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Further Extension of the Money Volume

The monetary development in September was marked by a further extension of the cash and bank-money volume. There are various factors accounting for this development. On one hand, accounts that had so far been blocked became available due to the progressive conversion operations of financial institutions and the implementation of the re-examination by the tax office; by the end of September, approximately 60 per cent. of all Reichsmark-credit-balances subject to conversion had probably been converted to Deutsche Marks, so that from this source, a minimum of at least 2.5 billion DM of available transfer money had accrued since currency reform. In addition, the progressive spending of the first supply of new currency to public authorities had, by the end of September, brought approximately 1.8 billion DM into circulation which had previously only existed in the books. The disbursement of the second part of the quota per capita, even if this was partly accomplished through credits on bank accounts, likewise means the creation of almost 1 billion DM new purchasing power. In this conjunction, it is particularly important that the banks were granted the full value of the credit resulting from the quota per capita in central bank money. The final step was the Military Government decision taken at the beginning of October to the effect that during the following months 3/10 of the blocked accounts were released, i.e. approximately 1.3 - 1.5 billion DM, and the remaining 7/10 finally cancelled. Apart from this creation of money resulting from the implementation of the currency laws, the organization of the banks' credit transactions made considerable progress during the reporting period. The total volume of new credit transactions

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may be estimated at roughly 3 billion DM as of the end September, based on the sample statistics covering 112 financial institutions. Current account credits which could be granted again since 8 August, account for one third of this amount and bills of exchange for two thirds. Due to the high surplus reserves of the banks, largely resulting from the relatively substantial first supply of central bank money, the creation on money took place almost completely independent of the central bank system.

Decreasing Liquidity of the Financial Institutions.

The continuing extension of the credit volume necessarily tends to a gradual weakening in the banks' liquidity. From September, this trend was increased by the obligation to maintain minimum reserves for obligations not yet converted into Deutsche Marks. Even if approximately by the end of the last week of September, due to the above mentioned non-recurring influx of central bank money resulting from the disbursement of the quota per capita and the spending of the first supply of new currency to public authorities, sufficient compensating factors still existed to prevent the banks' status from becoming actually tight by 23 September but the liquidity of the banks decreased relatively fast since then. The surplus reserves of the 112 financial institutions, including all large credit banks, which by 31 July, had to be estimated at at least one and a half of the minimum reserves, ^{during September,} averaged approximately only 75 per cent. of the reserve required. The cash reserves of these institutions decreased from 938 million DM on 31 July to 534 million DM on 7 October 1948. The credit balances of all financial institutions with the central bank system, i.e. with the BANK DEUTSCHER LÄNDER and the Land Central Banks, amounted to roughly 1.5 billion DM in September, whereas the reserves required were probably approximately 0.9 billion DM. Consequently, there existed with all financial institutions almost 0.6 billion DM = 50 percent. of surplus reserves of which amount, however, the institutions of the sample statistics particularly active in the line of credit transactions accounted for approximately 75 per cent. The strong downward trend in the cash reserve of the reporting institutions during the last week of September permits the conclusion that the surplus

reserves in the average of October will not equal the amount of September if this trend continues.

In accordance with this decrease in the liquidity, the credit expansion of the financial institutions seems to come to a stand still, for the time being. The outstanding credits of the 112 financial institutions which, during September, had increased from 915 million DM to 1283 million DM, i.e. by an average of approximately 90 million DM per week, on 7 October, for the first time since currency reform, remained nearly unchanged as compared with the amount of the preceding week.

It must be taken into consideration, however, that on 7 October, the central bank system had discounted approximately only 15 - 20 per cent., i.e. approximately 350 million DM, of the total bill of exchange holdings of the financial institutions estimated at 1.5 - 2 billion DM. In the future, this rate will probably increase which may be taken from the fact that rediscounts, including prolongations, during September increased to approximately 20 - 30 per cent. of the amount of bills of exchange purchased in each case as compared with approximately only 10 per cent. in July. The repayment of 7/20 of the first supply of new currency received which is required on account of the decision on blocked accounts will probably cause a further tightness in the liquidity status of the banks even if the simultaneously decreasing minimum reserve is to be taken into account. In addition, cash withdrawals from converted accounts considerably increased, a fact which partly is to be regarded as a reaction on the blocked account regulation. Therefore, if the credit institutions still possess rather considerable reserves in rediscountable bills of exchange, they will not be able in future, to expand their credit transactions with making use of the central bank system. Thus, the bank of issue is commencing to exercise control over at least this part of the creation of money.

Stiffened Money-Market - Weak Capital-Market

The rates of the money market which is still not organized but consists of inter-bank transactions likewise reflect this development. During the whole month of August, private discounts, apart from certain local fluctuations, were discounted at 4 - 4 1/4 per cent., i.e. in most cases one per cent below the

discount official/rate. During the first half of September, however, the private rate increased to $4 \frac{1}{2}$ - $4 \frac{5}{8}$ per cent. and approximately since the middle of the month, $4 \frac{3}{4}$ - $4 \frac{7}{8}$ were paid. Thus, the rate of private discounts closely approached the official rate. This undoubtedly reflects a certain market tightness although not yet a fundamental change in the trend.

The Department for Post and Tele-Communications, on the basis of its credit-balances accumulated with the Bank deutscher Länder, proved to be a money lender of a particular nature. At first, the Department fully covered the 45 million credit of the Department for Finance with the Bank deutscher Länder of which 20 million DM had been used. As a security the Department is to be given treasury bills with a three months term at a discount rate of $4 \frac{1}{8}$ per cent., i.e.:

35 million DM due on 15 December 1948
10 million DM " " 15 January 1949

In the first place, this credit is to serve the financing of commodities for the Western Sectors of Berlin to be supplied from the Western Zones. In addition, the Department for Post and Tele-Communications placed a loan of 25 million DM at the disposal of the Bayerische Staatsbank, Munich, on 8 September 1948. On 22 September 1948, said Department transferred to the Land Schleswig-Holstein 7 million DM as advance on a loan to be granted, the conditions of which were still not fixed at that moment. The Post granted the Hessian Land Government a cash credit of 7.5 million DM at $4 \frac{1}{2}$ per cent. and for a three months term and promised prolongation for another three months; this amount represents a part of a 125 million DM credit which shall be granted to the individual Länder based on an agreement between the Department for Post and Tele-Communications and the Hessian Finance Minister as the representative of all Land finance administrations and for which the Länder shall take over joint guarantee. Upon request of the Department for Food, Agriculture, and Forestry, the Post finally granted a loan up to 60 million DM to the Deutsche Rentenbank-Kreditanstalt for which the Allied Bank Commission took over the guarantee against loss (Ausfall-Garantie) charged to the "deferred-import" accounts; this loan serves the financing of potato storages for the ^{combined} Economic Area and runs till 31 May 1949.

All these credit transactions of the Post naturally mean renouncing the neutralization of central bank money as this would be attained by holding the Post credit balances or by investing them in equalization claims of the Bank deutscher Länder.

Until the end of September, the stock exchanges were in a disadvantageous position. Business having been low since July, the quotations for annuity bonds dropped without exception and in some cases considerably. The majority of shares also revealed losses in the exchange-rate. The exceptionally great differences in the yields even on first class annuity bonds are characteristic of the fact that so far there is no consolidation whatsoever on the capital market. Pursuant to the quotations as of the end of September, the majority of the yields could be calculated at 5 - 7 per cent. It is, therefore, understandable that under these circumstances the various regional institutions did not succeed in placing new 5 per cent. issues of shares. The inclination to accumulate capital is so far small and if capital is actually accumulated, preference is given to the insurance savings. For this reason, insurance companies were so far the sole offerer of medium and longterm credits even if covering only very small amounts. In order to provide a stronger stimulation for tying up credit balances for a longer period, the financial institutions some time ago increased the interest rates for time deposits, i.e. up to 4 per cent. for savings deposits and time deposits with a term of one year and more. But the reability of capital accumulation as compared with the interest is certainly very low at the present time. The factors favouring the immediate spending of any money holdings are much stronger, for the time being. Some form of tax favouring could probably more successfully contravene these factors.

Tight public finances

During the months August and September, public budgets continued to show deficits. By the end of September, approximately 1.9 billion DM had been spent from the first supply of new currency of approximately 2.7 billion DM granted under the currency reform.

Amount of public funds

	<u>Länder</u>	<u>Gemeinden</u>	<u>Railway</u>	<u>Post</u>	<u>Total</u>
	<u>(in million DM)</u>				
(1) On the day of currency reform	1.767 ¹⁾	618	222	86.8	2.693.8
(2) beginning of October	493 ²⁾	247 ²⁾	-	54.0 ²⁾	794.0 ²⁾
Decrease (1) minus (2)	1.274	371	222	32.8	1.899.8

The decrease of cash holdings, however, slowed down considerably during August and September. In the eight Länder of the Combined Economic Area, the decrease averaged 26 million DM during the last eight weeks as compared with an average decrease of 134 million DM during the first five weeks following currency reform. The improvement results from higher tax revenues which increased from 20 per cent. of the revenues of July of the preceding year to nearly 60 per cent. during August. In September, they probably reached at least approximately 75 per cent. Considering that a loss of 20 - 25 per cent. had to be expected due to the tax reform, the figure of the preceding year was almost equalled. During September, particularly high revenues had been received from the turnover tax (114 per cent.) and the corporation tax (110 per cent.) of the preceding year, whereas the assessed income tax remained far below the average of the preceding year due to a reduction of rates of approximately 30 per cent. and the excise taxes due to the excessive rates.

