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THE GERMAN BALANCE OF PAYMENTS DEFICIT --CAUSES AND EFFECTS--

by

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Chapter 1

INTRODUCTION

The 1979 figures made it obvious that major shifts were taking place in international economic relations of the Federal Republic of Germany. Having traditionally been a "surplus country" West Germany turned into a "deficit country." Economic authorities, who for nearly three decades had been conducting their policies to reduce surpluses, all of a sudden had to cope with a balance of payments deficit which might have been constraining internal equilibrium.

As this swing took place in a relatively short period of time, a unique chance to thoroughly analyze both causes and effects of the deficit is opened. This chance does not exist if a balance of payments changes over a long time, little by little. Then, specific causal connections usually cannot be isolated, since too many parameters which could possibly exercise an influence on the change tend to alter in the long run.

DEFINITION OF A BALANCE OF PAYMENTS DEFICIT

Often, a balance of payments deficit is spoken of as <u>the</u> balance of payments deficit, implying that there is one clear-cut deficit which can be used to draw conclusions on the external situations of a country. In order to do any substantial analysis, I must abandon this simplistic way. The balance of payments is constructed on the basis of double-entry bookkeeping. Therefore, the "balance of payments always balances in an accounting sense, i.e. total debits equal total credits" (Chacholiades, 1978, p. 49). (Of course, statistical deficiencies are ignored.) A disequilibrium can only be defined "in terms of a selected group of items within the accounting balance" (Thirlwall, 1980, p. 5); i.e., a horizontal line has to be drawn through the balance of payments statement somewhere. Thus, specific balancing items can be isolated.

The balance of payments statement employed in West Germany distinguishes the following items (Konrad, 1979, p. 8):

$(X-M)_g$	-- balance of goods
$(X-M)_s$	-- balance of services
U	-- unilateral transfers
LTC	-- long term capital flow
STC	-- short term capital flow
E+O	-- errors and omissions
R	-- change in official reserves (gold + convertible currencies + IMF reserve position and special drawing rights).

Where the line is drawn depends on the kind of analysis to be done and the kind of conclusion to be drawn. Up to now, basically four concepts have been developed.

Official-Settlements Balance

In West Germany, like in many other countries, official reporting defines a balance-of-payments disequilibrium according to the official-settlements balance concept; i.e., the line is drawn between changes in official reserves and all other items of the balance of payments account (Konrad, 1979, p. 15):

$$\text{Disequilibrium} = R = (X-M)_g + (X-M)_s + U + LTC + STC + (E+O)$$

This balance is to "measure the gap between the normal supply of and the demand for foreign exchange--a gap which the monetary authorities, here and abroad, must fill by adding to, or drawing down, their reserve assets if exchange rates are to be held stable" (Review Committee for Balance of Payments Statistics, 1965, p. 109). Under floating exchange rates, which were established in 1972, the official-settlements balance has lost part of its function as a measure of financial pressure on the monetary authorities. A pressure, created by a deficit of the official-settlements balance, may now be released by allowing the D-Mark to devaluate. If the exchange rate were completely free to float, there would be no need for official financing. The balance of payments would always be in equilibrium in the total currency flow sense (Thirlwall, 1980, p. 9; see the concept of market equilibrium in Chacholiades, 1978, pp. 55 ff.).

Thus, under conditions of floating exchange rates, an analysis of the official-settlements balance has always to be accompanied by paying attention to the development of the exchange rate of the D-Mark. A clear-cut deficit can be stated only when the exchange rate remained stable or dropped. Did it rise while there was a deficit in the official-settlements balance this may not have been an autonomous one. It could just have indicated a push of the exchange rate by the monetary authorities (see Meade, 1951, Chap. 1 for autonomous versus accommodating transactions).

Since the D-Mark has been held as a reserve currency by other countries for a time,[1] transfers by foreign central banks have to be taken into account. Unfortunately, the German balance of payments

[1]The share of the D-Mark in world currency reserves, which had climbed to 10% in 1979, reached 12% in 1980 and has stayed in this range since then.

statistics do not report total official accommodating transfers because transactions of foreign monetary authorities in the domestic currency market are not identified but are included in STC of commercial banks (Konrad, 1979, p. 17).

