------------------------------------------------------------------|------------------|------|------------------|------|
| | Credit line | Used | Credit line | Used |
| Promotion of capital investment of industries with high export ratio | 2.6 | 0.3 | 0.9 | 0.9 |
| Repayment of dollar loans of Deutsche Rentenbank-Kreditanstalt | 19.8 | 0.8 | 10.9 | 3.5 |
| Total | 22.4 | 1.1 | 11.8 | 4.4 |

The credit line for assisting capital projects of the mainly exporting industries expired on 10 January 1962.

Interest is payable on the cash advances at the Bank's current discount rate.

The "Other claims" of DM 98.6 million shown in Asset Item 10 (in 1960 DM 92.3 million) continue to include, as their largest component, the claims which arise from interzonal payments and which are cleared through the accounts kept at the Deutsche Notenbank, Berlin, and at the Bundesbank.

The turnover in clearing transactions with the Deutsche Notenbank amounted to the following:

| | 1960 | 1961 |
|-----------------------------------|----------------|---------|
| | Millions of DM | |
| West/East deliveries and services | 1,021.2 | 911.3 |
| East/West deliveries and services | 1,002.2 | 922.4 |
| | 2,023.4 | 1,833.7 |

The holding of securities rose by DM 1,160.1 million in 1961; it is shown at DM 1,483.7 million (against DM 323.6 million in 1960) in Asset Item 11, and includes bonds of the Federal Government, mortgage and communal bonds, and the Reichsbank shares bought in pursuance of Article 8 of the Law concerning the Liquidation of the German Reichsbank and the German Gold Discount Bank of 2 August 1961. Also included in the security holding are the loans of DM 500 million and U. S. \$ 120 million to the International Bank for Reconstruction and Development which were agreed in August 1960, and had been fully settled in account by the end of 1961, as well as other debt instruments of that institution.

During the year under report the Bank again operated to prevent major fluctuations in the price of bonds of the Federal Government, the Federal Special Funds, some Länder, the Reconstruction Loan Corporation and the Equalisation of Burdens Bank. In doing so it acted exclusively for account of the debtors.

In 1961 the Federal Loan Syndicate, which is under the Bank's leadership, offered for public subscription two loans of the German Federal Railways and one loan of the German Federal Postal Administration. The loans served to consolidate floating borrowings and to finance capital expenditure.

Loans Issued through the Federal Loan Syndicate in 1961

| Issuer | Amount DM mn | Interest rate % | Issue price per cent | Date of issue 1961 | Introduced on stock exchanges (official dealings) |
|----------------------------------------------------|-----------------|--------------------|-------------------------|--------------------------|------------------------------------------------------------|
| German Federal Railways | 250 | 6 | 99 | 2 Feb. | 16 Aug. 1961 |
| German Federal Railways | 250 | 5 | 98 | 4 July | 28 Nov. 1961 |
| German Federal Postal Administration ¹⁾ | 100 | 6 | 100 | 5 Dec. | 17 Apr. 1962 |

¹⁾ A further DM 5 million was taken over for placement by the issuer.

Interest rate

Other claims

Securities

Security issues

In the year under report the Bank by order and for account of the Federal Government handled the subscriptions to the 5% Loan of the Federal Republic of Germany (E), the so-called Development Aid Loan of the German Economy. By 31 December 1961 about 7,600 industrial and commercial firms, credit and insurance institutions had acquired holdings in this loan to a total nominal value of DM 1,176.2 million. In addition in the third quarter of 1961 the Bank transmitted some 900 firms' subscriptions, for altogether DM 8.5 million of Development Aid Loan, to the Deutsche Bank AG, the Dresdner Bank AG and the Commerzbank AG, which had declared themselves jointly prepared to relieve the subscribers of amounts ranging up to DM 20,000 nominal.

During 1961 the Bank placed in the market German Federal Railways' Treasury bonds (Kassenobligationen — medium-term notes) to a total of DM 72.3 million, running for three and four years and bearing 4% and 4½% interest respectively, as well as DM 62.2 million of the German Federal Postal Administration's 4½% four-year notes (Kassenobligationen), placing all tranches in the market at a selling price of 98¼%. These notes were introduced for regulated unofficial dealings.

The conversion or cash redemption of the Reichsmark and foreign currency 3% bonds, debt certificates and fractional certificates of the Konversionskasse für deutsche Auslandsschulden (Conversion Office for German External Debts) was continued. In its capacity as paying agent or agency for the Federal Republic of Germany's bonds issued in connection with the conversion of external bonds the Bank in the course of the year under report paid 392,972 interest coupons and drawn bonds, against 569,116 in 1960; in 1961 the countervalue of 1,547,839 interest coupons and drawn bonds, against 1,542,440 in 1960, was collected from foreign agents.

The Bank as conversion
and paying agent
for external loans

Equalisation Claims
on public authorities

| | 31 Dec. 1960 | 31 Dec. 1961 |
|------------------------------------------------------------------------------------|----------------|----------------|
| | Millions of DM | |
| Equalisation claims arising from | | |
| own Conversion Account Bank deutscher Länder | 5,503.8 | 5,503.8 |
| Land Central Banks | 2,600.3 | 2,598.0 |
| | <u>8,104.1</u> | <u>8,101.8</u> |
| <i>less</i> | | |
| Equalisation claims handed back in exchange for money-market paper | 5,203.0 | 5,291.8 |
| | <u>2,901.1</u> | <u>2,810.0</u> |
| Conversion of Berlin pre-capitulation balances | 23.1 | 24.6 |
| Conversion of RM balances at credit institutions in the Soviet Sector of Berlin | 1.1 | 1.3 |
| | <u>2,925.3</u> | <u>2,835.9</u> |
| Equalisation claims purchased | 88.6 | 48.7 |
| | <u>3,013.9</u> | <u>2,884.6</u> |

The decrease in the equalisation claims arising from the Bank's own Conversion Account is explained in the Combined Conversion Account of the Institutions Amalgamated to Form the Deutsche Bundesbank as shown by the books on 31 December 1961, which account is attached to this Report as Appendix 1. The equalisation claims belonging to the Bank on 31 December 1960 in respect of its own Conversion Account and of the conversion of Berlin pre-capitulation balances are entered in the Federal Debt Register; those in respect of the conversion of RM balances at credit institutions in the Soviet Sector of Berlin are entered in the Debt Register for the Land of Berlin.

The amount of assistance granted by the Land Central Bank in Berlin through purchase of equalisation claims for the improvement of liquidity was reduced from DM 88.6 million at the end of 1960 to DM 48.7 million.

Purchase of equalisation claims for own account

Of Federal Government Treasury bills and non-interest-bearing Treasury bonds (mobilisation paper), which in accordance with Article 42 of the Bundesbank Law had been handed to the Bank in exchange for the equalisation claims that it holds on the Federal Government in respect of its own Conversion Account, and which it had sold to the market in the course of open-market operations, there were in circulation on 31 December 1961 (after sometimes considerable fluctuations during the year under report) DM 5,291.8 million, against DM 5,203.0 million at the end of 1960. The two-year prohibition on sale of the non-interest-bearing "L" Treasury bonds contained therein, which had been taken by the members of the Federal Loan Syndicate in the summer and autumn of 1960 to the extent of about DM 1 billion for the purpose of drawing off liquidity, was cancelled in August 1961; of these Treasury bonds DM 40 million had been resold to the Bundesbank up to the end of 1961.

Mobilising of equalisation claims for the purpose of open-market policy

The selling rates for mobilisation paper, as well as for other money-market paper, were reduced several times in the course of the year under report; for Treasury bills of all maturities they were reduced by altogether $1\frac{3}{4}$ per cent, and for non-interest-bearing Treasury bonds with between six months and two years to run by $1\frac{5}{8}$ per cent.

Mobilisation Paper Sold and Redeemed
Millions of DM

| | 1959 in circulation on 31 Dec. | 1960 | | | 1961 | | |
|------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------|----------|------------------------------|---------|----------|------------------------------|
| | | Sold | Redeemed | In circulation on 31 Dec. | Sold | Redeemed | In circulation on 31 Dec. |
| Treasury bills of the Federal Government (running for a maximum of ninety days) | 439.3 | 3,377.7 | 2,849.1 | 967.9 | 5,873.9 | 5,633.8 | 1,208.0 |
| Non-interest-bearing Treasury bonds of the Federal Government, including series "L" (running for 6 to 24 months) | 2,606.2 | 5,572.3 | 3,943.4 | 4,235.1 | 2,767.8 | 2,919.1 | 4,083.8 |
| Total | 3,045.5 | 8,950.0 | 6,792.5 | 5,203.0 | 8,641.7 | 8,552.9 | 5,291.8 |

The Bank's claim on the Federal Government in respect of the currency conversion in Berlin rose in 1961 by DM 124.45; it is shown on 31 December 1961 at DM 547.2 million.

Debt Certificate in respect of Berlin

Under Article 20 paragraph 1 item 2 of the Bundesbank Law the Bank may grant credits to the Federal Government with a view to meeting the latter's commitments as a member of the following institutions to the extents indicated:

Credits to Fed. Govt. for participation in international institutions

| | Millions of DM |
|-------------------------------------------------------|----------------|
| International Monetary Fund | 3,307.5 |
| International Bank for Reconstruction and Development | 35.0 |
| European Fund | 210.0. |

As the Bank deutscher Länder stated on page 131 of its Report for the Year 1954, the Federal Republic of Germany's financial participations in the International Monetary Fund and in the International Bank for Reconstruction and Development were for practical purposes transferred wholly or proportionately to the Bank under an agreement with the Federal Government; the same applies to the participation in the European Fund. Accordingly these participations, which apart from a small fraction are denominated in U. S. dollars or units of account (1 unit of account = 1 U. S. dollar), had to be valued afresh in view of the DM revaluation.

Apart from this fresh valuation the credits granted to the Federal Government for the purpose of meeting payment liabilities to the I. B. R. D. and to the European Fund remained unaltered in the year under report. Through in-payments following various countries' DM drawings the credit for participation in the International Monetary Fund increased; it is shown in the Balance Sheet for 1961 at DM 2,580.7 million as against DM 1,329.5 million a year before.

In pursuance of agreements between the Federal Republic of Germany and the United States of America, the United Kingdom of Great Britain and Northern Ireland and the French Republic these countries assigned to the Deutsche Bundesbank, in large part or in full, their claims on the Federal Republic of Germany under the Agreement on the Settlement of Claims arising from the Post-war Economic Aid given to Germany, of 27 February 1953. The Bank's consequent claim on the Federal Government, originally DM 3,101.0 million, declined by DM 588.2 million in the course of the year under report to DM 2,512.8 million through repayments both according to plan and in anticipation of the repayments laid down for 1963, as well as of a small part of those laid down for 1964. Except for an interest-free portion amounting to DM 182.3 million the claim existing at the end of 1961 is to bear 2½% interest.

According to the Notice issued by the Federal Minister of Economics on 8 March 1961 — VI B 3 — 425/7 — 18712/61 II — (Federal Advertiser — Bundesanzeiger — of 9 March 1961) the parity of the DM against gold and the U. S. dollar was changed, with effect from 6 March 1961,

| from the previous | | to the present rate of | |
|-------------------|------------------------------|------------------------|------------------------------|
| DM 1.00 | = 0.211588 grammes fine gold | DM 1.00 | = 0.222168 grammes fine gold |
| DM 147.00 | = 1 troy ounce fine gold | DM 140.00 | = 1 troy ounce fine gold |
| DM 4.20 | = U. S. \$ 1 | DM 4.00 | = U. S. \$ 1 |
| DM 1.00 | = 23.8095 U. S. cents | DM 1.00 | = 25.0000 U. S. cents. |

As already mentioned on page 98 of this Report, the consequent revaluation of the gold and foreign exchange holdings and of certain other items created a compensation requirement of DM 1,475.1 million, which was covered to the extent of DM 1,265 million through an interest-free claim on the Federal Government resting on Article 30 of the 1961 Budget Law.

At DM 2,442.4 million the loans to international institutions and consolidation loans are shown lower by DM 1,214.9 million than a year before. In detail the claims consist of:

| | 31 Dec. 1960 | 31 Dec. 1961 |
|--------------------------------------|----------------|----------------|
| | Millions of DM | |
| Loans to I. B. R. D. | 1,560.1 | 1,342.5 |
| Consolidation loans | | |
| arising from liquidation of E. P. U. | 1,992.7 | 1,038.3 |
| to foreign Central Banks | 104.5 | 61.6 |
| | <u>3,657.3</u> | <u>2,442.4</u> |

Of the I. B. R. D. 's debt instruments included in the item "Securities" in the course of the year under report U. S. \$ 28 million have been repaid; debt instruments amounting to U. S. \$ 20 million were newly taken. The I. B. R. D. loan of DM 500 million and U. S. \$ 120 million, contracted in August 1960, is also included in the security holding.

The other credits extended by the Bank to the I. B. R. D. remained unchanged in amount during the year under report. In respect of these loans, having an average remaining life of approximately one year, new periods to maturity averaging nearly five years were agreed with the I. B. R. D.; the interest rates (which were previously at various levels) were unified, being newly fixed at 3½% or 3¾% according to the periods to maturity of the credits.

The claims arising from liquidation of E. P. U. amounted at the end of 1961 to DM 1,038.3 million, against DM 1,992.7 million at the end of 1960 and DM 4,185.8 million after the E. P. U. settlement in January 1959; thus three-quarters of these credits have been repaid.

Liquidation of E.P.U.

Of the consolidation and interim loans which were granted to foreign Central Banks by the Bundesbank on the change-over of payments from a bilateral to a multilateral basis, and the total of which originally amounted to DM 627.6 million, the amount still outstanding at the end of 1961 was DM 61.6 million (against DM 104.5 million at the end of 1960).

Loans to foreign Central Banks

Against the additions of DM 17.3 million to land and buildings there are disposals of DM 0.02 million. After the writing off of DM 7.3 million the land and buildings are shown in the Balance Sheet at DM 65 million.

Land and buildings

The additions of DM 3.1 million to equipment were fully written off in the same way as in previous years.

Equipment

The Balance Sheet item "Items in course of settlement" continues mainly to comprise the transfers to and collections from other places that were proceeding inside the Bank at the close of the year as well as the cheques in course of clearing. On 31 December 1961 there was a net asset of DM 6.2 million as against a net liability of DM 169.8 million a year previously.

Items in course of settlement

Of the DM 59.9 million (against DM 57.4 million at the end of 1960) shown in Asset Item 19 entitled "Other assets" DM 53.4 million (at the end of 1960 DM 53.8 million) represent interest which falls due in 1962, but is assignable to the Profit and Loss Account for the year under report, on monies employed abroad and on securities.

Other assets

In the same way as in previous years the transitory items on the assets side mainly comprise the proportion of interest relating to subsequent years on money-market paper issued in exchange for equalisation claims.

Transitory items

Liabilities

The capital of the Bank remains unchanged at DM 290 million (Article 2 of the Bundesbank Law; it belongs to the Federal Government).

Capital

In pursuance of the Central Bank Council's decision of 4 May 1961 DM 20 million has been added to the legal reserve and DM 5.7 million to the other reserves out of the net profit for 1960; the reserves have accordingly risen, from DM 562.3 million at the end of 1960, to DM 588.0 million.

Reserves

Position and Movement of Reserves for Specific Purposes

Millions of DM

Reserves for specific purposes

| Reserves for specific purposes | Position on 31 Dec. 1960 | Withdrawal | Addition in 1961 | Position on 31 Dec. 1961 |
|--------------------------------|--------------------------|------------|------------------|--------------------------|
| For pension liabilities | 521.0 | 22.2 | 50.2 | 549.0 |
| For note printing | 45.0 | 20.0 | — | 25.0 |
| For conversion costs | 1.0 | 0.3 | — | 0.7 |
| Other | 510.0 | 210.1 | 75.1 | 375.0 |
| Total | 1,077.0 | 252.6 | 125.3 | 949.7 |

The reserve for pension liabilities to members of the Bank's organs and to the Bank's officials, as well as for covering the claims of former Reichsbank staff, still falls short of the actuarially calculated requirement.

An amount of DM 20 million was taken from the reserve for note printing and added to the "Other receipts".

The providing of interest on and redemption of special equalisation claims pursuant to Article 3 paragraph 1 of Regulation 45 under the Conversion Law, and pursuant to Article 12

of the Law for Increasing Payments in respect of Private Pension Insurance (Insurance Companies and Pension Funds) as well as of Compulsory Capital-sum Insurance, dated 24 December 1956 (Federal Law Gazette I, page 1074), required expenditure of DM 0.3 million in the year under report.

Through the amounts paid by the Bank the special equalisation claims pursuant to Regulation 45 under the Conversion Law have been repaid except for a small amount still subject to settlement. The Bank's future payments under this Regulation and under the Second Pension Increase Law are likely to stay within the limits of the remaining reserve of DM 0.7 million.

From the other reserves for specific purposes a total of DM 210.1 million was taken in the year under report for partly covering the decrease in value, caused by the DM revaluation, of the gold and foreign exchange holdings. In order to cover other hazards inherent in the foreign and domestic business the "Reserves for other purposes" were increased by DM 75.1 million to a total of DM 375 million.

Bank note circulation

The bank note circulation rose from DM 20,470.3 million at the end of 1960 to DM 22,991.7 million on 31 December 1961.

Circulation of Notes and Coin

Millions of DM

| End of year | Bank-note circulation | Federal coin | Circulation of notes and coin total |
|-------------|-----------------------|--------------|-------------------------------------|
| 1956 | 14,473.5 | 1,078.0 | 15,551.5 |
| 1957 | 16,132.9 | 1,140.3 | 17,273.2 |
| 1958 | 17,661.5 | 1,196.8 | 18,858.3 |
| 1959 | 19,045.7 | 1,278.5 | 20,324.2 |
| 1960 | 20,470.3 | 1,369.3 | 21,839.6 |
| 1961 | 22,991.7 | 1,496.6 | 24,488.3 |

The denominations of the bank notes and Federal coin in circulation are shown in Appendix 4 to this Report.

In February 1961 the DM 20 note and in February 1962 the DM 100 note were issued as the first notes of the Bundesbank series. Further denominations of this series will follow. The DM 20 and DM 100 notes of the Bank deutscher Länder still remain valid payment media.

During the year under report the Bank received from the printers new notes of all denominations totalling DM 12,361.3 million.

Details of bank notes (including small money tokens) which were destroyed, having been called in or being no longer fit for circulation, are:

| Millions | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 |
|----------|---------|---------|---------|---------|----------|---------|
| Number | 78.4 | 160.3 | 92.8 | 153.0 | 323.3 | 280.4 |
| DM | 3,125.7 | 4,047.8 | 3,426.9 | 4,916.3 | 12,140.5 | 9,680.0 |

The number of counterfeit bank notes detained showed a slight rise in 1961, while the number of counterfeit coins detained fell further.

Counterfeits Discovered

| Year | Notes | | Coins | |
|------|--------|-----------------|--------|-----------------|
| | Number | Thousands of DM | Number | Thousands of DM |
| 1956 | 530 | 20.4 | 14,840 | 41.3 |
| 1957 | 830 | 28.0 | 10,030 | 22.2 |
| 1958 | 819 | 36.5 | 8,540 | 24.3 |
| 1959 | 763 | 29.5 | 6,673 | 21.0 |
| 1960 | 499 | 19.4 | 5,695 | 18.2 |
| 1961 | 590 | 26.4 | 4,147 | 13.9 |

| The balances of German depositors comprise those of | 31 Dec. 1960 | | 31 Dec. 1961 | | Deposits |
|--------------------------------------------------------------------------------------|----------------|---------|--------------|---------|----------|
| | Millions of DM | | | | |
| (a) Credit institutions (including Postal Cheque and Postal Savings Bank Offices) | 13,036.4 | | 11,615.0 | | |
| (b) Public depositors | | | | | |
| (ba) Federal Government | 38.5 | | 79.1 | | |
| (bb) Federal Special Funds | 776.2 | | 991.8 | | |
| (bc) Länder | 2,564.9 | | 3,625.1 | | |
| (bd) Other public depositors | 59.9 | 3,439.5 | 37.0 | 4,733.0 | |
| (c) Other German depositors | 219.7 | | 252.4 | | |
| | 16,695.6 | | 16,600.4 | | |

The credit institutions' deposits mainly represent the minimum reserves which have to be maintained at the Bundesbank. In December 1961 the minimum reserve required of credit institutions (not including the minimum reserve to be kept by the Federal Postal Administration on behalf of Postal Cheque and Postal Savings Bank Offices), which is calculated on the average of the four weekly bank return dates, amounted to DM 8,969.7 million as against DM 12,332.1 million in December 1960, and the actually maintained reserve to DM 9,336.3 million as against DM 12,518.6 million in December 1960.

Of the turnover on giro accounts the following were settled without use of cash:

| | Percentage of | |
|---------|------------------------|---------|
| | Number of transactions | Amounts |
| in 1960 | 99.09 | 95.27 |
| in 1961 | 99.19 | 95.50 |

Giro transactions

The liabilities in respect of foreign business comprise:

| | 31 Dec. 1960 | | 31 Dec. 1961 | | Liabilities in respect of foreign business |
|--------------------------------------------------------|----------------|-------|--------------|-------|-----------------------------------------------|
| | Millions of DM | | | | |
| Deposits of non-residents | | | | | |
| Banks | 218.4 | | 210.6 | | |
| Others | 63.4 | 281.8 | 63.0 | 273.6 | |
| Deposits of resident banks on U. S. dollar accounts | | | 9.3 | 9.5 | |
| Provision of cover for credits and guarantees by | | | | | |
| Non-residents | 55.1 | | 62.6 | | |
| Residents | 6.5 | 61.6 | 17.0 | 79.6 | |
| Other liabilities | | | 94.0 | 5.0 | |
| | | | 446.7 | 367.7 | |
| Of which, liabilities in foreign currency | | | 143.8 | 25.7 | |
| DM | | | 302.9 | 342.0 | |
| | | | 446.7 | 367.7 | |

The number of orders and authorisations to open documentary credits, coming from Central Banks in countries with which payment transactions have not yet been decentralised, rose from 21,299 in 1960 to 21,493 in the year under report.

Export credit business

In the year under report the Bank opened 116 import credits as against 147 in the previous year. The Bank was used in 67 cases, against 51 in the previous year, as reimbursement agent for credits that were directly opened by German banks.

Import credit business

The Bank was engaged, in the same way as before, in settlement of I. C. A. (International Cooperation Administration) imports. Altogether 288 I. C. A. credits were opened (against 477

Annual Turnover on Giro Accounts at the Deutsche Bundesbank

| | 1960 | | | 1961 | | |
|-------------------------------------------------------|----------------------|-----------------|----------------|----------------------|-----------------|----------------|
| | Number ¹⁾ | Amount | Average amount | Number ¹⁾ | Amount | Average amount |
| | '000 | DM million | '000 DM | '000 | DM million | '000 DM |
| a) Credits | | | | | | |
| of which: | | | | | | |
| Cash in-payments | 1,183 | 71,571 | 60,5 | 1,115 | 76,578 | 68.7 |
| Settlements with account-holders | 5,242 | 464,441 | 88,6 | 5,918 | 519,870 | 87.8 |
| Local transfers | 11,066 | 415,355 | 37.5 | 11,105 | 483,348 | 43.5 |
| Transfers from other places | 26,852 | 441,653 | 16.4 | 30,233 | 494,169 | 16.3 |
| Cheque collections (cheques lodged) | 87,211 | 138,439 | 1.6 | 93,586 | 157,880 | 1.7 |
| Total | 131,554 | 1,531,459 | . | 141,957 | 1,731,845 | . |
| b) Debits | | | | | | |
| of which: | | | | | | |
| Cash out-payments | 1,194 | 73,099 | 61.2 | 1,179 | 79,254 | 67.2 |
| Settlements with account-holders | 4,627 | 460,525 | 99.5 | 4,551 | 519,524 | 114.2 |
| Local transfers | 11,066 | 415,355 | 37.5 | 11,105 | 483,348 | 43.5 |
| Transfers to other places | 26,544 | 438,945 | 16.5 | 29,335 | 492,032 | 16.8 |
| Cheque collections (cheques paid) | 87,080 | 138,399 | 1.6 | 93,353 | 157,747 | 1.7 |
| Total | 130,511 | 1,526,323 | . | 139,523 | 1,731,905 | . |
| c) In per cent of total turnover (credits and debits) | | <i>per cent</i> | | | <i>per cent</i> | |
| Cash payments | | 4.73 | | | 4.50 | |
| Settlements with account-holders | | 30.25 | | | 30.01 | |
| Local transfers | | 27.17 | | | 27.91 | |
| Transfers to and from other places | | 28.80 | | | 28.47 | |
| Cheque collections (cheques lodged and paid) | | 9.05 | | | 9.11 | |
| | | 100.00 | | | 100.00 | |
| 1) Number of transactions. | | | | | | |

in the previous year); 165 of them, against 270 in 1960, were opened directly by German banks.

Other liabilities

The "Other liabilities" are shown on 31 December 1961 at DM 54.3 million as against DM 30.9 million at the end of 1960.

Transitory items

In the same way as previously the transitory items on the liabilities side (DM 57.3 million in 1961, DM 77.3 million in 1960) mainly comprised interest which was received in the year under report, but which relates to next year, on foreign and domestic Treasury bills, bank acceptances and commercial bills.

Contingent liabilities and claims

The contingent liabilities and claims are shown on 31 December 1961 at DM 2.0 million, against DM 11.8 million at the end of 1960.

Profit and Loss Account

Comparison of Expenditure and Receipts

Millions of DM

| Expenditure | 1959 | 1960 | 1961 | Receipts | 1959 | 1960 | 1961 |
|---------------------------------------------------------------------------|--------------|--------------|--------------|----------------------------------------------------------------------------------------------------|--------------|--------------|--------------|
| Interest on money-market paper issued in exchange for equalisation claims | 164.1 | 182.1 | 246.0 | Interest on monies employed abroad | 385.1 | 522.5 | 451.9 |
| Other interest | 0.8 | 1.6 | 6.7 | equalisation claims | 247.1 | 246.6 | 244.8 |
| | <u>164.9</u> | <u>183.7</u> | <u>252.7</u> | domestic bills of exchange, advances against securities and cash advances, as well as other claims | 32.1 | 82.9 | 81.1 |
| Valuation requirement in respect of the external position | 45.1 | 120.4 | 59.7 | foreign bills of exchange bought in Germany | 3.4 | 6.0 | 7.7 |
| Administrative costs | | | | securities, Treasury bills and Treasury bonds | 16.4 | 16.7 | 38.6 |
| Personnel | 124.7 | 128.7 | 143.5 | Other interest | 0.6 | 1.1 | 0.6 |
| Materials | 22.9 | 23.3 | 23.7 | | <u>684.7</u> | <u>875.8</u> | <u>824.7</u> |
| Note printing | 16.3 | 11.6 | 33.0 | Fees and charges | 2.5 | 2.4 | 2.5 |
| Depreciation | 11.8 | 12.3 | 10.3 | Other receipts | 16.4 | 8.3 | 27.8 |
| Allocation to reserves for specific purposes | 151.0 | 289.7 | 125.3 | | | | |
| Pension payments in respect of Reichsbank | 20.3 | 19.6 | 21.7 | | | | |
| Other expenditure | 3.3 | 3.5 | 4.3 | | | | |
| Net profit | 143.3 | 93.7 | 180.8 | | | | |
| Total | 703.6 | 886.5 | 855.0 | Total | 703.6 | 886.5 | 855.0 |

Receipts

(Millions of DM)

| | 1959 | 1960 | 1961 | |
|-------------------------------------------------------------------------------------------------------------------------------|-------------|--------------|--------------|-----------------|
| The interest received amounts to | 684.7 | 875.8 | 824.7 | Interest |
| After deduction of the interest paid out, namely and of the valuation requirement in respect of the external position, namely | 164.9 | 183.7 | 252.7 | |
| | <u>45.1</u> | <u>210.0</u> | <u>304.1</u> | <u>59.7</u> |
| it is shown in the Profit and Loss Account at | 474.7 | 571.7 | 512.3. | 312.4 |

The interest on monies employed abroad has fallen by DM 70.6 million, as compared with last year's figure, to DM 451.9 million in 1961. The amount required for valuation declined from DM 120.4 million to DM 59.7 million.

The amount of interest received on equalisation claims was DM 244.8 million (against DM 246.6 million in 1960); the interest paid on money-market paper issued in exchange for equalisation claims was up by a further DM 63.9 million on the year at DM 246.0 million. The interest receipts from the discounting of domestic bills and the granting of advances against securities and cash advances, as well as from other claims, amounted to DM 81.1 million in 1961 as compared with DM 82.9 million in the previous year. At DM 38.6 million the interest received on securities, Treasury bills and Treasury bonds was greater by DM 21.9 million than the DM 16.7 million received in the previous year. DM 7.7 million of interest accrued from the discounting of foreign bills, against DM 6.0 million in 1960.

Fees DM 2.5 million of fees were received in the year under report, against DM 2.4 million in 1960.

Other receipts DM 27.8 million are shown as "Other receipts" (against DM 8.3 million in 1960); they include DM 20 million taken from the reserve for note printing.

Expenditure

Administrative costs
(a) Personnel The administrative costs in respect of personnel are up in comparison with the previous year because of increases in remuneration during the year under report according to the laws governing officials' pay and to collective agreements, and because of 1960 salary increases which produced their full effect for the first time in 1961; such costs amounted in 1961 to DM 143.5 million against DM 128.7 million in 1960. The Bundesbank's staff rose in 1961 by 1960.

Number of Persons Employed in the Bundesbank

| | End of 1960 | | | | | End of 1961 | | | | |
|--------------------|------------------|--------------------------|---------------|--------------|--------------|------------------|--------------------------|---------------|--------------|--------------|
| | Direc- torate | Land Central Banks | Total | of which: | | Direc- torate | Land Central Banks | Total | of which: | |
| | | | | male | female | | | | male | female |
| Officials | 566 | 3,896 | 4,462 | 4,437 | 25 | 584 | 3,872 | 4,456 | 4,426 | 30 |
| Salaried employees | 1,205 | 3,967 | 5,172 | 2,504 | 2,668 | 1,198 | 4,184 | 5,382 | 2,569 | 2,813 |
| Wage-earners | 196 | 817 | 1,013 | 213 | 800 | 182 | 817 | 999 | 209 | 790 |
| Total | 1,967 | 8,680 | 10,647 | 7,154 | 3,493 | 1,964 | 8,873 | 10,837 | 7,204 | 3,633 |

The total payments to serving and former members of the Directorate of the Deutsche Bundesbank, the Board of Directors and Board of Managers of the Bank deutscher Länder, and the Boards of Management of the Land Central Banks, as well as to their surviving dependents, amounted to DM 3,828,382.53 for the year under report. Additional payments for 1960 were made to the extent of DM 7,349.99; in respect of the same period DM 1,576.97 was reimbursed by third parties.

(b) Materials The administrative costs in respect of materials rose slightly from DM 23.3 million in 1960 to DM 23.7 million.

Note printing Owing to increased deliveries of new notes the expenditure on note printing was nearly three times the previous year's; it amounted to DM 33.0 million in 1961 against DM 11.6 million in 1960.

Depreciation and allocations to reserves for specific purposes The depreciation on land and buildings as well as on equipment has been discussed, like the allocations to the reserves for specific purposes, in connection with the corresponding Balance Sheet items.

Pension payments in respect of the Reichsbank The payments for persons belonging to the former German Reichsbank and other persons to whom the Law in connection with Article 131 of the Basic Law applies, and for whom the Bank is required to provide in accordance with Article 41 of the Bundesbank Law, amounted in the year under report to DM 25.5 million (against DM 23.4 million in 1960); of this amount DM 3.8 million was taken from the reserves for pension liabilities, in the same way as previously, so that DM 21.7 million is shown as pension payments in respect of the Reichsbank by comparison with DM 19.6 million in 1960.