Some Länder, however, e.g. Rhine-Palatinate, Schleswig-Holstein, Lower Saxony, and Hesse raised credits to finance their current expenditures since their first supply of new currency had been exhausted. Due to the decision taken by the Board

1) Including 17 million DM by which the first supply of new currency to Schleswig-Holstein was retroactively increased in September.

2) Estimated.

of Directors on 31 August ¹⁾, that, on principle, no treasury bills shall be rediscounted by the Bank deutscher Länder, the Land Central Banks are limited in granting credits to public authorities. So far, public authorities found sufficient other credit sources. Apart from using postal cheque money to meet public financial demand, as mentioned above, the Girozentralen showed loans to public authorities, mainly to the social insurances, amounting to 38 million DM, as of the end of September. The total amount of the public indebtedness with the central bank system amounted to 54 million DM on 30 September, of which amount the Länder accounted for 34 million DM. The public indebtedness with the other credit institutions, including the Post, amounted to approximately 138 million DM. Another 25 million DM of the Aussenhandelskasse for financing the Berlin ^{imports} have to be added to this amount.

1) The decision reads as follows:

The imminent budget deficits of various Länder represent a serious danger for the currency. Everything possible must be done to balance the budgets. The idea of floating short-term debentures on the money market with a view to balancing budget deficits, must be defined categorically since it is in contradiction to all principles of a proper finance policy. The system of a bank of issue must by no means be abused to cover budget deficits since otherwise the most serious dangers for the currency would arise. These dangers are the more imminent as already today the public authorities are in debt to a very disproportionate extent to the Land Central Banks and the Bank deutscher Länder.

Credits granted by	Amount in million DM	Credits granted to
Bank deutscher Länder	20.0	Bizonal Adm. for Berlin mainly to Länder
Land Central Banks	34.3	
Department for Post and Tele-Communicat.	59.5	Bizonal Ad. for Berlin, Hesse and Schleswig-Holst. for Berlin
Aussenhandelskasse	25.0	
Girozentralen approx.	38.0	mainly social insurances
other financial institutions 1) "	40.0	mainly to Gemeinden
Total 216.8		

In spite of the limits of any further credit indebtedness of public authorities that have already become effective and are determined by the monetary policy, no satisfactory financial measures have been taken as yet to ensure the indispensable balancing of all public budgets. Neither has the financial equalization urgently necessary for balancing the budgets of the Länder having low revenues surpassed the stage of discussions and certain guarantees with regard to credits to be raised by various Länder nor has any practical action been taken on the question of attaining a general equalization by increasing the revenues. On 30 September, the Economic Council decided to considerably decrease the excessive tax rates on coffee, tobacco, beer and alcohol from which measure a recovering of the excise revenue, being relatively low at the present time, is expected. The Military Governments, considering the intended reduction too far-reaching, slightly increased the rates on tobacco, beer, and alcohol taxes decided upon by the Economic Council. In spite of this fact, the lowering of the selling-prices resulting from this reduction will be considerable (with regard to cigarettes 30 per cent. and alcohol 75 per cent.) and it may be assumed that the taxed stimulants may again compete with the black market and the tax revenue increase considerably. For the purpose of financing deliveries to Berlin, additional income taxes were decided upon; for balancing Gemeinde budgets the same taxes as well as a rent and a housing tax are being discussed. A precise limitation of these tax proposals and the demands of the equalization of burdens does

not yet seen to exist.

A considerable improvement of the budget situation would be obtained if all taxable facts (steuerpflichtige Tatbestände) could be ascertained more completely. It is generally known that a substantial part - although overestimated in some cases - of the turnovers and incomes "is not shown in the books." Owing to the full employment prevailing, even after currency reform, a diminishing of tax evasions could at least partly compensate the loss resulting from the lowering of rates effective since June 1948, when considering the increased price level and the increased production. Even in this case, however, the opening of new tax sources would be necessary. In the interest of preventing the economy ^{from} being burdened with taxes higher than those of the present time, the main emphasis should be placed on a general excise taxation - excepting vitally important requirements -. This measure could not only ensure the budget equilibrium but likewise limit the consumption possibilities and absorb unjustified profits in the bottle-neck areas of the consumption goods production and distribution. This increase of excise taxation could even lead to a certain surplus in connection with additional revenues resulting from the lowering of the taxation of stimulants and other tax revenues showing an upward trend due to the revival of the economy. This surplus would make the extension of tax favourings on savings and not-withdrawn profits possible which seems urgently necessary in the interest of an even development of the total economy in view of the fact that there is no reactivity of the inclination to make savings on the interest.

Full Employment with regional Deviations

During September, the economic situation of Western Germany was marked by a full employment. The rate of unemployment which after currency reform at first had risen due to a strong decrease in the "invisible" unemployment, had reached its climax during the first ten days of September and has dropped since then. On 30 September 1948, 765 000 unemployed were reported in the bizonal area as compared with 784 000 on 9 September 1948.

The number of vacant positions simultaneously increased considerably and reached 302 000 on 30 September 1948 as compared with roughly 250 000 at the end of the first ten days of September. Again there was a marked lack of qualified workers. The supply of employees continued to dominate although the results of the dismissals as per 30 September in the case of these vocational groups will not be perceptible before October and the subsequent months.

The employment situation which in the average was very good should not lead to the assumption that there were no regional deviations as this could also be ascertained in the case of public budgets. When calculation the unemployment figures in percentage, the following picture is shown as per 31 May 1948:

Development of Unemployment since 31 May 1948
(figures reported on 31 May 1948 = 100)

	Schles- wig- Hol- stein	Han- burg	North- Rhine West- phalia	Lower Sax- ony	Bre- men	Hes- se	Würt- tem- berg- Baden	Bav- aria	Biz- onal area
2.7.	129.8	130.2	109.0	122.6	93.7	113.0	106.6	116.4	114.6
9.9.	468.5	238.9	120.3	225.0	121.7	168.4	114.6	191.1	180.0
30.9.	481.1	226.8	110.7	239.3	122.5	159.5	110.4	176.6	173.4

As compared with the number of inhabitants, the following regional breakdown is shown on 30 September 1948 in the bizonal area based on an average unemployment of 1.8 per cent:

Number of unemployed in percentage of the number of inhabitants (figures as of 30 September 1948)

Schleswig-Holstein	3.2 per cent.
Bavaria	2.8 " "
Lower Saxony	2.6 " "
Bremen	2.0 " "
Hamburg	1.8 " "
Hesse	1.5 " "
North-Rhine/Westphalia	1.1 " "
Württemberg-Baden	0.8 " "

The shares of unemployed receiving relief payments in the total figure of unemployed show considerable regional deviations. On 31 May 1948, this share amounted to 3.1 per cent. and on 30 September 1948, to 35 per cent. for the bizonal area

The sub-division by Länder, however, shows the following figures as per 30 September:

Share of unemployed receiving relief payments
(figures as of 30 September 1948)

Schleswig-Holstein	73 per cent. of unemployed
Hamburg	57 " " " "
Lower Saxony	44 " " " "
Bremen	36 " " " "
Bavaria	28 " " " "
Hesse	28 " " " "
Württemberg-Baden	18 " " " "
North-Rhine/Westphalia	17 " " " "

These regional deviations become particularly apparent when comparing reported vacancies with the number of unemployed reported:

Vacancies in percentage of the number of unemployed
(figures as of 30 September 1948)

Schleswig-Holstein	5 per cent.
Bavaria	13 " "
Lower Saxony	18 " "
Hesse	35 " "
Hamburg	41 " "
Bremen	42 " "
Württemberg-Baden	71 " "
North-Rhine/Westphalia	96 " "
Bizonal Area	40 " "

The regional deviations in the employment situation are, in the first place, probably connected with the percentage of refugees. With regard to the labour possibilities, too, the situation of the refugees seems to be particularly bad. Apart from the unfavourably high percentage of old people, many refugees had been farmers and may thus only be employed as farmers or farmers' helps in the Western Zones. In addition, in many cases they were accommodated in villages or camps which are very unfavourably located to their places of work, so that their inclusion in the production process is often made impossible by the difficulties to obtain the permission to move to and stay at another place (Zuzugsgenehmigung), particularly insofar as special expert professions in demand are concerned. The housing problem, above all, is still a very severe handicap for the redistribution

of labour for the purpose of obtaining increased economic productivity. The existing refugee enterprises have probably been affected to a great extent by the currency reform since, in general, they had not been able to procure large good stocks within the comparatively short time of their operation.