Liquidity Balance

Basically there are two reasons to supplement the official-settlements concept with the liquidity concept. First, the transactions of foreign monetary authorities are not considered as accommodating transactions but as autonomous ones in the official-settlements concept. Second, foreign deposits in domestic commercial banks and deposits of domestic commercial banks abroad which result from trade or capital transactions are treated as autonomous rather than induced (Konrad,1979,p. 15).

Both shortcomings of the official-settlements concept as a measurement of actual or potential pressure on the monetary authorities or the exchange rate, respectively, can be overcome to a certain extent by defining a balance of payments disequilibrium as follows:

$$\text{Disequilibrium} = R + STC_B = (X\text{-}M)_g + (X\text{-}M)_s + U + LTC + STC_{NB} = (E+0)$$

Short term capital flow is divided into capital flow of non-banks (STC_{NB}) and that of banks (STC_B). This means, for instance, that an increase of foreign deposits in domestic commercial banks is not considered a capital import and hence not as a transaction positively influencing a balance of payments deficit. It is, rather, deemed an accommodating transaction which is to be put on a level with a decrease in official reserves (Konrad, 1979, p. 16).

A discrepancy between inflow and outflow of money resulting in a change of official reserves, or of liquid assets and liabilities of commercial banks, is not deemed important according to the liquidity concept, since the central bank can attract foreign currency held by commercial banks by means of a contractionary monetary policy anyway (Konrad, 1979, p. 16). The latter aspect is very important to note. It makes it obvious that the central bank can conduct an internal policy which leads to a balance of payments equilibrium according to the official-settlements concept. Nevertheless, there is an external disequilibrium which just does not show up in a change of official reserves or of the exchange rate, but in rising interest rates which can have a severe impact on internal equilibrium. The liquidity balance concept tends to indicate those external influences on domestic economic policy by summing up official transactions and changes in liquid assets and liabilities of commercial banks.[2]

Basic Balance

The notion that all short term capital movements are highly volatile and policy sensitive while long term capital is not gives rise to the concept of basic balance. It is supposed to measure "underlying trends in the balance of payments in relation to the real economy" (Thirlwall, 1980, p. 8), while short term speculative movements which would influence the official-settlements balance as well as the liquidity

[2]This concept should not be confused with the liquidity balance previously used in the United States. The German concept does not have the asymmetry of liquid liabilities being placed below the line while liquid assets are placed above (for details see e.g. Lederer, 1963).

balance are excluded. Thus, the basic balance concept is defined as follows:

$$\text{Disequilibrium} = R + STC + (E+O) = (X-M)_g + (X-M)_s + U + LTC$$

The essence of this concept is the notion that a deficit on current account "may be financed on a continuing basis by the inflow of direct long term capital inflow from abroad" (Thirlwall, 1980, p. 7). Adherents to this concept contend that there is no reason for rectifying a deficit on current account as long as the basic balance is in equilibrium (Thirlwall, 1980, p. 8).

This thesis, however, has to be qualified. First of all, LTC can be as volative as STC once there are major problems for a country, as in Mexico in August-September, 1982. Second, the distinction between LTC and STC (the dividing line in West German statistics is one year) is necessarily arbitrary. Many short term loans can be prolonged, while supposedly long term investments in stocks can usually be pulled out in a matter of days or weeks (Konrad, 1979, p. 14). Thus, an equilibrium in the basic balance can still put pressure on domestic policy when it is made up of a deficit on current account and a surplus of LTC, because it puts a country at the mercy of international creditors. Nevertheless, this potential pressure tends to be further in the future (and therefore tends to be easier to manage) than a deficit in the basic balance even if there are equilibria in the liquidity and in the official-settlements balance.