Net Profit

| | DM | |
|---------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------------------------------|
| According to the Profit and Loss Account the net profit amounts to (against DM 93,700,000 in 1960). | 180,813,671.66 | Proposed distribution of the profit |
| The Directorate proposes to the Central Bank Council | | |
| that there be allocated | | |
| to the legal reserve | DM 36,200,000.— | |
| that there be provided for dividends on Bundesbank Enjoyment Rights | 6,000,000.— | |
| and that there be allocated | | |
| to the other reserves | 13,800,000.— | |
| to the Fund for the Purchase of Equalisation Claims | 40,000,000.— | 96,000,000.— |
| Out of the balance of profit remaining to the Federal Government (Article 27, item 4 of the Bundesbank Law), amounting to | | |
| | | 84,813,671.66 |
| there has to be provided | | |
| for allocation to the Fund for Redemption of Bundesbank Enjoyment Rights | 10,000,000.— | |
| and under the agreement made with the Federal Government a sum of | 74,813,671.66 | |
| has to be applied to redemption of the claim on the Federal Government in respect of alteration of the exchange parity. | 84,813,671.66 | <u>84,813,671.66</u> |

Frankfurt am Main, April 1962

*Deutsche Bundesbank
The Directorate*

Karl Blessing Dr. Troeger
Dr. Benning Dr. Emminger Hartlieb Könniker Tüngeler
Dr. Wolf Dr. Zachau

Part C

Fund for the Purchase of Equalisation Claims

In 1961 there was transferred to the Fund for the Purchase of Equalisation Claims a further DM 40 million out of the Deutsche Bundesbank's net profit for 1960. With the inclusion of the DM 3.7 million of liquid assets carried over from the previous year, and the DM 17.7 million received by way of interest and repayments, the Fund had altogether DM 61.4 million available in 1961 for the purchase of equalisation claims.

Of the DM 43 million used for such purchases DM 30.2 million served to buy up equalisation claims which it seemed appropriate to take over definitively in order to enable credit institutions and insurance companies to meet liabilities. Of this amount DM 16.8 million went to credit institutions and DM 13.4 million to insurance companies. In connection with the purchases special consideration was given to credit institutions which were liquidating, or had been dissolved through merger, as well as to pension funds (both in course of liquidation and others) which required reorganisation.

The levelling purchases from credit institutions and insurance companies, as mentioned in the Bank's Report for the Year 1960, were concluded. By far the greater part of the DM 12.8 million of equalisation claims purchased in connection with this scheme during the year under report were taken from pension funds.

A large part of the Fund's DM 18.4 million of liquid assets existing at the end of 1961 was used at the beginning of 1962 to acquire equalisation claims regarding which assurances of purchase had been given to other pension funds.

Since the new Law now in preparation on the Redemption of Equalisation Claims was not passed by the Bundestag during the third legislative period, which expired in 1961, the Bank will have to continue confining its action to the purchasing of equalisation claims from holders who, for meeting their liabilities, depend on assistance towards their liquidity.

| | DM |
|------------------------------------------------------------------------|---------------------|
| Liquid resources available to the Fund on 31 December 1960 amounted to | 3,745,274.69. |
| During 1961 the Purchase Fund received the following amounts: | |
| Allocation out of the Bank's 1960 net profit | 40,000,000.— |
| Interest | |
| on equalisation claims | 10,409,282.40 |
| from temporary employment of the Fund's liquid assets | 380,725.70 |
| Redemption of equalisation claims | <u>6,857,274.14</u> |
| | 61,392,556.93. |
| There were used for purchase of equalisation claims | 43,005,001.68. |

On 31 December 1961 the Fund's assets not yet used for purchase of equalisation claims comprised

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------|
| Treasury bills of the Federal Republic of Germany amounting at nominal value to DM 14,000,000.— | DM | DM |
| Balances at the Deutsche Bundesbank | 13,978,055.56 | |
| Interest and redemption due on 31 December 1961 and received on 2 January 1962 | 4,378,393.69 | |
| | 31,106.— | 18,387,555.25. |
| The holding of equalisation claims on 31 December 1960, namely rose through purchase of equalisation claims having an initial capital amount of DM 46,099,298.85 by | | 341,234,755.36 |
| | | 43,005,001.68 |
| | | 384,239,757.04 |
| and was reduced, through redemption of equalisation claims, by | | 6,857,274.14. |
| Holding on 31 December 1961 | | 377,382,482.90. |

Movement in the Holding of Equalisation Claims

| Interest rate | DM initial capital | | | | | DM Remaining capital Holding on 31 Dec. 1961 |
|-------------------------------|-------------------------|---------------------------|---------------------------|---------------------------|-------------------------|----------------------------------------------|
| | Holding on 31 Dec. 1960 | Addition through purchase | Addition through exchange | Decrease through exchange | Holding on 31 Dec. 1961 | |
| % | DM | | | | | DM |
| 0 | 71,299,500.02 | 2,500,878.36 | | | 73,800,378.38 | 56,088,287.57 |
| 3 | 161,326,238.— | 2,303,721.55 | 3,580,298.28 | 3,791,606.13 | 163,418,651.70 | 152,762,765.75 |
| 3 ¹ / ₂ | 71,378,995.32 | 25,696,661.02 | | | 97,075,656.34 | 90,668,309.97 |
| 4 ¹ / ₂ | 67,735,352.61 | 15,598,037.92 | 211,725.02 | | 83,545,115.55 | 77,863,119.61 |
| Total | 371,740,085.95 | 46,099,298.85 | 3,792,023.30 | 3,791,606.13 | 417,839,801.97 | 377,382,482.90 |

The Report on the position of the Fund for the Purchase of Equalisation Claims as at 31 December 1961, intended for publication in the Federal Advertiser, is attached as Appendix 3.

The Auditors appointed by the Central Bank Council for the purpose of auditing the Bank's Annual Statement for 1961 have also audited the Fund for the Purchase of Equalisation Claims. In their final Audit Report they have confirmed the following:

"The allocation to the Purchase Fund is in accordance with the provisions of Article 27 item 3 of the Law concerning the Deutsche Bundesbank. The Fund's administration and use afford no cause for objections. The Report by the Deutsche Bundesbank on the position of the Purchase Fund on 31 December 1961, which is attached as an Appendix and is intended for publication, has been correctly evolved from the books and other records."

Frankfurt am Main, April 1962

*Deutsche Bundesbank
The Directorate*

*Karl Blessing Dr. Troeger
Dr. Benning Dr. Emminger Hartlieb Könneker Tüngeler
Dr. Wolf Dr. Zachau*

Report of the Central Bank Council

The Annual Statement of the Deutsche Bundesbank for 1961, the Combined Conversion Account of the Institutions Amalgamated to Form the Deutsche Bundesbank, as shown by the books on 31 December 1961, and the Report on the Fund for the Purchase of Equalisation Claims as at 31 December 1961, have been audited by the auditing companies Deutsche Revisions- und Treuhand-Aktiengesellschaft of Frankfurt am Main and Dr. Wollert — Dr. Elmendorff KG of Düsseldorf, whom the Central Bank Council had appointed to be Auditors in accordance with Article 26 of the Bundesbank Law.

In their notes of certification the Auditors have unreservedly confirmed that the Annual Statement for 1961, the bookkeeping and the Conversion Account as shown by the books on 31 December 1961 are in accordance with the legal provisions and that the Fund for the Purchase of Equalisation Claims has been properly endowed and administered.

The Central Bank Council approved the Annual Statement for 1961 on 5 April 1962. At the same time it confirmed the Conversion Accounts for the Bank deutscher Länder and the Land Central Banks as well as the Combined Conversion Account of the Institutions Amalgamated to Form the Deutsche Bundesbank, as shown by the books on 31 December 1961, and approved the Report on the Fund for the Purchase of Equalisation Claims as at 31 December 1961.

The Central Bank Council has assented to the Report for the Year 1961 and to the Directorate's proposal for appropriation of the Profit. After making allocations to the Reserves and to the Fund for the Purchase of Equalisation Claims, and earmarking amounts for the 1961 profits falling on Bundesbank enjoyment rights, there is a residual profit of DM 84,813,671.66 due to the Federal Government; of this residual profit, DM 10 million shall be made available for allocation to the Fund for Redemption of Bundesbank Enjoyment Rights, and DM 74,813,671.66 shall be used towards repayment of the claim on the Federal Government in respect of the alteration of the exchange parity.

Since the publication of the Report for the Year 1960 the following changes have taken place in the organs of the Deutsche Bundesbank:

Newly appointed

with effect from 16 June 1961

Dr. Paul Schütz

to be President of the Land Central Bank in the Saarland.

Reappointed

with effect from 1 January 1962

Dr. Hermann Tepe

President of the Land Central Bank in Bremen,

Herr Konrad Ernst

Vice-President of the Land Central Bank in the Free and Hanseatic City of Hamburg.

The Central Bank Council, acting also on behalf of the Directorate and of the Boards of Management of the Land Central Banks, expresses to the officials, employees and workers of the Deutsche Bundesbank its thanks for their loyal and understanding cooperation during the year 1961.

Frankfurt am Main, April 1962

KARL BLESSING

President of the Deutsche Bundesbank

Appendices
to
Parts B and C

Combined Conversion Account of the Institutions

| Assets | as shown by the books on 1 Jan. 1961 DM | Changes in 1961 DM | as shown by the books on 31 Dec. 1961 DM |
|-----------------------------------------------------------------------------|--------------------------------------------------|--------------------------|---------------------------------------------------|
| 1. Cash ¹⁾ | 1,133,326.07 | — | 1,133,326.07 |
| 2. Bills of exchange | 211,524.63 | — | 211,524.63 |
| 3. Advances against securities | 103,240.— | — | 103,240.— |
| 4. Cash advances | 100.— | — | 100.— |
| 5. Other short-term credit extended to public authorities | 1,345,149.61 | — | 1,345,149.61 |
| 6. Land and buildings | 26,462,658.— | — | 26,462,658.— |
| 7. Equipment | 2,166,811.21 | — | 2,166,811.21 |
| 8. Other assets | 9,502,184.21 | + 2,401,241.57 | 11,903,425.78 |
| 9. Transitory items | 938,761.74 | — | 938,761.74 |
| 10. Equalisation claims on public authorities | 8,104,123,533.61 | — 2,255,174.80 | 8,101,868,358.81 |
| 11. Proceeds from realisation of DM (East) holdings | 41,334,713.71 | — | 41,334,713.71 |
| 12. Non-interest-bearing debt certificate in respect of Berlin | 547,167,426.10 | + 124.45 | 547,167,550.55 |
| | <u>8,734,489,428.89</u> | <u>+ 146,191.22</u> | <u>8,734,635,620.11</u> |
| 13. Contingent claims | 126,558.92 | — | 126,558.92 |

¹⁾ Relating to converted Small Money Tokens.

Amalgamated to Form the Deutsche Bundesbank

on 31 December 1961

Liabilities

| | as shown by the books on 1 Jan. 1961 DM | Changes in 1961 DM | as shown by the books on 31 Dec. 1961 DM |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|--------------------------|---------------------------------------------------|
| 1. Capital | 270,000,000.— | — | 270,000,000.— |
| 2. Reserves for specific purposes: | | | |
| for pension liabilities | 126,968,586.60 | — | 126,968,586.60 |
| others | 233,810.35 | — | 233,810.35 |
| 3. Notes and coin put into circulation | | | |
| (a) first instalment of per-capita quotas . . . | 1,853,121,572.32 | — | 1,853,121,572.32 |
| (b) second instalment of per-capita quotas, delayed cases, etc. | 264,983,982.18 | + 126.— | 264,984,108.18 |
| 4. Deposits | 5,628,852,997.28 | + 145,940.77 | 5,628,998,938.05 |
| 5. Other liabilities | 1,648,526.03 | — | 1,648,526.03 |
| 6. Transitory items | 177,814.32 | — | 177,814.32 |
| 7. Amounts paid or credited under par. 52a, b, d and e, Berlin Central Bank Ordinance, and par. 9, Implementing Reg. 2, Berlin Conversion Ordinance | 588,502,139.81 | + 124.45 | 588,502,264.26 |
| | <u>8,734,489,428.89</u> | <u>+ 146,191.22</u> | <u>8,734,635,620.11</u> |
| 8. Contingent liabilities | 126,558.92 | — | 126,558.92 |

Frankfurt am Main, 19 January 1962

*Deutsche Bundesbank
The Directorate*

*Karl Blessing Dr. Troeger
Dr. Benning Dr. Emminger Hartlieb Könniker Tüngeler
Dr. Wolf Dr. Zachau*

The final result of our audit, which was duly carried out on the basis of the books and records of the Deutsche Bundesbank as well as of the explanations given and vouchers produced, shows the bookkeeping and the Conversion Accounts for the Bank deutscher Länder and the Land Central Banks, amended to conform with the revisions as of 31 December 1961 and provisionally closed, as well as the correspondingly amended Combined Conversion Account of the Institutions Amalgamated to Form the Deutsche Bundesbank to be in accordance with the provisions of the law.

Frankfurt am Main, 12 March 1962

*Deutsche Revisions- und Treuhand-Aktiengesellschaft
Auditing Company*

*Dr. Wollert - Dr. Elmendorff K.G.
Auditing Company*

*Dr. Merckens
Certified Auditor*

*Prof. Dr. Birck
Certified Auditor*

*Dr. Wollert Dr. Bargmann
Certified Auditor Certified Auditor*

| Assets | Balance Sheet of the Deutsche Bundesbank | | |
|------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------|--------------------------|
| | DM | DM | DM |
| 1. Gold | | | 14,426,577,285.07 |
| 2. Balances at foreign banks and money-market investments abroad | | | 11,386,844,684.23 |
| 3. Foreign notes and coin, foreign bills and cheques | | | 291,743,419.08 |
| 4. German divisional coin | | | 57,172,196.82 |
| 5. Postal cheque account balances | | | 281,107,545.40 |
| 6. Domestic bills of exchange | | | 1,146,150,981.81 |
| 7. Treasury bills and non-interest-bearing Treasury bonds of Federal Government and Federal Special Funds | | | — |
| 8. Advances against securities | | | 219,658,100.— |
| 9. Cash advances to | | | |
| (a) Federal Government and Federal Special Funds | | 160,100,000.— | |
| (b) Länder | | 2,963,323.— | |
| (c) other public authorities | | 4,397,225.— | 167,460,548.— |
| 10. Other claims | | | 98,630,987.44 |
| 11. Securities | | | 1,483,670,924.58 |
| 12. Equalisation claims on public authorities and debt certificate in respect of Berlin | | | |
| (a) Equalisation claims | 8,176,395,712.24 | | |
| less | | | |
| Equalisation claims returned in exchange for money-market paper | 5,291,810,000.— | 2,884,585,712.24 | |
| (b) Debt certificate | | 547,167,550.55 | 3,431,753,262.79 |
| 13. Credits to Federal Government for participation in international institutions | | | 2,635,744,000.— |
| 14. Claims on Federal Government in respect of | | | |
| (a) acquisition of claim resulting from post-war economic aid | | 2,512,791,516.24 | |
| (b) alteration of exchange parity | | 1,265,000,000.— | 3,777,791,516.24 |
| 15. Loans to international institutions and consolidation loans | | | 2,442,416,993.55 |
| among which: (a) to I.B.R.D. DM 1,342,480,000.— | | | |
| (b) arising from liqui- , dation of E.P.U. DM 1,038,311,089.60 | | | |
| 16. Land and buildings | | | 65,000,000.— |
| 17. Equipment | | | 1.— |
| 18. Items in course of settlement | | | 6,221,459.82 |
| 19. Other assets | | | 59,941,984.87 |
| 20. Transitory items | | | 101,939,662.84 |
| <i>Right of recourse in respect of contingent liabilities</i> | | 1,978,123.07 | |
| | | | <u>42,079,825,553.54</u> |

as on 31 December 1961

Liabilities

| | DM | DM | DM |
|-----------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------|-------------------|
| 1. Capital | | | 290,000,000.— |
| 2. Reserves | | | |
| (a) legal reserve | | 413,500,000.— | |
| (b) other reserves | | 174,500,000.— | 588,000,000.— |
| 3. Reserves for specific purposes | | | |
| (a) for pension liabilities | | 549,000,000.— | |
| (b) for note printing | | 25,000,000.— | |
| (c) for conversion costs | | 757,552.83 | |
| (d) for other purposes | | 375,000,000.— | 949,757,552.83 |
| 4. Bank notes in circulation | | | 22,991,690,590.— |
| 5. Deposits of | | | |
| (a) credit institutions (including Postal Cheque and Postal Savings Bank offices) | | 11,614,971,982.82 | |
| (b) public depositors | | | |
| (ba) Federal Government | 79,126,995.39 | | |
| (bb) Federal Special Funds | 991,779,414.20 | | |
| (bc) Länder | 3,625,126,649.80 | | |
| (bd) other public depositors | 37,003,220.89 | 4,733,036,280.28 | |
| (c) other German depositors | | 252,357,749.27 | 16,600,366,012.37 |
| 6. Liabilities in respect of foreign business | | | |
| (a) Deposits of foreign depositors | | 273,631,757.42 | |
| (b) others | | 94,033,763.56 | 367,665,520.98 |
| among which: provision of cover for letters of credit and guarantees by foreigners DM 62,602,288.99 residents DM 17,002,128.89 | | | |
| 7. Other liabilities | | | 54,251,783.32 |
| 8. Transitory items | | | 57,280,422.38 |
| 9. Net profit | | | 180,813,671.66 |
| Contingent liabilities | | 1,978,123.07 | |

42,079,825,553.54

**Profit and Loss Account of the Deutsche Bundesbank
for the Year 1961**

| Expenditure | DM | DM |
|--------------------------------------------------------|----------------|-----------------------|
| 1. Administrative costs | | |
| (a) Personnel | 143,513,237.50 | |
| (b) Materials | 23,726,524.94 | 167,239,762.44 |
| 2. Note printing | | 33,031,343.69 |
| 3. Depreciation | | |
| (a) on land and buildings | 7,263,002.16 | |
| (b) on equipment | 3,061,060.70 | 10,324,062.86 |
| 4. Allocations to reserves for specific purposes | | |
| (a) for pension liabilities | 50,231,933.62 | |
| (b) others | 75,043,416.72 | 125,275,350.34 |
| 5. Pension payments in respect of Reichsbank | | 21,678,250.41 |
| 6. Other expenditure | | 4,263,256.90 |
| 7. Net profit | | 180,813,671.66 |
| | | <u>542,625,698.30</u> |
| <hr/> | | |
| Receipts | | |
| 1. Interest | | 512,290,662.27 |
| 2. Fees and charges | | 2,538,880.62 |
| 3. Other receipts | | 27,796,155.41 |
| | | <u>542,625,698.30</u> |

Frankfurt am Main, 19 January 1962

**Deutsche Bundesbank
The Directorate**

Karl Blessing Dr. Troeger
Dr. Benning Dr. Emminger Hartlieb Könneker Tüngeler
Dr. Wolf Dr. Zachau

The final result of our audit, which was duly carried out on the basis of the records, books and other data of the Deutsche Bundesbank as well as of the explanations given and vouchers produced by the Directorate, shows the bookkeeping and the Annual Statement to be in accordance with the provisions of the law.

Frankfurt am Main, 12 March 1962

*Deutsche Revisions- und Treuhand-Aktiengesellschaft
Auditing Company*

Dr. Merckens
Certified Auditor

Prof. Dr. Birck
Certified Auditor

Dr. Wollert - Dr. Elmendorff K.G.
Auditing Company

Dr. Wollert Dr. Bargmann
Certified Auditor Certified Auditor

Fund for the Purchase of Equalisation Claims

Position on 31 December 1961

| | Equalisation claims (remaining capital) DM | Cash resources DM | Total assets of the Fund DM |
|------------------------------------------------------------------|--------------------------------------------------------|-------------------------|-----------------------------------|
| Position on 31 December 1960 . . | 341,234,755.36 | 3,745,274.69 | 344,980,030.05 |
| Allocation from the Deutsche Bundesbank's 1960 net profit . . | | 40,000,000.— | 40,000,000.— |
| Equalisation claims purchased . . | 43,005,001.68 | less 43,005,001.68 | |
| Redeemed | less 6,857,274.14 | 6,857,274.14 | |
| Interest | | | |
| on equalisation claims | | 10,409,282.40 | 10,409,282.40 |
| from temporary employment of the Fund's cash resources . . | | 380,725.70 | 380,725.70 |
| Position on 31 December 1961 . . | 377,382,482.90 | 18,387,555.25 | 395,770,038.15 |

Frankfurt am Main, 19 January 1962

Deutsche Bundesbank
The Directorate

Karl Blessing Dr. Troeger
 Dr. Benning Dr. Emminger Hartlieb Könneker Tüngeler
 Dr. Wolf Dr. Zachau

| Date of return | Assets | | | | | | | | | | | | | | |
|----------------|----------|---------------------------------------------------------------|------------------------|---------------------------------------------------|------------------------|-----------------------------------|----------------------------|--------------------------------------------------------|--------------------------------------------------|------------|-----------------------------|---------------|--------------------------------------------------|------------|------------------------------|
| | Gold | Balances at foreign banks and money-market investments abroad | | Foreign notes and coin, foreign bills and cheques | German divisional coin | Balances on postal cheque account | Domestic bills of exchange | Treasury bills and non-interest-bearing Treasury bonds | | | Advances against securities | Cash advances | | | |
| | | Total | among which: earmarked | | | | | Total | (a) Federal Government and Federal Special Funds | (b) Länder | | Total | to: | | |
| | | | | | | | | | | | | | (a) Federal Government and Federal Special Funds | (b) Länder | (c) other public authorities |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | |
| 1961 | | | | | | | | | | | | | | | |
| Jan. 7 | 12,337.7 | 15,420.8 | 259.3 | 149.8 | 114.4 | 118.2 | 1,235.0 | 121.3 | 121.3 | — | 105.3 | 126.2 | 113.2 | — | 13.0 |
| 15 | 12,398.8 | 15,758.5 | 259.3 | 159.8 | 135.4 | 126.6 | 1,518.6 | 55.6 | 55.6 | — | 125.9 | 10.7 | — | — | 10.7 |
| 23 | 12,400.2 | 15,283.7 | 259.3 | 167.3 | 153.4 | 101.2 | 1,843.4 | 25.2 | 25.2 | — | 147.4 | 3.9 | — | — | 3.9 |
| 31 | 12,400.2 | 15,474.7 | 259.3 | 163.9 | 121.1 | 123.8 | 1,834.6 | 1.2 | 1.2 | — | 26.0 | 6.9 | — | — | 6.9 |
| Feb. 7 | 12,400.2 | 15,529.0 | 259.3 | 154.7 | 131.3 | 121.3 | 2,080.2 | 0.4 | 0.4 | — | 34.6 | 2.1 | — | — | 2.1 |
| 15 | 12,447.3 | 15,477.7 | 259.3 | 131.9 | 143.0 | 144.6 | 1,537.1 | — | — | — | 31.6 | 11.0 | — | — | 11.0 |
| 23 | 12,448.0 | 15,547.1 | 259.3 | 121.2 | 150.5 | 103.2 | 1,251.5 | 15.0 | 15.0 | — | 169.4 | 10.3 | — | — | 10.3 |
| 28 | 12,528.9 | 15,594.4 | 259.3 | 122.2 | 123.1 | 135.6 | 1,174.5 | 15.0 | 15.0 | — | 38.8 | 2.7 | — | — | 2.7 |
| Mar. 7 | 11,960.7 | 15,192.1 | 248.3 | 137.2 | 131.0 | 126.4 | 2,375.7 | 53.8 | 53.8 | — | 38.7 | 5.0 | — | — | 5.0 |
| 15 | 12,600.9 | 15,351.9 | 248.3 | 164.0 | 123.0 | 154.5 | 1,868.7 | 51.5 | 51.5 | — | 37.5 | 3.2 | — | — | 3.2 |
| 23 | 12,780.6 | 15,322.3 | 248.3 | 183.7 | 137.7 | 115.3 | 1,388.2 | 31.6 | 31.6 | — | 55.1 | 3.9 | — | — | 3.9 |
| 31 | 12,780.6 | 15,533.9 | 248.3 | 207.3 | 100.5 | 151.3 | 1,293.7 | 30.0 | 30.0 | — | 150.4 | 9.9 | — | — | 9.9 |
| Apr. 7 | 12,830.4 | 16,157.3 | 248.3 | 222.6 | 117.7 | 189.9 | 1,255.0 | 30.0 | 30.0 | — | 35.3 | 8.5 | — | — | 8.5 |
| 15 | 12,843.3 | 16,223.8 | 248.3 | 222.7 | 130.6 | 131.6 | 1,027.4 | 10.0 | 10.0 | — | 42.1 | 5.5 | — | — | 5.5 |
| 23 | 12,934.6 | 16,321.3 | 248.3 | 230.0 | 142.2 | 83.1 | 673.3 | — | — | — | 49.9 | 7.5 | — | — | 7.5 |
| 30 | 13,021.7 | 13,466.3 | — | 257.4 | 111.0 | 138.4 | 604.3 | 30.0 | 30.0 | — | 61.7 | 10.4 | — | — | 10.4 |
| May 7 | 13,101.7 | 13,467.6 | — | 277.0 | 115.1 | 136.8 | 913.7 | 30.1 | 30.1 | — | 34.1 | 1.5 | — | — | 1.5 |
| 15 | 13,231.0 | 13,311.7 | — | 282.5 | 117.8 | 122.0 | 941.9 | 32.1 | 32.1 | — | 30.3 | 6.5 | — | — | 6.5 |
| 23 | 13,388.5 | 13,276.9 | — | 293.4 | 128.5 | 103.3 | 1,132.5 | 19.5 | 19.5 | — | 42.5 | 12.7 | — | — | 12.7 |
| 31 | 13,545.2 | 13,010.1 | — | 316.0 | 104.1 | 159.9 | 986.4 | 19.5 | 19.5 | — | 26.6 | 4.0 | — | — | 4.0 |
| June 7 | 13,616.7 | 13,019.3 | — | 326.0 | 114.5 | 165.6 | 1,135.5 | 19.5 | 19.5 | — | 27.3 | 1.6 | — | — | 1.6 |
| 15 | 13,862.8 | 12,515.4 | — | 316.7 | 125.8 | 162.1 | 948.5 | 19.5 | 19.5 | — | 31.1 | 0.7 | — | — | 0.7 |
| 23 | 13,912.9 | 12,773.7 | — | 300.4 | 135.6 | 92.3 | 757.9 | 19.5 | 19.5 | — | 91.4 | 4.5 | — | — | 4.5 |
| 30 | 13,886.0 | 13,222.6 | — | 307.3 | 99.7 | 138.5 | 852.6 | 19.5 | 19.5 | — | 47.6 | 0.2 | — | — | 0.2 |
| July 7 | 13,919.5 | 13,241.2 | — | 311.1 | 103.9 | 127.6 | 1,212.4 | — | — | — | 32.8 | 1.5 | — | — | 1.5 |
| 15 | 13,919.6 | 12,977.1 | — | 317.7 | 108.3 | 136.1 | 1,343.9 | — | — | — | 30.6 | 0.9 | — | — | 0.9 |
| 23 | 13,934.7 | 13,006.7 | — | 342.2 | 116.7 | 122.8 | 1,193.9 | — | — | — | 28.7 | 3.3 | — | — | 3.3 |
| 31 | 13,934.7 | 12,710.5 | — | 347.3 | 83.8 | 243.5 | 819.0 | — | — | — | 19.9 | 4.5 | — | — | 4.5 |
| Aug. 7 | 13,935.0 | 12,591.4 | — | 347.4 | 93.3 | 205.2 | 1,168.2 | — | — | — | 17.9 | 1.5 | — | — | 1.5 |
| 15 | 14,295.0 | 11,582.0 | — | 319.3 | 108.8 | 142.4 | 860.8 | — | — | — | 13.9 | 2.0 | — | — | 2.0 |
| 23 | 14,385.6 | 11,210.7 | — | 329.8 | 125.0 | 154.3 | 688.6 | — | — | — | 11.5 | 2.1 | — | — | 2.1 |
| 31 | 14,408.1 | 11,007.2 | — | 335.5 | 91.6 | 155.4 | 533.3 | — | — | — | 15.1 | 4.5 | — | — | 4.5 |
| Sep. 7 | 14,408.1 | 10,742.1 | — | 342.1 | 99.8 | 144.3 | 1,041.7 | — | — | — | 17.4 | 2.1 | — | — | 2.1 |
| 15 | 14,408.1 | 10,828.7 | — | 328.7 | 111.1 | 152.9 | 875.0 | — | — | — | 22.2 | 4.5 | — | — | 4.5 |
| 23 | 14,408.8 | 10,816.4 | — | 347.4 | 116.1 | 98.1 | 1,087.9 | — | — | — | 97.8 | 2.9 | — | — | 2.9 |
| 30 | 14,408.8 | 11,051.1 | — | 341.8 | 87.1 | 147.4 | 1,822.1 | 1.0 | 1.0 | — | 30.8 | 4.6 | — | — | 4.6 |
| Oct. 7 | 14,408.8 | 11,063.3 | — | 325.3 | 91.6 | 132.7 | 1,705.5 | 1.2 | 1.2 | — | 16.0 | 0.9 | — | — | 0.9 |
| 15 | 14,408.9 | 10,686.8 | — | 284.2 | 96.9 | 129.8 | 1,406.6 | 1.2 | 1.2 | — | 12.9 | 0.8 | — | — | 0.8 |
| 23 | 14,423.6 | 10,530.8 | — | 267.6 | 109.0 | 115.4 | 871.7 | 3.4 | 3.4 | — | 35.7 | 4.8 | — | — | 4.8 |
| 31 | 14,423.6 | 10,079.9 | — | 277.7 | 83.8 | 151.4 | 587.0 | 2.2 | 2.2 | — | 131.2 | 4.8 | — | — | 4.8 |
| Nov 7 | 14,423.6 | 10,091.8 | — | 261.7 | 92.2 | 148.8 | 864.2 | — | — | — | 17.6 | 2.8 | — | — | 2.8 |
| 15 | 14,423.6 | 9,747.7 | — | 238.4 | 102.4 | 154.4 | 737.9 | — | — | — | 12.5 | 3.4 | — | — | 3.4 |
| 23 | 14,424.2 | 6,553.7 | — | 242.3 | 105.4 | 161.0 | 875.2 | — | — | — | 80.8 | 1.0 | — | — | 1.0 |
| 30 | 14,424.3 | 9,961.6 | — | 263.2 | 71.0 | 177.3 | 1,146.3 | — | — | — | 23.3 | 8.6 | — | 5.1 | 3.5 |
| Dec. 7 | 14,424.3 | 10,038.1 | — | 255.8 | 64.4 | 152.5 | 1,409.5 | — | — | — | 29.3 | 14.7 | — | 11.2 | 3.5 |
| 15 | 14,424.3 | 10,234.6 | — | 257.7 | 63.6 | 148.5 | 1,062.7 | — | — | — | 78.6 | 4.0 | — | — | 4.0 |
| 23 | 14,424.9 | 10,910.7 | — | 274.9 | 53.1 | 113.7 | 1,009.8 | — | — | — | 262.3 | 5.0 | — | — | 5.0 |
| 31 | 14,426.6 | 11,386.8 | — | 291.7 | 57.2 | 281.1 | 1,146.1 | — | — | — | 219.7 | 167.5 | 160.1 | 3.0 | 4.4 |

¹) Including equalisation claims resulting from conversion of Berlin pre-capitulation accounts (Supplementary Conversion Law) and from conversion of pre-currency-pensation required in new valuation of gold and exchange holdings". — ²) Up to and including 31 January 1961 "Short and medium-term loans to international