Further Increase of total Production and Investment

The production indices for July and August - the figures for September are not yet available - permit rather explanatory information on the development of production since currency reform. Judging the data, caution must be exercised since a comparison with the production results reported prior to currency reform is only possible to a limited extent:

- (1) the partly systematic throttling of production in June lead to increases in July which were somewhat "false"; products which during the period prior to currency reform had intentionally not been finished completely were reported under the actual July production after relatively small finishing work had been carried out. When comparing these instances, the May - July 1948 production should not be taken into consideration.
- (2) Comparing the data obtained prior to currency reform, consideration should be given to the fact that at that time a large part of the production, particularly the part used for compensation, could not be included in the statistics.

In spite of this proviso, this data permits a few important ascertainment. The analysis of the production index for September shows the following figures: the figures for the total industry amount to 72 per cent. of the 1936 production as compared with 53 per cent. in April 1948. Thus, the increase in September amounts to 36 per cent. as compared with April. The different development in the various industry groups is particularly remarkable:

The Development of the Industry Production

Industry Sector	production index 1936 = 100				Changes	
	April	July	August	Sept.	Aug./April	Sept./April
					percentage	
total industry	53.3	62.1	66.1	72.4	+ 24	+ 36
investment goods	42.5	51.6	57.8	61.8	+ 36	+ 45
basic materials	42.9	54.4	63.0	67.4	+ 47	+ 57
finished goods (machinery, vehicles)	42.3	49.1	55.1	59.0	+ 30	+ 39
general production goods	80.6	82.8	88.4	91.3	+ 10	+ 13
consumption goods	47.9	61.0	62.3	65.8	+ 30	+ 37

The group "general production goods" (coal, energy, mineral oil, &c.) which as compared with the 1936 production level is relatively high shows the least increase whereas the production of typical investment goods, in particular, which so far had the lowest level as compared with the 1936 production revealed the sharpest increase.

This course of development of the production clearly shows that the general assumption that currency reform had exclusively favoured branches of production near to consumption (Konsumnahe Produktionszweige) whereas the sphere of the so-called producers' goods industry were coming fast into depression did not prove to be correct, at least not at the moment. On the contrary, the average increase of production in the investment goods industries - when comparing it with the April results - was larger in September (plus 45 per cent.) than in the mere consumption goods industries (plus 37 per cent.). Consequently, no setback in the investment sector was noticeable. Even if assuming that the index calculation contains certain statistical errors, it is certain that a depressive development in the sphere of the investment goods industries would, under all circumstances, have become noticeable.

The proceeds derived from de-hearding operations and the profits in the sphere of the consumption goods industries and trade together with the amounts regularly accruing from redemptions obviously

suffice to finance investments out of private funds. The existing possibilities of procuring operational credits with their full effect are hereby to be taken into account although a large part of the enterprises receiving credits and investing beyond the direct procurement for replacement will not be the same.

Through these investment activities the distribution of the operational liquidity which during the first weeks following currency reform, had been exclusively concentrated in the consumption sector has been considerably broadened. Nevertheless, considerable differences in the liquidity situation continued to exist, and the relatively very preferential position of the consumption goods sphere, and in this conjunction, particularly that of the whole-sale business, still exists. It can be assumed that this continuing concentration of liquidity might, from the point of view of the total economic production and social justice, currently lead to certain "bad investments". Since simultaneously, specific large investments which, on the long run, may not be dispensed with for a continuing improvement of the capacity of the total economy will, for the time being, not be considered at all for lack of possibilities for financing, so for instance, in order to mention only two examples, extension of electric plants and construction of the so-called social housing project. For this reason, the financing of such large investments still remains an unsolved problem. For the short-term development of the employment situation and the nominal amount of income, the trend of the investment activity is insignificant.

In addition, another question than that of individual economic financing of investments is, from an actual view point, that of the whole economic financing of investments. The "condition for an equilibrium" is the fact that the investments which in the modern monetary and credit economy and from the point of view of the formation of income will have to be regarded as having priority must be followed by appropriate independent savings by the individual person receiving income. At the moment, the very pronounced inclination for investments is linked with a very small inclination to make savings. This fact leads to continuous tensions in large fields of the consumption goods market.

Partial tightness of the market and the boom psychosis

The results of an inquiry made at the Hamburg industry into the main obstacles for a further increase of production which

were communicated by the Department for Economics are probably characteristic for the whole Western German economic area. 47 per cent. of the enterprises questioned stated that the main reason was lack of raw material, 25 per cent. lack of labour, 19 per cent. difficulties in financing or lack of orders, and 2.3 per cent. insufficient coal and power supply. The fields of the typical raw material imports are still the most pronounced bottlenecks; textiles - clothing textiles and furnishing textiles as well as textiles for technical purposes, leather goods and the most important factors, tires, in particular, bicycle tires, and light bulbs. The market tightness has further increased, especially in the case of textiles. However, in the progressive increase of the demand in the sphere of the means of production, the number of the so-called "bottlenecks" has increased. This situation was emphasised in a marked and obvious manner by a considerable extension of all terms of delivery and the increasing attempts to obtain preferred delivery by granting higher prices or by offering compensations.

As distinct from the usage during the first two months following currency reform, the direct incentive for the severer tensions obviously originate, apart from clothing textiles, in the first place from industry and trade and not from the final consumer. The difficulties in the procurement of raw materials induce many branches of industry to be more hesitant in making offers. In the first place, however, the whole-sale business having become extraordinarily solvent through the sale of hoarded goods is obviously endeavouring to replenish its stocks without delay and under all circumstances. The attempts to evade taxes still seem to play their part as well as certain hopes for a repetition of currency profits in the near future which have recently been raised by rumours. The demands for staying all Deutsche Mark notes in order to ascertain profits derived from the sale of hoarded goods - although this was expressly denied by the Bank deutscher Länder - are connected with vague ideas concerning some new devaluation measures. The purchase rush especially noticeable at the Frankfurt fair held at the beginning of October seems to be characteristic of this situation. These are tendencies which deserve serious attention and which, due to the revival of compensation activities, are only partly reflected by further price increases noticeable in a number of fields.

Nevertheless, one should bear in mind that the market situation also reveals a number of positive factors. This applies especially to the marked preference which is given to goods of high quality and the difficulties in selling products of inferior quality such as were brought on the market during the war and post-war Reichsmark period, difficulties which are linked with the high quality goods becoming scarce. In general, the majority of the final consumers are now more careful in purchasing goods than when spending their first quota per capita and their first Deutsche Mark incomes. Large parts of the industry are also endeavouring to stabilize to some extent the price level and to counteract excesses. In some fields, success in this direction may actually be found and the program of producing low priced standard consumption goods of superior quality (the so-called "Everyman Program") is to lay stress on this tendency. However, the whole-sales' unlimited speculation for a rise in the typical bottleneck areas, i.e. still that of textiles and lately also in the case of timber, threatens to destroy all endeavours for a consolidation and to force the final consumers into a new purchase psychosis. Even if the price increase makes only slow progress or should even come to a standstill, the fact remains that in the typical bottleneck areas, i.e. especially in the case of commodities with inelastic supply, the higher incomes of the mass of the population which were excessively increased through legal and illegal profits from devaluation and hoarding are willing and able to purchase nearly all quantities of commodities put on the market. This, however, must lead to a situation loaded with social tensions.

In view of these circumstances, the tendencies of discontinuing the strict control and allocation of food seem to be particularly dangerous. The exceptionally favourable 1948 harvest in itself means a very strong support for the currency reform. The grain crop amounted to roughly 4.5 million tons as compared with 2.9 million tons in the preceding year. The potato crop was also plentiful, so that the demand at the official price could be met without any difficulty. The situation in the field of finishing production (Veredlungsproduktion), however, is very different. The production of milk and meat for the legal market showed downward trends after currency reform. Simultaneously, the tendency to procure adequate food corresponding to the

industrial employment and city housing conditions through illegal markets was considerably intensified owing to the fact that since currency reform, a considerable part of the legal incomes can again compete on the black food markets, in spite of the greatly improved supply of carbo-hydrates. For this, large quantities of grain and vegetables were used for feeding purposes. For the remaining harvest year, the maintenance of the carbo-hydrate rations will be endangered. The increase of the official grain and meat prices decided upon by the Economic Council has so far obviously not been able to change these dangerous tendencies and to discontinue the control and allocation of these agricultural products. On the contrary, this raising of prices probably increased the general boom psychosis.

Foreign Trade in Transition

An important reason for the arising of industrial bottlenecks is the fact that plans for raw material imports had by far not been as well harmonized with the requirements of the currency reform as in the case of food imports. Foreign exchange payments for B-imports into the Combined Economic Area effected under credits opened decreased from 82 million Dollars in July to 38 million in August and 37 million in September. ERP-deliveries were actually received only up to 37.2 million Dollars by the end of September and the manufacturing economy accounted for only 2 per cent. of this amount. Recently, decisive authorities repeatedly pointed out that new plans had been made and large quantities of raw materials could be expected within the next months. The amount of 40 million Dollars released on principle for non-essential goods to be imported under the trade agreements of the Combined Economic Area will probably help to relax a few bottlenecks along with the import of some important finished goods, even if these imports are not very desirable. With regard to exports, the increasing foreign exchange credit accounts for exports (40 million Dollars in June, 42 million in July, and 56 million monthly in August and September) do not permit any conclusions on the present export situation since it can be assumed that, apart from the still very high share of coal and timber deliveries, they are chiefly based on contracts made at an earlier date. Nevertheless, the observations made so far by the Aussenhandelskontore seem to prove that the 30 cents rate, partly due to certain subsidies granted to exporters,

was actually prohibitive for exports in the case of textiles only. The great domestic rise in prices could be a far greater export handicap. But since the industries which are of some account for larger exports are probably well aware of the extraordinary importance of the export for the future of the German economy and their own, the easing up of the export procedure which seems to be forthcoming in the near future may bring about a noticeable counterbalance against the reactions of the domestic boom on the export inclination. Considering this typical transition situation, the time for discussions on changing the 30 cents rate of the Deutsche Mark does not seem to have as yet arrived.