Balance on Current Account

One reason to define a balance of payments deficit in terms of the balance on current account was already mentioned in the discussion on the basic balance concept concerning the potential pressures emerging from a basic balance which is in equilibrium but encompasses a deficit on current account. Additionally, focus on the current account as a measure of external equilibrium is particularly important since it is "the current account which affects most directly the real income of a country and the living standards of its people" (Thirlwall, 1980, p. 6).

$$\text{Disequilibrium} = R + (E+O) + STC + LTC = (X-M)_g + (X-M)_s + U$$

This is to be demonstrated briefly by integrating the current account of the balance of payments into the national accounts. Thus, national income can be defined as:

$$Y = C + I + (X-M)_g = (X-M)_c \pm U$$

where Y is income, C is total consumption, and I is investment. In a closed economy C + I could not exceed Y, and vice versa. In an open economy total income can exceed total expenditures when there is a surplus on current account. Total expenditures exceed income when there is a deficit. It should be kept in mind that the latter situation means that there is a transfer of real assets from abroad which improves economic welfare in the country at present while diminishing it sometime in the future when there has to be a surplus to pay back debts, because obtaining credit for a deficit on current account is usually limited by the willingness to continue to lend to the country. This can significantly "reduce the freedom of government action. . . . Likewise, if there is recourse to international financial institutions such as the International Monetary Fund (I.M.F.). . . freedom of economic action by government may also be reduced" (Thirlwall, 1980, p. 7), as was the case in the early 1980's for several Latin American and South Asian countries.

On the other hand, while there are fewer limitations on running a surplus on current account, the surplus does keep the welfare of a country below the level it could be if there was a long run equilibrium.

THE GERMAN BALANCE OF PAYMENTS SINCE 1950

The Federal Republic of Germany never had any serious deficit tendencies in its balance of payments, irrespective of the definition of disequilibrium, from its founding in May, 1949, through 1978 (see Appendix 1). Until 1972 there was a system of fixed exchange rates. Thus, changes in official reserves are not related to exchange rate fluctuations. From 1973 on the D-Mark, like other currencies, began to float. Thus, it is necessary to examine both changes in official reserves and the exchange rate to evaluate the official-settlements balance (see pages 3-5).

Since the float began, except in 1974 and 1975 when there were small deficits, there has always been a substantial surplus in the balance of official reserves (see Appendix 1) as well as a rise of the exchange rate (see Appendix 2). Thus, there can be no doubt about a positive balance of payments according to the official-settlements concept.

According to the basic balance concept, a surplus tendency is also obvious on the average. A liquidity balance cannot be stated before 1977 as STC was not broken down into STC_{NB} and STC_B. In 1977 and 1978 there was a surplus of about DM 2 billion and DM 9 billion, respectively, (R from Appendix 1 - STC_B from Appendix 4).

The balance on current account is self-explanatory (Appendix 1). Since the Federal Republic came into being there were just three negative years. The first one has to be seen in connection with reconstruction after the war, while the other two--1962 and 1965--were extreme boom periods with over-employment (unemployment rate under .5 percent) resulting in a strong import pull.

Beginning in the second quarter of 1979, the balance on current account turned into a deficit (Appendix 1), the first time after fourteen years of surplus. In 1980 this swing developed dramatically, increasing the deficit to DM 29 billion (Appendix 1). Thus, West Germany piled up the largest deficit of all industrialized countries in the years 1979 and 1980 (for details see Appendix 10) comprising one-third of the negative swing in the balance on current account of all industrialized countries in this period. Beginning in the fall of 1981 the situation changed again, tending to an equilibrium of the balance on current account since then (Appendix 1).

The basic balance followed in becoming negative in the third quarter of 1979 when LTC could not offset the deficit on current account anymore. In the following quarters LTC inflow leveled off itself (Appendix 1). To be sure, this behavior of LTC used to be normal in times of a positive balance on current account as the Federal Republic as a highly industrialized country is supposed to be a net exporter of LTC. Nevertheless, the combination of a negative balance on current account and a decreasing inflow of LTC resulted in a negative basic balance up to the present (1982).