Deutsche Bundesbank
of DM

| Assets | | | | | | | | | | | | | | Date of return |
|------------|---------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------|----------------------------------------------------------------------|----------------------|--------------------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------|--------------------|----------------------------------|--------------|----------|----------------|
| Securities | Equalisation claims and non-interest-bearing debt certificate | | | | | Credits to Federal Govt. for participation in international institutions | Claims on Federal Government in respect of | | Loans to international institutions and consolidation loans ^{*)} | | | Other assets | Total | |
| | Holding | (a) Equalisation claims from conversion of own balance sheet ¹⁾ | (b) Equalisation claims purchased | less equalisation claims returned in exchange for money-market paper | (c) Debt certificate | | (a) acquisition of claim resulting from post-war economic aid | (b) alteration of exchange parity ²⁾ | Total | among which: | | | | |
| | | | | | | | | | | (a) to I. B. R. D. | (b) from liquidation of E. P. U. | | | |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | |
| 323.4 | 3,163.6 | 8,128.4 | 78.6 | 5,590.7 | 547.2 | 1,429.2 | — | — | 3,649.8 | 1,560.1 | 1,992.7 | 389.0 | 38,683.7 | 1961 Jan. 7 |
| 323.8 | 3,341.6 | 8,128.4 | 78.7 | 5,412.7 | 547.2 | 1,429.2 | — | — | 3,421.6 | 1,560.1 | 1,764.5 | 383.6 | 39,189.7 | 15 |
| 324.1 | 3,478.1 | 8,128.4 | 78.7 | 5,276.2 | 547.2 | 1,429.2 | — | — | 3,390.3 | 1,560.1 | 1,743.8 | 180.0 | 38,927.4 | 23 |
| 324.0 | 3,560.2 | 8,128.4 | 78.9 | 5,194.3 | 547.2 | 1,455.4 | — | — | 3,390.3 | 1,560.1 | 1,743.8 | 467.4 | 39,349.7 | 31 |
| 594.4 | 3,406.7 | 8,128.4 | 79.0 | 5,347.9 | 547.2 | 1,455.4 | — | — | 3,219.8 | 1,389.6 | 1,743.8 | 189.8 | 39,319.9 | Feb. 7 |
| 594.2 | 2,719.1 | 8,128.4 | 79.3 | 6,035.8 | 547.2 | 1,455.4 | — | — | 3,219.8 | 1,389.6 | 1,743.8 | 197.2 | 38,109.9 | 15 |
| 594.2 | 2,532.4 | 8,129.6 | 71.2 | 6,215.6 | 547.2 | 1,455.4 | — | — | 3,219.0 | 1,389.6 | 1,743.1 | 799.6 | 38,416.8 | 23 |
| 594.1 | 2,591.0 | 8,129.6 | 71.2 | 6,157.0 | 547.2 | 1,481.7 | — | — | 3,219.0 | 1,389.6 | 1,743.1 | 586.9 | 38,207.9 | 28 |
| 586.7 | 2,708.2 | 8,129.6 | 71.2 | 6,039.8 | 547.2 | 1,471.2 | — | 1,480.6 | 3,176.7 | 1,344.9 | 1,741.1 | 295.7 | 39,739.7 | Mar. 7 |
| 586.9 | 2,627.7 | 8,129.6 | 71.2 | 6,120.3 | 547.2 | 1,471.2 | — | 1,480.7 | 3,176.2 | 1,344.9 | 1,741.1 | 220.2 | 39,918.1 | 15 |
| 586.9 | 2,514.5 | 8,129.6 | 71.2 | 6,233.5 | 547.2 | 1,471.2 | — | 1,478.3 | 3,171.7 | 1,344.9 | 1,740.5 | 233.0 | 39,474.0 | 23 |
| 586.9 | 2,624.8 | 8,129.6 | 71.2 | 6,123.2 | 547.2 | 1,495.2 | — | 1,476.7 | 3,157.3 | 1,344.9 | 1,729.9 | 593.1 | 40,191.6 | 31 |
| 586.8 | 2,636.4 | 8,129.6 | 70.8 | 6,111.2 | 547.2 | 1,517.7 | — | 1,476.7 | 3,160.3 | 1,344.9 | 1,729.9 | 272.3 | 40,496.9 | Apr. 7 |
| 586.8 | 2,708.0 | 8,129.6 | 70.8 | 6,039.6 | 547.2 | 1,517.7 | — | 1,475.3 | 3,157.8 | 1,344.9 | 1,729.9 | 233.2 | 40,315.8 | 15 |
| 586.8 | 2,601.6 | 8,129.6 | 70.9 | 6,146.1 | 547.2 | 1,517.7 | — | 1,475.0 | 3,157.1 | 1,344.9 | 1,729.2 | 643.4 | 40,423.5 | 23 |
| 586.7 | 2,815.6 | 8,129.6 | 71.1 | 5,932.3 | 547.2 | 1,737.7 | 3,079.7 | 1,475.0 | 3,157.1 | 1,344.9 | 1,729.2 | 354.8 | 40,907.8 | 30 |
| 586.6 | 2,746.1 | 8,129.6 | 68.9 | 5,999.6 | 547.2 | 1,737.7 | 3,079.7 | 1,475.0 | 3,157.8 | 1,344.9 | 1,729.2 | 245.2 | 41,105.7 | May 7 |
| 586.6 | 2,960.1 | 8,129.7 | 59.4 | 5,776.2 | 547.2 | 1,757.7 | 3,079.7 | 1,475.0 | 3,157.1 | 1,344.9 | 1,729.2 | 337.0 | 41,429.0 | 15 |
| 586.6 | 3,010.9 | 8,129.7 | 59.5 | 5,725.5 | 547.2 | 1,757.7 | 3,079.7 | 1,475.0 | 3,156.4 | 1,344.9 | 1,728.5 | 329.7 | 41,793.8 | 23 |
| 536.6 | 3,026.3 | 8,129.7 | 59.5 | 5,710.1 | 547.2 | 1,857.7 | 3,101.0 | 1,475.0 | 3,156.4 | 1,344.9 | 1,728.5 | 601.4 | 42,026.2 | 31 |
| 636.6 | 3,074.0 | 8,129.7 | 59.4 | 5,662.3 | 547.2 | 1,857.7 | 3,101.0 | 1,475.0 | 3,156.4 | 1,344.9 | 1,728.5 | 343.1 | 42,069.8 | June 7 |
| 636.2 | 3,029.8 | 8,129.7 | 59.4 | 5,706.5 | 547.2 | 1,857.7 | 3,101.0 | 1,475.0 | 3,156.4 | 1,344.9 | 1,728.5 | 337.2 | 41,575.9 | 15 |
| 636.6 | 3,218.4 | 8,129.7 | 51.9 | 5,510.4 | 547.2 | 1,857.7 | 2,598.4 | 1,475.0 | 3,155.7 | 1,344.9 | 1,727.8 | 382.0 | 41,412.0 | 23 |
| 636.6 | 3,301.0 | 8,129.7 | 51.5 | 5,427.4 | 547.2 | 1,857.7 | 2,598.4 | 1,265.0 | 3,134.3 | 1,344.9 | 1,717.2 | 503.1 | 41,870.1 | 30 |
| 686.5 | 3,167.9 | 8,129.7 | 51.3 | 5,560.3 | 547.2 | 1,857.7 | 2,598.4 | 1,265.0 | 3,134.8 | 1,344.9 | 1,717.2 | 269.1 | 41,929.4 | July 7 |
| 686.5 | 2,887.1 | 8,129.7 | 51.3 | 5,841.1 | 547.2 | 1,857.7 | 2,598.4 | 1,265.0 | 3,134.8 | 1,344.9 | 1,717.2 | 277.0 | 41,540.7 | 15 |
| 736.5 | 2,807.5 | 8,129.7 | 51.3 | 5,920.7 | 547.2 | 1,897.7 | 2,598.4 | 1,265.0 | 3,134.2 | 1,344.9 | 1,716.5 | 310.0 | 41,498.3 | 23 |
| 736.5 | 2,866.3 | 8,129.7 | 51.3 | 5,861.9 | 547.2 | 1,917.7 | 2,598.4 | 1,265.0 | 3,134.2 | 1,344.9 | 1,716.5 | 546.8 | 41,228.1 | 31 |
| 786.3 | 2,997.5 | 8,129.8 | 51.3 | 5,730.8 | 547.2 | 2,097.7 | 2,512.8 | 1,265.0 | 3,046.0 | 1,344.9 | 1,628.3 | 305.2 | 41,370.4 | Aug. 7 |
| 836.3 | 2,984.2 | 8,129.8 | 51.3 | 5,744.1 | 547.2 | 2,857.7 | 2,512.8 | 1,265.0 | 3,046.0 | 1,344.9 | 1,628.3 | 335.8 | 41,162.0 | 15 |
| 836.3 | 2,962.8 | 8,129.8 | 51.3 | 5,765.5 | 547.2 | 2,865.7 | 2,512.8 | 1,265.0 | 3,045.3 | 1,344.9 | 1,627.6 | 374.2 | 40,769.7 | 23 |
| 836.3 | 3,069.0 | 8,129.8 | 51.3 | 5,659.3 | 547.2 | 2,865.7 | 2,512.8 | 1,265.0 | 2,483.4 | 1,344.9 | 1,064.7 | 771.2 | 40,354.1 | 31 |
| 886.3 | 2,865.8 | 8,129.8 | 51.3 | 5,862.5 | 547.2 | 2,865.7 | 2,512.8 | 1,265.0 | 2,485.1 | 1,344.9 | 1,064.7 | 304.1 | 39,982.4 | Sep. 7 |
| 854.5 | 2,478.6 | 8,129.8 | 51.3 | 6,249.7 | 547.2 | 2,895.7 | 2,512.8 | 1,265.0 | 2,482.4 | 1,344.9 | 1,064.7 | 313.2 | 39,533.4 | 15 |
| 854.5 | 2,596.4 | 8,129.8 | 51.3 | 6,131.9 | 547.2 | 2,895.7 | 2,512.8 | 1,265.0 | 2,481.7 | 1,344.9 | 1,064.0 | 805.4 | 40,386.9 | 23 |
| 854.5 | 2,617.6 | 8,129.8 | 51.3 | 6,110.7 | 547.2 | 2,927.7 | 2,512.8 | 1,265.0 | 2,468.7 | 1,344.9 | 1,053.4 | 465.9 | 41,006.9 | 30 |
| 927.7 | 2,352.8 | 8,129.8 | 51.3 | 6,375.5 | 547.2 | 2,927.7 | 2,512.8 | 1,265.0 | 2,468.7 | 1,344.9 | 1,053.4 | 331.3 | 40,531.3 | Oct. 7 |
| 950.3 | 2,164.7 | 8,129.8 | 51.3 | 6,563.6 | 547.2 | 2,975.7 | 2,512.8 | 1,265.0 | 2,468.7 | 1,344.9 | 1,053.4 | 353.2 | 39,718.5 | 15 |
| 970.1 | 1,982.6 | 8,129.8 | 51.3 | 6,745.7 | 547.2 | 2,975.7 | 2,512.8 | 1,265.0 | 2,468.0 | 1,344.9 | 1,052.8 | 317.4 | 38,853.6 | 23 |
| 979.5 | 2,233.1 | 8,129.8 | 51.3 | 6,495.2 | 547.2 | 2,975.7 | 2,512.8 | 1,265.0 | 2,468.0 | 1,344.9 | 1,052.8 | 700.2 | 38,875.9 | 31 |
| 983.3 | 2,374.3 | 8,129.9 | 51.3 | 6,354.1 | 547.2 | 2,975.7 | 2,512.8 | 1,265.0 | 2,468.0 | 1,344.9 | 1,052.8 | 348.0 | 38,829.8 | Nov. 7 |
| 1,227.2 | 2,350.4 | 8,129.9 | 51.3 | 6,378.0 | 547.2 | 2,975.7 | 2,512.8 | 1,265.0 | 2,468.0 | 1,344.9 | 1,052.8 | 381.8 | 38,601.2 | 15 |
| 1,229.7 | 2,474.1 | 8,129.9 | 51.3 | 6,254.3 | 547.2 | 2,975.7 | 2,512.8 | 1,265.0 | 2,467.3 | 1,344.9 | 1,052.1 | 371.0 | 38,739.2 | 23 |
| 1,231.5 | 2,880.5 | 8,129.9 | 51.3 | 5,847.9 | 547.2 | 2,635.7 | 2,512.8 | 1,265.0 | 2,464.9 | 1,344.9 | 1,049.7 | 872.0 | 39,938.0 | 30 |
| 1,235.4 | 2,893.6 | 8,129.9 | 51.3 | 5,834.8 | 547.2 | 2,635.7 | 2,512.8 | 1,265.0 | 2,464.9 | 1,344.9 | 1,049.7 | 350.3 | 39,746.3 | Dec. 7 |
| 1,478.3 | 3,004.6 | 8,129.9 | 49.0 | 5,721.5 | 547.2 | 2,635.7 | 2,512.8 | 1,265.0 | 2,464.9 | 1,344.9 | 1,049.7 | 343.0 | 39,978.3 | 15 |
| 1,480.4 | 3,417.5 | 8,129.9 | 49.0 | 5,308.6 | 547.2 | 2,635.7 | 2,512.8 | 1,265.0 | 2,464.2 | 1,344.9 | 1,049.0 | 869.1 | 41,699.1 | 23 |
| 1,483.7 | 3,431.8 | 8,127.7 | 48.7 | 5,291.8 | 547.2 | 2,635.7 | 2,512.8 | 1,265.0 | 2,442.4 | 1,342.5 | 1,038.3 | 306.8 | 42,054.9 | 31 |

reform accounts with credit institutions in the Soviet Sector of Berlin (Second Supplementary Conversion Law). — *) Up to and including 23 June 1961 "Con-institutions and consolidation loans".

Returns of the Deutsche

in millions

| Date of return | Liabilities | | | | | | | | |
|----------------|---------------------------|----------|------------------------------------------------------------------------------------|---------|----------------------------------------|------------------------------------------|-------------|-------------------------------|------------------------------|
| | Deposits | | | | | | | | |
| | Bank notes in circulation | Total | (a) credit institutions (in c uding Postal Cheque and Postal Savings Bank offices) | of | | | | | (c) other German de-positors |
| | | | | Total | (b) public depositors | | | | |
| | | | | | (ba) Federal Govern-ment ¹⁾ | (bb) Federal Special Funds ¹⁾ | (bc) Länder | (bd) other public de-positors | |
| 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | |
| 1 9 6 1 | | | | | | | | | |
| Jan. 7 | 19,280.5 | 16,828.0 | 12,851.8 | 3,578.5 | 828.4 | — | 2,733.4 | 16.7 | 397.7 |
| 15 | 18,850.1 | 17,805.1 | 12,722.4 | 4,682.1 | 1,403.3 | — | 3,254.7 | 24.1 | 400.6 |
| 23 | 17,704.0 | 18,826.3 | 13,051.3 | 5,525.1 | 2,134.0 | — | 3,359.0 | 32.1 | 249.9 |
| 31 | 20,215.6 | 16,917.3 | 11,936.6 | 4,716.0 | 1,891.4 | — | 2,799.5 | 25.1 | 264.7 |
| Feb. 7 | 18,864.2 | 18,123.4 | 13,701.7 | 4,166.5 | 1,298.0 | — | 2,846.9 | 21.6 | 255.2 |
| 15 | 18,534.4 | 17,399.8 | 12,149.5 | 5,045.8 | 1,628.7 | — | 3,375.0 | 42.1 | 204.5 |
| 23 | 17,953.9 | 18,278.2 | 11,284.0 | 6,776.3 | 3,565.4 | — | 3,186.9 | 24.0 | 217.9 |
| 28 | 20,518.5 | 15,504.6 | 10,817.4 | 4,482.6 | 1,963.6 | — | 2,493.0 | 26.0 | 204.6 |
| Mar. 7 | 19,384.9 | 17,948.9 | 13,507.9 | 4,225.1 | 1,640.9 | — | 2,562.3 | 21.9 | 215.9 |
| 15 | 19,071.8 | 18,488.1 | 11,789.7 | 6,494.1 | 2,788.0 | — | 3,684.3 | 21.8 | 204.3 |
| 23 | 18,161.6 | 18,950.3 | 10,884.6 | 7,834.8 | 3,529.0 | — | 4,274.5 | 31.3 | 230.9 |
| 31 | 21,272.9 | 16,586.1 | 10,177.2 | 6,178.6 | 2,964.8 | — | 3,186.8 | 27.0 | 230.3 |
| Apr. 7 | 19,751.6 | 18,284.0 | 11,980.8 | 6,070.2 | 2,832.2 | — | 3,219.0 | 19.0 | 233.0 |
| 15 | 19,390.3 | 18,447.3 | 11,853.6 | 6,376.8 | 2,667.9 | — | 3,691.9 | 17.0 | 216.9 |
| 23 | 18,185.5 | 19,696.8 | 11,710.6 | 7,734.0 | 3,837.2 | — | 3,868.8 | 28.0 | 252.2 |
| 30 | 21,226.4 | 16,562.9 | 10,023.7 | 6,316.1 | 2,489.7 | 578.5 | 3,219.2 | 28.7 | 223.1 |
| May 7 | 20,087.0 | 17,964.2 | 11,767.6 | 5,980.3 | 2,157.2 | 495.6 | 3,307.5 | 20.0 | 216.3 |
| 15 | 19,608.5 | 18,360.6 | 11,088.0 | 6,998.0 | 2,565.3 | 701.5 | 3,686.5 | 44.7 | 274.6 |
| 23 | 18,523.6 | 20,102.2 | 11,673.3 | 8,064.5 | 3,391.9 | 711.1 | 3,927.6 | 33.9 | 364.4 |
| 31 | 21,153.0 | 17,892.2 | 11,097.4 | 6,569.4 | 2,650.3 | 1,099.6 | 2,791.6 | 27.9 | 225.4 |
| June 7 | 19,883.7 | 19,043.9 | 12,575.2 | 6,228.4 | 2,504.2 | 923.8 | 2,781.5 | 18.9 | 240.3 |
| 15 | 19,713.9 | 18,801.4 | 10,155.9 | 8,422.5 | 3,502.7 | 848.0 | 4,053.7 | 18.1 | 223.0 |
| 23 | 18,927.7 | 19,506.7 | 9,724.0 | 9,551.5 | 3,810.4 | 842.1 | 4,865.7 | 33.3 | 231.2 |
| 30 | 21,839.3 | 17,144.9 | 9,528.4 | 7,370.9 | 2,135.7 | 1,640.5 | 3,550.9 | 43.8 | 245.6 |
| July 7 | 20,746.6 | 18,163.1 | 10,722.5 | 7,188.3 | 1,969.7 | 1,464.2 | 3,732.0 | 22.4 | 252.3 |
| 15 | 20,496.9 | 18,193.1 | 10,339.8 | 7,622.6 | 2,276.7 | 1,307.5 | 4,016.2 | 22.2 | 230.7 |
| 23 | 19,651.5 | 19,067.9 | 10,485.9 | 8,365.1 | 2,977.5 | 1,158.9 | 4,190.9 | 37.8 | 216.9 |
| 31 | 22,108.9 | 16,316.7 | 9,147.6 | 6,927.3 | 1,841.5 | 1,475.8 | 3,583.2 | 26.8 | 241.8 |
| Aug. 7 | 20,790.9 | 17,304.1 | 10,928.2 | 6,145.2 | 1,429.5 | 1,114.9 | 3,580.7 | 20.1 | 230.7 |
| 15 | 20,157.1 | 17,429.1 | 10,263.2 | 6,911.4 | 1,754.2 | 1,171.1 | 3,933.1 | 53.0 | 254.5 |
| 23 | 19,025.4 | 18,096.2 | 10,207.5 | 7,676.2 | 2,369.3 | 1,186.4 | 4,090.1 | 30.4 | 212.5 |
| 31 | 22,143.2 | 15,081.2 | 8,942.4 | 5,917.9 | 1,200.7 | 1,668.2 | 3,027.4 | 21.6 | 220.9 |
| Sep. 7 | 21,120.5 | 15,981.0 | 10,850.6 | 4,899.0 | 827.2 | 1,097.0 | 2,955.3 | 19.5 | 231.4 |
| 15 | 20,751.9 | 15,951.0 | 8,940.0 | 6,784.6 | 1,596.0 | 955.6 | 4,215.6 | 17.4 | 226.4 |
| 23 | 19,890.6 | 17,723.7 | 8,518.1 | 8,987.4 | 2,165.9 | 2,033.9 | 4,769.9 | 17.7 | 218.2 |
| 30 | 22,632.7 | 15,666.3 | 9,379.3 | 6,040.5 | 1,233.9 | 891.7 | 3,884.9 | 30.0 | 246.5 |
| Oct. 7 | 21,568.3 | 16,219.3 | 10,043.7 | 5,957.5 | 1,164.5 | 907.2 | 3,871.1 | 14.7 | 218.1 |
| 15 | 21,131.9 | 15,897.3 | 9,156.7 | 6,520.1 | 1,367.4 | 955.5 | 4,181.7 | 15.5 | 220.5 |
| 23 | 19,558.0 | 16,437.5 | 8,944.2 | 7,266.1 | 2,008.6 | 801.1 | 4,440.4 | 16.0 | 227.2 |
| 31 | 22,156.5 | 14,074.3 | 8,240.7 | 5,574.2 | 1,004.1 | 897.6 | 3,655.1 | 17.4 | 259.4 |
| Nov. 7 | 20,760.6 | 15,466.6 | 10,017.2 | 5,202.9 | 801.7 | 728.5 | 3,657.5 | 15.2 | 246.5 |
| 15 | 20,346.3 | 15,550.5 | 9,458.3 | 5,840.8 | 841.7 | 845.0 | 4,108.5 | 45.6 | 251.4 |
| 23 | 19,666.8 | 16,295.6 | 9,208.3 | 6,786.8 | 1,678.3 | 831.1 | 4,262.0 | 15.4 | 300.5 |
| 30 | 23,126.4 | 14,359.6 | 8,954.3 | 5,148.2 | 649.7 | 1,346.2 | 3,122.8 | 29.5 | 257.1 |
| Dec. 7 | 22,538.4 | 14,728.8 | 9,696.4 | 4,795.5 | 587.9 | 862.8 | 3,327.6 | 17.2 | 236.9 |
| 15 | 22,038.7 | 15,500.8 | 8,275.7 | 6,954.2 | 1,612.9 | 690.2 | 4,631.7 | 19.4 | 270.9 |
| 23 | 21,782.1 | 17,432.9 | 8,855.3 | 8,297.9 | 1,158.9 | 2,041.1 | 5,074.3 | 23.6 | 279.7 |
| 31 | 22,991.7 | 16,600.4 | 11,615.0 | 4,733.0 | 79.1 | 991.8 | 3,625.1 | 37.0 | 252.4 |

¹⁾ Up to and including 23 April 1961 columns 34 and 35 were shown as one combined item.

Bundesbank (cont'd)

of DM

| Liabilities | | | | | | | | | | Date of return |
|--------------------------------------------|---------------------------------------|-----------|-------------------------------------------------------------------------|------------|----------------------------------------------------|---------|----------|-------------------|----------|----------------|
| Liabilities in respect of foreign business | | | | | Amounts placed to reserve for specific liabilities | Capital | Reserves | Other liabilities | Total | |
| Total | (a) Deposits of foreign depositors | (b) Other | | | | | | | | |
| | | Total | among which, provision of cover for letters of credit and guarantees by | | | | | | | |
| | | | | foreigners | residents | | | | | |
| 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | |
| | | | | | | | | | | 1 9 6 1 |
| 400.0 | 312.5 | 87.5 | 58.3 | 6.2 | 806.0 | 290.0 | 562.3 | 516.9 | 38,683.7 | Jan. 7 |
| 383.4 | 300.8 | 82.6 | 57.9 | 6.5 | 806.0 | 290.0 | 562.3 | 492.8 | 39,189.7 | 15 |
| 410.7 | 294.7 | 116.0 | 57.1 | 6.5 | 806.0 | 290.0 | 562.3 | 328.1 | 38,927.4 | 23 |
| 347.5 | 275.3 | 72.2 | 58.3 | 6.0 | 806.0 | 290.0 | 562.3 | 211.0 | 39,349.7 | 31 |
| 339.4 | 267.9 | 71.5 | 55.4 | 4.3 | 806.0 | 290.0 | 562.3 | 334.6 | 39,319.9 | Feb. 7 |
| 294.2 | 225.0 | 69.2 | 53.6 | 3.6 | 806.0 | 290.0 | 562.3 | 223.2 | 38,109.9 | 15 |
| 324.7 | 241.2 | 83.5 | 55.1 | 5.6 | 806.0 | 290.0 | 562.3 | 201.7 | 38,416.8 | 23 |
| 317.6 | 236.2 | 81.4 | 54.0 | 5.7 | 806.0 | 290.0 | 562.3 | 208.9 | 38,207.9 | 28 |
| 322.5 | 238.8 | 83.7 | 56.6 | 5.5 | 806.0 | 290.0 | 562.3 | 425.1 | 39,739.7 | Mar. 7 |
| 309.2 | 235.5 | 73.7 | 56.9 | 5.6 | 806.0 | 290.0 | 562.3 | 390.7 | 39,918.1 | 15 |
| 389.1 | 309.7 | 79.4 | 56.4 | 13.2 | 806.0 | 290.0 | 562.3 | 314.7 | 39,474.0 | 23 |
| 342.1 | 266.3 | 75.8 | 58.0 | 8.8 | 806.0 | 290.0 | 562.3 | 332.2 | 40,191.6 | 31 |
| 445.6 | 365.5 | 80.1 | 58.0 | 8.4 | 806.0 | 290.0 | 562.3 | 357.4 | 40,496.9 | Apr. 7 |
| 462.2 | 384.8 | 77.4 | 57.9 | 7.8 | 806.0 | 290.0 | 562.3 | 357.7 | 40,315.8 | 15 |
| 521.0 | 429.8 | 91.2 | 58.0 | 12.6 | 806.0 | 290.0 | 562.3 | 361.9 | 40,423.5 | 23 |
| 1,126.8 | 1,049.7 | 77.1 | 57.6 | 9.2 | 806.0 | 290.0 | 562.3 | 333.4 | 40,907.8 | 30 |
| 1,113.3 | 1,014.5 | 98.8 | 56.8 | 7.9 | 806.0 | 290.0 | 562.3 | 282.9 | 41,105.7 | May 7 |
| 1,110.6 | 1,024.9 | 85.7 | 59.5 | 5.3 | 1,077.0 | 290.0 | 588.0 | 394.3 | 41,429.0 | 15 |
| 1,040.6 | 958.2 | 82.4 | 59.2 | 11.6 | 1,077.0 | 290.0 | 588.0 | 172.4 | 41,793.8 | 23 |
| 958.1 | 879.6 | 78.5 | 59.8 | 7.5 | 1,077.0 | 290.0 | 588.0 | 67.9 | 42,026.2 | 31 |
| 1,031.0 | 924.9 | 106.1 | 59.8 | 5.3 | 1,077.0 | 290.0 | 588.0 | 156.2 | 42,069.8 | June 7 |
| 977.2 | 903.3 | 73.9 | 59.8 | 4.7 | 1,077.0 | 290.0 | 588.0 | 128.4 | 41,575.9 | 15 |
| 964.5 | 879.3 | 85.2 | 60.4 | 12.0 | 1,077.0 | 290.0 | 588.0 | 58.1 | 41,412.0 | 23 |
| 1,000.9 | 916.0 | 84.9 | 65.9 | 7.3 | 867.0 | 290.0 | 588.0 | 140.0 | 41,870.1 | 30 |
| 1,121.2 | 885.2 | 236.0 | 67.7 | 6.2 | 867.0 | 290.0 | 588.0 | 153.5 | 41,929.4 | July 7 |
| 942.1 | 855.7 | 86.4 | 70.4 | 4.3 | 867.0 | 290.0 | 588.0 | 163.6 | 41,540.7 | 15 |
| 885.4 | 791.1 | 94.3 | 68.6 | 11.5 | 867.0 | 290.0 | 588.0 | 148.5 | 41,498.3 | 23 |
| 898.6 | 800.2 | 98.4 | 72.9 | 6.4 | 867.0 | 290.0 | 588.0 | 158.9 | 41,228.1 | 31 |
| 1,161.9 | 1,064.3 | 97.6 | 72.3 | 5.5 | 867.0 | 290.0 | 588.0 | 368.5 | 41,370.4 | Aug. 7 |
| 1,606.3 | 1,517.8 | 88.5 | 68.6 | 4.6 | 867.0 | 290.0 | 588.0 | 224.5 | 41,162.0 | 15 |
| 1,675.3 | 1,510.8 | 164.5 | 69.6 | 11.2 | 867.0 | 290.0 | 588.0 | 227.8 | 40,769.7 | 23 |
| 1,149.0 | 1,067.4 | 81.6 | 67.1 | 5.3 | 867.0 | 290.0 | 586.0 | 235.7 | 40,354.1 | 31 |
| 841.1 | 754.8 | 86.3 | 69.1 | 4.8 | 867.0 | 290.0 | 588.0 | 294.8 | 39,982.4 | Sep. 7 |
| 837.1 | 737.3 | 99.8 | 71.3 | 6.1 | 867.0 | 290.0 | 588.0 | 248.4 | 39,533.4 | 15 |
| 779.4 | 686.8 | 92.6 | 67.8 | 12.6 | 867.0 | 290.0 | 588.0 | 248.2 | 40,386.9 | 23 |
| 702.4 | 615.7 | 86.7 | 66.4 | 8.4 | 867.0 | 290.0 | 588.0 | 260.5 | 41,006.9 | 30 |
| 734.9 | 647.1 | 87.8 | 67.9 | 7.1 | 867.0 | 290.0 | 588.0 | 263.8 | 40,531.3 | Oct. 7 |
| 673.5 | 589.9 | 83.6 | 64.4 | 7.2 | 867.0 | 290.0 | 588.0 | 270.8 | 39,718.5 | 15 |
| 753.0 | 659.4 | 93.6 | 64.9 | 17.6 | 867.0 | 290.0 | 588.0 | 360.1 | 38,853.6 | 23 |
| 621.3 | 523.0 | 98.3 | 62.4 | 11.4 | 867.0 | 290.0 | 588.0 | 278.8 | 38,875.9 | 31 |
| 581.4 | 498.2 | 83.2 | 60.1 | 11.4 | 867.0 | 290.0 | 588.0 | 276.2 | 38,829.8 | Nov. 7 |
| 673.4 | 586.8 | 86.6 | 59.4 | 14.7 | 867.0 | 290.0 | 588.0 | 286.0 | 38,601.2 | 15 |
| 748.1 | 651.2 | 96.9 | 61.5 | 21.2 | 867.0 | 290.0 | 588.0 | 283.7 | 38,739.2 | 23 |
| 415.6 | 326.2 | 89.4 | 61.0 | 16.8 | 867.0 | 290.0 | 588.0 | 291.4 | 39,938.0 | 30 |
| 376.2 | 288.5 | 87.7 | 60.9 | 14.6 | 867.0 | 290.0 | 588.0 | 357.9 | 39,746.3 | Dec. 7 |
| 370.9 | 277.5 | 93.4 | 57.8 | 14.4 | 867.0 | 290.0 | 588.0 | 322.9 | 39,978.3 | 15 |
| 429.7 | 314.5 | 115.2 | 61.1 | 21.6 | 867.0 | 290.0 | 588.0 | 309.4 | 41,699.1 | 23 |
| 367.7 | 273.7 | 94.0 | 62.6 | 17.0 | 867.0 | 290.0 | 588.0 | 350.1 | 42,054.9 | 31 |

Turnover on the Giro Accounts of the Deutsche Bundesbank

| | Debits | | | | Credits | | | |
|-------------------------|--------------------|-----------|--------------------|-----------|--------------------|-----------|--------------------|-----------|
| | 1960 | | 1961 | | 1960 | | 1961 | |
| | '000 ¹⁾ | DM mn | '000 ¹⁾ | DM mn | '000 ¹⁾ | DM mn | '000 ¹⁾ | DM mn |
| Land Central Bank | | | | | | | | |
| Baden-Württemberg | 18,438 | 152,916 | 19,873 | 172,259 | 21,055 | 153,737 | 22,635 | 172,060 |
| Bavaria | 18,885 | 156,352 | 20,224 | 174,654 | 18,981 | 157,005 | 20,584 | 174,490 |
| Berlin | 2,226 | 39,756 | 2,135 | 42,423 | 3,031 | 39,850 | 3,026 | 42,359 |
| Bremen | 3,289 | 20,706 | 3,380 | 22,469 | 3,962 | 20,741 | 4,236 | 22,420 |
| Hamburg | 6,524 | 132,503 | 6,610 | 155,547 | 8,641 | 132,639 | 9,510 | 155,509 |
| Hesse | 12,590 | 197,914 | 13,536 | 222,841 | 12,898 | 198,562 | 14,267 | 222,970 |
| Lower Saxony | 16,340 | 92,166 | 17,176 | 102,033 | 14,076 | 92,672 | 14,753 | 102,173 |
| North Rhine-Westphalia | 38,387 | 484,242 | 41,770 | 559,696 | 36,482 | 486,078 | 39,654 | 559,510 |
| Rhineland-Palatinate | 7,568 | 50,270 | 8,115 | 56,102 | 7,268 | 50,461 | 7,858 | 56,185 |
| Saarland | 1,053 | 14,133 | 1,204 | 15,763 | 752 | 14,334 | 896 | 15,681 |
| Schleswig-Holstein | 4,675 | 25,764 | 4,952 | 29,103 | 3,769 | 25,949 | 3,905 | 29,102 |
| Total | 129,975 | 1,366,722 | 138,975 | 1,552,890 | 130,915 | 1,372,028 | 141,324 | 1,552,459 |
| Bundesbank-Directorate- | 536 | 159,601 | 548 | 179,015 | 639 | 159,431 | 633 | 179,386 |
| Grand total | 130,511 | 1,526,323 | 139,523 | 1,731,905 | 131,554 | 1,531,459 | 141,957 | 1,731,845 |

1) Number of transactions.