Due to the undesirable psychological reactions, serious attention should be given to DM-quotations on the so-called free market. The DM-quotations in Zürich dropped further. The medium quotation based on purchase and sale amounted to 23 sfrs for each 100 DM by the end of September. Pursuant to the legal rate of exchange of 1 Dollar = 3.33 DM, 100 sfrs should cost approximately 78 DM or 100 DM approximately 128 sfrs. The loss of exchange compared with the legal rate of exchange is thus 80 per cent. The prices quoted at Zürich seem to affect mainly 50 and/or 100 Deutsche Mark notes. Smaller denominations i.e. less fungible notes (10 and 20 DM-notes) are hardly to be found on the market and, in addition, they are higher in price (by 40 per cent.) than the above mentioned notes.

It is difficult to ascertain the amount of the offer. The English weekly paper "The Statist" estimated the average weekly turnover throughout Switzerland at approximately 300 000 DM. The expectation that this was only a wave of purchases gradually ebbing away has not as yet come true. At the beginning, only larger individual transactions were effected, but in the meantime, more and more regular transactions seem to have developed, since the possibilities for profit are by no means small.

The market for DM-notes is not limited to Zürich. Even the "Baltimore Sun" reported of DM-sales at Baltimore. But, apart from Austria, where the valuation is relatively favourable, the rates are generally established according to the Swiss quotation.

It is evident but probably unknown to the general public that foreign rates of this kind may only be the result of illegal transactions and cannot be regarded as a standard for the valuation of the average domestic purchasing power of the Deutsche Mark.

Combined Correction Measures required

As distinct from the first two to three months after currency reform, an increasing distrust in the reorganization of the monetary system may be observed since the second half of September. This is one reason that since this moment, certain psychological reactions have gained particular importance for the economic tendencies. They determine the problematic state of the present unstable situation.

It would be incorrect to say that through the handling of the currency reform too great a money volume had been created. The following comparison reveals the actual facts:

Money Volume and Social Product

	<u>1913</u>	<u>1932</u>	<u>1938</u>	<u>1948</u>
	area of the Reich as existing in the individual years billion RM			trizonal area, figures as of the end of Sept. billion DM
social product	55.0	51.0	85.0	50.0
money vol.	43.4	33.6	56.4	11.2 ¹⁾
cash in circulat.	6.6	5.6	10.4	5.0
bank deposits	12.3	12.7	18.7	5.3
savings deposits	24.5	15.3	27.3	0.3
money vol. % of social prod.				
incl. savings dep.	80	66	66	22.5 per cent.
excl. savings dep.	35	36	31	21.8 " "

1) Nominal accounts amounting to approximately 1.1 billion DM are not included

This comparison, however, seems reasonable only when excluding savings deposits, since actual voluntary savings deposits so far hardly exist. The actual volume of cash and deposits, excluding savings deposits, as of the beginning of October 1948 and amounting to approximately 11.2 billion DM, was also considerably higher in percentage of the national income to be estimated at roughly 50 billion DM, according to the September-figures, than the average of the years 1913, 1932, and 1938.

One of the essential characteristics of the present monetary situation is the fact that only insignificant funds are neutralized, even for a temporary period. The period of turnover of the small volume of cash and deposits is, in general, very limited and since almost the total money volume consists of funds constantly in motion, the impression arises that the money supply, in general, is already too plentiful.

One of the reasons for this relatively fast turnover of money is the fact that due to the very limited incomes, the accumulation of net savings is still very small if not negative from an economic point of view. It is true that deposits made with savings banks to a small extent point to the fact that in some classes of the population, there is still an inclination to make savings and there may also be possibilities to do so. Other classes of the population, however, especially those whose incomes are lower than before completely spend their accounts which are gradually becoming released, so that withdrawals considerably exceed the amount of new savings deposits. This constant over-compensation of new savings by way of spending old savings accounts must be diminished to the same extent to which the savings deposits of such parts of the population as are in financial difficulties decrease. Unfortunately, the inclination to make savings, in itself, is not only prejudiced by the precarious foreign political situation but, in addition, by a number of legislative measures, so that the accumulation of savings is in many cases smaller than could have been expected because of the income situation.

The tax relief on incomes in general which was granted under the tax reform prepared simultaneously with the currency reform was too far-reaching in view of the equalization of budgets; however, insufficient tax favouring was granted on any accumulation of savings including the non-withdrawal of profits. / Contrary to the proposals of all experts on currency questions, the Economic Council adjourned the final correction of the subsidized coal and iron prices and the inevitable further increase for the period subsequent to currency reform, and even then considered the matter very slowly. Delayed governmental measures for the adjustment of prices thus also furthered the increase in prices after currency reform. Contrary to the German demands, the policy questions of the equalization of burdens were not drafted together with the currency reform but treated separately, so that in the meantime, all persons affected by this equalization are left without a reliable basis for the calculation. The quota per capita had been broken down into two disbursements. Owing to this measure, the issuance of nearly 1 billion of new money was necessary which was unjustified from an economic point of view. In addition, the entire quota per capita was deducted from the old currency credit balances, i.e. a preferential treatment of those who had refrained from making savings. In addition, the re-examination of the old currency credit balances carried out by the revenue office constantly discloses to all persons concerned how far more "endangered by taxation" monetary property is than property in kind. The decision taken on blocked accounts had probably the most unfavourable effects. On the one hand, the issuance enforced by law of approximately 0.9 billion at any rate and an additional amount of eventually approximately 0.45 billion DM was decreed under the above described tensions which, because of the inflationary tendencies, caused great concern after the amount of the quota per capita disbursement had already been criticized. On the other hand, the cancellation of 70 per cent. of the blocked accounts was in numerous cases

/Through this measure, the public budgets' situation became very difficult and at the same time, a stronger stimulant was not given to the accumulation of savings.

felt to be a prejudice of private rights and a heavy blow against the confidence in the currency legislation and consequently also in the new money. The fact that after the seasonal increase of the notes in circulation by 30 September, the normal decrease during the first half of October did not take place but, on the contrary, the notes in circulation further increased, was probably linked to a great extent with the above mentioned measure. It was perhaps one of the reasons that certain parts of the population considered it more advisable to hold their cash instead of depositing it with the banks or savings banks. Another reason may have been the fact that a new purchase rush had started.

In view of this small inclination to make savings, the development of the money volume must be given more serious attention since it is undoubtedly critical under the present supply and demand of commodities to further extend the money volume. Unfortunately, in the near future, the money volume will increase considerably, particularly since the creation of money under the currency laws, i.e. the arising of DM-credit balances resulting from the conversion of Reichsmark-obligations is not yet concluded due to the lengthy examination by the revenue office. Compared with the figures as of the end of September, for this reason alone an extension of the money volume by approximately 3 billion DM may be expected by the end of the year when including two tenths of the blocked account released without restriction. Additional amounts will probably accrue from the progressive spending of the initial supply to public authorities and possibly from the spending of one tenth of the blocked account released for investment purposes (approximately 450 - 500 million DM). All these amounts are more or less natural since they are partly a result of the laws or the unbalanced situation of public budgets and they are either not subject at all or only to a limited extent to control by currency agencies as is the case with the investment of amounts resulting from blocked accounts released for investment purposes.

This is all the more reason to have the general monetary policy or at least that part of the creation of money which may still be regulated, i.e. chiefly the creation of money through the granting of credits, controlled. In many respects, this situation is very regrettable since the granting of credits in particular, undoubtedly satisfies to a great extent legitimate economic monetary requirements. In the near future, it will be one of the main difficulties of credit policy to ensure that these legitimate monetary

requirements are not curtailed through the necessity of limiting the expansion of the money volume with regard to quantity. Nevertheless, the question is justified whether or not the granting of approximately 3 billion DM of new credits which accrued during the period from the currency reform until the end of September is already partly exceeding the legal limit, so that a stricter selection of the new requests for credits and renewal of requests for credits would be appropriate.

It will now be more decisive that the central bank system which so far has had little or no control due to the high supply of new currency to financial institutions^{be} charged with the complete control over the creation of credits. The weakening in the liquidity status which the financial institutions recently sustained on account of the large extension of notes in circulation has already taken care of this matter to some extent. Should this extension decrease again, special credit measures will perhaps be necessary to ensure full control of the central bank system over the process of creation of credit.