The liquidity balance oscillated. After turning into deficit in the third quarter of 1979, it stayed negative in 1980, turned positive in 1981, and became negative again in 1982 (Appendices 1 and 4).

Finally, the official-settlements balance was in deficit, beginning the first quarter of 1979 (Appendix 1). As mentioned earlier, this has to be seen in connection with the exchange rate of the D-Mark. That was still rising in 1979 in the range of about four percent from January to December (Appendix 2) but it coincided with a loss in official reserves of DM 5 billion (which supported the exchange rate), whereas in 1978 there was a rise of five percent (Appendix 2) but it coincided with an increase in official reserves of DM 20 billion (which put a pressure on the market exchange rate). That means while in 1978 positive market forces were strong enough to push the exchange rate higher in spite of the Bundesbank (the German central bank) selling D-Marks, in 1979 the rate increased because the Bundesbank was buying. In 1980 this situation continued with an even larger market deficit of the balance of payments as the exchange rate dropped about three percent (Appendix 2) even though the Bundesbank sold almost DM 28 billion. In 1981 the situation changed. The balance tended to equal out over 1981 and the first half of 1982 (Appendix 1). With the exchange rate remaining constant in the first half of 1981 there was a significant increase in official reserves (Appendix 1). In the second half of 1981, as well as in the first quarter of 1982, there was a decrease. But from September, 1981, on the exchange rate rose in the second quarter of 1982, accompanied by an increase in official reserves (Appendices 1 and 2). This can be interpreted as a market surplus of the balance of payments, the first one since the end of 1978.

Chapter 2

CAUSES FOR THE BALANCE OF PAYMENTS DEFICIT

As can already be seen from different trends in different times in the various sections of the balance of payments statement, various causes were involved in bringing combined sections of the balance of payments [(X-M) + LTC: (X-M) + LTC + STC_{NB} + (E+O): (X-M) + LTC + STC + (E+O)] into deficit. Consequently, it seems necessary to analyze every section. For this purpose the summed up figures of the respective sections have to be split up as far as statistics allow to be able to isolate specific reasons for changes in the aggregated items which are shown in an official balance of payments statistics (Appendix 1).

BALANCE ON CURRENT ACCOUNT

Balance of Goods

The major factor contributing to the growing deficit on current account was the balance of goods. Of the negative swing of DM 27 billion in 1978-1979, almost DM 19 billion can be traced to a drop of the surplus of the balance of goods. Similarly, the increase of the deficit on current account by DM 19 billion in 1979-1980 to a large extent is due to a further drop in the balance of goods by DM 13.5 billion. Hench, in both cases the balance of goods accounted for two-thirds of the changes on current account (for all figures see Appendix 1).

Usually this situation is blamed on rising oil prices which resulted from the revolution in Iran in early 1979. This was a major influence, to be sure, but was by no means the only reason.

The increase in the value of imported crude oil and oil products was DM 16 billion from 1978 to 1979 and 15 billion from 1979 to 1980 (Bundesbank, 1981, p. 19). According to these figures the increase in oil imports would have almost made up for the change in the balance of goods. But this viewpoint has to be rejected as too narrow. It has to be taken into account that exports to oil exporting countries (OPEC, Great Britain, Norway) rose by DM 6.3 billion in 1979-1980 and by another DM 16 billion in 1980-1981 (Appendix 3). Since this can be considered directly connected to rising oil revenues, it would have to be subtracted from the increase in oil expenses. Hence, there remains only a balance of DM 8.7 billion which is directly due to oil price increases in the 1979 to 1981 period.

Looking into the regional statistics of German imports and exports (Appendix 3), it can be observed that imports from Western industrialized countries rose 18.5 percent from 1978 to 1979, while exports rose just 14 percent. In absolute figures this was a difference of DM 5 billion. This trend continued with an additional difference of DM 5 billion in favor of imports, thus already surpassing the balance due to oil price increases.