Simplified Cheque Collection

| | Cheques lodged | | | | Cheques paid | | | |
|-------------------------|----------------|---------|--------|---------|--------------|---------|--------|---------|
| | 1960 | | 1961 | | 1960 | | 1961 | |
| | '000 | DM mn | '000 | DM mn | '000 | DM mn | '000 | DM mn |
| Land Central Bank | | | | | | | | |
| Baden-Württemberg | 14,461 | 20,789 | 15,394 | 23,602 | 12,990 | 20,491 | 13,967 | 23,211 |
| Bavaria | 13,055 | 18,285 | 13,729 | 20,380 | 12,427 | 18,930 | 13,227 | 20,855 |
| Berlin | 2,165 | 3,385 | 2,236 | 3,832 | 1,335 | 2,756 | 1,335 | 3,100 |
| Bremen | 2,977 | 2,777 | 3,243 | 3,029 | 2,165 | 2,781 | 2,219 | 2,852 |
| Hamburg | 5,070 | 9,271 | 5,753 | 10,403 | 2,913 | 8,645 | 3,205 | 9,865 |
| Hesse | 8,831 | 14,064 | 9,717 | 16,482 | 8,871 | 16,880 | 9,454 | 19,847 |
| Lower Saxony | 9,685 | 12,487 | 10,064 | 13,792 | 11,445 | 12,897 | 12,141 | 14,656 |
| North Rhine-Westphalia | 23,608 | 44,286 | 25,612 | 51,272 | 26,339 | 44,536 | 28,543 | 51,427 |
| Rhineland-Palatinate | 4,544 | 6,031 | 4,858 | 6,855 | 4,918 | 6,372 | 5,271 | 7,158 |
| Saarland | 534 | 960 | 622 | 1,378 | 783 | 1,293 | 881 | 1,513 |
| Schleswig-Holstein | 2,159 | 2,989 | 2,218 | 3,293 | 2,890 | 2,788 | 3,106 | 3,234 |
| Total | 87,089 | 135,324 | 93,446 | 154,318 | 87,076 | 138,369 | 93,349 | 157,718 |
| Bundesbank-Directorate- | 122 | 3,115 | 140 | 3,562 | 4 | 30 | 4 | 29 |
| Grand total | 87,211 | 138,439 | 93,586 | 157,880 | 87,080 | 138,399 | 93,353 | 157,747 |

Telegraphic Giro Transactions
telegraphic giro transfers despatched

| | 1960 | | 1961 | |
|-------------------------|------|---------|------|---------|
| | '000 | DM mn | '000 | DM mn |
| Land Central Bank | | | | |
| Baden-Württemberg | 27 | 20,014 | 27 | 22,891 |
| Bavaria | 25 | 24,472 | 26 | 27,758 |
| Berlin | 7 | 11,358 | 6 | 12,008 |
| Bremen | 3 | 2,246 | 3 | 2,642 |
| Hamburg | 11 | 16,463 | 11 | 17,639 |
| Hesse | 27 | 27,597 | 26 | 31,337 |
| Lower Saxony | 18 | 13,722 | 19 | 15,968 |
| North Rhine-Westphalia | 53 | 79,448 | 55 | 93,574 |
| Rhineland-Palatinate | 11 | 7,295 | 11 | 8,231 |
| Saarland | 1 | 1,401 | 1 | 1,638 |
| Schleswig-Holstein | 4 | 3,141 | 4 | 3,526 |
| Total | 187 | 207,157 | 189 | 237,212 |
| Bundesbank-Directorate- | 7 | 3,511 | 7 | 4,699 |
| Grand total | 194 | 210,668 | 196 | 241,911 |

Certified Cheques

| Land Central Bank | 1960 | | 1961 | |
|------------------------|--------|--------|--------|--------|
| | number | DM mn | number | DM mn |
| Baden-Württemberg | 2,093 | 1,466 | 1,958 | 1,638 |
| Bavaria | 1,067 | 644 | 1,079 | 622 |
| Berlin | 111 | 2 | 100 | 7 |
| Bremen | 384 | 104 | 400 | 166 |
| Hamburg | 604 | 66 | 544 | 52 |
| Hesse | 1,829 | 1,354 | 1,534 | 1,409 |
| Lower Saxony | 487 | 515 | 420 | 403 |
| North Rhine-Westphalia | 10,364 | 13,729 | 10,050 | 14,567 |
| Rhineland-Palatinate | 783 | 285 | 694 | 218 |
| Saarland | 24 | 61 | 18 | 12 |
| Schleswig-Holstein | 891 | 30 | 866 | 30 |
| Total | 18,637 | 18,256 | 17,663 | 19,124 |

Turnover in Clearing Transactions

| Land Central Bank | 1960 | | | | | | 1961 | | | | | |
|------------------------|------------------------------|---------|------------------------|---------|---------|---------|------------------------------|---------|------------------------|---------|---------|---------|
| | Bills, cheques, etc., lodged | | Local transfers lodged | | Total | | Bills, cheques, etc., lodged | | Local transfers lodged | | Total | |
| | '000 | DM mn | '000 | DM mn | '000 | DM mn | '000 | DM mn | '000 | DM mn | '000 | DM mn |
| Baden-Württemberg | 17,562 | 34,955 | 3,096 | 5,117 | 20,658 | 40,072 | 18,358 | 38,920 | 3,640 | 6,300 | 21,998 | 45,220 |
| Bavaria | 18,894 | 35,224 | 6,009 | 5,855 | 24,903 | 41,079 | 19,494 | 39,204 | 7,120 | 6,834 | 26,614 | 46,038 |
| Berlin | 5,472 | 10,099 | 2,649 | 10,407 | 8,121 | 20,506 | 5,342 | 10,888 | 2,923 | 11,561 | 8,265 | 22,449 |
| Bremen | 3,863 | 6,454 | 3,202 | 6,503 | 7,065 | 12,957 | 3,910 | 6,464 | 3,451 | 6,922 | 7,361 | 13,386 |
| Hamburg ¹⁾ | 5,440 | 15,359 | 17,926 | 81,555 | 23,366 | 96,914 | 5,609 | 16,719 | 18,946 | 102,672 | 24,555 | 119,391 |
| Hesse | 12,805 | 104,633 | 3,217 | 105,279 | 16,022 | 209,912 | 13,472 | 116,554 | 3,839 | 139,094 | 17,311 | 255,648 |
| Lower Saxony | 11,382 | 17,545 | 3,941 | 6,165 | 15,323 | 23,710 | 11,873 | 19,352 | 4,417 | 7,671 | 16,290 | 27,023 |
| North Rhine-Westphalia | 38,682 | 70,738 | 7,387 | 27,335 | 46,069 | 98,073 | 41,059 | 80,442 | 8,867 | 26,138 | 49,926 | 106,580 |
| Rhineland-Palatinate | 5,844 | 9,398 | 1,590 | 1,826 | 7,434 | 11,224 | 6,081 | 10,245 | 1,753 | 2,233 | 7,834 | 12,478 |
| Saarland | 1,051 | 2,858 | 1,004 | 3,332 | 2,055 | 6,190 | 1,163 | 3,064 | 1,091 | 3,969 | 2,254 | 7,033 |
| Schleswig-Holstein | 3,691 | 4,752 | 3,767 | 2,729 | 7,458 | 7,481 | 3,870 | 5,206 | 3,993 | 3,248 | 7,863 | 8,454 |
| Total | 124,686 | 312,015 | 53,788 | 256,103 | 178,474 | 568,118 | 130,231 | 347,058 | 60,040 | 316,642 | 190,271 | 663,700 |

¹⁾ The Hamburg clearing transactions, to which special arrangements apply, include moreover 758,000 transfers to and from other places amounting to DM 2.617 million (1960, 691,000 amounting to DM 2.447 million).

Bank Note Circulation

| Denominations | 1958 | | 1959 | | 1960 | | 1961 | |
|-----------------------------------------|------------|----------|------------|----------|------------|----------|------------|----------|
| | DM million | per cent | DM million | per cent | DM million | per cent | DM million | per cent |
| 100 II | 5,640.83 | 31.94 | 6,651.72 | 34.93 | 7,885.12 | 38.52 | 9,416.27 | 40.96 |
| 50 I | 2,552.23 | 14.45 | 1,808.24 | 9.49 | 1,269.58 | 6.20 | 770.97 | 3.35 |
| 50 III | 5,631.81 | 31.89 | 6,669.46 | 35.02 | 7,288.63 | 35.61 | 8,507.20 | 37.00 |
| 20 I/III | 2,612.62 | 14.79 | 2,622.56 | 13.77 | 2,659.23 | 12.99 | 1,204.12 | 5.24 |
| 20 I/Bbk | | | | | | | 1,647.82 | 7.17 |
| 10 I/II | 1,091.89 | 6.18 | 1,159.07 | 6.09 | 1,222.11 | 5.97 | 1,279.00 | 5.56 |
| 5 II | 126.97 | 0.72 | 130.36 | 0.68 | 141.83 | 0.69 | 162.90 | 0.71 |
| Other bank notes and small money tokens | 5.12 | 0.03 | 4.28 | 0.02 | 3.77 | 0.02 | 3.41 | 0.01 |
| Total | 17,661.47 | 100.00 | 19,045.69 | 100.00 | 20,470.27 | 100.00 | 22,991.69 | 100.00 |

Coin in Circulation

| Coins at DM | 1958 | | 1959 | | 1960 | | 1961 | |
|-------------|------------|----------|------------|----------|------------|----------|------------|----------|
| | DM million | per cent | DM million | per cent | DM million | per cent | DM million | per cent |
| 5.— | 417.21 | 34.86 | 439.73 | 34.39 | 462.66 | 33.78 | 492.03 | 32.88 |
| 2.— | 151.82 | 12.69 | 152.78 | 11.95 | 169.57 | 12.38 | 197.32 | 13.18 |
| 1.— | 337.79 | 28.22 | 364.40 | 28.50 | 386.76 | 28.24 | 419.88 | 28.06 |
| — .50 | 121.88 | 10.18 | 137.03 | 10.72 | 150.34 | 10.98 | 167.76 | 11.21 |
| — .10 | 109.93 | 9.19 | 119.52 | 9.35 | 128.67 | 9.40 | 141.38 | 9.45 |
| — .05 | 34.37 | 2.87 | 37.43 | 2.93 | 40.22 | 2.94 | 43.69 | 2.92 |
| — .02 | 2.81 | 0.23 | 4.58 | 0.36 | 5.99 | 0.44 | 7.54 | 0.50 |
| — .01 | 21.05 | 1.76 | 23.07 | 1.80 | 25.17 | 1.84 | 26.98 | 1.80 |
| Total | 1,196.86 | 100.00 | 1,278.54 | 100.00 | 1,369.38 | 100.00 | 1,496.58 | 100.00 |

Branch Establishments of the Deutsche Bundesbank

German Abbreviations:
 BW = Baden-Württemberg
 HB = Bremen
 N = Lower Saxony
 S = Saarland
 BY = Bavaria
 HH = Hamburg
 NW = North Rhine-Westphalia
 SH = Schleswig-Holstein
 B = Berlin
 H = Hesse
 R = Rhineland-Palatinate

| Serial number | Bank place | Appropriate Main Branch | Land Central Bank | Serial number | Bank place | Appropriate Main Branch | Land Central Bank |
|---------------|----------------------------|-------------------------|-------------------|---------------|--------------------------------|-------------------------|-------------------|
| 39 | Aachen | Aachen | NW | 232 | Flensburg | Flensburg | SH |
| 563 | Aalen (Württ) | Ulm | BW | 512 | Frankenthal (Pfalz) | Ludwigshafen | R |
| 319 | Ahlen (Westf) | Hamm | NW | 4 | Frankfurt (Main) | Frankfurt | H |
| 282 | Alfeld (Leine) | Hildesheim | N | 57 | Freiburg (Breisgau) | Freiburg | BW |
| 431 | Alsfeld (Oberhess) | Fulda | H | 435 | Friedberg (Hess) | Gießen | H |
| 415 | Altena (Westf) | Hagen | NW | 599 | Friedrichshafen | Konstanz | BW |
| 655 | Amberg (Oberpf) | Regensburg | BY | 644 | Fürth (Bay) | Nürnberg | BY |
| 447 | Andernach | Koblenz | R | 433 | Fulda | Fulda | H |
| 646 | Ansbach (Mittelfr) | Nürnberg | BY | | | | |
| 416 | Arnsberg (Westf) | Lippstadt | NW | 689 | Garm.-Partenkirchen | München | BY |
| 614 | Aschaffenburg | Würzburg | BY | 438 | Gelnhausen | Fulda | H |
| 68 | Augsburg | Augsburg | BY | 341 | Gelsenkirchen | Gelsenkirchen | NW |
| | | | | 317 | Gelsenkirchen-Buer | Gelsenkirchen | NW |
| 536 | Baden-Baden | Karlsruhe | BW | 385 | Gevelsberg | Hagen | NW |
| 429 | Bad Hersfeld | Fulda | H | 43 | Gießen | Gießen | H |
| 469 | Bad Kreuznach | Mainz | R | 316 | Gladbeck (Westf) | Gelsenkirchen | NW |
| 699 | Bad Reichenhall | München | BY | 323 | Goch | Krefeld | NW |
| 62 | Bamberg | Nürnberg | BY | 565 | Göppingen | Stuttgart | BW |
| 63 | Bayreuth | Hof | BY | 288 | Göttingen | Göttingen | N |
| 352 | Beckum (Bz Münster, Westf) | Hamm | NW | 296 | Goslar | Braunschweig | N |
| 496 | Bensheim | Darmstadt | H | 353 | Gütersloh | Bielefeld | NW |
| 1 | Berlin (West) | Berlin | B | 441 | Gummersbach | Bonn | NW |
| 444 | Betzdorf (Sieg) | Koblenz | R | | | | |
| 597 | Biberach (Riß) | Ulm | BW | 41 | Hagen | Hagen | NW |
| 424 | Biedenkopf | Gießen | H | 2 | Hamburg | Hamburg | HH |
| 26 | Bielefeld | Bielefeld | NW | 22 | Hamburg-Altona | Hamburg | HH |
| 481 | Bingen (Rhein) | Mainz | R | 226 | Hamburg-Harburg | Hamburg | HH |
| 462 | Bitburg (Eifel) | Trier | R | 279 | Hameln | Hannover | N |
| 313 | Bocholt | Münster | NW | 35 | Hamm (Westf) | Hamm | NW |
| 346 | Bochum | Bochum | NW | 439 | Hanau | Frankfurt | H |
| 442 | Bonn | Bonn | NW | 27 | Hannover | Hannover | N |
| 29 | Braunschweig | Braunschweig | N | 381 | Hattingen (Ruhr) | Bochum | NW |
| 21 | Bremen | Bremen | HB | 236 | Heide (Holst) | Husum | SH |
| 215 | Bremerhaven | Bremen | HB | 523 | Heidelberg | Mannheim | BW |
| 531 | Bruchsal | Karlsruhe | BW | 567 | Heidenheim (Brenz) | Ulm | BW |
| 537 | Bühl (Baden) | Karlsruhe | BW | 54 | Heilbronn (Neckar) | Heilbronn | BW |
| 267 | Bünde (Westf) | Minden | NW | 293 | Helmstedt | Braunschweig | N |
| | | | | 269 | Herford | Bielefeld | NW |
| 272 | Celle | Hannover | N | 343 | Herne | Bochum | NW |
| 622 | Coburg | Hof | BY | 367 | Hilden | Düsseldorf | NW |
| 221 | Cuxhaven | Lüneburg | N | 28 | Hildesheim | Hildesheim | N |
| | | | | 452 | Höhr-Grenzhausen | Koblenz | R |
| 49 | Darmstadt | Darmstadt | H | 633 | Hof (Saale) | Hof | BY |
| 673 | Deggendorf | Regensburg | BY | 414 | Hohenlimburg ²⁾ | Hagen | NW |
| 278 | Detmold | Bielefeld | NW | 284 | Holzminden | Göttingen | N |
| 451 | Dillenburg | Gießen | H | 231 | Husum | Husum | SH |
| 34 | Dortmund | Dortmund | NW | | | | |
| 395 | Düren | Aachen | NW | 474 | Idar-Oberstein | Mainz | R |
| 36 | Düsseldorf | Düsseldorf | NW | 66 | Ingolstadt (Donau) | München | BY |
| 32 | Duisburg | Duisburg | NW | 411 | Iserlohn | Dortmund | NW |
| 331 | Duisburg-Hamborn | Duisburg | NW | 222 | Itzehoe | Husum | SH |
| 329 | Duisburg-Ruhrort | Duisburg | NW | | | | |
| | | | | 393 | Jülich | Aachen | NW |
| 592 | Ebingen (Württ) | Reutlingen | BW | | | | |
| 235 | Eckernförde | Kiel | SH | 513 | Kaiserslautern | Kaiserslautern | R |
| 224 | Elmshorn | Kiel | SH | 233 | Kappeln (Schlei) ³⁾ | Flensburg | SH |
| 212 | Emden | Emden ¹⁾ | N | 53 | Karlsruhe | Karlsruhe | BW |
| 573 | Emmendingen | Freiburg | BW | 42 | Kassel | Kassel | H |
| 322 | Emmerich | Duisburg | NW | 686 | Kaufbeuren | Augsburg | BY |
| 643 | Erlangen | Nürnberg | BY | 685 | Kempton (Allgäu) | Augsburg | BY |
| 428 | Eschwege | Kassel | H | 23 | Kiel | Kiel | SH |
| 394 | Eschweiler | Aachen | NW | 619 | Kitzingen | Würzburg | BY |
| 33 | Essen | Essen | NW | 321 | Kleve | Krefeld | NW |
| 554 | Eblingen (Neckar) | Stuttgart | BW | 44 | Koblenz | Koblenz | R |
| 397 | Euskirchen | Bonn | NW | | | | |

¹⁾ The Main Branch at Emden was converted into a Branch on 1 April 1962 and, together with the Branches at Leer and Norden, subordinated to the Main Branch at Oldenburg.

²⁾ The Branch at Hohenlimburg will be closed down on 31 July 1962.

³⁾ The Branch at Kappeln (Schlei) was closed down on 30 March 1962.

Appendix 5 (cont'd) to the Report of the Deutsche Bundesbank for the Year 1961

| Serial number | Bank place | Appropriate Main Branch | Land Central Bank | Serial number | Bank place | Appropriate Main Branch | Land Central Bank |
|---------------|---------------------------------|-------------------------|-------------------|---------------|----------------------|-------------------------|-------------------|
| 3 | Köln | Köln | NW | 518 | Pirmasens | Kaiserslautern | R |
| 378 | Köln-Mülheim | Köln | NW | 418 | Plettenberg | Hagen | NW |
| 58 | Konstanz | Konstanz | BW | | | | |
| 421 | Korbach | Kassel | H | 535 | Rastatt | Karlsruhe | BW |
| 363 | Krefeld | Krefeld | NW | 59 | Ravensburg | Ulm | BW |
| 364 | Krefeld-Uerdingen ¹⁾ | Krefeld | NW | 318 | Recklinghausen | Gelsenkirchen | NW |
| 634 | Kulmbach | Hof | BY | 65 | Regensburg | Regensburg | BY |
| | | | | 446 | Remagen | Koblenz | R |
| 571 | Lahr (Schwarzwald) | Freiburg | BW | 374 | Remscheid | Remscheid | NW |
| 519 | Landau (Pfalz) | Ludwigshafen | R | 389 | Remscheid-Lennep | Remscheid | NW |
| 67 | Landshut (Bay) | Regensburg | BY | 237 | Rendsburg | Kiel | SH |
| 432 | Lauterbach (Hessen) | Fulda | H | 55 | Reutlingen | Reutlingen | BW |
| 216 | Leer (Ostfriesl) | Emden ²⁾ | N | 312 | Rheine (Westf) | Münster | NW |
| 277 | Lemgo | Bielefeld | NW | 328 | Rheinhausen | Duisburg | NW |
| 453 | Limburg (Lahn) | Wiesbaden | H | 368 | Rheydt | Mönchengladbach | NW |
| 688 | Lindau (Bodensee) | Augsburg | BY | 697 | Rosenheim | München | BY |
| 262 | Lingen (Ems) | Osnabrück | N | 591 | Rottweil | Reutlingen | BW |
| 356 | Lippstadt | Lippstadt | NW | 457 | Rüdesheim (Rhein) | Wiesbaden | H |
| 577 | Lörrach | Freiburg | BW | | | | |
| 548 | Ludwigsburg | Stuttgart | BW | 47 | Saarbrücken | Saarbrücken | S |
| 51 | Ludwigshafen (Rhein) | Ludwigshafen | SH | 476 | Saarlouis | Saarbrücken | S |
| 24 | Lübeck | Lübeck | R | 578 | Säckingen | Freiburg | BW |
| 417 | Lüdenscheid | Hagen | NW | 516 | St. Ingbert (Saar) | Saarbrücken | S |
| 227 | Lüneburg | Lüneburg | N | 234 | Schleswig | Flensburg | SH |
| | | | | 647 | Schwabach | Nürnberg | BY |
| 48 | Mainz | Mainz | R | 562 | Schwäbisch Gmünd | Stuttgart | BW |
| 52 | Mannheim | Mannheim | BW | 545 | Schwäbisch Hall | Heilbronn | BW |
| 425 | Marburg (Lahn) | Gießen | H | 616 | Schweinfurt | Würzburg | BY |
| 638 | Marktredwitz | Hof | BY | 384 | Schwelm | Wuppertal-Elberfeld | NW |
| 449 | Mayen | Koblenz | R | 593 | Schwenningen(Neckar) | Freiburg | BW |
| 683 | Memmingen | Augsburg | BY | 295 | Seesen | Braunschweig | N |
| 412 | Menden (Sauerland) | Dortmund | NW | 443 | Siegburg | Bonn | NW |
| 371 | Mettmann ¹⁾ | Wuppertal-Elberfeld | NW | 445 | Siegen | Siegen | NW |
| 617 | Miltenberg | Würzburg | BY | 584 | Singen (Hohentwiel) | Konstanz | BW |
| 268 | Minden (Westf) | Minden | NW | 355 | Soest | Hamm | NW |
| 365 | Mönchengladbach | Mönchengladbach | NW | 373 | Solingen | Remscheid | NW |
| 325 | Moers | Duisburg | NW | 372 | Solingen-Ohligs | Remscheid | NW |
| 526 | Mosbach (Baden) | Heilbronn | BW | 515 | Speyer | Ludwigshafen | R |
| 335 | Mülheim (Ruhr) | Essen | NW | 273 | Stadthagen | Hannover | N |
| 6 | München | München | BY | 396 | Stolberg (Rhein) | Aachen | NW |
| 31 | Münster (Westf) | Münster | NW | 672 | Straubing | Regensburg | BY |
| | | | | 5 | Stuttgart | Stuttgart | BW |
| 413 | Neheim-Hüsten | Lippstadt | NW | | | | |
| 238 | Neumünster | Kiel | SH | 465 | Traben-Trarbach | Trier | R |
| 478 | Neunkirchen (Saar) | Saarbrücken | S | 46 | Trier | Trier | R |
| 366 | Neuß | Köln | NW | 557 | Tübingen | Reutlingen | BW |
| 239 | Neustadt (Holst) | Lübeck | SH | 594 | Tuttlingen | Konstanz | BW |
| 514 | Neustadt (Weinstraße) | Ludwigshafen | R | | | | |
| 448 | Neuwied | Koblenz | R | 229 | Uelzen | Lüneburg | N |
| 271 | Nienburg (Weser) | Hannover | N | 56 | Ulm (Donau) | Ulm | BW |
| 661 | Nördlingen | Augsburg | BY | 354 | Unna | Hamm | NW |
| 211 | Norden | Emden ²⁾ | N | | | | |
| 263 | Nordhorn | Osnabrück | N | 338 | Velbert (Rheinl) | Wuppertal-Elberfeld | NW |
| 286 | Northeim (Han) | Göttingen | N | 362 | Viersen | Mönchengladbach | NW |
| 64 | Nürnberg | Nürnberg | BY | 582 | Villingen (Schwarzw) | Freiburg | BW |
| | | | | | | | |
| 333 | Oberhausen (Rheinl) | Oberhausen | NW | 342 | Wanne-Eickel | Bochum | NW |
| 332 | Oberhausen (Rheinl)-Sterkrade | Oberhausen | NW | 359 | Warburg (Westf) | Lippstadt | NW |
| 455 | Oberlahnstein | Koblenz | R | 653 | Weiden (Oberpf) | Regensburg | BY |
| 491 | Offenbach (Main) | Frankfurt | H | 521 | Weinheim (Bergstr) | Mannheim | BW |
| 539 | Offenburg (Baden) | Karlsruhe | BW | 528 | Wertheim | Heilbronn | BW |
| 217 | Oldenburg (Oldb) | Oldenburg | N | 324 | Wesel | Duisburg | NW |
| 419 | Olpe | Siegen | NW | 454 | Wetzlar | Gießen | H |
| 376 | Opladen | Remscheid | NW | 45 | Wiesbaden | Wiesbaden | H |
| 265 | Osnabrück | Osnabrück | N | 213 | Wilhelmshaven | Oldenburg | N |
| 298 | Osterode (Harz) | Göttingen | N | 382 | Witten | Dortmund | NW |
| | | | | 489 | Worms | Mainz | R |
| 357 | Paderborn | Lippstadt | NW | 61 | Würzburg | Würzburg | BY |
| 677 | Passau | Regensburg | BY | 38 | Wuppertal-Barmen | Wuppertal-Elberfeld | NW |
| 275 | Peine | Hildesheim | N | 37 | Wuppertal-Elberfeld | Wuppertal-Elberfeld | NW |
| 534 | Pforzheim | Pforzheim | BW | 517 | Zweibrücken | Kaiserslautern | R |

¹⁾ The Branches at Krefeld-Uerdingen and Mettmann will be closed down on 31 July 1962.

²⁾ With effect from 1 April 1962 subordinated to the Main Branch at Oldenburg.

Annex

Statistics on Money and Credit and the Balance of Payments

| | |
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**I. Extracts from the Consolidated Condition Statement for the Credit Institutions
including the Deutsche Bundesbank**

*(1) Bank Lendings to German Non-Banks, Net Claim on Foreign Countries,
and Principal Bank Liabilities to German Non-Banks*)*

in millions of DM

| Items | Position at end of year | | | | | | Increase (+) or decrease (-) during year ¹⁾ | | | | |
|----------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------|----------|--------------------|----------|----------|--------------------------------------------------------|-----------|-----------|-----------|-----------|
| | 1956 | 1957 | 1958 | 1959 ²⁾ | 1960 | 1961 | 1957 | 1958 | 1959 | 1960 | 1961 |
| I. Bank Lendings to German Non-Banks, total | 85,737 | 95,334 | 107,985 | 128,670 | 145,977 | 169,855 | + 9,983 | +12,542 | +18,096 | +17,307 | +23,966 |
| (1) Credit institutions except Deutsche Bundesbank, total | 84,962 | 94,695 | 107,136 | 127,134 | 144,376 | 167,056 | +10,119 | +12,332 | +17,409 | +17,242 | +22,694 |
| Short-term lendings, total to business and private customers | 31,228 | 33,952 | 34,152 | 37,076 | 42,523 | 48,655 | + 2,724 | + 91 | + 2,316 | + 5,447 | + 6,189 |
| to public authorities | 30,132 | 31,644 | 31,755 | 35,211 | 40,623 | 46,790 | + 1,512 | + 111 | + 2,858 | + 5,418 | + 6,224 |
| Banks' holdings of German Treasury bills and non-interest-bearing Treasury bonds (excluding "mobilisation paper" ³⁾) | 433 | 625 | 530 | 307 | 405 | 680 | + 192 | - 95 | - 223 | + 92 | + 275 |
| note: banks' holdings of "mobilisation paper" ⁴⁾ | 663 | 1,683 | 1,867 | 1,558 | 1,495 | 1,185 | + 1,020 | + 75 | - 319 | - 63 | - 310 |
| Medium and long-term lendings, total to business and private customers | (1,126) | (4,027) | (4,300) | (2,940) | (4,128) | (4,234) | (+ 2,901) | (+ 382) | (- 1,385) | (+ 1,188) | (+ 106) |
| to public authorities | 50,371 | 57,306 | 67,850 | 83,255 | 94,998 | 110,671 | + 7,234 | +10,544 | +13,479 | +11,743 | +15,630 |
| Banks' holdings of German securities and syndicate participations (excluding holdings of bank bonds ⁵⁾) | 41,100 | 46,666 | 54,165 | 65,947 | 75,630 | 88,972 | + 5,571 | + 7,499 | +10,254 | + 9,741 | +13,299 |
| note: banks' holdings of bank bonds ⁵⁾ | 9,271 | 10,640 | 13,685 | 17,308 | 19,368 | 21,699 | + 1,663 | + 3,045 | + 3,225 | + 2,002 | + 2,331 |
| (2) Deutsche Bundesbank, total | 775 | 639 | 849 | 1,536 | 1,601 | 2,799 | - 136 | + 210 | + 687 | + 65 | + 1,272 |
| Lendings to public authorities | 541 | 475 | 748 | 1,456 | 1,465 | 2,799 | - 66 | + 273 | + 708 | + 9 | + 1,408 |
| Holdings of Treasury bills and non-interest-bearing Treasury bonds ⁶⁾ | 136 | 158 | 100 | 80 | 136 | - | + 22 | - 58 | - 20 | + 56 | - 136 |
| Lendings to business and private customers | 98 | 6 | 1 | 0 | - | - | - 92 | - 5 | - 1 | - 0 | - |
| II. Net Claim on Foreign Countries (Bundesbank and other banks) | 15,827 | 20,893 | 24,936 | 24,510 | 30,744 | 29,845 | + 5,066 | + 4,218 | - 261 | + 6,269 | + 427 |
| III. Note and Coin Circulation, total | 15,591 | 17,273 | 18,858 | 20,324 | 21,840 | 24,488 | + 1,682 | + 1,585 | + 1,466 | + 1,516 | + 2,648 |
| among which: Banks' cash holdings | 715 | 812 | 918 | 980 | 1,068 | 1,350 | + 97 | + 106 | + 37 | + 88 | + 282 |
| IV. Deposits of German Non-Banks and other Bank Liabilities to German Non-Banks | | | | | | | | | | | |
| (1) Credit institutions except Deutsche Bundesbank | | | | | | | | | | | |
| Sight deposits of business and private customers | 16,111 | 18,316 | 21,402 | 24,845 | 26,361 | 30,986 | + 2,205 | + 3,086 | + 3,040 | + 1,516 | + 4,472 |
| public authorities | 2,608 | 2,690 | 2,900 | 3,197 | 3,664 | 4,272 | + 82 | + 210 | + 203 | + 467 | + 608 |
| Time deposits ⁷⁾ of business and private customers | 7,147 | 9,348 | 9,791 | 10,736 | 11,450 | 11,861 | + 2,201 | + 443 | + 898 | + 714 | - 12 |
| public authorities | 4,828 | 6,150 | 6,720 | 7,687 | 8,013 | 9,343 | + 1,364 | + 570 | + 780 | + 326 | + 1,330 |
| Savings deposits | 24,252 | 29,349 | 36,065 | 44,940 | 52,863 | 60,073 | + 5,097 | + 6,716 | + 8,105 | + 7,923 | + 7,210 |
| note: Accrual of funds in savings business ⁸⁾ | (.) | (.) | (.) | (.) | (.) | (.) | (+ 5,085) | (+ 6,737) | (+ 8,146) | (+ 7,960) | (+ 7,232) |
| Bank bonds in circulation ⁹⁾ | 13,218 | 15,414 | 19,804 | 25,849 | 29,292 | 35,268 | + 2,264 | + 4,390 | + 5,824 | + 3,443 | + 5,976 |
| note: Accrual of funds from sale of bank bonds to non-banks ¹⁰⁾ | (.) | (.) | (.) | (.) | (.) | (.) | (+ 969) | (+ 1,057) | (+ 2,744) | (+ 3,118) | (+ 3,306) |
| Monies and loans taken from non-banks | 24,424 | 26,645 | 27,654 | 29,891 | 32,632 | 37,645 | + 2,979 | + 1,784 | + 1,322 | + 2,672 | + 4,911 |
| among which: at notice of, or fixed for, six months and over | (24,052) | (26,367) | (27,259) | (29,420) | (32,114) | (37,097) | (+ 3,093) | (+ 1,667) | (+ 1,246) | (+ 2,636) | (+ 4,881) |
| Capital and reserves ¹¹⁾ | 5,181 | 6,422 | 7,546 | 9,007 | 10,423 | 12,143 | + 845 | + 1,124 | + 1,373 | + 1,416 | + 1,720 |
| (2) Deutsche Bundesbank | | | | | | | | | | | |
| Sight deposits of business and private customers | 294 | 340 | 336 | 222 | 219 | 252 | + 46 | - 4 | + 13 | - 3 | + 33 |
| public authorities ¹²⁾ | 7,196 | 4,590 | 4,271 | 1,838 | 3,440 | 4,733 | - 2,606 | - 616 | - 2,686 | + 1,453 | + 1,293 |

* The figures in this survey relate to the area of the Federal Republic including Berlin (West), since December 1959 also including the Saarland. They are based on the "Consolidated Condition Statement for the Credit Institutions including the Deutsche Bundesbank". Assets and liabilities in respect of foreign countries — with the exception of DM notes and coins as well as bank bonds held by foreigners, the amount of which holdings cannot be ascertained — are combined in an overall net balance and hence not contained in any of the other items. Thus the figures are not immediately comparable with the other statistical data presented in this Annex. — ¹⁾ Since December 1959 including the Saarland. Cf. footnote ²⁾. — ²⁾ The changes in the items recorded in the text column are here taken into account only in so far as they are relevant to the money supply. They cannot, therefore, be immediately computed from the end-of-year figures. — ³⁾ I. e., Federal Treasury bills and non-interest-bearing Treasury bonds deriving from exchange for a corresponding partial amount of the Bundesbank's equalisation claim; the taking of such paper by the banks does not represent any additional granting of credit to non-banks. Elimination from bank holdings partly estimated. — ⁴⁾ Banks' holdings of other banks' bonds do not represent any immediate granting of credit to non-banks. — ⁵⁾ "Mobilisation paper" is not held by the Bundesbank. — ⁶⁾ Deposits at notice or fixed period of at least one month. — ⁷⁾ Amounts credited as currency conversion compensation for expelled persons or as compensation for holders of old savings are taken into account only in so far as covering claims on the Equalisation of Burdens Fund were redeemed. — ⁸⁾ Set off against the credit institutions' holdings of their own and other banks' bonds; since July 1958 including bonds sold in advance (holdings in July 1958: DM 234 million). — ⁹⁾ The bonds issued under the compensation scheme for holders of old savings are taken into account only in so far as covering claims on the Equalisation of Burdens Fund were redeemed. — ¹⁰⁾ Including those of Deutsche Bundesbank. — ¹¹⁾ Including balances of German public authorities temporarily employed in equalisation claims and, until end-1958, deposits of agencies of the former occupying powers as well as, from December 1960 onwards, deposits of the E.R.P. Special Fund.