In view of other large money issuances, this measure is not a guarantee for a satisfactory limitation of the tendency for an over-expansion of the demand which, at the present time, prevails in the Western German economy. In order to render the control more effective, the finance policy in the first place should take a restrictive course instead of increasing inflationary tendencies as was done before. In this connection, not only the balancing of public budgets but the tax favouring granted on the accumulation of savings which is hardly less important from the point of view of monetary and credit policy should be taken into consideration. Fiscal measures aiming at an increase of the revenue, for instance in the field of the excise taxation, would, however, in this case be a pre-requisite for the tax favourings granted on the accumulation of savings. In general, it is very decisive that under the prevailing circumstances, the economic, credit and financial policy be in conformity in order to counteract all dangers that might threaten the good start of the economic life of the Western German area after the currency reform.

Figures on the economic Development

1. Labour Market of the bizonal area

	unemployed	recipients of unemployment relief
	(in 1000)	
31. 5.	436	13
2. 7.	500	15
19. 7.	622	38
31. 7.	676	79
19. 8.	759	165
31. 8.	779	208
9. 9.	785	232
19. 9.	772	254
30. 9.	756	265
9.10.	746	280
number of vacant positions on	31.5.	597.000
" " " " " "	31.7.	246.000
" " " " " "	31.8.	237.000
" " " " " "	30.9.	261.000

2. Production.

<u>coal</u>		<u>Hard production in the British Zone</u>	
(working day		1000	to)
May		265,8	
June		285,1	
July		287,4	
August		286,8	(preliminary figures)
30. 8. - 4. 9.		288,3	
6. 9. -11. 9.		288,4	
13. 9. -18. 9.		289,7	
20. 9. -25. 9.		293,9	
27. 9. - 2.10.		293,1	
4.10. - 9.10.		295,6	
11.10. -16.10.		301,9	(preliminary figures)

Iron and Steel industry
(per working day in 1000 to)

	pig iron	steel ingot	rolling mill production	
January to June	9,8	13,6	13,2	
July	13,0	16,9	17,1	
August	14,0	19,6	18,9	
September	15,6	22,0	20,5	
27. 9. - 3.10.	15,2	21,1	20,0	) prelimin- ary figures
4.10. - 10.10.	15,8	21,9	20,9	
11.10. - 17.10.	15,9	22,6	23,2	

Consumption of electric current in million Kwh

June	July	August	September
1.367	1.442	1.503	1.571

(The consumption of electric current is determined by the possible amount of production.)

Index figures of industrial production

in the bizonal area
(preliminary figures)
1936 = 100

	Total index	investment goods	thereof general production goods	consumption goods
<u>1947</u>				
August	42,5	32,4	68,9	35,3
September	43,0	33,8	67,5	35,7
October	46,1	36,7	71,6	38,1
November	45,2	34,7	72,4	37,6
December	45,0	33,8	74,5	36,3
<u>1948</u>				
January	46,9	35,2	78,2	39,8
February	47,4	36,7	74,9	42,6
March	51,0	39,4	81,1	44,6
April	53,3	42,5	80,6	47,9
May	47,3	37,6	73,8	40,5
June	51,4	41,1	78,7	44,8
July	62,1	51,6	85,3	61,0
August	66,1	57,8	88,4	62,3
September	72,4	61,8	91,3	65,8

3. number of goods-vans in service (Reichsbahn) (Bizonal area)

<u>daily average</u>	<u>number of vans</u>		<u>vans made available, % of demand</u>
	<u>demand</u>	<u>made available</u>	
July	51.972	39.867	76,7
August	50.208	41.866	83,4
30. 8. - 4. 9.	49.792	42.855	86,1
6. 9. - 11. 9.	49.951	43.081	86,2
13. 9. - 18. 9.	50.673	43.339	85,5
20. 9. - 25. 9.	52.304	43.337	82,9

4. Prices

Development of retail prices

1. - 8.10.1948

	<u>number of price series controlled</u>	<u>thereof</u>		
		<u>increased</u>	<u>dropped</u>	<u>unchanged</u>
<u>a) Black market</u>				
food and stimulants	21	9	1	11
<u>b) legal market</u>				
food and stimulants	9	2	4	3
textiles and shoes	15	7	3	5
household utensils	23	1	10	12
furniture (kitchen-furniture)	9	4	2	3
bicycles and tires	12	4	3	5
total:	68	18	22	28

8. - 15.10.1948

<u>a) black market</u>				
food and stimulants	19	7	5	7
<u>b) legal market</u>				
food and stimulants	19	4	5	10
textiles and shoes	17	12	4	1
household utensils	25	9	4	12
Furniture (kitchen-furniture)	8	2	1	5
bicycles and tires	9	4	-	5
total:	78	31	14	33

Retail prices
(legal market Düsseldorf
25.6. = 100

	Shirts (men)	ladies' stockings	shoes (men)	electric bulbs	bicycle without tires	enamel cooking pot	ward- robe
15. 7.	88	154	121	.	.	122	.
30. 7.	86	210	138	102	126	108	83
14. 8.	99	305	133	109	130	110	83
30. 8.	105	329	143	106	128	112	82
14. 9.	109	366	166	109	133	125	8484
28. 9.	107	366	171	120	132	110	84
5.10.	118	388	169	119(110.)	125	115	79
8.10.	119	388	174	.	132	107	82
12.10.	120	439	179	.	135	107	82
15.10.	124	375	177	.	135	116	79

(Black market Düsseldorf)
25.6. = 100

	American wheat flour	sugar	butter	coffee	American cigarettes
15. 7.	61	75	75	85	133
30. 7.	64	61	74	72	147
14. 8.	64	53	83	61	122
30. 8.	50	68	75	62	110
15. 9.	63	63	82	63	123
28. 9.	59	.	76	64	113
5.10.	53	65	79	64	110
8.10.	59	69	83	67	110
12.10.	59	.	83	62	117
15.10.	59	.	83	64	117

Retail - price index for Hesse
(preliminary calculation)
1938 = 100

	June 48	July 48	Aug. 48
food	150,7	154,0	142,1
stimulants	197,2	191,9	328,9
fuel	168,7	173,6	174,1
garment	187,3	214,0	240,5
cleaning and hygiene	136,6	138,5	138,1
household utensils	167,0	189,2	203,8
total index:	176,8	198,1	218,2

5. Rates

D - Mark - Quotations in Zürich free market

Swiss francs for every 100 DM

7.7.	60,00	8. 9.	30,00
14.7.	28,00	15. 9.	27,00
21.7.	29,00	22. 9.	24,00
28.7.	26,00	29. 9.	23,00
4.8.	32,00	4.10.	24,00
11.8.	33,00	8.10.	23,50
18.8.	28,50	14.10.	23,50
25.8.	28,75	17.10.	21,00
1.9.	29,50		

Frankfurt Stock Exchange Rates

	18.6.	July	Aug.	Sept.	23.9.	1.10.	8.10.	12.10.	10.
<u>Industry-Shares</u>									
Adlerwerke	137 7/8	20,00	19,00	17,16	17	17 1/2	18 1/4	19	21
B.M.W.	156 1/2	16,85	17,02	16,11	16	15 1/2	15 1/2	18	24 1/2
Contigummi	173 1/3	51,30	47,56	44,79	48 3/4	50	50	50 5/8	53
Gutehoff- nungshütte	530	37,35	31,33	33,92	31 1/2	34	32	32 1/4	36
Löwenbrau München	251 1/4	55,00	53,19	55,15	54	54	56	56	56 1/2
R.W.E.	185 1/2	51,30	44,69	42,68	41	41	44	43	44
Süd.Zucker	213	53,66	54,27	54,88	54	53	54	53 3/4	57
<u>Bank-Shares</u>									
Commerzbank	150 3/4	10,44	7,97	8,14	8	7 1/2	7 1/2	7 1/2	7 5/8
Deutsche B.	94 -3	8,31	6,72	6,63	6 1/2	7	6 3/4	7	7
Dresdn.B.91-93 1/2		9,09	6,66	6,43	6 1/8	6 1/2	6	5 1/2	5 3/4
<u>Fixed interest bearing securities</u>									
4% 4 1/2 Fft. Hyp. Bk. Pfand- briefe	106,5	9,22	9,12	8,56	8 5/8	7 1/2	7 3/8	7 1/2	7 3/4
4% Bayr. Hyp. u. Wechs. B.	106,5	9,44	9,51	9,51	9 1/2	8 1/2	8 1/4	8 1/8	8 1/8
4% Degussa v. 43	112	8,76	8,61	8,41	8 1/4	-	8	8 1/4	8 1/4

6. Agriculture

Harvest Results in 1000 tons

	1938	1945	1947	1948
broad-grain	5.584	2.872	2.950	4.518
grain for feeding purposes	4.676	2.478	2.347	2.901

"Hektar" - proceeds in dz

	1938	1945	1947	1948
bread-grain	23,1	14,6	14,6	21,1
grain for feeding purposes	23,8	15,0	14,5	19,1

Market meat production in tons

	July 1947	July 1948
<u>Total</u>	29.272	22.872
thereof beef	23.038	17.488
pork	1.625	639

Milk production (July) in 1000 tons

	1939	1943	1946	1947	1948
<u>Total</u>	1.228	1.198	936	847	787
per cow	239 kg	239 kg	191 kg	178 kg	180 kg