It is conspicuous that there are especially two countries which increased their exports to West Germany much more than their imports from there: the United States and Japan. As trade with both of these countries mainly consists of industrial goods which are also produced in the Federal Republic, the competitiveness of American and Japanese goods must have risen compared to German ones, as at that time there was no full employment in West Germany like in 1962 and 1965 that could have inhibited more production.

This change in competitiveness coincides with the substantial appreciation of the D-Mark against the dollar and the Yen since floating exchange rates were established in 1972. Thus, the nominal value of the D-Mark had increased 65 percent against the dollar and 45 percent against the Yen by the end of 1979 (Appendix 2). Even if there was a difference in inflation rates in favor of the D-Mark, this still left a significant real appreciation. (See Appendix 8 for the real appreciation against twenty-three major currencies.) Obviously, the devaluation of the dollar and the Yen started to affect real trade. This thesis is emphasized by the fact that even though German exports to OPEC countries grew substantially from 1979 to 1980 (19 percent), they decreased relative to OPEC imports from other industrialized countries which had increased by 30 percent (Deutsche Bundesbank, 1981, p. 23).

Starting in the beginning of 1980, the D-Mark started devaluating both against the American and the Japanese currencies. This led to an exchange rate which was 8 percent lower against the dollar and almost one-third lower against the Yen by the end of 1980, and 25 percent or 36 percent, respectively, by the end of 1981 (Appendix 2). As can be seen in the trade statistics, the negative trend in the balance of goods against the U.S. could be turned around. The one against Japan continued to increase up to the end of 1981, and then remained on this level during the first half of 1982.

This observation supports the thesis that, in contrast to a widespread view in Germany (e.g., Bundesverband der Deutschen Industrie, 1981, and Mueller, 1981), German industry has not lost ground to the U.S. and Japan because of structural reasons, like increases in wages and vacation time or a technology gap, but because of the significant appreciation of the D-Mark in the seventies, even in real terms.

Balance of Services

Increases in the deficits of the balance of services had a share of about 17 percent in 1978-1979 and of about 11 percent in 1979-1980 in the deterioration of the balance on current account (Appendix 1). As opposed to the balance of goods, there was a further deterioration in 1981 and the first half of 1982 (figures for 1982 adjusted on a whole year basis). This trend of a constantly deteriorating balance of services can be traced back to the early sixties. Since the early seventies this trend tends to accelerate mainly spurred by expenses of German tourists abroad, since traveling abroad seems to have high priority in household budgets. Furthermore, there was a steady increase in vacation to an annual average of thirty days (Deutsch Bundesbank, 1981, p. 24). Thus, West German tourists have been spending more money abroad than tourists of any other nation, making the Federal Republic into the world's largest importer of "invisibles" (Deutsch Bundesbank, 1981, p. 24).

Another reason for an increasing deficit in the balance of services is a considerable decrease in the net yield of capital invested abroad (Appendix 5), which even turned into a deficit in 1981. This can be directly traced back to the deficit in the balance of current account in 1979 and 1980, as this had to be financed by an increase of liabilities to foreigners or a decrease in receivables from foreigners. Hence, the net capital yield must diminish.

Most of the other items in the balance of services remained approximately the same and therefore have not contributed to the deficit. There are, however, two exceptions. One is the steady increase in the balance of transportation services and the other is an increased income from foreign armies. They improved independently of any exchange rate oscillations. The former might be directly connected to rising tourist expenses because they resulted in a growing transportation business which might also have become more and more attractive to foreigners. The latter can be evaluated as autonomous to economic developments except that, because of little elasticity of demand, the value grew in times of an appreciating D-Mark.