(2) Note and Coin Circulation and Residents' Sight Deposits*)

in millions of DM

| End of month | Note and coin circulation, and residents' sight deposits*), total | | Note and coin circulation excluding credit institutions' cash holdings ^{2) *} | Sight deposits of German business and private customers | | | Sight deposits of German public authorities | | | | Deposits of agencies of former occupying powers with Deutsche Bundesbank ⁶⁾ | |
|--------------------------|-----------------------------------------------------------------------------|-----------|----------------------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------|----------------------------------------|---------------------------------------------|-----------|-------------------------------------------------------|----------------------------------------|----------------------------------------------------------------------------------------|-----------------------------------------------------------|
| | including amounts temporarily employed in equalisation claims ¹⁾ | excluding | | Total | with credit institutions (except Deutsche Bundesbank) | with Deutsche Bundesbank ³⁾ | Total | | with credit institutions (except Deutsche Bundesbank) | with Deutsche Bundesbank ⁴⁾ | | |
| | | | | | | | including | excluding | | on giro account | | temporarily employed in equalisation claims ¹⁾ |
| 1952 December | 26,011 | 24,286 | 10,804 | 10,512 | 10,247 | 265 | 3,942 | 2,217 | 1,829 | 388 | 1,725 | 753 |
| 1953 " | 29,441 | 26,311 | 11,955 | 11,443 | 11,198 | 245 | 5,404 | 2,274 | 1,849 | 425 | 3,130 | 639 |
| 1954 " | 34,155 | 29,419 | 12,751 | 13,719 | 13,414 | 305 | 7,162 | 2,426 | 2,077 | 349 | 4,736 | 523 |
| 1955 " | 37,969 | 34,388 | 14,041 | 15,109 | 14,867 | 242 | 8,554 | 4,973 | 2,330 | 2,643 | 3,581 | 265 |
| 1956 " | 41,085 | 37,864 | 14,876 | 16,405 | 16,111 | 294 | 9,660 | 6,439 | 2,608 | 3,831 | 3,221 | 144 |
| 1957 " | 42,397 | | 16,461 | 18,656 | 18,316 | 340 | 7,139 | | 2,690 | | 4,449 | 141 |
| 1958 " | 46,849 | | 17,940 | 21,738 | 21,402 | 336 | 7,124 | | 2,900 | | 4,224 | 47 |
| 1959 " | 48,855 | | 19,369 | 24,545 | 24,323 | 222 | 4,941 | | 3,103 | | 1,838 | — |
| 1959 ⁶⁾ " | 49,446 | | 19,344 | 25,067 | 24,845 | 222 | 5,035 | | 3,197 | | 1,838 | — |
| 1960 March ⁶⁾ | 48,953 | | 19,465 | 23,804 | 23,579 | 225 | 5,684 | | 3,067 | | 2,617 | — |
| June | 51,096 | | 19,971 | 24,634 | 24,413 | 221 | 6,491 | | 3,080 | | 3,411 | — |
| September | 52,462 | | 20,946 | 24,407 | 24,196 | 211 | 7,109 | | 2,971 | | 4,138 | — |
| December | 54,456 | | 20,772 | 26,580 | 26,361 | 219 | 7,104 | | 3,664 | | 3,440 | — |
| 1961 March | 55,579 | | 21,581 | 24,713 | 24,490 | 223 | 9,285 | | 3,098 | | 6,187 | — |
| June | 59,257 | | 22,065 | 26,500 | 26,255 | 245 | 10,692 | | 3,321 | | 7,371 | — |
| September | 59,902 | | 22,888 | 27,497 | 27,250 | 247 | 9,517 | | 3,454 | | 6,063 | — |
| December | 63,381 | | 23,138 | 31,238 | 30,986 | 252 | 9,005 | | 4,272 | | 4,733 | — |
| 1962 March ^{p)} | 61,295 | | 23,474 | 28,171 | 27,939 | 232 | 9,650 | | 3,555 | | 6,095 | — |

*) From July 1959 onwards including DM notes and coins circulating in the Saarland as well as deposits of Saarland non-banks with the Bundesbank. Cf. footnote⁶⁾. — ¹⁾ Since the entry into force, on 1 August 1957, of the Law concerning the Deutsche Bundesbank it has no longer been possible for public monies to be employed in equalisation claims. — ²⁾ Including DM notes and coins held abroad. — ³⁾ Until the end of 1958 including the (relatively small) deposits of foreign business enterprises and individuals at the Bundesbank. — ⁴⁾ From December 1960 onwards including deposits of the E.R.P. Special Fund and credit balances resulting from special transactions. — ⁵⁾ From January 1959 onwards included in foreign liabilities. — ⁶⁾ From January 1960 onwards including the deposits of non-banks maintained with Saarland credit institutions. The rows of figures were linked together by showing for December 1959, firstly, the figures excluding the Saarland and, secondly, the figures including the Saarland. Cf. footnote ⁷⁾. — ^{p)} Provisional.

(3) Savings Deposits¹⁾

in millions of DM

| Period | Savings deposits total | among which: Savings deposits carrying tax privileges | Total savings deposits comprise those at | | | | |
|-----------------------|------------------------|-------------------------------------------------------|------------------------------------------|----------------------|------------------|---------------------|---------------------------|
| | | | Savings banks | Credit co-operatives | Commercial banks | Postal Savings Bank | Other credit institutions |
| End-of-month figures | | | | | | | |
| 1960 June | 48,556 | 3,632 | 30,739 | 6,815 | 7,711 | 3,056 | 235 |
| September | 50,070 | 3,299 | 31,707 | 7,056 | 7,937 | 3,127 | 243 |
| December | 53,114 | 3,216 | 33,724 | 7,454 | 8,402 | 3,274 | 260 |
| 1961 March | 55,567 | 2,888 | 35,244 | 7,810 | 8,762 | 3,476 | 275 |
| June | 56,738 | 2,798 | 35,972 | 7,987 | 8,926 | 3,573 | 280 |
| September | 57,904 | 2,174 | 36,737 | 8,175 | 9,095 | 3,614 | 283 |
| December | 60,424 | 159 | 38,525 | 8,551 | 9,313 | 3,754 | 281 |
| Change during quarter | | | | | | | |
| 1960 3rd qtr. | + 1,514 | -- 333 | + 968 | + 241 | + 226 | + 71 | + 8 |
| 4th qtr. | + 3,044 | -- 83 | + 2,017 | + 398 | + 465 | + 147 | + 17 |
| 1961 1st qtr. | + 2,453 | -- 328 | + 1,520 | + 356 | + 360 | + 202 | + 15 |
| 2nd qtr. | + 1,171 | -- 90 | + 728 | + 177 | + 164 | + 97 | + 5 |
| 3rd qtr. | + 1,166 | -- 624 | + 765 | + 188 | + 169 | + 41 | + 3 |
| 4th qtr. | + 2,520 | -- 2,015 | + 1,788 | + 376 | + 218 | + 140 | -- 2 |

¹⁾ Including the Saarland.

II. Interim Statements of the Credit Institutions *) 1)

in millions of DM

Assets

| End of year or month | Total of balance sheet | Cash reserve | | Balances with credit institutions and on Postal Cheque account | Bills of exchange | Treasury bills and non-interest-bearing Treasury bonds | Medium-term notes (Kassenobligationen), securities and syndicate participations | Bonds of own issues | Equalisation claims and covering claims according to Currency Compensation and "Old Savings" Laws ¹⁾ | Debtors | | Long-term lendings | | Loans on a trust basis | | Re-maining assets |
|----------------------|--------------------------|--------------|------------------------------------------------|----------------------------------------------------------------|-------------------|--------------------------------------------------------|---------------------------------------------------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------------|-------------------------|---------|-------------------------|-----------------------|-------------------------|------------------------|-------------------------|
| | | Total | among which: balances with Deutsche Bundesbank | | | | | | | Non-banks | Banks | Non-banks | Banks | Non-banks | Banks | |
| 1949 | | 1,645.8 | 1,371.1 | 2,090.0 | 1,695.3 | 275.9 | | | 5,531.1 | 7,357.8 | 745.0 | 1,776.7 | | | 360.7 | |
| 1950 | 35,515.5 | 2,171.7 | 1,862.6 | 2,410.3 | 2,676.2 | 528.8 | 526.8 | 52.5 | 5,991.6 | 9,722.1 | 871.6 | 5,886.1 | 2,146.3 | 595.2 | 133.5 | 1,802.8 |
| 1951 | 45,377.1 | 3,210.4 | 2,806.6 | 3,537.8 | 3,776.9 | 945.1 | 714.4 | 53.9 | 6,074.0 | 10,565.5 | 965.1 | 9,048.3 | 2,908.9 | 1,132.7 | 158.8 | 2,285.3 |
| 1952 | 59,010.7 | 3,581.0 | 3,114.9 | 4,787.4 | 6,230.9 | 1,039.3 | 1,331.9 | 134.4 | 6,299.5 | 12,875.9 | 1,186.6 | 12,744.2 | 3,601.7 | 1,681.4 | 646.5 | 2,870.0 |
| 1953 | 74,701.0 | 3,916.4 | 3,436.6 | 6,197.8 | 7,485.6 | 1,169.8 | 2,629.7 | 69.7 | 6,807.3 | 15,928.4 | 1,584.8 | 17,826.5 | 4,439.8 | 2,328.8 | 1,001.0 | 3,315.4 |
| 1954 | 95,760.3 | 4,682.1 | 4,137.2 | 8,599.9 | 8,948.4 | 1,103.7 | 4,769.3 | 112.7 | 8,070.3 | 18,547.1 | 1,786.1 | 23,370.6 | 5,183.4 | 4,391.4 | 2,265.5 | 3,929.8 |
| 1955 | 113,791.0 | 5,191.6 | 4,590.1 | 8,886.0 | 9,793.6 | 1,197.9 | 6,559.2 | 174.7 | 8,150.3 | 20,495.6 | 2,010.6 | 30,909.7 | 6,103.2 | 6,392.6 | 3,357.2 | 4,568.8 |
| 1956 | 130,289.7 ²⁾ | 6,404.9 | 5,689.9 | 9,932.6 | 11,535.3 | 1,789.0 | 8,836.8 | 267.5 | 8,314.7 | 22,505.0 | 2,020.2 | 36,668.4 | 6,614.5 | 7,854.3 ³⁾ | 4,440.4 ⁵⁾ | 5,106.1 |
| 1957 | 154,714.8 ²⁾ | 8,551.1 | 7,739.3 | 14,592.4 | 12,985.0 | 2,156.4 | 8,227.5 | 214.3 | 8,266.9 | 24,240.4 | 2,085.7 | 42,207.6 ⁷⁾ | 7,643.5 ⁷⁾ | 8,691.3 ⁸⁾ | 5,073.6 ⁸⁾ | 5,779.1 |
| 1958 | 177,289.1 ²⁾ | 9,806.0 | 8,888.1 | 17,462.3 | 13,327.4 | 2,676.0 | 13,146.2 | 180.0 | 8,163.0 | 25,912.1 | 2,286.2 | 50,739.1 ¹⁰⁾ | 8,507.4 | 9,629.0 ¹¹⁾ | 5,105.1 ¹⁰⁾ | 6,258.3 |
| 1959 ¹²⁾ | 204,052.9 ¹³⁾ | 10,830.9 | 9,875.3 | 18,575.3 | 14,845.4 | 5,694.6 | 18,106.7 | 262.9 | 8,200.9 | 30,317.0 ¹⁴⁾ | 2,814.5 | 61,140.6 | 9,718.7 | 10,949.3 ¹⁵⁾ | 5,430.7 | 7,165.4 |
| 1959 ¹²⁾ | 207,425.4 ¹³⁾ | 11,010.7 | 10,030.9 | 19,379.8 | 15,166.4 | 5,729.7 | 18,345.1 | 268.0 | 8,200.9 | 30,649.9 ¹⁴⁾ | 2,833.9 | 62,324.3 | 9,740.9 | 11,016.0 ¹⁵⁾ | 5,430.8 | 7,329.0 |
| 1960 | 233,071.9 ¹⁷⁾ | 14,630.5 | 13,562.4 | 20,390.1 | 16,018.9 | 6,002.1 | 18,704.5 | 335.4 | 8,222.5 ¹⁶⁾ | 36,404.6 | 3,182.3 | 71,994.7 | 11,269.0 | 12,220.8 | 5,684.2 ¹⁷⁾ | 8,012.3 |
| 1961 Jan. | 233,471.3 | 13,602.8 | 12,415.3 | 20,754.3 | 14,790.7 | 6,521.2 | 18,929.8 | 348.1 | 8,226.4 | 37,021.1 | 3,225.9 | 72,677.4 | 11,482.2 | 12,499.8 | 5,685.5 | 7,706.1 ¹²⁾ |
| Feb. | 240,390.2 | 12,512.1 | 11,363.5 | 24,440.3 | 15,476.5 | 7,463.4 | 19,415.0 | 308.9 | 8,242.8 | 37,706.3 | 3,250.1 | 73,795.3 | 11,528.9 | 12,605.6 | 5,656.1 | 7,988.9 |
| March | 241,649.6 | 11,641.6 | 10,566.8 | 23,537.2 | 15,651.6 | 7,395.8 | 19,543.6 | 299.2 | 8,244.2 | 38,625.0 | 3,452.7 | 74,669.4 | 11,838.6 | 12,669.3 | 5,697.3 | 8,384.1 |
| April | 244,218.0 | 11,209.0 | 10,163.3 | 23,971.6 | 16,195.0 | 7,265.1 | 19,754.4 | 297.3 | 8,245.5 | 39,183.7 | 3,393.4 | 75,546.5 | 12,025.7 | 12,732.3 | 5,715.1 | 8,683.4 |
| May | 249,270.5 | 12,686.1 | 11,414.0 | 25,552.7 | 16,127.7 | 7,177.8 | 20,308.3 | 292.7 | 8,249.6 | 39,427.6 | 3,300.5 | 76,612.0 | 12,261.9 | 12,787.9 | 5,731.6 | 8,654.1 |
| June | 252,532.2 | 11,014.8 | 9,838.3 | 26,499.3 | 16,554.2 | 6,687.1 | 20,637.4 | 335.8 | 8,210.8 | 41,302.0 | 3,490.5 | 77,307.6 | 12,465.0 | 13,009.0 | 5,768.1 | 9,250.6 |
| July | 255,504.6 | 10,700.1 | 9,343.7 | 27,850.4 | 16,467.9 | 7,038.3 | 21,167.1 | 349.1 | 8,193.1 | 40,886.1 | 3,559.9 | 78,458.5 | 12,704.3 | 13,248.2 | 5,805.1 | 9,076.5 |
| Aug. | 260,254.0 | 10,952.0 | 9,596.5 | 29,973.1 | 16,671.8 | 6,869.4 | 21,318.3 | 358.7 | 8,193.6 | 41,053.1 | 3,543.9 | 79,818.1 | 13,000.0 | 13,398.2 | 5,823.5 | 9,280.3 |
| Sept. | 261,490.6 | 10,570.5 | 9,385.7 | 27,934.5 | 15,822.5 | 7,244.3 | 21,587.5 | 357.1 | 8,194.3 | 41,963.5 ²³⁾ | 3,630.3 | 80,990.8 | 13,196.7 | 13,982.6 ²³⁾ | 5,871.0 | 10,145.0 |
| Oct. | 265,368.6 | 9,786.3 | 8,454.4 | 29,365.2 | 16,807.5 | 7,672.8 | 21,954.5 | 346.5 | 8,196.0 | 41,593.4 | 3,473.3 | 82,327.3 | 13,358.2 | 14,120.7 | 5,903.7 | 10,463.2 |
| Nov. | 267,594.9 | 10,644.6 | 9,159.3 | 29,053.4 | 16,535.9 | 7,141.4 | 22,239.2 | 338.0 | 8,179.2 | 42,233.5 | 3,596.8 | 83,580.2 | 13,443.6 | 14,207.6 | 5,924.0 | 10,477.5 |
| Dec. | 271,199.4 ²⁴⁾ | 13,866.8 | 12,515.9 | 26,485.1 | 17,927.7 | 6,614.2 | 22,278.5 | 324.1 | 8,100.0 | 42,649.5 | 3,552.5 | 84,852.1 | 13,583.1 | 14,374.5 | 5,954.5 | 10,636.8 ²³⁾ |
| 1962 Jan. | 272,665.9 | 9,711.7 | 8,328.1 | 30,215.1 | 17,195.0 | 7,225.2 | 23,053.3 | 284.1 | 8,112.5 | 42,337.4 | 3,699.2 | 86,087.0 | 13,616.4 | 14,478.8 | 6,202.9 | 10,447.3 |
| Feb. | 277,512.3 | 9,729.6 | 8,374.3 | 32,073.5 | 17,370.1 | 7,171.8 | 23,744.6 | 267.2 | 8,116.4 | 42,871.8 | 3,601.1 | 87,103.3 | 14,022.5 | 14,585.1 | 6,191.1 | 10,664.2 |

Liabilities

| End of year or month | Deposits | | | | Borrowed funds | | Own acceptances in circulation | Bonds in circulation ³⁾ | Loans taken for long periods (4 years and over) | | Loans on a trust basis | | Capital funds including reserves (Art. 10, Banking Law) | Remaining liabilities | Endorsement liabilities on rediscounted bills ⁴⁾ |
|----------------------|-------------------------|-------------------------|---------------|------------------|---------------------------------|------------------------|--------------------------------|------------------------------------|-------------------------------------------------|----------|-------------------------|---------|---------------------------------------------------------|-----------------------|-------------------------------------------------------------|
| | Deposits by non-banks | | | | Non-banks | Banks | | | Non-banks | Banks | Non-banks | Banks | | | |
| | Total | Sight deposits | Time deposits | Savings deposits | Deposits of credit institutions | | | | | | | | | | |
| 1949 | 13,759.1 ¹⁸⁾ | 8,573.9 | 2,108.8 | 3,076.4 | 1,493.1 | 1,492.3 | 1,864.7 | 1,230.1 | 711.6 | 711.6 | 394.3 | 830.7 | | 2,327.4 | |
| 1950 | 17,981.6 ¹⁸⁾ | 9,657.6 | 4,213.3 | 4,110.7 | 1,915.9 | 1,858.2 | 1,851.7 | 1,809.9 | 2,651.1 | 2,501.6 | 554.8 | 173.9 | 1,148.4 | 2,766.4 | 3,635.8 |
| 1951 | 22,532.9 | 11,601.5 | 5,843.7 | 5,087.7 | 2,917.2 | 2,679.1 | 1,174.7 | 2,537.7 | 4,324.2 | 3,419.1 | 1,017.2 | 274.3 | 1,509.0 | 3,408.6 | 5,345.7 |
| 1952 | 28,084.9 | 12,446.1 | 8,057.5 | 5,881.3 | 4,871.8 | 4,896.6 | 715.8 | 3,361.9 | 6,821.8 | 4,047.8 | 1,662.2 | 665.7 | 2,049.4 | 4,000.8 | 5,379.6 |
| 1953 | 35,336.3 | 13,521.4 | 10,268.4 | 11,546.5 | 6,532.3 | 1,094.8 | 542.9 | 5,024.8 | 8,663.9 | 4,906.6 | 2,399.4 | 930.4 | 2,623.5 | 4,475.7 | 4,351.2 |
| 1954 | 43,333.5 | 15,991.7 | 10,117.2 | 17,224.6 | 9,067.9 | 934.7 | 478.8 | 8,698.3 | 10,042.0 | 5,725.0 | 4,988.8 | 1,668.1 | 3,055.2 | 5,366.6 | 4,655.8 |
| 1955 | 49,297.8 | 17,769.0 | 10,155.3 | 21,373.5 | 9,695.5 | 1,074.7 | 582.3 | 11,755.4 | 11,998.1 | 6,585.9 | 7,247.0 | 2,502.8 | 3,806.1 | 6,504.3 | 6,186.2 |
| 1956 | 55,679.3 | 19,378.3 | 12,025.4 | 24,275.6 | 11,166.9 | 1,856.6 | 453.4 | 13,498.0 | 13,803.9 | 6,872.7 | 9,133.1 ¹⁵⁾ | 3,161.6 | 4,572.7 | 7,270.8 | 4,625.1 |
| 1957 | 66,768.8 | 21,795.3 | 15,585.2 | 29,388.3 | 16,031.2 | 1,635.9 | 340.9 | 15,629.3 | 15,245.6 | 7,891.6 | 9,954.0 ⁸⁾ | 3,810.9 | 5,732.9 | 8,226.7 | 3,761.7 |
| 1958 | 78,054.9 | 25,305.1 | 16,647.6 | 36,102.2 | 19,245.5 | 1,433.8 | 267.0 | 19,983.6 | 16,168.1 ¹⁰⁾ | 8,802.0 | 10,363.0 ¹⁵⁾ | 4,371.1 | 6,813.6 | 8,786.9 | 2,757.8 |
| 1959 ¹²⁾ | 91,171.7 ¹⁹⁾ | 28,457.4 ¹⁹⁾ | 18,445.9 | 44,268.4 | 20,716.4 | 1,545.8 ²⁰⁾ | 536.7 | 25,890.7 | 16,710.0 | 9,514.7 | 11,393.1 ¹⁵⁾ | 4,986.9 | 8,168.1 | 10,095.6 | 2,506.4 |
| 1959 ¹²⁾ | 92,826.6 ¹⁹⁾ | 29,075.6 ¹⁹⁾ | 18,712.4 | 45,038.6 | 21,143.4 | 1,554.6 ²⁰⁾ | 536.8 | 26,116.7 | 17,211.6 | 9,684.8 | 11,452.5 ¹⁶⁾ | 4,994.3 | 8,256.7 | 10,281.9 | 2,586.0 ²¹⁾ |
| 1960 | 104,051.3 | 31,244.3 | 19,693.5 | 53,113.5 | 22,683.3 | 2,210.3 | 635.0 | 29,627.2 | 18,606.0 | 11,200.1 | 12,321.7 ¹⁷⁾ | 5,583.3 | 9,652.6 | 11,877.3 | 3,218.9 |
| 1961 Jan. | 103,005.6 | 28,673.1 | 20,096.7 | 54,235.8 | 22,327.2 | 2,289.7 | 508.5 | 30,322.0 | 19,539.2 ²²⁾ | 11,392.5 | 12,522.0 | 5,663.3 | 9,773.8 | 11,790.6 | 3,833.0 |
| Feb. | 105,101.8 | 29,110.4 | 20,896.2 | 55,095.2 | 25,910.3 | 2,283.5 | 444.0 | 30,861.5 | 19,862.3 | 11,626.2 | 12,555.3 | 5,706.4 | 9,900.7 | 11,888.2 | 3,096.3 |
| March | 104,865.5 | 28,657.8 | 20,640.6 | 55,567.1 | 25,354.7 | 2,336.7 | 455.3 | 31,478.5 | 19,861.9 | 11,859.0 | 12,606.1 | 5,760.5 | 10,131.8 | 12,225.3 | 3,408.8 |
| April | 106,242.9 | 29,218.5 | 21,243.4 | 55,781.0 | 25,125.0 | 2,365.6 | 403.4 | 31,928.3 | 20,195.5 | 12,073.9 | 12,651.7 | 5,795.7 | 10,347.7 | 12,248.5 | 2,795.4 |
| May | 108,672.1 | 30,496.3 | 21,873.8 | 56,302.0 | 26,329.0 | 2,337.2 | 378.7 | 32,448.2 | 20,602.9 | 12,209.6 | 12,637.4 | 5,822.1 | 10,534.6 | 12,270.4 | 3,283.5 |
| June | 108,862.9 | 30,787.1 | 21,337.8 | 56,738.0 | 26,982.0 | 2,399.8 | 362.3 | 32,888.2 | 20,663.6 | 12,287.5 | 12,775.5 | 6,001.6 | 10,681.4 | 13,007.5 | 3,282.1 |
| July | 109,938.0 | 31,370.7 | 21,442.1 | 57,125.2 | 27,764.1 | 2,353.3 | 301.3 | 33,279.5 | 20,689.5 | 12,514.1 | 12,973.5 | 6,079.8 | 10,770.4 | 13,183.8 | 3,326.4 |
| Aug. | 111,337.5 | 31,966.5 | 21,835.8 | 57,535.2 | 28,001.1 | 2,292.6 | 297.7 | 33,721.6 | 21,096.5 | 12,803.5 | 13,078.0 | 6,143.7 | 10,856.5 | 13,105.7 | 2,904.0 |
| Sept. | 110,909.6 | 31,755.6 | 21,250.4 | 57,903.6 | 28,792.4 | 2,374.3 ²³⁾ | 391.3 | 34,077.1 | 21,071.3 | 12,953.5 | 13,630.3 ²³⁾ | 6,223.3 | 11,961.5 | 13,393.6 | 4,323.3 |
| Oct. | 112,657.2 | 32,578.4 | 21,419.1 | 58,659.7 | 29,637.5 | 2,298.9 | 364.2 | 34,617.8 | 21,258.1 | 13,095.9 | 13,722.3 | 6,302.1 | 12,041.0 | 13,725.0 | 2,886.5 |
| Nov. | | | | | | | | | | | | | | | |

III. Central Bank Lendings to Non-Banks and Central Bank Deposits of Non-Banks

(1) Central Bank Lendings to Non-Banks*)

in millions of DM

| End of month | Total lendings to non-banks including Treasury bills and securities | | Public authorities | | | | | | | | | | | Business and private customers | | | |
|--------------|---------------------------------------------------------------------|---------|-----------------------------------------------|---------|------------------------------------------------------------|--------------------------------------------------------|---------------|----------------------------------------------------------------------|------------|--------|--------------------------------------------------------|---------------|------------------------|--------------------------------|-------|--------------------------|---------------------------------|
| | | | Total including Treasury bills and securities | | Federal Government and Federal Special Funds ¹⁾ | | | | | Länder | | | | | | | |
| | | | | | Total | Treasury bills and non-interest-bearing Treasury bonds | Cash advances | Credit to Fed. Govt. for participation in international institutions | Securities | Total | Treasury bills and non-interest-bearing Treasury bonds | Cash advances | Advances on securities | | | Other public authorities | "Direct lendings" ²⁾ |
| 1949 Dec. | 802.1 | 568.4 | 756.1 | 522.4 | 504.2 | 101.1 | 403.1 | — | — | — | 250.6 | 132.6 | 97.2 | 20.8 | 1.3 | 27.7 | 18.3 |
| 1950 " | 1,622.8 | 926.4 | 1,503.7 | 807.3 | 1,213.8 | 241.3 | 637.5 | — | 335.0 | 288.7 | 120.1 | 161.1 | 7.5 | 1.2 | 53.8 | 65.3 | |
| 1951 " | 1,166.5 | 299.1 | 1,036.6 | 169.2 | 839.4 | 553.3 | — | — | 286.1 | 196.0 | 28.0 | 168.0 | — | 1.2 | 69.3 | 60.6 | |
| 1952 " | 750.0 | 380.4 | 603.4 | 233.8 | 538.2 | 355.2 | — | 183.0 | — | 64.8 | 14.4 | 50.4 | — | 0.4 | 85.6 | 61.0 | |
| 1953 " | 622.5 | 369.1 | 478.4 | 225.0 | 430.4 | 203.1 | — | 183.0 | 44.3 | 47.6 | 6.0 | 41.6 | — | 0.4 | 108.4 | 35.7 | |
| 1954 " | 734.3 | 601.9 | 605.4 | 473.0 | 522.7 | 100.4 | — | 390.7 | 31.6 | 61.2 | 0.4 | 60.8 | — | 21.5 | 109.9 | 19.0 | |
| 1955 " | 1,011.2 | 749.8 | 891.0 | 629.6 | 652.1 | 247.3 | — | 390.7 | 14.1 | 205.8 | — | 180.4 | 25.4 | 33.1 | 103.5 | 16.7 | |
| 1956 " | 813.0 | 639.3 | 715.0 | 541.3 | 564.5 | 119.9 | — | 390.8 | 53.8 | 101.8 | — | 101.8 | — | 48.7 | 88.7 | 9.3 | |
| 1957 " | 808.6 | 480.4 | 802.8 | 474.6 | 719.0 | 153.7 | — | 390.8 | 174.5 | 83.8 | — | 83.8 | — | — | 2.2 | 3.6 | |
| 1958 " | 1,094.4 | 748.7 | 1,094.0 | 748.3 | 1,024.9 | 100.0 | 17.5 | 661.7 | 245.7 | 69.1 | — | 69.1 | — | — | — | 0.4 | |
| 1959 " | 1,747.8 | 1,455.5 | 1,747.8 | 1,455.5 | 1,747.8 | 80.0 | 244.8 | 1,210.7 | 212.3 | — | — | — | — | — | — | 0.0 | |
| 1960 " | 1,804.4 | 1,465.2 | 1,804.4 | 1,465.2 | 1,804.4 | 136.3 | 78.0 | 1,387.2 | 202.9 | — | — | — | — | — | — | — | |
| 1961 March | 1,728.6 | 1,495.2 | 1,728.6 | 1,495.2 | 1,728.6 | 30.0 | — | 1,495.2 | 203.4 | — | — | — | — | — | — | — | |
| June | 2,080.3 | 1,857.7 | 2,080.3 | 1,857.7 | 2,080.3 | 19.5 | — | 1,857.7 | 203.1 | — | — | — | — | — | — | — | |
| Sep. | 3,131.7 | 2,927.7 | 3,131.7 | 2,927.7 | 3,131.7 | 1.0 | — | 2,927.7 | 203.0 | — | — | — | — | — | — | — | |
| Dec. | 3,017.3 | 2,798.8 | 3,017.3 | 2,798.8 | 3,014.3 | — | 160.1 | 2,635.7 | 218.5 | 3.0 | — | 3.0 | — | — | — | — | |
| 1962 Jan. | 2,897.2 | 2,679.7 | 2,897.2 | 2,679.7 | 2,897.2 | — | — | 2,679.7 | 217.5 | — | — | — | — | — | — | — | |
| Feb. | 2,677.1 | 2,459.7 | 2,677.1 | 2,459.7 | 2,677.1 | — | — | 2,459.7 | 217.4 | — | — | — | — | — | — | — | |
| March | 2,552.0 | 2,334.7 | 2,552.0 | 2,334.7 | 2,552.0 | — | — | 2,334.7 | 217.3 | — | — | — | — | — | — | — | |

*) From July 1959 onwards including the Land Central Bank in the Saarland.