Stock of cattle in 1000

	1944	1946	1947	1948
oxen and cows, total	10.701	9.919	9.453	8.850
thereof milk cows	5.209	4.956	4.749	4.371

Producer's Prices (DM)

	increase in October 1948	
	from	to
wheat	206 per t	260 per ton
rye	190 " "	240 " "
barley for cattle	174 " "	200 " "
meat price for oxen (class A)	56 " 50 kg	75 " 50 kg
pigs (over 120 kg)	66 " " "	90 " " "

Die Entwicklung des Kreditgeschäfts von 112 Geldinstituten der Trizone *)
 Development of Credit Transactions of 112 Financial Institutions of the three Western Zones *)
 Le développement des opérations de crédits de 112 établissements financiers de la Trizone *)
 (in Mill.DM) (in mill.DM) (en mill.de DM)

Stand am As per Valeur	Kredite *) an Credits to Crédits aux			
	Nichtbankenkundschaft Customers other than banks Clientèle autre aux bancaire	davon of which dont		Geldinstitute Financial Institutions Etablissements financiers
		Wirtschaftsunternehmen und Private economic enterprises and privat persons Enterprises économi- ques et personnes privées	Öffentliche Hand Treasuries Caissees publiques	
L	2	3	4	5
3. 7. 1948	104,5	100,1	4,4	.
10. 7. 1948	207,1	202,1	5,0	.
17. 7. 1948	362,4	333,8	28,6	.
24. 7. 1948	465,0	413,8	51,2	.
31. 7. 1948	574,3	511,9	62,4	.
7. 8. 1948	.	.	59,2	.
14. 8. 1948	621,6	560,0	61,6	.
23. 8. 1948	870,8	810,8	60,0	243,8
31. 8. 1948 ²⁾	915,4	861,1	54,3	346,7
7. 9. 1948	1.009,1	943,1	66,0	385,7
15. 9. 1948	1.138,1	1.067,7	70,4	437,8
23. 9. 1948	1.181,8	1.134,5	47,3	581,3
30. 9. 1948	1.283,0	1.232,2	50,8	642,3
7. 10. 1948	1.289,9	1.239,3	50,6	691,4
15. 10. 1948	1.319,0	1.265,8	53,2	735,3

*) Abweichungen gegenüber früher gemeldeten Zahlen sind auf nachträgliche Berichtigungen zurückzuführen
 Deviations in comparison to previously reported figures result from subsequent rectifications
 Les déviations en comparaison aux chiffres rapportés antérieurement résultent de rectifications subséquentes

- 1) Kontokorrent- und Kassenkredite, Wechselobligo (einschliesslich Rediskonten), sowie sonstige Kredite; Stand der Inanspruchnahme am Wochenende
 Current account and cash credits, obligation to pay letters of exchange (including rediscount), as well as other credits; position as per end of week of use of credits
 Crédits de compte courant et de caisse, obligation de payer les lettres de change (y compris les réescomptes), aussi que d'autres crédits; situation de fin de semaine de l'utilisation de crédits
- 2) Vom 24.8.1948 an sind in den Meldungen der Nordwestbank, Hannover, Niederdeutsche Bankgesellschaft, Hannover und Merkur-Bank, Hannover die Zahlen deren Filialen nicht mehr enthalten
 From 24 August 1948 on, the figures given by the Nordwestbank, Niederdeutsche Bankgesellschaft and Merkur-Bank, all at Hannover, are not shown anymore in the reports of latter banks
 A partir du 24-8-1948, les chiffres des succursales de la Nordwestbank, de la Niederdeutsche Bankgesellschaft et de la Merkur-Bank, toutes à Hannover ne sont plus compris dans les rapports de ces banques

Die Entwicklung von Barreserven, Kastroguthaben und Einlagen bei 112 Geldinstituten der Trizone *)
 Development of Cash Reserves, Kastro Credit Balances and Deposits maintained with 112 Financial Institutions of the three Western Zones *)
 Le développement des réserves liquides, soldes créditeurs "nostr" et dépôts entrinés auprès des 112 établissements financiers de la Trizone *)
 (in Mill. DM) (in mill. DM) (en mill. de DM)

Stand am As per Valeur	Barreserve Cash Reserve		Kasse Cash on hand Encaisse	Kredit balances of LZB Avoirs des LZB	Kastroguthaben Solde crediteurs "nostr"	Einlagen Deposits		Spareinlagen Savings deposits d'épargne	Einlagen von Geldinstituten Financial institution deposits d'établissements financiers	Aufgenommene Gelder Loans Emprunts	
	Insgesamt Total	Réserves liquides of which				Einlagen auf Festkonten Deposits on blocked account Dépôts en compte bloqué	Einlagen der Nichtbanken- kundschaft auf Freikonto Deposits of customers other than banks on free account Dépôts de clientèle autre que bancaire en compte libre (8+9+10)				Einlagen der öffentlichen Hand Treasury deposits Dépôts des caisses publiques	Sonstige Gläubiger Other creditors Autres créanciers
1	2	3	4	5	6	7	8	9	10	11	12
3. 7. 1948	866,6	80,9	785,7	•	86,7	682,9	498,6	180,5	3,8	220,3	•
10. 7. 1948	904,3	76,9	827,4	•	236,7	976,1	563,7	378,1	34,3	341,4	•
17. 7. 1948	967,5	69,1	898,4	•	339,0	1.177,3	542,4	597,4	37,5	491,9	•
24. 7. 1948	1.038,4	69,1	969,3	•	395,6	1.346,4	601,9	717,1	27,4	574,2	•
31. 7. 1948	938,1	62,7	875,4	•	486,5	1.429,6	510,5	880,2	38,9	645,3	•
7. 8. 1948	874,4	70,2	804,2	•	545,0	1.519,0	476,2	992,4	50,4	701,6	•
14. 8. 1948	824,1	65,3	758,8	•	597,8	1.724,3	510,2	1.158,4	55,7	700,6	•
23. 8. 1948	783,5	78,4	705,1	•	651,1	1.849,2	542,6	1.233,7	72,9	762,8	•
31. 8. 1948	865,8	76,8	789,0	•	600,3	1.879,7	548,8	1.241,8	89,1	796,9	48,0
7. 9. 1948	793,0	96,9	696,1	480,7	686,5	1.878,8	548,0	1.236,4	94,4	775,4	75,5
15. 9. 1948	674,5	83,2	591,3	508,2	712,3	1.958,5	579,8	1.271,0	107,7	752,4	71,6
23. 9. 1948	865,9	83,5	782,4	538,9	741,8	2.230,6	747,1	1.383,8	119,7	734,1	65,4
30. 9. 1948	544,9	73,0	471,9	562,2	767,4	2.195,7	667,2	1.401,1	127,4	712,2	75,1
7. 10. 1948	534,5	77,3	457,2	481,6	776,6	2.217,1	614,1	1.472,7	130,3	651,0	75,0
15. 10. 1948	448,6	77,0	371,6	459,4	497,1	2.295,1	683,9	1.476,3	134,9	571,1	84,9

1) Von 24.8.1948 an sind in den Meldungen der Nordwestbank, Hannover, Niederdeutsche Bankgesellschaft, Hannover und Merkurbank, Hannover die Zahlen derer Filialen nicht mehr enthalten.
 From 24 August 1948 on, the figures given by the Nordwestbank, Niederdeutsche Bankgesellschaft and Merkur-Bank, all at Hannover are not shown anymore in the reports of latter banks.
 A partir du 24-8-1948, les chiffres de succursales de la Nordwestbank, de la Niederdeutsche Bankgesellschaft et de la Merkur-Bank, toutes à Hannover ne sont plus compris dans les rapports de ces banques subséquentes.
 *) Abweichungen gegenüber früher gemeldeten Zahlen sind auf nachträgliche Berichtigungen zurückzuführen.
 Deviations in comparison to previously reported figures result from subsequent rectifications.
 Les déviations en comparaison aux chiffres rapportés antérieurement résultent de rectifications subséquentes.