¹⁾ Including Federal Railways, Federal Postal Administration and Federal Equalisation of Burdens Office. — ²⁾ Discount credits and advances on securities granted by Land Central Bank branches in the former French zone of occupation. — ³⁾ Through temporary purchase of, or lending on, equalisation claims.

(2) Central Bank Deposits of Non-Banks*)

in millions of DM

| End of month | Total including amounts temporarily employed in equalisation claims ²⁾ | | Public authorities ¹⁾ | | | | Agencies of former occupying powers ⁶⁾ | Other German depositors ⁷⁾ |
|--------------|-----------------------------------------------------------------------------------|---------|--------------------------------------------------------------------------------------------|---------------------------------------------------------|-----------------------------------|----------------------------------------|---------------------------------------------------|---------------------------------------|
| | | | Federal Government (without Special Funds), Länder and Equalisation of Burdens Authorities | Credit balances from special transactions ³⁾ | E.R.P. Special Fund ⁴⁾ | Other public authorities ⁵⁾ | | |
| 1949 Dec. | 1,641.3 | 1,236.5 | 634.6 | — | — | 323.5 | 470.0 | 213.2 |
| 1950 " | 3,693.3 | 3,446.0 | 594.3 | — | 965.0 | 396.7 | 907.6 | 829.7 |
| 1951 " | 3,997.3 | 2,990.0 | 1,191.8 | — | 1,312.8 | 223.0 | 997.3 | 272.4 |
| 1952 " | 3,957.8 | 2,194.1 | 1,906.1 | — | 825.9 | 207.2 | 753.4 | 265.2 |
| 1953 " | 4,935.3 | 1,704.2 | 3,181.4 | — | 496.7 | 373.2 | 639.3 | 244.7 |
| 1954 " | 6,266.5 | 1,529.9 | 4,684.7 | — | 352.8 | 400.6 | 523.4 | 305.0 |
| 1955 " | 7,003.5 | 3,420.7 | 5,949.7 | — | 272.2 | 274.3 | 265.5 | 241.8 |
| 1956 " | 7,682.3 | 4,459.3 | 6,711.8 | — | 192.5 | 339.8 | 143.8 | 294.4 |
| 1957 " | 5,097.3 | — | 4,017.1 | — | 167.8 | 431.4 | 140.6 | 340.4 |
| 1958 " | 4,968.2 | — | 3,614.0 | — | 361.2 | 610.3 | 46.8 | 335.9 |
| 1959 March | 3,088.8 | — | 1,550.8 | — | 585.4 | 735.9 | — | 216.7 |
| June | 2,918.8 | — | 1,345.2 | — | 780.1 | 571.7 | — | 221.8 |
| Sep. | 2,887.0 | — | 1,225.9 | — | 767.1 | 676.9 | — | 217.1 |
| Dec. | 2,260.8 | — | 1,161.3 | — | 200.4 | 677.3 | — | 221.8 |
| 1960 March | 3,411.0 | — | 1,752.9 | — | 569.0 | 864.4 | — | 224.7 |
| June | 4,006.8 | — | 2,692.1 | — | 375.3 | 718.6 | — | 220.8 |
| Sep. | 4,621.2 | — | 3,237.8 | — | 272.4 | 899.9 | — | 211.1 |
| Dec. | 3,659.2 | — | 2,683.2 | 1.7 | 119.8 | 636.3 | — | 218.2 |
| 1961 Jan. | 4,981.1 | — | 3,630.7 | 61.6 | 203.9 | 881.4 | — | 203.5 |
| Feb. | 4,689.7 | — | 3,480.2 | 10.3 | 172.4 | 830.0 | — | 196.8 |
| March | 6,409.3 | — | 5,026.3 | 8.2 | 279.5 | 872.8 | — | 222.5 |
| April | 6,595.9 | — | 4,923.5 | 914.8 | 233.6 | 301.7 | — | 222.3 |
| May | 6,803.0 | — | 4,919.3 | 871.1 | 165.2 | 627.6 | — | 219.8 |
| June | 7,616.7 | — | 5,366.7 | 501.4 | 724.7 | 778.7 | — | 245.2 |
| July | 7,169.4 | — | 4,995.8 | 517.9 | 787.3 | 626.6 | — | 241.8 |
| Aug. | 6,139.1 | — | 3,991.2 | 525.5 | 420.1 | 982.4 | — | 219.9 |
| Sep. | 6,309.4 | — | 5,337.1 | 45.4 | 381.8 | 298.6 | — | 246.5 |
| Oct. | 5,834.0 | — | 4,721.1 | 23.4 | 374.4 | 455.7 | — | 259.4 |
| Nov. | 5,405.5 | — | 4,043.3 | 48.1 | 407.1 | 649.9 | — | 257.1 |
| Dec. | 4,985.8 | — | 3,733.2 | 48.4 | 352.3 | 599.5 | — | 252.4 |
| 1962 Jan. | 5,518.7 | — | 4,143.2 | 64.6 | 531.0 | 541.9 | — | 238.0 |
| Feb. | 5,199.9 | — | 3,731.2 | 66.8 | 231.8 | 927.8 | — | 242.3 |
| March | 6,326.8 | — | 5,490.4 | 2.8 | 271.1 | 330.6 | — | 231.9 |

*) From July 1959 onwards including deposits maintained with the Land Central Bank in the Saarland.

¹⁾ Including amounts temporarily employed in equalisation claims. — ²⁾ Since the entry into force, on 1 August 1957, of the Law concerning the Deutsche Bundesbank it has no longer been possible for public monies to be employed in equalisation claims. — ³⁾ Accounts kept in connection with the development aid loan and the partial denationalisation of the Volkswagen Works; excluding however the amounts employed in foreign money-market paper. — ⁴⁾ Until 31 July 1957 "counterpart funds" only. — ⁵⁾ From May 1958 onwards including the minimum reserve balances kept by the Federal Postal Administration on behalf of the Postal Cheque and Postal Savings Bank offices. — ⁶⁾ From January 1959 onwards included in "foreign business". — ⁷⁾ Other foreign depositors, until December 1958 contained in this item, are now included in "foreign business".

IV. Bank Liquidity

(1) Bank Liquidity and the Credit Institutions' Recourse to Central Bank Credit*)

in millions of DM

| Items | Change during year or quarter (calculated from the averages of the four weekly bank-return dates in the last month of the year or quarter) | | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|----------|----------|-----------|
| | 1959 | 1960 | 1961 | 1961 | | | | 1962 |
| | | | | 1st qtr. | 2nd qtr. | 3rd qtr. | 4th qtr. | 1st qtr. |
| The plus and minus signs indicate whether the changes in the items recorded in the text column had the effect of an influx (+) or an efflux (-) of funds at the banking system ^{o)} | | | | | | | | |
| A. Influx or Efflux of Funds at the Credit Institutions as a result of Changes in the Following Items | | | | | | | | |
| I. Note and coin circulation | - 937 | - 1,684 | - 2,524 | + 474 | - 641 | - 1,046 | - 1,311 | + 739 |
| II. Net position of German non-banks in relation to the Deutsche Bundesbank ¹⁾ of which: (1) Federal Government (except Special Funds), Länder and Equalisation of Burdens Authorities (2) Others ²⁾ | - 2,877 | - 4,823 | - 5,683 | - 2,814 | - 2,670 | + 193 | - 392 | - 1,241 |
| III. Net foreign exchange purchases or sales by the Deutsche Bundesbank ³⁾ | (- 3,249) | (- 5,312) | (- 5,095) | (- 2,459) | (- 1,759) | (- 580) | (- 297) | (- 1,692) |
| IV. Other factors ⁴⁾ | (+ 372) | (+ 489) | (- 588) | (- 355) | (- 911) | (+ 773) | (- 95) | (+ 451) |
| Overall effect of the above-named factors on bank liquidity | + 3,388 | + 10,748 | + 5,575 | + 2,164 | + 2,210 | + 49 | + 1,152 | - 846 |
| | + 40 | + 298 | + 221 | + 144 | + 139 | - 106 | + 44 | + 76 |
| | - 386 | + 4,539 | - 2,411 | - 32 | - 962 | - 910 | - 507 | - 1,272 |
| B. Influx or Efflux of Funds at the Credit Institutions as a result of Open Market Operations of the Deutsche Bundesbank, Total | + 1,437 | - 1,335 | - 45 | - 720 | + 529 | - 506 | + 652 | + 728 |
| of which, by purchase or sale of | | | | | | | | |
| (1) Federal money-market paper deriving from conversion of the Bundesbank's equalisation claims ("mobilisation" paper) | (+ 1,412) | (- 1,328) | (+ 86) | (- 785) | (+ 574) | (- 423) | (+ 720) | (+ 727) |
| (2) Other paper | (+ 25) | (- 7) | (- 131) | (+ 65) | (- 45) | (- 83) | (- 68) | (+ 1) |
| C. Change in the Credit Institutions' Balances with the Deutsche Bundesbank, Total⁵⁾ | + 1,344 | + 4,001 | - 2,936 | - 957 | - 1,118 | - 1,056 | + 195 | - 562 |
| D. Change in Central Bank Lendings to Credit Institutions (recourse to Central Bank credit) | + 293 | + 797 | - 480 | - 205 | - 685 | + 360 | + 50 | - 18 |

^{*)} From the third quarter 1959 onwards including the Saarland; changes due to the reincorporation have been eliminated.

^{o)} The changes in the items recorded in the text column under A and B are here taken into account only in so far as they entailed an influx or efflux of funds at the credit institutions. They are therefore not necessarily identical with the changes in the corresponding items of the Return of the Deutsche Bundesbank. Further explanations regarding these differences will be found in the Monthly Report of the Bank deutscher Länder for January 1957, pages 7 and 8. — ¹⁾ Net balance of credit balances held and cash advances taken (not including Treasury bills and non-interest-bearing Treasury bonds purchased in pursuance of open-market policy, and also disregarding promises to purchase Treasury bills). — ²⁾ Including transactions in connection with the development aid loan and the partial denationalisation of the Volkswagen Works; also including the minimum reserve balances kept by the Federal Postal Administration on behalf of the Postal Cheque and Postal Savings Bank offices because, since the introduction of the optional central maintaining of minimum reserves, they can no longer be separated from the other Central Bank deposits of the Federal Postal Administration. — ³⁾ Including the Bundesbank's foreign exchange transactions with German banks in connection with "money exports". — ⁴⁾ Items in course of settlement; special credit granted to the Federal Government for participation in international institutions as well as other items which cannot be allocated explicitly to any of the above factors. — ⁵⁾ Without the minimum reserve balances kept by the Federal Postal Administration on behalf of Postal Cheque and Postal Savings Bank offices; cf. footnote 2).

(2) Central Bank Lendings to Credit Institutions and Central Bank Deposits of Credit Institutions*)

in millions of DM

| End of month | Lendings ¹⁾ | | | | De- posits ²⁾ |
|--------------|------------------------|------------------|------------------------|-------------------------------|--------------------------------|
| | Total | Discount credits | Advances on securities | Equalisation claims purchased | |
| 1949 Dec. | 3,807.2 | 3,226.2 | 338.2 | 242.8 | 1,277.1 |
| 1950 " | 5,201.9 | 4,235.4 | 360.6 | 605.9 | 1,887.7 |
| 1951 " | 5,717.5 | 4,757.2 | 290.8 | 669.5 | 2,675.0 |
| 1952 " | 4,128.4 | 3,389.0 | 253.5 | 485.9 | 2,992.6 |
| 1953 " | 3,351.1 | 2,739.1 | 245.2 | 366.8 | 3,286.9 |
| 1954 " | 3,339.0 | 2,837.7 | 265.1 | 236.2 | 4,005.9 |
| 1955 " | 4,683.0 | 4,130.9 | 340.5 | 211.6 | 4,502.2 |
| 1956 " | 3,127.1 | 2,723.7 | 220.7 | 182.7 | 5,258.5 |
| 1957 " | 1,676.6 | 1,463.0 | 52.8 | 160.8 | 7,108.9 |
| 1958 " | 960.3 | 769.6 | 63.9 | 126.8 | 8,243.1 |
| 1959 " | 1,285.7 | 949.2 | 234.4 | 102.1 | 9,343.8 |
| 1960 March | 2,110.4 | 1,988.0 | 31.2 | 91.2 | 9,428.1 |
| June | 1,776.9 | 1,639.5 | 47.8 | 89.6 | 10,865.9 |
| Sep. | 2,434.2 | 2,295.7 | 49.1 | 89.4 | 11,554.6 |
| Dec. | 1,804.1 | 1,296.5 | 419.0 | 88.6 | 13,036.4 |
| 1961 March | 1,459.2 | 1,237.6 | 150.4 | 71.2 | 10,176.8 |
| June | 1,106.3 | 1,007.2 | 47.6 | 51.5 | 9,528.2 |
| Sep. | 2,092.9 | 2,010.8 | 30.8 | 51.3 | 9,356.9 |
| Dec. | 1,663.8 | 1,395.4 | 219.7 | 48.7 | 11,614.6 |
| 1962 Jan. | 972.1 | 906.9 | 16.5 | 48.7 | 8,293.7 |
| Feb. | 736.4 | 610.6 | 77.1 | 48.7 | 8,082.1 |
| March | 1,927.7 | 1,849.7 | 29.3 | 48.7 | 8,756.1 |

^{*)} From July 1959 onwards including Saarland credit institutions.

¹⁾ Excluding cash advances to the Reconstruction Loan Corporation; including foreign bills and export drafts purchased, but excluding money-market paper purchased in the open market. — ²⁾ Including Central Bank deposits of Postal Cheque and Postal Savings Bank offices. — ³⁾ From May 1958 onwards without the minimum reserve balances kept by the Federal Postal Administration on behalf of Postal Cheque and Postal Savings Bank offices.

(3) Borrowing by Banking Groups from Deutsche Bundesbank

in millions of DM

| Banking groups | 1960 | | 1961 | |
|----------------------------------------------------|-----------------------|--------------|--------------|--------------|
| | 30 June ¹⁾ | 31 Dec. | 30 June | 31 Dec. |
| Commercial banks | 1,113 | 1,206 | 1,029 | 1,454 |
| of which: | | | | |
| Big banks ¹⁾ | (314) | (375) | (425) | (553) |
| State, regional and local banks | (456) | (450) | (311) | (488) |
| Private bankers | (258) | (298) | (236) | (349) |
| Specialised commercial banks | (85) | (83) | (57) | (84) |
| Savings banks and central giro institutions | 206 | 80 | 44 | 41 |
| of which: | | | | |
| Savings banks | (25) | (41) | (22) | (15) |
| Central giro institutions | (181) | (39) | (22) | (26) |
| Credit cooperatives and their central institutions | 214 | 142 | 116 | 87 |
| of which: | | | | |
| Industrial | (115) | (60) | (52) | (32) |
| Agricultural | (99) | (82) | (64) | (55) |
| All other credit institutions among which: | 407 | 327 | 65 | 64 |
| Credit institutions with special functions | (399) | (318) | (57) | (55) |
| All banking groups²⁾ | 1,940 | 1,755 | 1,254 | 1,646 |

¹⁾ Deutsche Bank AG, Dresdner Bank AG, Commerzbank AG, and their Berlin subsidiaries. — ²⁾ Deviations of these figures, which are reported for the monthly banking statistics, from the corresponding data resulting from the Central Bank statistics as shown in Table IV (2) are partly due to the time-lag between the booking of Central Bank credits at the credit institutions and at the Central Bank, and partly to the fact that the Storage Agency bills purchased by the Central Bank under its open-market policy are not comprised in the latter figures. — ³⁾ From January 1960 onwards including the Saarland.

V. Interest Rates

(1) Rates of the Deutsche Bundesbank applying to the Sale of Money Market Paper in the Open Market in % per annum

| Applicable from: | Treasury Bills of Federal Government and Federal Railways running for | | Non-interest-bearing Treasury Bonds of Federal Government, Federal Railways and Federal Postal Administration running for | | | | Storage Agency Bills running for | |
|------------------|-----------------------------------------------------------------------|---------------|---------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|----------------------------------|---------------|
| | 30 to 59 days | 60 to 90 days | 6 months | 12 months | 18 months | 24 months | 30 to 59 days | 60 to 90 days |
| 1959 Jan. 10 | 2 1/8 | 2 1/4 | 2 1/2 | 2 5/8 | 2 7/8 | 3 1/8 | 2 1/4 | 2 3/8 |
| Apr. 9 | 2 | 2 1/8 | 2 3/8 | 2 1/2 | 2 3/4 | 3 | 2 1/8 | 2 1/4 |
| Apr. 15 | 1 7/8 | 2 | 2 1/4 | 2 3/8 | 2 5/8 | 2 7/8 | 2 | 2 1/4 |
| Sep. 4 | 2 3/8 | 2 1/2 | 2 3/4 | 3 | 3 1/4 | 3 1/2 | 2 1/2 | 2 3/8 |
| Sep. 23 | 2 1/2 | 2 5/8 | 2 7/8 | 3 | 3 1/4 | 3 1/2 | 2 3/8 | 2 3/4 |
| Sep. 30 | 2 5/8 | 2 3/4 | 3 | 3 1/8 | 3 3/8 | 3 5/8 | 2 3/4 | 2 7/8 |
| Oct. 16 | 2 1/2 | 2 5/8 | 2 7/8 | 3 1/8 | 3 3/8 | 3 5/8 | 2 5/8 | 2 3/8 |
| Oct. 23 | 3 1/2 | 3 5/8 | 3 7/8 | 4 1/8 | 4 1/4 | 4 1/2 | 3 5/8 | 3 3/4 |
| Oct. 28 | 3 1/2 | 3 5/8 | 3 7/8 | 4 1/8 | 4 1/4 | 4 3/8 | 3 5/8 | 3 3/4 |
| Dec. 21 | 3 5/8 | 3 3/4 | 4 | 4 1/4 | 4 3/8 | 4 1/2 | 3 3/4 | 3 7/8 |
| 1960 Feb. 29 | 3 3/4 | 3 7/8 | 4 1/8 | 4 3/8 | 4 1/2 | 4 5/8 | 3 7/8 | 4 |
| Mar. 3 | 3 7/8 | 4 | 4 1/4 | 4 1/2 | 4 5/8 | 4 3/4 | 4 | 4 1/8 |
| June 3 | 4 3/4 | 4 7/8 | 5 1/8 | 5 1/4 | 5 3/8 | 5 1/2 | 4 7/8 | 5 |
| Nov. 2 | 4 5/8 | 4 3/4 | 5 | 5 1/8 | 5 1/4 | 5 3/8 | 4 3/4 | 4 7/8 |
| Nov. 3 | 4 5/8 | 4 1/2 | 4 3/4 | 4 3/8 | 5 | 5 1/8 | 4 1/2 | 4 5/8 |
| Nov. 11 | 3 7/8 | 4 | 4 1/4 | 4 3/8 | 4 1/2 | 4 5/8 | 4 | 4 1/8 |
| Dec. 20 | 3 5/8 | 3 3/4 | 4 | 4 1/8 | 4 1/4 | 4 3/8 | 3 3/4 | 3 7/8 |
| 1961 Jan. 20 | 3 1/8 | 3 1/4 | 3 1/2 | 3 5/8 | 3 3/4 | 3 7/8 | 3 1/4 | 3 3/8 |
| Feb. 9 | 3 | 3 1/8 | 3 3/8 | 3 1/2 | 3 5/8 | 3 3/4 | 3 1/8 | 3 1/4 |
| Feb. 14 | 2 7/8 | 3 | 3 1/4 | 3 3/8 | 3 1/2 | 3 5/8 | 3 | 3 1/8 |
| Mar. 3 | 2 3/4 | 2 7/8 | 3 1/8 | 3 1/4 | 3 3/8 | 3 1/2 | 2 3/4 | 2 7/8 |
| Mar. 8 | 2 7/8 | 2 3/4 | 3 | 3 1/8 | 3 1/4 | 3 3/8 | 2 3/4 | 2 7/8 |
| Mar. 17 | 2 1/2 | 2 5/8 | 2 7/8 | 3 | 3 1/8 | 3 1/4 | 2 5/8 | 2 3/4 |
| Mar. 23 | 2 2/8 | 2 1/2 | 2 3/4 | 2 7/8 | 3 | 3 1/8 | 2 1/2 | 2 3/8 |
| Apr. 26 | 2 1/4 | 2 3/8 | 2 5/8 | 2 1/4 | 2 7/8 | 3 | 2 3/8 | 2 1/2 |
| May 5 | 2 1/8 | 2 1/4 | 2 1/2 | 2 5/8 | 2 3/4 | 2 7/8 | 2 1/4 | 2 3/8 |
| Oct. 4 | 2 | 2 1/8 | 2 3/8 | 2 1/2 | 2 5/8 | 2 3/4 | 2 1/8 | 2 1/4 |
| Oct. 20 | 1 7/8 | 2 | 2 3/8 | 2 1/2 | 2 5/8 | 2 3/4 | 2 | 2 1/8 |
| 1962 Jan. 4 | 1 3/4 | 1 7/8 | 2 1/4 | 2 3/8 | 2 3/8 | 2 3/4 | 1 7/8 | 2 |
| Mar. 30 | 1 7/8 | 2 | 2 3/8 | 2 1/2 | 2 3/4 | 2 7/8 | 2 | 2 1/8 |
| Apr. 13 | 2 | 2 1/8 | 2 1/2 | 2 5/8 | 2 7/8 | 3 | 2 1/8 | 2 1/4 |

(2) Swap Rates of Deutsche Bundesbank for Forward Transactions¹⁾

| Applicable from: | Minimum and maximum periods ²⁾ (months) | Discount (-) premium (+) ³⁾ in % p. a. |
|------------------|----------------------------------------------------|---------------------------------------------------|
| 1958 Oct. 6 | 1 to 3 | par |
| 1959 Jan. 23 | 1 to 3 | - 1/8 |
| Feb. 12 | 1 to 3 | - 1/4 |
| March 6 | 1 to 3 | - 3/8 |
| June 1 | 1 to 3 | - 1/2 |
| July 8 | 1 to 3 | - 5/8 |
| 11 | 1 to 3 | - 3/4 |
| 17 | 1 to 3 | - 7/8 |
| Oct. 24 | 1 to 6 | - 1/2 |
| 29 | 1 | - 1/2 |
| | 2 to 6 | - 1/4 |
| Nov. 3 | 1 | - 1/2 |
| | 2 to 6 | - 1/8 |
| 18 | 1 | - 1/2 |
| | 2 to 6 | par |
| Dec. 11 | 1 to 6 | par |
| 1960 Jan. 1 | 2 to 6 | par |
| 14 | 3 to 6 | par |
| Aug. 24 | 1/2 to 6 | + 1 |
| Sep. 26 | 1/2 to 6 | + 1 1/2 |
| 1961 Jan. 20 | 1/2 to 6 | + 1 |
| Feb. 3 | 1/2 to 6 | + 1 1/2 |
| 9 | 1/2 to 6 | + 1 1/4 |
| 13 | 1/2 to 6 | par |
| Aug. 14 | 1 to 6 | - 1/4 |
| Dec. 15 | 1 to 6 | par |
| 1962 Jan. 2 | 1 to 6 | - 1/4 |
| 8 | 1 to 6 | - 3/8 |
| 10 | 1 to 6 | - 1/2 |
| Feb. 14 | 2 to 6 | - 1/2 |
| March 8 | 1 to 6 | - 1/2 |
| 30 | 1 to 2 | - 1/2 |
| | over 2 to 6 | - 1/4 |

¹⁾ Transactions in U.S. dollars with credit institutions for forward exchange covering of their money investments abroad, between 24 August and 11 November 1960 also for forward exchange covering of import and merchant-trade financing. — ²⁾ Up to 23 August 1960 the Deutsche Bundesbank concluded forward transactions only for full months, after that date for any period within the limits stated. — ³⁾ Discount or premium by which the repurchase rate deviates from the selling rate (mean spot rate); par = repurchase rate equal to selling rate.

(3) Money Market Rates¹⁾ in Frankfurt (Main), by Months in % per annum

| Month | Day-to-day money ²⁾ | One-month loans ²⁾ | Three-month loans ²⁾ | Note: Central Bank Discount Rate |
|------------|--------------------------------|-------------------------------|---------------------------------|----------------------------------|
| 1960 April | 3 1/2 - 4 3/8 | 4 1/4 - 4 1/2 | 4 1/2 - 4 3/4 | 4 |
| May | 3 1/2 - 4 1/4 | 4 1/4 - 4 3/8 | 4 1/2 - 4 3/4 | 4 |
| June | 4 1/4 - 5 1/4 | 4 3/8 - 5 1/8 | 4 5/8 - 5 5/8 | 4 ³⁾ |
| July | 4 - 5 3/8 | 5 1/8 - 5 5/8 | 5 1/2 - 5 3/4 | 5 |
| Aug. | 4 3/8 - 5 1/8 | 5 1/4 - 5 5/8 | 5 3/8 - 5 1/2 | 5 |
| Sep. | 4 7/8 - 5 5/8 | 5 5/8 - 5 5/8 | 5 1/2 - 5 3/4 | 5 |
| Oct. | 4 3/4 - 5 7/8 | 5 1/4 - 5 1/2 | 5 7/8 - 6 1/4 | 5 |
| Nov. | 4 - 5 3/8 | 4 3/8 - 5 3/8 | 5 1/2 - 6 | 5 ⁴⁾ |
| Dec. | 3 1/2 - 5 1/8 ⁵⁾ | 5 1/4 - 5 3/4 | 5 - 5 1/8 | 4 |
| 1961 Jan. | 3 - 4 3/4 | 4 1/8 - 4 1/2 | 4 1/2 - 4 7/8 | 4 ⁶⁾ |
| Feb. | 2 5/8 - 4 1/8 | 3 3/4 - 4 1/8 | 3 7/8 - 4 3/8 | 3 1/2 |
| March | 2 1/2 - 4 1/4 | 3 1/4 - 4 | 3 3/8 - 4 | 3 1/2 |
| April | 2 3/8 - 3 1/2 | 3 - 3 1/4 | 3 1/4 - 3 3/8 | 3 1/2 ⁷⁾ |
| May | 2 1/8 - 3 1/8 | 3 - 3 3/4 | 3 1/8 - 3 1/4 | 3 |
| June | 1 7/8 - 3 1/4 | 2 7/8 - 3 1/8 | 3 - 3 1/4 | 3 |
| July | 2 1/8 - 3 1/8 | 3 | 3 1/8 - 3 1/4 | 3 |
| Aug. | 1 3/4 - 3 1/8 | 2 7/8 - 3 | 3 - 3 1/8 | 3 |
| Sep. | 2 3/8 - 3 1/2 | 2 7/8 - 3 1/8 | 3 - 3 1/8 | 3 |
| Oct. | 1 3/4 - 3 1/8 | 2 5/8 - 3 | 3 7/8 - 4 1/4 | 3 |
| Nov. | 2 3/4 - 3 1/4 | 2 5/8 - 2 7/8 | 3 1/2 - 3 7/8 | 3 |
| Dec. | 2 5/8 - 3 1/2 ⁸⁾ | 4 - 4 1/4 | 3 5/8 - 4 | 3 |
| 1962 Jan. | 1 1/4 - 2 3/4 | 2 1/2 - 2 7/8 | 2 3/4 - 3 1/8 | 3 |
| Feb. | 1 1/4 - 2 7/8 | 2 1/2 - 2 3/4 | 2 3/4 - 3 | 3 |
| March | 2 3/8 - 3 7/8 | 2 3/4 - 3 1/8 | 2 7/8 - 3 1/4 | 3 |

¹⁾ Money-market rates are not fixed or quoted officially. The rates here published have been ascertained from Frankfurt banks. They may be considered to be representative. — ²⁾ Lowest and highest rate quoted during month. — ³⁾ From 3 June 1960 = 5%. — ⁴⁾ From 11 November 1960 = 4%. — ⁵⁾ Money at the end of the month 5 1/2 to 5 3/4%. — ⁶⁾ From 20 January 1961 = 3 1/2%. — ⁷⁾ From 5 May 1961 = 3%. — ⁸⁾ Money at the end of the month 4 1/2 to 4 7/8%.

(4) Rates for Day-to-Day Money¹⁾ in Frankfurt (Main), by Bank Return Weeks (in % per annum)

| Week | Lowest rate | Highest rate |
|-----------------|-------------|--------------|
| 1961 Oct. 1 - 7 | 2 5/8 | 3 1/8 |
| 8 - 15 | 2 1/8 | 2 1/2 |
| 16 - 23 | 1 3/4 | 2 1/4 |
| 24 - 31 | 1 3/4 | 2 5/8 |
| Nov. 1 - 7 | 2 5/8 | 2 7/8 |
| 8 - 15 | 2 3/4 | 2 3/4 |
| 16 - 23 | 2 3/8 | 3 |
| 24 - 30 | 2 7/8 | 3 1/4 |
| Dec. 1 - 7 | 2 5/8 | 3 1/8 |
| 8 - 15 | 2 3/8 | 2 7/8 |
| 16 - 23 | 2 7/8 | 3 1/2 |
| 24 - 31 | 2 7/8 | 3 1/8 |
| End of December | 4 1/2 | 4 7/8 |
| 1962 Jan. 1 - 7 | 1 3/4 | 2 3/4 |
| 8 - 15 | 1 1/4 | 1 7/8 |
| 16 - 23 | 1 3/8 | 1 3/4 |
| 24 - 31 | 1 1/2 | 2 3/4 |
| Feb. 1 - 7 | 2 3/8 | 2 7/8 |
| 8 - 15 | 1 5/8 | 2 3/8 |
| 16 - 23 | 1 1/4 | 1 3/4 |
| 24 - 28 | 1 1/4 | 2 7/8 |
| Mar. 1 - 7 | 2 3/8 | 3 |
| 8 - 15 | 2 5/8 | 3 1/4 |
| 16 - 23 | 3 | 3 3/4 |
| 24 - 31 | 2 3/8 | 3 3/8 |
| Apr. 1 - 7 | 2 3/4 | 3 1/8 |
| 8 - 15 | 2 1/4 | 2 3/4 |
| 16 - 23 | 2 1/4 | 2 1/2 |

¹⁾ Rates for day-to-day loans are not fixed or quoted officially. The rates here published have been ascertained from Frankfurt banks. They may be considered to be representative.

(5) Debtor and Creditor Interest Rates since the Currency Reform

(a) Maximum Debtor Interest Rates *)

in % per annum

| Applicable from: | Central Bank discount rate | Central Bank rate for advances on securities | Charges for credits in current account | | Charges for acceptance credits | Charges for discount credits ²⁾ , items amounting to | | | |
|------------------|----------------------------|----------------------------------------------|----------------------------------------|------------|--------------------------------|-----------------------------------------------------------------|-----------------------------|----------------------------|---------------------|
| | | | Approved credits ¹⁾ | Overdrafts | | DM 20,000 or above | DM 5,000 to under DM 20,000 | DM 1,000 to under DM 5,000 | under DM 1,000 |
| 1948 July 1 | 5 | 6 | - | 10 1/2 | 8 | 6 1/2 | 7 | 7 1/2 | 8 |
| Sep. 1 | | | 9 | 11 | 8 1/2 - 9 1/2 | 7 | 7 1/2 | 8 | 8 1/2 |
| Dec. 15 | | | 9 1/2 | 10 1/2 | 8 - 9 | 6 1/2 | 7 | 7 1/2 | 8 |
| 1949 May 27 | 4 1/2 | 5 1/2 | 9 | 10 1/2 | 8 1/2 - 9 1/2 ³⁾ | 6 | 6 1/2 | 7 | 7 1/2 ⁴⁾ |
| July 14 | 4 | 5 | 8 1/2 | 10 | 7 1/2 - 8 1/2 ³⁾ | 6 | 6 1/2 | 7 | 7 1/2 ⁴⁾ |
| 1950 Oct. 27 | 6 | 7 | 10 1/2 | 12 | 9 1/2 | 8 | 8 1/2 | 9 | 9 |
| 1952 May 29 | 5 | 6 | 9 1/2 | 11 | 8 1/2 | 7 | 7 1/2 | 8 | 8 |
| Aug. 21 | 4 1/2 | 5 1/2 | 9 | 10 1/2 | 8 | 6 1/2 | 7 | 7 1/2 | 7 1/2 |
| 1953 Jan. 8 | 4 | 5 | 8 1/2 | 10 | 7 1/2 | 6 | 6 1/2 | 7 | 7 |
| June 11 | 3 1/2 | 4 1/2 | 8 | 9 1/2 | 7 | 5 1/2 | 6 | 6 1/2 | 6 1/2 |
| 1954 May 20 | 3 | 4 | 8 | 9 1/2 | 6 1/2 | 5 | 5 1/2 | 6 | 6 |
| July 1 | | | 7 3/4 | 9 1/4 | | | | | |
| 1955 Aug. 4 | 3 1/2 | 4 1/2 | 8 | 9 1/2 | 7 | 5 1/2 | 6 | 6 1/2 | 6 1/2 |
| 1956 Mar. 8 | 4 1/2 | 5 1/2 | 9 | 10 1/2 | 8 | 6 1/2 | 7 | 7 1/2 | 7 1/2 |
| May 19 | 5 1/2 | 6 1/2 | 10 | 11 1/2 | 9 | 7 1/2 | 8 | 8 1/2 | 8 1/2 |
| Sep. 6 | 5 | 6 | 9 1/2 | 11 | 8 1/2 | 7 | 7 1/2 | 8 | 8 |
| 1957 Jan. 11 | 4 1/2 | 5 1/2 | 9 | 10 1/2 | 8 | 6 1/2 | 7 | 7 1/2 | 7 1/2 |
| Sep. 19 | 4 | 5 | 8 1/2 | 10 | 7 1/2 | 6 | 6 1/2 | 7 | 7 |
| 1958 Jan. 17 | 3 1/2 | 4 1/2 | 8 | 9 1/2 | 7 1/2 | 5 1/2 | 6 | 6 1/2 | 6 1/2 |
| June 27 | 3 | 4 | 7 3/4 | 9 1/4 | 6 1/2 | 5 | 5 1/2 | 6 | 6 |
| July 21 | | | 7 1/2 | 9 | | | | | |
| 1959 Jan. 10 | 2 3/4 | 3 3/4 | 7 1/4 | 8 3/4 | 6 1/4 | 4 3/4 | 5 1/4 | 5 3/4 | 5 3/4 |
| Sep. 4 | 3 | 4 | 7 1/2 | 9 | 6 1/2 | 5 | 5 1/2 | 6 | 6 |
| Oct. 23 | 4 | 5 | 8 1/2 | 10 | 7 1/2 | 6 | 6 1/2 | 7 | 7 |
| 1960 June 3 | 5 | 6 | 9 1/2 | 11 | 8 1/2 | 7 | 7 1/2 | 8 | 8 |
| Nov. 11 | 4 | 5 | 8 1/2 | 10 | 7 1/2 | 6 | 6 1/2 | 7 | 7 |
| 1961 Jan. 20 | 3 1/2 | 4 1/2 | 8 | 9 1/2 | 7 | 5 1/2 | 6 | 6 1/2 | 6 1/2 |
| May 5 | 3 | 4 | 7 1/2 | 9 | 6 1/2 | 5 | 5 1/2 | 6 | 6 |

*) Official rates for credits to non-banks, which may only be exceeded in exceptional cases. The interest rates here quoted were compiled on the basis of announcements by the Hessian Bank Supervisory Authority; in most of the other Federal Länder equal rates apply. They are to be understood as including credit, acceptance, or discount commissions, but excluding turnover commission. — 1) Apart from cases where lower rates are allowed, the total interest rate computed corresponds to the actual charges for credit only if the approved credit is fully taken. If it is availed of only partially the charges for the approved credit are below the rate quoted, whereas the charges for the credit taken may exceed this rate. According to Art. 2 of the Debtor Interest Agreement, interest may in fact only be charged for credits actually taken. Credit commission may however be computed in advance from credits firmly approved or, in the case of tacitly granted credit, from the highest debit balance. — 2) Not including domicile commission. — 3) From 1 Sep. 1949 to 26 Oct. 1950 = 7 1/2%. — 4) From 1 Sep. 1949 to 26 Oct. 1950 = 7%.

(b) Maximum Creditor Interest Rates *)

in % per annum

| Applicable from: | Monies payable on demand | | Savings deposits | | Monies at notice ¹⁾ of | | | | Monies placed for fixed periods ¹⁾ of | | | | Postal savings deposits | |
|------------------|--------------------------------|-----------------------------------|-----------------------------|---------------------------------|-----------------------------------|-------------------------|----------------------------------------|----------------------------------|--------------------------------------------------|----------------|-----------------|-------------------|-------------------------|---------------------|
| | on accounts free of commission | on accounts subject to commission | with legal period of notice | with agreed period of notice of | 1 to less than 3 months | 3 to less than 6 months | 6 to less than 12 months ²⁾ | 12 months and over ²⁾ | 30 to 89 days | 90 to 179 days | 180 to 359 days | 360 days and over | | |
| 1948 Sep. 1 | 1 | 2 | 2 1/2 | 3 | 4 | 2 1/4 | 2 3/4 | 3 | 3 3/4 | 2 1/4 | 2 3/4 | 3 | 3 3/4 | 2 ³⁾ |
| 1949 Sep. 1 | 1 | 1 1/2 | 2 1/2 | 3 | 4 | 2 1/4 | 2 1/2 | 2 7/8 | 3 3/4 | 2 1/4 | 2 1/2 | 2 3/4 | 3 1/2 | 2 1/4 |
| 1950 July 1 | 1 | 1 1/2 | 2 1/2 | 3 | 4 | 2 1/4 | 2 1/2 | 2 7/8 | 3 3/4 | 2 1/4 | 2 1/2 | 2 3/4 | 3 1/2 | 2 1/4 |
| Dec. 1 | 1 | 1 1/2 | 3 | 3 1/2 | 4 1/2 | 3 1/2 | 3 7/8 | 4 3/8 | 4 3/4 | 3 1/2 | 3 7/8 | 4 1/4 | 4 5/8 | 2 1/4 ⁴⁾ |
| 1952 Sep. 1 | 1 | 1 1/2 | 3 | 3 1/2 | 4 1/2 | 3 | 3 3/8 | 3 7/8 | 4 1/4 | 3 | 3 3/8 | 4 1/4 | 4 5/8 | 2 3/4 |
| 1953 Feb. 1 | 1 | 1 1/2 | 3 | 3 1/2 | 4 1/4 | 2 1/2 | 2 7/8 | 3 3/8 | 3 3/4 | 2 1/2 | 2 7/8 | 3 1/4 | 3 5/8 | 2 3/4 |
| July 1 | 3/4 | 1 1/4 | 3 | 3 1/2 | 4 1/4 | 2 1/4 | 2 3/4 | 3 1/8 | 3 1/2 | 2 1/4 | 2 3/8 | 3 | 3 3/8 | 2 3/4 |
| 1954 July 1 | 1/2 | 1 | 3 | 3 1/4 | 4 | 2 | 2 3/8 | 2 7/8 | 3 1/4 | 2 | 2 3/8 | 2 3/4 | 3 1/8 | 2 3/4 |
| 1955 Aug. 4 | 3/4 | 1 1/4 | 3 | 3 1/2 | 4 | 2 1/2 | 2 3/4 | 3 1/4 | 3 3/4 | 2 3/8 | 2 3/4 | 3 1/8 | 3 5/8 | 2 3/4 |
| 1956 Mar. 16 | 1 | 1 1/2 | 3 | 4 | 5 | 3 3/8 | 3 3/4 | 4 1/4 | 4 5/8 | 3 3/8 | 3 3/4 | 4 1/4 | 4 5/8 | 2 3/4 |
| May 19 | 1 1/2 | 2 | 3 1/2 | 4 1/2 | 5 1/2 | 4 1/4 | 4 3/4 | 5 1/4 | 5 1/2 | 4 1/4 | 4 1/4 | 5 1/2 | 5 1/2 | 2 3/4 ⁵⁾ |
| Oct. 1 | 1 1/4 | 1 3/4 | 3 1/2 | 4 1/2 | 5 1/2 | 4 1/4 | 4 3/4 | 5 1/4 | 5 1/2 | 4 1/4 | 4 1/4 | 5 1/4 | 5 1/4 | 3 1/4 ⁶⁾ |
| 1957 Feb. 1 | 1 | 1 1/2 | 3 1/2 | 4 1/2 | 5 1/2 | 3 3/4 | 4 1/4 | 4 3/4 | 5 1/4 | 3 3/4 | 4 1/4 | 4 1/4 | 5 1/4 | 3 1/4 ⁶⁾ |
| Oct. 17 | 3/4 | 1 1/4 | 3 1/2 | 4 1/4 | 5 1/4 | 3 3/4 | 3 3/4 | 4 1/4 | 5 1/4 | 3 3/4 | 4 1/4 | 4 1/4 | 5 1/4 | 3 1/2 |
| 1958 Feb. 10 | 1/2 | 1 | 3 1/4 | 4 | 5 | 2 3/4 | 3 | 3 3/4 | 4 1/2 | 2 3/8 | 3 | 3 3/4 | 4 1/2 | 3 1/4 |
| July 21 | 1/2 | 1 | 3 | 3 1/4 | 4 1/4 | 2 3/4 | 2 3/4 | 3 | 3 3/4 | 2 3/8 | 2 3/4 | 3 | 3 3/8 | 3 |
| Nov. 20 | 1/2 | 1 | 3 | 3 1/4 | 4 1/4 | 2 | 2 1/2 | 2 3/4 | 3 1/2 | 2 | 2 1/2 | 2 3/4 | 3 1/2 | 3 |
| 1959 Feb. 1 | 3/8 | 3/4 | 3 | 3 1/4 | 4 | 1 1/2 | 2 | 2 1/2 | 3 1/4 | 1 1/2 | 2 | 2 1/2 | 3 1/4 | 3 |
| Nov. 20 | 1/2 | 1 | 3 | 3 1/4 | 4 | 2 1/4 | 2 3/4 | 3 1/4 | 4 | 2 1/4 | 2 3/4 | 3 1/4 | 4 | 3 |
| 1960 Jan. 1 | 1/2 | 1 | 3 1/2 | 3 3/4 | 4 1/2 | 2 1/4 | 2 3/4 | 3 1/4 | 4 | 2 1/4 | 2 3/4 | 3 1/4 | 4 | 3 1/2 |
| July 1 | 1 | 1 1/2 | 4 | 4 1/2 | 5 1/4 | 3 | 3 1/2 | 4 | 4 3/4 | 3 | 3 1/2 | 4 | 4 3/4 | 4 |
| Dec. 15 | 1/2 | 1 | 4 | 4 1/2 | 5 1/4 | 2 1/2 | 3 | 3 1/2 | 4 1/4 | 2 1/2 | 3 | 3 1/2 | 4 1/4 | 4 |
| 1961 Jan. 1 | 1/2 | 1 | 4 | 4 1/4 | 4 3/4 | 2 1/2 | 3 | 3 1/2 | 4 1/4 | 2 1/2 | 3 | 3 1/2 | 4 1/4 | 4 |
| Feb. 15 | 1/2 | 1 | 4 | 4 1/4 | 4 3/4 | 2 1/4 | 2 3/4 | 3 1/4 | 4 | 2 1/4 | 2 3/4 | 3 1/4 | 4 | 4 |
| Apr. 1 | 1/2 | 1 | 3 1/2 | 4 | 4 1/2 | 2 1/4 | 2 3/4 | 3 1/4 | 4 | 2 1/4 | 2 3/4 | 3 1/4 | 4 | 3 1/2 |
| June 10 | 3/4 | 3/4 | 3 1/2 | 4 | 4 1/2 | 1 3/4 | 2 1/4 | 2 3/4 | 3 1/2 | 1 3/4 | 2 1/4 | 2 3/4 | 3 1/2 | 3 1/2 |
| July 1 | 3/8 | 3/4 | 3 1/4 | 3 1/2 | 4 | 1 3/4 | 2 1/4 | 2 3/4 | 3 1/2 | 1 3/4 | 2 1/4 | 2 3/4 | 3 1/2 | 3 1/4 |

*) Official rates for deposits of non-banks, which may only be exceeded in exceptional cases. The rates here quoted were compiled on the basis of announcements by the Hessian Bank Supervisory Authority; in most of the other Federal Länder equal rates apply. — 1) For larger amounts deposited (DM 50,000.— or more and DM 1 million or more, respectively) higher rates of interest were paid between 1 September 1949 and 19 November 1958. — 2) In so far as monies at notice of 6 months and over carry higher rates of interest than monies placed for corresponding fixed periods, the rates quoted may be granted only where the customer does not take advantage of the right to demand repayment, in the case of monies at notice of 6 to less than 12 months for at least three months, and in the case of monies at notice of 12 months and over for at least six months, in each case from the date of the agreement. Otherwise only the rates for monies placed for fixed periods may be granted. — 3) From 1 July 1949 = 2 1/4%. — 4) From 1 Jan. 1951 = 2 3/4%. — 5) From 1 July 1956 = 3 1/4%. — 6) From 1 May 1957 = 3 1/2%. — 7) From 20 November 1958 onwards, when accepting savings deposits with agreed period of notice, notice will only be permissible after expiry of a period of six months, such period to commence on the day of deposit.

VI. Placing of Securities

(1) Gross Placing¹⁾ of Fixed-interest-bearing Securities and Shares

Nominal value in millions of DM

| Period | Fixed-interest-bearing securities | | | | | | | | | Shares ²⁾ | Fixed-interest-bearing securities and shares, total |
|---------------------|------------------------------------------------|----------------|------------------------------------------|------------------------------------------------|-----------------------------|-------------|--------------------------|-----------------------|-----------------------------------------------------|----------------------|-----------------------------------------------------|
| | Mortgage bonds (including ship mortgage bonds) | Communal bonds | Bonds of specialised credit institutions | Industrial bonds (including convertible bonds) | Loans of public authorities | Other bonds | Loans of foreign issuers | Total | among which: Medium-term notes (Kassenobligationen) | | |
| during year | | | | | | | | | | | |
| 1952 | 628.1 | 161.3 | 219.8 | 130.3 | 418.2 | — | — | 1,557.7 | — | 259.3 | 1,817.0 |
| 1953 | 1,043.4 | 429.4 | 224.6 | 396.2 | 774.5 | 33.8 | — | 2,901.9 ³⁾ | — | 268.7 | 3,170.6 |
| 1954 | 2,238.8 | 1,001.4 | 64.9 | 791.5 | 590.2 | 4.2 | — | 4,691.0 ³⁾ | — | 453.0 | 5,144.0 |
| 1955 | 1,381.7 | 1,026.1 | 257.7 | 432.0 | 583.2 | 0.0 | — | 3,680.7 ³⁾ | — | 1,554.8 | 5,235.5 |
| 1956 | 1,038.2 | 616.1 | 14.2 | 563.7 | 332.0 | 0.0 | — | 2,564.2 ³⁾ | — | 1,837.5 | 4,401.7 |
| 1957 | 1,161.1 | 1,125.2 | 265.2 | 931.1 | 690.9 | 10.0 | 21.0 | 4,204.5 | — | 1,631.7 | 5,836.2 |
| 1958 | 1,618.8 | 2,337.6 | 422.1 | 1,651.9 | 2,002.7 | 2.0 | 92.0 | 8,127.1 | 102.0 | 1,139.5 | 9,266.6 |
| 1959 | 3,050.0 | 2,363.7 | 830.1 | 918.7 | 2,540.2 | 0.8 | 344.6 | 10,048.1 | 1,295.2 | 1,383.0 | 11,431.1 |
| 1960 | 2,343.4 | 1,119.9 | 501.1 | 27.5 | 1,332.6 | 3.0 | 44.8 | 5,372.3 | 568.5 | 1,904.5 | 7,276.8 |
| 1961 | 3,641.5 | 2,505.3 | 901.2 | 319.6 | 2,141.2 ⁴⁾ | 100.0 | 12.0 | 9,620.8 ⁴⁾ | 388.7 | 2,192.4 | 11,813.2 |
| during month | | | | | | | | | | | |
| 1961 Jan. | 346.4 | 197.4 | 175.9 | 40.0 | 820.8 ⁴⁾ | — | — | 1,580.5 ⁴⁾ | 20.3 | 260.9 | 1,841.4 |
| Feb. | 245.7 | 276.1 | 59.2 | 0.9 | 283.0 ⁴⁾ | — | — | 864.9 ⁴⁾ | 6.0 | 67.6 | 932.5 |
| March | 286.5 | 263.7 | 69.3 | 78.7 | 230.0 ⁴⁾ | — | — | 928.2 ⁴⁾ | 0.2 | 358.9 | 1,287.1 |
| April | 265.6 | 210.0 | 89.2 | — | 110.7 ⁴⁾ | — | — | 675.5 ⁴⁾ | 20.0 | 94.0 | 769.5 |
| May | 239.2 | 225.2 | 91.8 | — | 195.6 ⁴⁾ | 11.0 | — | 762.8 ⁴⁾ | 6.0 | 138.6 | 901.4 |
| June | 401.1 | 251.0 | 72.4 | 50.0 | 4.0 ⁴⁾ | 14.3 | — | 792.8 ⁴⁾ | 50.5 | 188.9 | 981.7 |
| July | 276.3 | 180.8 | 36.0 | — | 253.9 | 2.0 | 12.0 | 761.0 | 16.5 | 373.0 | 1,134.0 |
| Aug. | 296.8 | 174.3 | 95.9 | — | 2.2 | 9.6 | — | 578.8 | 62.2 | 191.6 | 770.4 |
| Sep. | 291.1 | 186.8 | 3.2 | — | 1.0 | 17.1 | — | 499.2 | 2.0 | 224.8 | 724.0 |
| Oct. | 338.0 | 224.1 | 53.0 | — | 5.9 | 4.0 | — | 625.0 | 49.3 | 100.1 | 725.1 |
| Nov. | 239.4 | 160.6 | 83.5 | — | 129.4 | 42.0 | — | 654.9 | 149.2 | 68.0 | 722.9 |
| Dec. | 415.4 | 155.3 | 71.8 | 150.0 | 104.7 | — | — | 897.2 | 6.5 | 126.0 | 1,023.2 |
| 1962 Jan. | 524.8 | 309.4 | 82.7 | 110.0 | 411.3 | 34.0 | — | 1,472.2 | 164.3 | 130.2 | 1,602.4 |
| Feb. | 279.7 | 304.7 | 60.1 | 150.0 | 530.0 | 50.0 | 100.0 | 1,474.5 | 295.5 | 135.2 | 1,609.7 |
| March | 358.0 | 248.2 | 3.6 | 75.0 | 7.9 | 39.0 | — | 731.7 | — | 54.3 | 786.0 |

¹⁾ Only initial placing of newly issued securities, no account being taken of amounts redeemed or repurchased. — Except conversion and "old" savers' securities. — From 1954 onwards including Berlin (West), from 1959 including the Saarland. The amounts issued (since 1948) until then in the aforementioned territories have been included in the annual figures for 1954 and 1959, respectively. — ²⁾ Share issues under the Law on Capital Increase out of Company Reserves . . . dated 23 December 1959 ("bonus shares") are not included in the figures. — ³⁾ Including placing with Investment Assistance creditors: 1953, DM 199.8 million; 1954, DM 388.8 million; 1955, DM 587.9 million; 1956, DM 1.2 million. — ⁴⁾ Including 5% Loan of the Federal Republic of Germany (Development Aid) in the following amounts: DM 1,176.2 million in the whole of 1961; DM 794.9 million in January 1961; DM 33.0 million in February 1961; DM 30.0 million in March 1961; DM 110.7 million in April 1961; DM 195.6 million in May 1961; from June 1961 onwards only residual amounts.

(2) Redemption and Net Placing of Fixed-interest-bearing Securities¹⁾, and Change in the Holdings of Repurchased Issues

Nominal value in millions of DM

| Period | Post-Currency-Reform issues | | | | | | | | | Pre-Currency-Reform issues ²⁾ | Fixed-interest-bearing securities, total |
|-----------------------------------------------------|------------------------------------------------|----------------|------------------------------------------|------------------------------------------------|-----------------------------|-------------|--------------------------|---------|-----------------------------------------------------|------------------------------------------|------------------------------------------|
| | Mortgage bonds (including ship mortgage bonds) | Communal bonds | Bonds of specialised credit institutions | Industrial bonds (including convertible bonds) | Loans of public authorities | Other bonds | Loans of foreign issuers | Total | among which: Medium-term notes (Kassenobligationen) | Conversion and "old" savers' securities | |
| Redemption | | | | | | | | | | | |
| 1952 | 0.5 | 0.1 | — | 0.8 | 7.4 | — | — | 8.8 | — | — | — |
| 1953 | 0.3 | 0.8 | — | — | 36.2 | — | — | 37.3 | — | — | — |
| 1954 | 0.7 | 1.2 | 30.0 | 3.0 | 46.5 | 0.5 | — | 81.9 | — | — | — |
| 1955 | 2.0 | 5.6 | 0.1 | 34.5 | 32.0 | 0.4 | — | 74.6 | — | — | — |
| 1956 | 11.5 | 20.4 | 53.3 | 31.1 | 299.2 | 0.4 | — | 415.9 | — | — | — |
| 1957 | 21.8 | 32.1 | 53.3 | 53.2 | 586.4 | 0.3 | — | 747.1 | — | 136.2 | 883.3 |
| 1958 | 60.3 | 100.4 | 93.6 | 102.0 | 259.8 | 0.4 | — | 616.5 | — | 80.1 | 696.6 |
| 1959 | 231.5 | 223.2 | 109.4 | 305.8 | 603.2 | 3.8 | — | 1,476.9 | — | 106.2 | 1,583.1 |
| 1960 | 116.0 | 176.5 | 136.0 | 403.9 | 150.4 | 3.6 | — | 986.4 | — | 94.4 | 1,080.8 |
| 1961 | 339.3 | 641.3 | 333.8 | 219.1 | 93.2 | 5.7 | — | 1,632.4 | 109.9 | 74.0 | 1,706.4 |
| Net placing³⁾ | | | | | | | | | | | |
| 1952 | 627.6 | 161.2 | 219.8 | 129.5 | 410.8 | — | — | 1,548.9 | — | — | — |
| 1953 | 1,043.1 | 428.6 | 224.6 | 396.2 | 738.3 | 33.8 | — | 2,864.6 | — | — | — |
| 1954 | 2,238.1 | 1,000.2 | 34.9 | 788.5 | 543.7 | 3.7 | — | 4,609.1 | — | — | — |
| 1955 | 1,379.7 | 1,020.5 | 257.6 | 397.5 | 551.2 | — | 0.4 | 3,606.1 | — | — | — |
| 1956 | 1,026.7 | 595.7 | — | 532.6 | 32.8 | — | 0.4 | 2,148.3 | — | — | — |
| 1957 | 1,139.3 | 1,093.1 | 211.9 | 877.9 | 104.5 | 9.7 | 21.0 | 3,457.4 | — | 46.6 | 3,410.8 |
| 1958 | 1,558.5 | 2,237.2 | 328.5 | 1,549.9 | 1,742.9 | 1.6 | 92.0 | 7,510.6 | 102.0 | 408.3 | 7,918.9 |
| 1959 | 2,818.5 | 2,140.5 | 720.7 | 612.9 | 1,937.0 | — | 30.0 | 8,571.2 | 1,295.2 | 291.1 | 8,862.3 |
| 1960 | 2,227.4 | 943.4 | 365.1 | 376.4 | 1,182.2 | — | 0.6 | 4,385.9 | 568.5 | 100.5 | 4,864.4 |
| 1961 | 3,302.2 | 1,864.0 | 567.4 | 100.5 | 2,048.0 | 94.3 | 12.0 | 7,988.4 | 278.8 | 85.5 | 8,073.9 |
| Change in the holdings of repurchased issues | | | | | | | | | | | |
| increase (+) / decrease (—) | | | | | | | | | | | |
| 1952 | + 8.9 | + 1.5 | + 7.6 | + 1.5 | — | — | — | + 19.5 | — | — | — |
| 1953 | + 12.8 | — 0.2 | — 8.8 | — 1.6 | — | — | — | + 2.2 | — | — | — |
| 1954 | — 4.5 | + 8.5 | — 4.4 | + 3.4 | — | — | — | + 3.0 | — | — | — |
| 1955 | + 29.2 | + 11.7 | + 12.1 | + 1.3 | + 28.4 | — | — | + 82.7 | — | — | — |
| 1956 | + 44.0 | + 27.5 | + 4.6 | + 13.1 | + 314.9 | — | — | + 404.1 | — | — | — |
| 1957 | — 18.6 | — 10.3 | — 3.7 | — 3.1 | + 97.1 | — | — | + 132.8 | — | — | — |
| 1958 | — 1.9 | + 8.3 | — 12.0 | — 11.1 | + 95.2 | — | — | + 111.9 | — | 37.7 | — 149.6 |
| 1959 | + 55.7 | + 18.7 | + 21.9 | + 1.9 | + 9.0 | + 0.1 | — | + 83.5 | — | 14.0 | — 69.5 |
| 1960 | + 50.4 | + 34.4 | — 0.2 | + 9.3 | + 10.5 | — | — | + 63.3 | — | 3.4 | — 66.7 |
| 1961 | + 0.8 | + 3.9 | + 2.1 | — 2.4 | + 25.9 | — | — | + 30.3 | — | 17.9 | — 12.4 |

¹⁾ From 1954 onwards including Berlin (West), from 1959 including the Saarland. The amounts issued (since 1948) until then in the aforementioned territories have been included in the annual figures for 1954 and 1959, respectively. — ²⁾ Statistically ascertained from January 1957 only. — ³⁾ Gross placing less redemption; the minus sign indicates an excess of redemption over the amount newly placed during the period under report (or, in the case of pre-Currency-Reform issues, the amount recognised under the Securities Validation Law or other indemnification laws).

(3) Placing of Securities¹⁾: Nominal Values, Issue Values and Average Issue Prices²⁾

| Period | Fixed-interest Securities | | | | | | | | | | | | | | | Shares | | |
|---------------|---------------------------|---------------------|---------------|-------------------------------------------------|---------------------|---------------|------------------|---------------------|---------------|-----------------------------|---------------------|---------------|--------------------------|---------------------|---------------|-------------|---------------------|-------|
| | among which: | | | | | | | | | | | | | | | | | |
| | Total | | | Bonds of German issuers | | | | | | | | | Bonds of foreign issuers | | | Shares | | |
| | | | | Mortgage bonds ²⁾ and communal bonds | | | Industrial bonds | | | Loans of public authorities | | | | | | | | |
| Nominal value | Issue value | Average issue price | Nominal value | Issue value | Average issue price | Nominal value | Issue value | Average issue price | Nominal value | Issue value | Average issue price | Nominal value | Issue value | Average issue price | Nominal value | Issue value | Average issue price | |
| DM million | | p. c. | DM million | | p. c. | DM million | | p. c. | DM million | | p. c. | DM million | | p. c. | DM million | | p. c. | |
| 1955 | 3,680.7 | 3,605.4 | 98.0 | 2,407.8 | 2,356.2 | 97.9 | 432.0 | 427.3 | 98.9 | 583.2 | 570.3 | 97.8 | — | — | — | 1,554.8 | 1,714.6 | 110.3 |
| 1956 | 2,564.2 | 2,510.1 | 97.9 | 1,654.3 | 1,618.7 | 97.9 | 563.7 | 533.0 | 98.1 | 332.0 | 324.5 | 97.7 | — | — | — | 1,837.5 | 1,950.0 | 106.1 |
| 1957 | 4,204.5 | 4,058.9 | 96.5 | 2,286.3 | 2,186.5 | 95.6 | 931.1 | 909.7 | 97.7 | 690.9 | 675.9 | 97.8 | 21.0 | 21.0 | 100.0 | 1,631.7 | 1,676.2 | 102.7 |
| 1958 | 8,127.1 | 7,996.3 | 98.4 | 3,956.4 | 3,880.6 | 98.1 | 1,651.9 | 1,632.1 | 98.8 | 2,002.7 | 1,974.1 | 98.6 | 92.0 | 90.3 | 98.2 | 1,139.5 | 1,214.5 | 106.6 |
| 1959 | 10,048.1 | 9,903.7 | 98.6 | 5,413.7 | 5,349.6 | 98.8 | 918.7 | 901.6 | 98.1 | 2,540.2 | 2,495.9 | 98.3 | 344.6 | 342.9 | 99.5 | 1,383.0 | 1,851.2 | 133.9 |
| 1960 | 5,372.3 | 5,195.4 | 96.7 | 3,463.3 | 3,332.8 | 96.2 | 27.5 | 26.7 | 96.9 | 1,332.6 | 1,301.7 | 97.6 | 44.8 | 43.5 | 96.8 | 1,904.5 | 2,792.4 | 146.6 |
| 1961 | 9,620.8 | 9,491.4 | 98.7 | 6,146.8 | 6,052.2 | 98.5 | 319.6 | 315.5 | 98.7 | 2,141.2 | 2,124.1 | 99.2 | 12.0 | 11.4 | 95.0 | 2,192.4 | 3,295.7 | 150.3 |
| 1961 Jan. | 1,580.5 | 1,560.7 | 98.8 | 543.8 | 528.0 | 97.1 | 40.0 | 39.2 | 98.0 | 820.8 | 820.3 | 99.9 | — | — | — | 260.9 | 345.8 | 132.5 |
| Feb. | 864.9 | 850.3 | 98.3 | 521.8 | 510.1 | 97.8 | 0.9 | 0.9 | 100.0 | 283.0 | 280.5 | 99.1 | — | — | — | 67.6 | 106.0 | 157.0 |
| March | 928.2 | 908.5 | 97.9 | 550.2 | 540.4 | 98.2 | 78.7 | 76.5 | 97.1 | 230.0 | 223.2 | 97.1 | — | — | — | 358.9 | 611.3 | 170.3 |
| April | 675.5 | 667.0 | 98.7 | 475.6 | 469.0 | 98.6 | — | — | — | 110.7 | 110.7 | 100.0 | — | — | — | 94.0 | 189.5 | 201.5 |
| May | 762.8 | 756.8 | 99.2 | 464.4 | 458.7 | 98.8 | — | — | — | 195.6 | 195.6 | 100.0 | — | — | — | 138.6 | 167.4 | 120.8 |
| June | 792.8 | 785.0 | 99.0 | 652.1 | 645.9 | 99.1 | 50.0 | 49.0 | 98.0 | 4.0 | 4.0 | 100.0 | — | — | — | 188.9 | 430.6 | 227.9 |
| July | 761.0 | 750.2 | 98.6 | 457.1 | 452.4 | 99.0 | — | — | — | 253.9 | 248.9 | 98.0 | 12.0 | 11.4 | 95.0 | 373.0 | 531.3 | 142.5 |
| Aug. | 578.8 | 571.7 | 98.8 | 471.1 | 466.3 | 99.0 | — | — | — | 2.2 | 2.2 | 100.0 | — | — | — | 191.6 | 245.2 | 128.0 |
| Sep. | 499.2 | 494.0 | 99.0 | 477.9 | 473.3 | 99.0 | — | — | — | 1.0 | 1.0 | 100.0 | — | — | — | 224.8 | 278.6 | 123.9 |
| Oct. | 625.0 | 614.9 | 98.4 | 562.1 | 553.3 | 98.4 | — | — | — | 5.9 | 5.8 | 98.4 | — | — | — | 100.1 | 106.3 | 106.2 |
| Nov. | 654.9 | 645.0 | 98.5 | 400.0 | 393.7 | 98.4 | — | — | — | 129.4 | 127.2 | 98.3 | — | — | — | 68.0 | 114.2 | 167.9 |
| Dec. | 897.2 | 887.3 | 98.9 | 570.7 | 561.1 | 98.3 | 150.0 | 150.0 | 100.0 | 104.7 | 104.7 | 100.0 | — | — | — | 126.0 | 169.5 | 134.5 |
| 1962 Jan. | 1,472.2 | 1,457.9 | 99.0 | 834.2 | 822.4 | 98.6 | 110.0 | 110.0 | 100.0 | 411.3 | 409.6 | 99.6 | — | — | — | 130.2 | 185.7 | 142.6 |
| Feb. | 1,474.5 | 1,455.4 | 98.7 | 584.4 | 574.7 | 98.3 | 150.0 | 150.0 | 100.0 | 530.0 | 524.9 | 99.0 | 100.0 | 96.5 | 96.5 | 135.2 | 243.0 | 179.8 |
| March | 731.7 | 722.6 | 98.8 | 606.2 | 597.2 | 98.5 | 75.0 | 75.0 | 100.0 | 7.9 | 7.8 | 99.1 | — | — | — | 54.3 | 126.0 | 231.9 |

¹⁾ From 1959 onwards including Saarland figures. The annual figures for 1959 comprise the amounts issued from 1948 to 1959 by Saarland issuers. — ²⁾ Weighted average prices, computed from original figures which are reported in thousands of DM. — ³⁾ Including ship mortgage bonds.