Schätzung des Gesamtbetrages der Festkonten
 Estimate of total sum of blocked Accounts
 Estimation du montant total des comptes bloqués

Anlage 1
 Annex 1
 Annexe 1

	(in Mrd. RM) (in bill. RM) (en bill. RM)				(in Mrd. RM) (in bill. RM) (en bill. RM)				(in Mrd. DM) (in bill. DM) (en bill. DM)				
	I. Reichsanverbindlichkeiten der Geldinstitute RM-Liabilities of Financial Institutions				II. Hiervon sind abzuziehen der RM-Engagement für Kopf- und Geschäftsbeträge Hierofon the RM-equivalent for quota-per-capita and business amounts Du montant total, à équivalent en RM pour les montants par tête et entrepris doit être déduit				III. Die umgewandelten Neugeldguthaben getragen 1/10		davon of which dont sur		
Abgeliefertes und angelegertes Altgeld (mit Vordruck A und B)	Angemeldete Bankguthaben (mit Vordruck A und B)	Nicht anmeldspflichtige Guthaben Credit balances not liable to be reported Avoirs dont la déclaration n'est pas exigée	Östzonenenguthaben 2)	Schmelzträge aus d. Denazifizierungsvorfällen 3)	Summe der RM-Verbindlichkeiten total of the RM-liabilities	Die für 60 DM anzurechnen sind, wurden bei voller RM-Deckung 540 RM abgehen for 60 DM to be set off for 540 DM bill. RM would be deducted in case of full RM covering	für Geschäftsbeträge (480 Mill. DM) mit 10 RM für 1 DM within for business amounts (480 M. DM) with RM 10 for DM 1 that is	Abschlag für nicht anrechenbare Kopf- und Geschäftsbeträge rd. 25 % deduction for quota-per-capita and business amounts not to be deducted abt. 25 %	verbleiben abzusetzen remaining to be deducted	within umzuwandelnde Altgeldguthaben old currency credit balances consequently to be converted	les avois convertis en nouvelle monnaie s'élevaient à 1/10 1/2 auf Freikonto	1/2 auf Festkonto	
1	2	3a)	3b)	3c)	4	1	2	3	4	5	1	1a)	1b)
8,8	109,8	1,6		2,8 +)	123,-	25,5	4,8	7,5	ca 23,-	ca 100,-	ca 10,-	ca 5,-	ca 5,-

1) geschätzt an Hand der Auswertung der Formulare MSAF nach Gesetz 53
 estimated from forms MSAF under law 53
 estimés suivant formulaire MSAF de la loi 53

2) könnte nur durch Sondererhebung festgestellt werden
 could only be determined by special enquiry
 ne pourraient être déterminés qu'après enquête spéciale

3) ebenfalls nur durch Sondererhebung feststellbar
 likewise only to be determined by special enquiry
 ne pourraient être déterminés qu'après enquête spéciale

+) einschliesslich Östzonenenguthaben
 incl. eastern zone credit balances
 y compris avois en zone soviétique

Die Entwicklung des Kreditgeschäfts von 112 Geldinstituten der Trizone
Development of Credit Transactions of 112 Financial Institutions of the three Western Zones
Le développement des opérations de crédit de 112 établissements financiers de la trizone
(in 1000 DM) (en 1000 DM)

Berichtswoche Period Semaine du rapport	Während der Berichtswoche neu gewährte Kredite *) New Credits granted during Week *) Credits nouvellement accordés dans la semaine du rapport *)				Während der Woche zum Rediskont wei- tergegebene Wechsel Bills rediscounted during Week Lettres de Change réescomptées dans la semaine du rapport	Kredite an öffentl. rechtliche Körper- schaften. Stand am Ende der Woche Credits to Public Authorities. Balan at end of Week Crédits accordés aux Corporations de droit public état fin de semaine	
	Gesamt Total total (3 - 6)	aufgegliedert in: breakdown into: subdivisés en:					
		Handelswechsel Commercial Bills Lettres de Change commerciales	Bankakzepte Bankers Accep- tances Acceptations de banques	Sola-Wechsel Promissory Notes Seules de Change			Kleinkredite bis 500 DM Small Credits of 500 DM max. Petits crédits jusqu'à 500 DM
1	2	3	4	5	6	7	8
28.6. - 3.7.1948	130.371	28.738	57.260	42.755	1.618	36.293	4.396
5.7. - 10.7.1948	108.758	34.143	43.751	29.315	1.549	11.183	5.011
12.7. - 17.7.1948	119.655	61.645	36.422	20.491	1.097	10.886	28.552
19.7. - 24.7.1948	101.167	37.084	45.556	17.385	1.142	12.037	51.205
26.7. - 31.7.1948	130.516	65.965	44.298	19.030	1.223	14.447	62.357
	590.467	227.575	227.287	128.976	6.629	84.846	

*) ohne Kredite an öffentlich-rechtliche Körperschaften
*) other than to corporations under public law
*) sans les crédits accordés aux corporations de droit public

Die Entwicklung von Barreserven und Einlagen bei 112 Geldinstituten der Trizone
 Development of Cash Reserves and Deposits maintained with 112 Financial Institutions of the three Western Zones
 Le développement des réserves liquides et des dépôts entretenus auprès de 112 établissements financiers de la trizone

(in 1000 DM) (en 1000 DM)

Stand am Date	I. Barreserve Cash Reserve				II. Einlagen Deposits							Einlagen insgesamt Deposits total
	Réserve Liquide of which		Gesamt total	auf Festkonto Deposits on blocked account En Compte Bloqué		auf Freikonto Deposits on free account incl. new Deposits En Compte Libre y compris nouveaux dépôts		aufgegliedert in Einlagen von broken down into deposits of		Sonstige Gläubiger			Spareinlagen Saving Deposits
Date	Kassenbestand Cash on Hand	Guthaben bei LZB Balance with Land Central Banks Avoirs auprès des B.C.Pr.		Gesamt total	Gesamt total	davon of which	Gesamt total	aufgegliedert in Einlagen von broken down into deposits of	Sonstige Gläubiger	Spareinlagen Saving Deposits	Einlagen insgesamt Deposits total	
3. 7. 1946	79.160	760.607	839.767	66.366	16.226	965.724	229.615	495.112	177.222	3.775	992.632	
10. 7. 1946	75.428	823.314	898.742	236.156	39.972	1.303.883	340.362	559.990	369.365	34.236	1.540.639	
17. 7. 1946	67.783	894.109	961.972	334.994	43.972	1.648.658	490.222	538.672	581.789	37.375	1.983.652	
24. 7. 1946	67.566	965.332	1.032.918	388.240	36.879	1.897.704	572.533	599.785	698.062	27.324	2.285.944	
31. 7. 1946	61.481	872.166	933.647	475.167	40.668	2.046.541	643.629	508.636	855.560	38.696	2.521.768	

Die Entwicklung des Kreditgeschäfts der Landeszentralbanken der Frizone
 Development of Credit Transactions of Land Central Banks of the three Western Zones
 Le développement des opérations de crédit des Banques Centrales Provinciales dans la Frizone

vom 15. 7. - 31. 7. 1948
 from 15. 7. - 31. 7. 1948
 du 15. 7. - 31. 7. 1948
 (in 1000 DM)
 (en 1000 DM)

Anlage 4
 Annex 4
 Annexe 4

Berichtsdatum Date of Report Date du rapport	Wechselbestand Bills in Portfolio lettres de change en portefeuille			Bestand an Balance on Hand of		Stand der Total of		Berichtswoche Period Semaine du rapport	In der Berichtswoche hereingekommene Wechsel Bills purchased lettres de change achetées dans la semaine du rapport	
	Gesamt Total total	aufgegliedert in breakdown into subdivisées en	Bankakzente Bankers' Acceptances Prémisseries Notes	Solawechsel seules de change	eingekauften Aus- gleichsforderungen purchase equaliza- tion claims	handhabten Aus- gleichsforderungen equalization claims against collateral	Kassenkredite an die öffentl. Hand cash credits to public authorities			Kredite für Lebens- mittellieferungen nach Berlin credits for food supplies to Berlin
1	2	3	4	5	6	7	8	9	10	11
15. 7. 1948	132.999	44.650	46.758	42.191	2.440	2.353	1.005	19.357	8.7. - 15.7.	27.463
23. 7. 1948	143.635	56.153	42.624	44.658	2.715	2.808	1.361	20.140	16.7. - 23.7.	22.667
31. 7. 1948	167.892	73.767	43.655	51.650	4.127	3.495	1.642	26.175	24.7. - 31.7.	36.346

Zahlungsmittelumlauf und Notenvorratper 14. August 19481.) Zahlungsmittelumlaufin Millionen DM

" Ausgegebene Noten" laut ausführlichem Ausweis der Bank deutscher Länder vom 14.8.48		5 777
---	--	-------

abzüglich: Kassenbestand

- | | | |
|--|-------|-------|
| 1.) der Bank deutscher Länder laut Ausweis vom 14.8.48 | 55 | |
| 2.) der Landeszentralbanken | 1 894 | 1 949 |

Notenumlauf überhaupt (einschl. Kassenbestand der Kreditinstitute)		3 828
---	--	-------

		====
--	--	------

In dem Notenumlauf sind nicht enthalten die nach Berlin gesandten Noten im Gesamtbetrag von		428
---	--	-----

		====
--	--	------

2.) Notenvorrat

Sonderasservat der Bank deutscher Länder bei den Landeszentralbanken	1 945	
Notenvorrat der Bank deutscher Länder	603	
Kassenbestand der Bank deutscher Länder	55	2 603

		====
--	--	------

Hierunter 14 358 000,-- DM mit dem Aufdruck "B".

Soll- und Habenzinsen in den Ländern der Erlzone
Stand Mitte August 1948

Landeszentralbank	Bremen	Düsseldorf	Frankfurt/Main	Freiburg	Hamburg	Hannover	Kaiserslautern	Kiel	München	Reutlingen *)	Stuttgart
Sollzinsen in % (Gesamtbelastung des Kreditnehmers)											
1) Bankkredite											
a) ab 5000 DM	7,4 %		)	)	)	)	)	)	)	7 1/2 %	7 1/2 %
b) unter 5000 DM	8 %	nach keine Vereinbarung	)	)	7 %	7 - 8 %	6 1/2 - 8 %	nach nicht festgelegt)))
c) für Expedierkredite x)	7 %	)	8 %	)	7,4 %	)	)	)	7 1/2 % xx)))
d) für bezugte Importe x)	)	)	)	)	8 %))))))
e) für sonstige Warengeschäfte x))))))))))))
2) Handelswechsel											
a) ab 5000 DM	7 1/2 %	6 1/2 %	7 1/2 %	)	7 1/2 %	7,5 bis 8,4 %	7 1/2 %	7 1/2 %	7,2 %	6 1/2 - 7 %	nach Benützung und Grösse
b) 1000 bis 5000 DM b)	8 %	7 %	8,4 %	)	8 %	je nach Grösse	8 %	8 %	7 1/2 %	7 - 7 1/2 %	
c) unter 1000 DM	9 %	7 1/2 %	9 %	9 %	9 %	)	8,4 %	9 %	8 %	7 1/2 - 8 %	
d) unter 1000 DM 3)	)	8 %)))))))))
3) Schecks											
(ab 8.8. entfallen)	9,6 %	1 % Zuschlag zu 2)	9 %	9 %	9,6 %	1 % mehr als Handelswechsel	8 %	9 1/2 %	9 % xx)	8 1/2 %	8 1/2 %
4) Kontokorrent-Kreditkredite											
	9,6 %	9,6 %	9,6 %	9 - 10 %	nach nicht festgesetzt	9,6 %	9 %	9 1/2 %	9 % (Pauschalwert)	7 1/2 - 9 %	7 1/2 - 9 %
5) Kredite in laufender Rechnung											
		9 % (Kreditüberziehungen 10,5 %)									
Habenzinsen											
1) Sichteinlagen											
a) provisionsfreie Rechnung	1 %	1 %	1 1/2 %	1 %	1 %	1 %	1 %	1 %	1 %	1 %	1 %
b) provisionspflichtige Rechnung	1 3/4 %	2 %	2 %	1 1/2 %	1 %	1 3/4 %	1 3/4 %	1 3/4 %	1 1/2 %	1 1/2 %	1 %
2) Spareinlagen											
a) mit gesetzlicher Kündigungsfrist	2 %	2 1/2 %	2 %	2 %	2 3/4 % 1)	2 %	2 %	2 %	2 1/2 %	2 3/4 %	2, 3 3/4 %
b) auf 6 bis 12 Monate	3 %	3 %	2 1/2 %	2 1/2 %	2 1/2 % 1)	2 1/2 %	2 1/2 %	2 1/2 %	2 3/4 %	2 3/4 %	2 3/4 %
c) auf 12 Monate und länger	4 %	4 %	3 %	3 %	3 % 2)	3 %	3 %	3 %	3 3/4 %	3 3/4 %	3 3/4 %

*) Reutlingen: Vererst und voraussichtlich auch definitiv wie Stuttgart

xx) Girokonten bei Abrechnungszeitgliedern bis 10.000,- zinslos, über 10.000,- = 1 %

x) nur Hamburg und Bremen

xx) laut Bekanntmachung des Bayer. Staatsministeriums der Finanzen BA Nr. 5312 I 1093 vom 3. 7. 1948

1) 3 bis 6 Monate
2) über 6 Monate
3) nur für Düsseldorf

Zahlen zur Wirtschaftsentwicklung 1948

1. Arbeitsmarkt der Bizone

	Arbeitslose	Arbeitslosen- unterstützungsempfänger
	(in 1000)	
31. 5.	435	13
2. 7.	500	15
19. 7.	622	38
31. 7.	648	79
19. 8.	763	165
Zahl der offenen Stellen am		
" " " " " 31.5.	597.000	
" " " " " 19.8.	227.000	

2. Produktion

Steinkohlenförderung in der britischen Zone (arbeitstächlich in 1000 to)

Mai	265,8
1. 6. - 19. 6.	279,0
21. 6. - 26. 6.	291,0
28. 6. - 3. 7.	291,8
5. 7. - 10. 7.	285,1
12. 7. - 17. 7.	289,4
19. 7. - 24. 7.	288,5
26. 7. - 31. 7.	283,2
2. 8. - 7. 8.	279,9
9. 8. - 14. 8.	286,1
16. 8. - 21. 8.	289,1

Eisen- und Stahlindustrie (arbeitstächlich in 1000 to)

	Roheisen	Rohstahl	Walzwerkserzeugung
Januar - Mai	9,5	10,7	7,4
Juni	11,2	12,6	8,7
Juli	13,0	14,8	14,9
2. - 8. 8.	13,3	14,9	13,8
9. - 15. 8.	13,3	15,4	15,6
16. - 22. 8.	13,6	16,0	16,0

3. Preise

Großhandelspreise (1938 = 100)			
	Dez.44	15. Juni 48	31. Juli 48
Kohle (Fettförderkohle rhein.-westf. ab Zeche)	104	164	203
Roheisen (frei Empfängerstation)	111	215	215
Stabeisen (Oberhausen)	105	194	194
Schrott (Ia Stahl ab rhein.-westf. Verk.Werk)	100	174	174
Kupfer (Drahtbarren)	127	261	300
Blei (Orig.weich 99,9 %)	111	455	758
Zink (Orig.Hütten 97,5 %)	116	493	564
Aluminium (Rohmasseln ab Lager)	96	96	126
Ochsenhäute (Stuttgart)	100	100	207
Kalbfelle (Stuttgart 4 1/2 - 7 1/2 kg)	100	100	347
Schwefelsaurer Ammoniak (21 % frei Empfängerstation)	102	150	128
Sulfit-Zellstoff (Ib ungebl.)	110	181	199

E i n z e l h a n d e l s p r e i s e (Schwarzer Markt Düsseldorf)

	Amerikan. Weizenmehl kg	Butter kg	Weiß- zucker kg	Bohnen- kaffee kg	Amerikan. Zigarette Stück	Damen- strümpfe 1 Paar
25.6.	4,--	30,--	8,--	70,--	-,30	4,50
1.7.	4,--	30,--	6,--	70,--	-,30	4,50
10.7.	3,--	28,--	6,--	56,--	-,50	6,38
20.7.	2,44	25,--	5,50	59,--	-,33	6,81
30.7.	2,56	22,05	4,85	50,--	-,44	9,46
11.8.	2,56	24,25	4,25	48,--	-,38	13,--

4. Kurse

D-Mark-Notierung im Züricher Freiverkehr

	sfrs. je 100 D-Mark
7. 7.	60,00
10. 7.	27,00
17. 7.	30,00
24. 7.	23,00
31. 7.	27,00
7. 8.	29,00
14. 8.	29,00
21. 8.	27,50

Wertpapierkurse an der Frankfurter Börse

	18.6.	14.7.	28.7.	16.8.
<u>Industrie-Aktien</u>				
Adlerwerke	137 7/8	15	25	18 1/2
B.M.W.	156 1/2	11	21	17
Conti-Gummi	173 1/3	42	57	47
Gutehoffnungshütte	530	31	38	30
Löwen-Bräu, München	251 1/4	49	58	51
R.W.E.	185 1/2	43	55	42
Südd. Zucker	213	46	56	51
<u>Bank-Aktien</u>				
Commerzbank	150 3/4	7	11	6 3/4
Deutsche Bank	94	6 1/2	8 1/2	6 1/2
Dresdner Bank	92	5 1/2	9 1/2	6
<u>Festverzinsliche Werte</u>				
4 % Fft.Hyp.Bank-Pfandbriefe	106,5	9	9 1/2	9
4 % Bayr.Hyp.-und Wechselbk.	106,5	9 1/2	9 3/4	9 5/8
5 % Rhein.Br.Kohle von 40	112	8	8 1/2	7 7/8

5. Finanzen

Haushaltszahlen für das Rechnungsjahr 1947/48

	Brit. Zone	Amer. Zone	Franz. Zone	Trizone
<u>Gesamteinnahmen</u> (in Mill.RM)	9.767 ¹⁾	6.666	2.140	18.573
dav.Steuereinn. (" " ")	7.283	5.437	1.650	14.370
<u>Gesamtausgaben</u> (" " ")	10.167	5.665	1.770	17.602
dav.Besatzungskosten u,son- stige m.d.Besatzung zusammen- hängende Ausgab,(in Mill.RM)	2.912	1.651	750 ²⁾	5.313
Besatzungskosten und sonsti- ge m.d.Besatzung zusammenhän- gende Ausgaben				
in v.H. der Einnahmen	30	25	35	28
" " " Ausgaben	29	29	42	30

- 1) vorläufige Zahlen
2) Schätzung

Stpl. Vtr. Krouner

Bgh

BANK DEUTSCHER LÄNDER

Frankfurt (Main), 25 November 1948
Taunusanlage 4/5
T. 3 00 11

Subject:- Monthly Report

Due to technical difficulties, the submittal of the September 1948 report has not been possible at an earlier date. However, the main tendencies of the entire economic situation described herein still apply to the present moment. Within the next few days, this material will be supplemented by a shorter report for October 1948.

BANK DEUTSCHER LÄNDER
s/d VOCKE s/d WREDE