(4) Circulation of Investment Fund Units¹⁾

| Investment Company and Fund | Inventory value ²⁾ | | | | Number of units issued ²⁾ | | | | Issue price per unit | | | |
|----------------------------------------------------------------|-------------------------------|---------|---------|------------|--------------------------------------|---------|----------|------------|----------------------|--------------------|--------------------|--------------------------|
| | 1959 | 1960 | 1961 | March 1962 | 1959 | 1960 | 1961 | March 1962 | 1959 ³⁾ | 1960 ³⁾ | 1961 ³⁾ | March 1962 ³⁾ |
| | Millions of DM | | | | Thousands | | | | DM | | | |
| Allfonds Gesellschaft für Investmentanl. mbH | — | 55.0 | 87.0 | 92.7 | — | 445.0 | 2,120.0 | 2,295.1 | — | 128.20 | 42.60 | 42.30 |
| Allgemeine Deutsche Investment-GmbH | 135.2 | 194.7 | 180.0 | 174.3 | 794.4 | 2,826.4 | 2,925.3 | 2,930.5 | 176.90 | 71.40 | 63.70 | 62.32 |
| Adifonds | — | 12.3 | 19.6 | 20.9 | — | 101.1 | 298.8 | 313.1 | — | 126.90 | 68.60 | 69.82 |
| Adiropa | 209.4 | 278.5 | 263.2 | 256.6 | 1,652.7 | 1,729.2 | 5,256.0 | 5,262.7 | 131.90 | 166.80 | 52.00 | 51.10 |
| Fondak | 121.4 | 163.9 | 150.0 | 143.3 | 831.9 | 2,613.7 | 2,737.6 | 2,740.2 | 151.80 | 65.00 | 56.80 | 54.60 |
| Fondis | 38.3 | 60.1 | 65.1 | 67.4 | 204.6 | 549.9 | 616.5 | 631.1 | 194.50 | 113.20 | 109.50 | 110.91 |
| Fondra | — | — | 31.4 | 33.1 | — | — | 658.9 | 688.1 | — | — | 49.70 | 50.27 |
| Tresora | — | — | — | — | — | — | — | — | — | — | — | — |
| Anlage-Gesellschaft für französische Aktienwerte mbH | 120.4 | 92.3 | 90.7 | 100.0 | 1,081.8 | 769.6 | 1,938.7 | 1,936.9 | 116.60 | 125.50 | 48.90 | 52.06 |
| Agefra-Fonds | — | — | — | — | — | — | — | — | — | — | — | — |
| Anlage-Gesellschaft mbH für englische und holländ. Aktienwerte | — | 14.5 | 12.5 | 11.8 | — | 144.4 | 119.3 | 116.4 | — | 106.40 | 111.40 | 108.32 |
| Anglo-Dutch-Fonds | — | — | — | — | — | — | — | — | — | — | — | — |
| Deutsche Ges. für Wertpapiersparen mbH | — | — | 17.7 | 18.6 | — | — | 304.2 | 330.7 | — | — | 60.50 | 60.38 |
| Akkumula | 83.1 | 80.9 | 94.2 | 98.2 | 908.6 | 892.8 | 921.8 | 950.1 | 96.00 | 94.80 | 106.80 | 108.20 |
| Invest | 497.6 | 666.7 | 645.5 | 627.6 | 3,779.5 | 8,106.6 | 8,735.3 | 8,803.2 | 136.90 | 85.30 | 76.70 | 74.87 |
| Investa | — | — | — | — | — | — | — | — | — | — | — | — |
| Deutscher Investm.-Trust, Ges. für Wertpapieranlagen mbH | 504.4 | 615.3 | 499.7 | 466.7 | 4,208.8 | 4,096.1 | 11,323.0 | 11,600.9 | 124.30 | 156.00 | 45.90 | 42.37 |
| Concentra | 122.1 | 179.8 | 154.7 | 145.1 | 785.5 | 1,904.3 | 1,840.0 | 1,849.9 | 161.30 | 97.80 | 87.40 | 82.32 |
| Industria | — | — | — | — | — | — | — | — | — | — | — | — |
| Thesaurus | 108.2 | 141.6 | 208.0 | 198.5 | 671.8 | 2,606.3 | 4,157.1 | 4,099.5 | 167.10 | 56.20 | 52.00 | 50.79 |
| Transatlanta | — | 91.2 | 89.0 | 88.2 | — | 1,710.9 | 1,580.8 | 1,621.4 | — | 55.70 | 59.20 | 57.50 |
| Deutsche Kapitalanl.-GmbH | — | — | — | 18.0 | — | — | — | 373.1 | — | — | — | 50.21 |
| Arideka | 136.8 | 203.5 | 209.3 | 193.6 | 1,057.0 | 3,672.2 | 4,248.0 | 4,395.3 | 134.— | 57.30 | 51.00 | 46.18 |
| Dekafonds I | — | — | — | — | — | — | — | — | — | — | — | — |
| Europa und Übersee Kapitalanlage-GmbH | — | 61.7 | 47.4 | 44.8 | — | 1,472.7 | 1,121.7 | 1,092.4 | — | 44.40 | 44.70 | 43.96 |
| Atlantic-Fonds | 55.8 | 53.9 | 50.2 | 52.0 | 373.6 | 327.7 | 650.2 | 673.7 | 155.60 | 170.70 | 80.80 | 81.01 |
| Europafonds I | — | — | — | — | — | — | — | — | — | — | — | — |
| Internationale Kapitalanlegenges. mbH | — | — | — | 39.1 | — | — | — | 812.1 | — | — | — | 50.36 |
| Brauerer-Fonds | — | — | — | — | — | — | — | — | — | — | — | — |
| Union-Investment-GmbH | 126.1 | 170.2 | 182.9 | 185.5 | 1,165.5 | 3,664.4 | 4,556.2 | 4,803.5 | 113.70 | 48.80 | 42.20 | 41.00 |
| Unifonds | 7.8 | 10.0 | 11.0 | 11.1 | 68.7 | 91.7 | 91.1 | 93.8 | 120.10 | 115.70 | 128.40 | 125.21 |
| Uscafonds | — | — | — | — | — | — | — | — | — | — | — | — |
| Total ⁴⁾ | 2,266.5 | 3,146.1 | 3,109.2 | 3,086.9 | — | — | — | — | — | — | — | — |

¹⁾ During the period under report the following splittings took place: Adifonds, in the ratio of 1 : 2 on 1 Aug. 1960; Allfonds 1 : 2 on 14 July 1961; Adiropa 1 : 1 on 29 May 1961; Fondak 1 : 1 on 3 Nov. 1959 and 1 : 2 on 29 May 1961; Fondis 1 : 1 on 1 April 1959 and 1 : 2 on 10 Oct. 1960; Fondra 1 : 1 each on 1 June 1958 and 1 Feb. 1960; Agefra 1 : 2 on 10 May 1961; Investa 1 : 1 each on 1 May 1959 and 7 Nov. 1960; Concentra 1 : 1 on 1 June 1959 and 1 : 2 on 15 Feb. 1961; Industria 1 : 1 on 15 Feb. 1960; Thesaurus 1 : 3 on 1 Sep. 1960; Dekafonds I 1 : 1 on 8 June 1959 and 1 : 2 on 1 Oct. 1960; Europafonds I 1 : 1 on 7 March 1961; Unifonds 1 : 2 on 1 Nov. 1960. — ²⁾ Position at end of year or month indicated. — ³⁾ Average during month. — ⁴⁾ Details may not add to totals because of rounding.

(5) Capital Accruing¹⁾ at the Investment Funds

| Period | Capital accruing DM mn |
|-----------|------------------------|
| 1956 | 109.7 |
| 1957 | 179.8 |
| 1958 | 500.5 |
| 1959 | 465.7 |
| 1960 | 340.1 |
| 1961 | 230.8 |
| 1959 Jan. | 78.9 |
| Feb. | 26.1 |
| March | 7.7 |
| April | 4.8 |
| May | 19.2 |
| June | 105.5 |
| July | 49.9 |
| Aug. | 115.6 |
| Sep. | — 3.1 |
| Oct. | — 2.1 |
| Nov. | 28.2 |
| Dec. | 35.0 |
| 1960 Jan. | 193.3 |
| Feb. | 44.6 |
| March | 10.0 |
| April | — 4.1 |
| May | — 20.3 |
| June | — 8.2 |
| July | — 11.4 |
| Aug. | 32.0 |
| Sep. | 18.3 |
| Oct. | 17.9 |
| Nov. | 40.1 |
| Dec. | 27.9 |
| 1961 Jan. | 31.2 |
| Feb. | 13.9 |
| March | 15.8 |
| April | 10.5 |
| May | 19.3 |
| June | 19.5 |
| July | 20.3 |
| Aug. | 0.6 |
| Sep. | 4.5 |
| Oct. | 15.1 |
| Nov. | 59.9 |
| Dec. | 20.2 |
| 1962 Jan. | 59.0 |
| Feb. | 37.5 |
| March | 15.3 |

¹⁾ Calculated from changes in circulation of units and in monthly-average issue price of each Fund.

VII. Foreign Trade and the Balance of Payments

(1) Balance of Payments of the Federal Republic of Germany 1955 to 1961 *) (in millions of DM)

| Items | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 | 1961P) |
|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|---------|---------|---------|---------|---------|---------|
| A. Balance of Transactions in Goods, Services, Donations and Capital | | | | | | | |
| I. Current account | | | | | | | |
| 1. Goods and services | | | | | | | |
| (a) Goods | Exports (f.o.b.) ²⁾ | 25,580 | 30,712 | 35,831 | 36,849 | 41,025 | 47,849 |
| | Imports (f.o.b.) ¹⁾ | 22,339 | 25,079 | 28,509 | 29,380 | 33,141 | 39,574 |
| | Merchanting trade: Sales | 901 | 1,093 | 1,771 | 1,285 | 1,886 | 2,536 |
| | Purchases | 905 | 995 | 1,697 | 1,249 | 2,018 | 2,231 |
| (b) Services | Net transactions in goods | + 3,237 | + 5,731 | + 7,396 | + 7,505 | + 7,752 | + 8,580 |
| | Receipts | 5,859 | 7,336 | 9,245 | 10,194 | 10,638 | 11,877 |
| | Expenditure | 6,125 | 7,467 | 8,999 | 9,861 | 11,400 | 13,015 |
| | Net services | - 266 | - 131 | + 246 | + 333 | - 762 | - 1,138 |
| | Net transactions in goods and services | + 2,971 | + 5,600 | + 7,642 | + 7,838 | + 6,990 | + 7,442 |
| 2. Donations (outflow: -, inflow: +)²⁾ | | | | | | | |
| (a) Private | Inflow | 108 | 92 | 76 | 87 | 89 | 115 |
| | Outflow | 349 | 372 | 441 | 391 | 408 | 542 |
| | Balance | - 241 | - 280 | - 365 | - 304 | - 319 | - 427 |
| (b) Official | Inflow | 137 | 132 | 78 | 81 | 88 | 177 |
| | Outflow | 731 | 1,043 | 1,546 | 1,621 | 2,675 | 2,666 |
| | Balance | - 594 | - 911 | - 1,468 | - 1,540 | - 2,587 | - 2,489 |
| | Net donations | - 835 | - 1,191 | - 1,833 | - 1,844 | - 2,906 | - 2,916 |
| | Net balance on current account | + 2,136 | + 4,409 | + 5,809 | + 5,994 | + 4,084 | + 4,526 |
| II. Capital transactions (outflow: -, inflow: +)²⁾ | | | | | | | |
| 1. Long-term capital³⁾ | | | | | | | |
| (a) German capital investments abroad | Private | - 322 | - 422 | - 869 | - 1,352 | - 2,802 | - 2,607 |
| | Official | - 29 | - 333 | - 318 | - 883 | - 1,352 | - 1,183 |
| | Disinvestment | + 64 | + 97 | + 210 | + 210 | + 785 | + 1,179 |
| | Official | - | - | - | + 26 | - | + 57 |
| | Net capital investments (increase: -) | - 258 | - 325 | - 777 | - 1,142 | - 2,017 | - 1,428 |
| | Official | - 29 | - 333 | - 318 | - 857 | - 1,352 | - 1,126 |
| | Total | - 287 | - 658 | - 1,095 | - 1,999 | - 3,369 | - 2,554 |
| (b) Foreigners' capital investments in the Federal Republic | Private | + 1,643 | + 1,399 | + 2,036 | + 2,412 | + 3,501 | + 5,435 |
| | Official | - | - | - | - | - | - |
| | Disinvestment | - 1,495 | - 944 | - 1,126 | - 1,788 | - 2,631 | - 3,025 |
| | Official | - 271 | - 426 | - 541 | - 502 | - 1,420 | - 314 |
| | Net capital investments (increase: +) | + 148 | + 455 | + 910 | + 624 | + 870 | + 2,410 |
| | Official | - 271 | - 426 | - 541 | - 502 | - 1,420 | - 314 |
| | Total | - 123 | + 29 | + 369 | + 122 | + 550 | + 2,096 |
| | Net long-term capital transactions | - 410 | - 629 | - 726 | - 1,877 | - 3,919 | - 458 |
| 2. Short-term capital | | | | | | | |
| (a) Net German capital investments abroad (increase: -) | Private: Banks other than Bundesbank | - 156 | - 191 | - 606 | - 599 | - 1,315 | + 1,103 |
| | Non-banks | - 12 | - 18 | - 34 | - 48 | - 106 | - 73 |
| | Official | - 75 | - 213 | - 1,705 | + 200 | - 1,384 | - 1,084 |
| | Total | - 243 | - 422 | - 2,345 | - 447 | - 2,805 | - 54 |
| (b) Net foreign capital investments in the Federal Republic (increase: +) | Private: Banks other than Bundesbank | + 287 | + 1,103 | + 581 | + 135 | + 280 | + 1,151 |
| | Non-banks | - | - | + 56 | + 45 | + 52 | + 731 |
| | Official | - 84 | - 4 | - 6 | + 22 | + 253 | + 330 |
| | Total | + 203 | + 1,099 | + 631 | - 68 | + 481 | + 2,212 |
| | Net short-term capital transactions | - 40 | + 677 | - 1,714 | - 515 | - 2,324 | + 2,158 |
| | Net total of capital transactions | - 450 | - 48 | - 2,440 | - 2,392 | - 6,243 | + 1,700 |
| Net Transactions in Goods, Services, Donations and Capital | | | | | | | |
| + 1,686 + 4,457 + 3,369 + 3,602 + 2,159 + 6,226 - 2,171 | | | | | | | |
| B. Movement of Gold and Exchange (change in monetary reserves of Deutsche Bundesbank)⁴⁾ | | | | | | | |
| I. Change in gold holdings of Deutsche Bundesbank (increase: -) | | | | | | | |
| II. Change in assets and liabilities of Deutsche Bundesbank | | | | | | | |
| 1. Assets (increase: -) | | | | | | | |
| (a) Freely usable assets | Assets in foreign currency | - 474 | - 1,865 | + 1,574 | - 1,816 | + 632 | - 8,069 |
| | Assets in DM | - 0 | + 0 | - 0 | - 13 | + 702 | + 215 |
| | Total | - 474 | - 1,865 | + 1,574 | - 1,829 | + 430 | - 7,854 |
| (b) Assets at fixed term or of limited usability | Assets in foreign currency | - 133 | - 703 | - 1,352 | - 355 | + 4,597 | - |
| | Credit granted to E.P.U. ⁵⁾ | - | - | - | - | + 364 | + 320 |
| | Bilateral claims from former credits to E.P.U. ⁶⁾ | - | - | - | - | + 489 | + 193 |
| | Other claims | + 84 | + 64 | - 1,402 | + 160 | + 489 | + 193 |
| | Assets in DM | - | - | - | - | + 2,795 | + 846 |
| | Other claims | - 64 | - 147 | - 68 | - 92 | + 82 | + 129 |
| | Total | - 113 | - 786 | - 2,822 | - 607 | + 2,009 | + 1,230 |
| | Overall change in assets | - 587 | - 2,651 | - 1,248 | - 2,436 | + 2,439 | - 6,624 |
| 2. Liabilities (increase: +) | | | | | | | |
| (a) Liabilities in foreign currency | | - 1 | + 10 | - 18 | + 12 | - 70 | + 82 |
| (b) Liabilities in DM | | - 29 | + 40 | + 543 | - 353 | - 173 | + 63 |
| | Overall change in liabilities | - 30 | + 50 | + 525 | - 341 | - 243 | + 19 |
| | Net balance of changes in assets and liabilities | - 617 | - 2,601 | - 723 | - 2,777 | + 2,196 | - 6,605 |
| Net Movement of Gold and Exchange (surplus: -, deficit: +) | | | | | | | |
| - 1,851 - 5,014 - 5,122 - 3,188 + 2,204 - 8,007 + 1,927 | | | | | | | |
| C. Net Errors and Omissions (calculated as residue)⁷⁾ | | | | | | | |
| + 165 + 557 + 1,753 - 414 - 45 + 1,781 + 244 | | | | | | | |

*) Area of the Federal Republic including Berlin (West); from 6 July 1959, the date of the Saarland's economic incorporation, including its transactions with foreign countries. — ²⁾ Special trade. Including supplementary items (e.g., export and import of electric current), for 1957 and 1958 also including Federal Government imports subsequently reported and therefore not recorded in the official foreign trade statistics; excluding the export of ships' and aircraft's fuel and other supplies, which has been included under receipts from services. — ³⁾ Transactions are classified as "Private" or "Official" according to the sector to which the German party engaged in the transaction belongs. — ⁴⁾ Cf. footnote 4). — ⁵⁾ Excluding I.B.R.D. bonds, and excluding those I.B.R.D. notes that are shown in the Bundesbank Return in item "Securities" and in the present tabulation under official long-term capital. — ⁶⁾ After the E.P.U. settlements had been carried out for the years indicated: for 1959 account has moreover been taken of the decline in credits granted due to the liquidation of E.P.U. and to the transformation of the remaining claims on E.P.U. into bilateral claims on the former E.P.U. member countries. — ⁷⁾ Cf. footnote 5). — ⁸⁾ This residual item, ascertained as difference between the net movement of gold and exchange and net transactions in goods, services, donations and capital, mainly reflects the changes in the terms of payment, which are not statistically ascertainable (movement of gold and exchange more favourable than balance of transactions: +, movement of gold and exchange less favourable than balance of transactions: -). — p) Provisional.

(2) Monetary Reserves of the Deutsche Bundesbank^{o)} (in millions of DM)

| Position at end of year or month | Total monetary reserves (net) | Gold holdings and freely usable foreign assets | | | Foreign assets at fixed term or of only limited usability ²⁾ | | | | | Foreign liabilities ²⁾ | Note: Foreign assets of Deutsche Bundesbank not included in the monetary reserves ²⁾ |
|----------------------------------|-------------------------------|------------------------------------------------|---------------|------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------------------------------------------|----------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------------|
| | | Total | Gold holdings | Freely usable foreign assets | Total | among which: | | | | | |
| | | | | | | Bilateral claims from former credits to E.P.U. (until end-1958: credit granted to E.P.U. ³⁾) | I.B.R.D. debt certificates ⁴⁾ | Earmarked balances with foreign banks and earmarked money-market investments | Consolidation loans to foreign Central Banks | | |
| 1952 | 4,635 | 2,971 | 587 | 2,384 | 2,026 | 1,061 | — | — | — | 362 | — |
| 1953 | 8,158 | 5,510 | 1,367 | 4,143 | 2,704 | 1,782 | — | — | — | 56 | — |
| 1954 | 10,930 | 8,426 | 2,628 | 5,798 | 2,672 | 2,054 | — | — | 146 | 168 | — |
| 1955 | 12,781 | 10,134 | 3,862 | 6,272 | 2,785 | 2,187 | — | — | 304 | 138 | — |
| 1956 | 17,795 | 14,412 | 6,275 | 8,137 | 3,571 | 2,890 | — | 240 | 403 | 188 | 73 |
| 1957 | 22,917 | 17,237 | 10,674 | 6,563 | 6,393 | 4,242 | 735 | 1,032 | 384 | 713 | 73 |
| 1958 | 26,105 | 19,477 | 11,085 | 8,392 | 7,000 | 4,597 | 1,166 | 972 | 265 | 372 | 73 |
| 1959 | 23,621 | 19,039 | 11,077 | 7,962 | 4,992 | 3,159 | 1,305 | 353 | 175 | 410 | 191 |
| 1960 | 31,628 | 28,295 | 12,479 | 15,816 | 3,762 | 1,993 | 1,400 | 265 | 104 | 429 | 272 |
| 1961 | 28,281 | 26,166 | 14,654 | 11,512 | 2,452 | 1,039 | 1,352 | — | 61 | 337 | 1,112 |
| 1959 March | 22,883 | 17,236 | 11,248 | 5,988 | 6,374 | 4,121 | 1,305 | 707 | 240 | 727 | 73 |
| June | 22,457 | 17,365 | 11,355 | 6,010 | 5,783 | 3,813 | 1,305 | 441 | 223 | 691 | 73 |
| Sep. | 21,660 | 16,704 | 11,009 | 5,695 | 5,468 | 3,621 | 1,305 | 353 | 188 | 512 | 191 |
| Dec. | 23,621 | 19,039 | 11,077 | 7,962 | 4,992 | 3,159 | 1,305 | 353 | 175 | 410 | 191 |
| 1960 March | 23,974 | 19,644 | 11,214 | 8,430 | 4,674 | 2,978 | 1,200 | 353 | 143 | 344 | 191 |
| June | 27,432 | 23,271 | 11,643 | 11,628 | 4,619 | 2,835 | 1,300 | 353 | 131 | 458 | 191 |
| Sep. | 30,065 | 26,621 | 12,132 | 14,489 | 3,821 | 2,089 | 1,350 | 265 | 117 | 377 | 191 |
| Dec. | 31,628 | 28,295 | 12,479 | 15,816 | 3,762 | 1,993 | 1,400 | 265 | 104 | 429 | 272 |
| 1961 5 March ^{a)} b) | 31,724 | 28,513 | 12,724 | 15,789 | 3,496 | 1,743 | 1,400 | 265 | 88 | 285 | 372 |
| 31 March | 30,304 | 27,155 | 12,118 | 15,037 | 3,434 | 1,742 | 1,352 | 252 | 88 | 285 | 364 |
| June | 31,421 | 28,329 | 12,969 | 15,360 | 3,417 | 1,730 | 1,352 | 252 | 82 | 325 | 364 |
| Sep. | 29,529 | 27,378 | 14,053 | 13,325 | 3,142 | 1,718 | 1,352 | — | 72 | 991 | 414 |
| Dec. | 27,534 | 25,746 | 14,576 | 11,170 | 2,477 | 1,054 | 1,352 | — | 70 | 689 | 632 |
| 1962 Jan. | 28,281 | 26,166 | 14,654 | 11,512 | 2,452 | 1,039 | 1,352 | — | 61 | 337 | 1,112 |
| Feb. | 25,271 | 23,261 | 14,655 | 8,606 | 2,452 | 1,038 | 1,352 | — | 61 | 442 | 1,112 |
| March | 25,438 | 23,427 | 14,656 | 8,771 | 2,451 | 1,037 | 1,352 | — | 61 | 440 | 1,112 |
| March | 26,226 | 24,354 | 14,665 | 9,689 | 2,437 | 1,026 | 1,352 | — | 59 | 565 | 1,112 |

^{o)} The figures are not fully identical with those shown in the Return of the Bundesbank, because gold holdings as well as foreign assets and liabilities are here recorded at parity rate in accordance with the International Monetary Fund's instructions on the compilation of balance-of-payments statements, whereas in the Bundesbank Return they are computed for the end of the year according to the lowest value principle and for the current year at the rate of the day. Moreover, in the case of liabilities there are some differences regarding the delimitation of the items to be taken into account; cf. footnote 1). — 1) From 1959 onwards including the previously disregarded letter-of-credit cover accounts and the liabilities recorded in the item "Deposits of foreign depositors" in the Bundesbank Return. — 2) In 1952 and 1953 including certain assets and liabilities such as consolidated clearing debts the changes in which were, in balance-of-payments tables, not entered under exchange movements but under capital transactions. — 3) Not taking into account the latest E.P.U. settlement in each case. — 4) Excluding bonds, and excluding those notes that are shown in the Bundesbank Return in item "Securities" and in the balance of payments under official long-term capital. Cf. in this connection also the explanations to the Weekly Returns of 7 December 1960 and 7 February 1961. — 5) Cf. footnote 4). — 6) Row a) valued at parity rate prior to, row b) after, DM revaluation.

(3) The Banks^{o)} Short-term Assets and Liabilities in relation to Foreign Countries^{*)} (in millions of DM)

| Position at end of year or month | Net assets or liabilities | Assets | | | | | | | Liabilities | | | | | | |
|----------------------------------|---------------------------|--------|--------------------------------------------------|----------------------------|---------------|-------------------------------------------------------------------------------|--------------------|-------|----------------------------------------------|-------|-----------------------------|--------------------------------------|--------------------|--------------------|-------------------------------------------|
| | | Total | Balances at foreign banks and money-market paper | | | | Short-term credits | Total | Non-residents' deposits, by depositor groups | | | | | Short-term credits | |
| | | | Total | Deposits payable on demand | Time deposits | Money-market paper among which: Reconstruction Loan Corporation ²⁾ | | | Total | Total | Foreign banks ⁴⁾ | Business enterprises and individuals | Public authorities | | International organisations ⁵⁾ |
| 1955 | -1,397 | 524 | 320 | 312 | 7 | 1 | — | 204 | 1,921 | 1,473 | 730 | 622 | 121 | 448 | |
| 1956 | -2,309 | 715 | 379 | 362 | 13 | 4 | — | 336 | 3,024 | 2,114 | 1,197 | 733 | 184 | 910 | |
| 1957 | -2,285 | 1,320 | 775 | 307 | 20 | 448 | — | 545 | 3,605 | 2,650 | 1,580 | 914 | 156 | 955 | |
| 1958 | -1,551 | 1,919 | 1,040 | 431 | 128 | 481 | — | 879 | 3,470 | 2,893 | 1,625 | 1,075 | 193 | 577 | |
| 1959 | -272 | 3,471 | 2,543 | 754 | 543 | 1,246 | — | 928 | 3,743 | 3,410 | 1,784 | 1,095 | 216 | 315 | |
| 1960 | -2,526 | 2,368 | 1,315 | 526 | 410 | 379 | — | 1,053 | 4,894 | 3,641 | 1,697 | 1,348 | 308 | 288 | |
| 1961 | -2,262 | 3,926 | 2,778 | 651 | 906 | 1,221 | 643 | 1,148 | 6,188 | 3,985 | 1,903 | 1,419 | 311 | 352 | |
| 1959 March | -197 | 2,758 | 2,022 | 486 | 916 | 620 | — | 736 | 2,955 | 2,499 | 1,175 | 867 | 231 | 226 | |
| June | +145 | 3,356 | 2,651 | 542 | 1,219 | 890 | — | 705 | 3,211 | 2,893 | 1,474 | 953 | 229 | 318 | |
| Sep. | +762 | 3,977 | 3,108 | 680 | 1,478 | 950 | — | 869 | 3,215 | 2,931 | 1,407 | 955 | 264 | 284 | |
| Dec. | -272 | 3,471 | 2,543 | 754 | 543 | 1,246 | — | 928 | 3,743 | 3,410 | 1,784 | 1,095 | 216 | 315 | |
| 1960 March | -392 | 3,457 | 2,383 | 746 | 813 | 824 | — | 1,074 | 3,849 | 3,380 | 1,741 | 1,085 | 231 | 323 | |
| June | -2,002 | 2,279 | 1,192 | 590 | 260 | 342 | — | 1,087 | 4,281 | 3,479 | 1,767 | 1,063 | 346 | 802 | |
| Sep. | -2,317 | 2,085 | 1,014 | 489 | 211 | 314 | — | 1,071 | 4,402 | 3,324 | 1,626 | 1,152 | 285 | 1,078 | |
| Dec. ³⁾ | -2,526 | 2,368 | 1,315 | 526 | 410 | 379 | — | 1,053 | 4,894 | 3,641 | 1,697 | 1,348 | 308 | 288 | |
| 1961 March ²⁾ | -628 | 4,431 | 3,166 | 574 | 1,493 | 1,099 | 677 | 1,265 | 5,059 | 3,501 | 1,716 | 1,197 | 327 | 261 | |
| June | -22 | 5,982 | 4,785 | 625 | 3,077 | 1,083 | 801 | 1,197 | 6,004 | 3,836 | 1,884 | 1,372 | 322 | 258 | |
| Sep. | -73 | 5,760 | 4,489 | 637 | 2,597 | 1,255 | 817 | 1,271 | 5,833 | 3,497 | 1,600 | 1,214 | 351 | 332 | |
| Dec. | -2,262 | 3,926 | 2,778 | 651 | 906 | 1,221 | 643 | 1,148 | 6,188 | 3,985 | 1,903 | 1,419 | 311 | 352 | |
| 1962 Jan. | +1,715 | 7,305 | 6,049 | 782 | 3,925 | 1,342 | 642 | 1,256 | 5,590 | 3,622 | 1,701 | 1,303 | 288 | 330 | |
| Feb. | +1,977 | 7,318 | 6,010 | 829 | 3,874 | 1,307 | 633 | 1,308 | 5,341 | 3,466 | 1,569 | 1,314 | 264 | 319 | |
| March | +1,100 | 6,566 | 5,184 | 811 | 3,221 | 1,152 | 627 | 1,382 | 5,466 | 3,580 | 1,637 | 1,320 | 282 | 341 | |

^{o)} Other than Bundesbank. — *) Figures for the period after the economic incorporation of the Saarland (6 July 1959) including the assets and liabilities of the Saarland banks in relation to foreign countries. — 1) The figures here shown, which are taken from the credit institutions' external position, deviate from the corresponding figures of the balance-sheet statistics, since in the monthly interim statements of foreign banks' subsidiaries — different from the external position — the claims on and liabilities to the foreign parent institution and the foreign sister establishments are recorded as a net total only. — 2) Assets and liabilities in foreign currency are valued according to the parity rate prevailing at the end of the period indicated. — 3) Only investment of funds deriving from the German industry's Development Aid Loan in U.S. Treasury bills out of the Bundesbank's holdings. — 4) Excluding International Bank for Reconstruction and Development, European Investment Bank and Bank for International Settlements, their deposits being included in the column "International organisations". — 5) Cf. footnote 4).