Unilateral Transfers

The unilateral transfers account is often neglected in balance of payments analysis. Concerning West Germany, this would be a major flaw. Appendix 1 makes this clear. The deficit in the unilateral transfers account is at least of the same magnitude as the surplus in the balance of goods. Consequently, it is as important. Similar to the balance of services, it has had a constant trend of an increasing deficit since the Federal Republic came into being in 1949. In 1979-1980 and 1980-1981 it participated in the deterioration of the balance on current account by 11 percent and 16 percent, respectively. While private transfers did not change much during this period, government transfers did. This is especially due to rising transfers to international organizations like the UN and the EC (Appendix 6). Also important were cancellations of debts of developing countries whicl totaled DM 5 billion between 1978 and 1981. As opposed to current unilateral transfers, the latter transactions have to be seen as a matter of record only, though, as the impact on the economy of the Federal Republic was long ago.

CAPITAL ACCOUNT

In a negative basic and liquidity balance the deficit of the balance on current account could not be financed through the market. This was due to two reasons. First, the sheer magnitude of the deficit overstrained international capital markets (Deutsche Bundesbank, 1981, p. 26). Second, the deficit caused the confidence in the D-Mark to dwindle. As there was, as usual in the last decade, a lower level of interest rates than in most other countries except Switzerland (Deutsche Bundesbank, 1981, p. 26), the attractiveness of the D-Mark as a creditor currency decreased as the negative difference in interest rates was not compensated for any more by expectations of exchange rate appreciation. Moreover, the D-Mark became increasingly attractive as a debtor currency. The result was that net capital inflow, which would have been necessary, did not take place.

Long Term Capital

In 1979, even though there had already been a deficit in the balance on current account, the exchange rate of the D-Mark was still on the rise and expectations kept remaining positive until the third quarter. Even though the exchange rate was still rising in the fourth quarter, the expectations had already turned around which can be seen in a negative swing of LTC from the third to the fourth quarter of DM 9.5 billion (Appendix 1). Two-thirds of this swing was due to increasing capital exports, especially by buying foreign bonds and giving loans to foreigners

(Appendix 4). Simultaneously foreigners decreased their loans and bought less German bonds. Thus, major changes occurred in interest sensitive investments only. There does not seem to have been an increased capital outflow (or less capital inflow) because of a loss of confidence in the strength of the Germany economy, since there were no significant changes regarding investments in corporate shares. German direct investments in foreign countries kept rising according to the long term trend beginning in the early seventies and foreign direct investments in Germany, by and large, remained at the same level.

In contrast, the unadvantageous situation concerning bonds and loans aggravated in 1980 as negative exchange rate expectations became real. Private capital outflow doubled, whereas capital inflow was reduced by two-thirds (Appendix 4). In order to minimize the deficit in the basic balance, the Federal Government compensated this outflow by borrowing more than DM 20 billion abroad, mostly in Saudi Arabia. Government borrowing abroad continued in 1981 almost at the same magnitude. In addition, private capital exports dropped while imports increased by DM 3 billion, respectively reflecting a substantial rise in interest rates in Germany in the first quarter of 1981 and improved expectations pertaining to the exchange rate of the D-Mark since the deficit in the balance on current account began to diminish conspicuously. It also has to be noted that foreign direct investments doubled.

Beginning in 1982 an increasing trend in net long term capital exports emerged when private capital exports rose, private imports declined, and the government virtually quit importing capital (Appendix 4). An important reason for this development was that capital imports from OPEC countries stopped almost completely because of rising balance of payments difficulties on their sides (Deutsch Bundesbank, August, 1982, p. 18). After the German balance of payments had had a decisive support in the period of its largest deficit on current account, the fundamental change in the financial situation of the OPEC countries (except Saudi Arabia and Kuwait) stopped that on the one hand. On the other, this situation has been directly connected to the rectification of the balance on current account by the increase in exports to OPEC countries (see page 12). Thus, influences on the basic balance nearly offset each other. Other LTC movements than transactions with OPEC countries were heavily determined by the largest difference in interest rates between D-Mark and dollar assets in history (Deutsche Bundesbank, August, 1982, p. 19) which were obviously not offset by inverse exchange rate expectations.

Short Term Capital

The analysis of STC flows has to be divided between those concerning banks and those concerning non-banks, because of the different evaluation according to the liquidity balance concept. STC movements by the government can be neglected since they are of little magnitude and also have not changed much over time. In contrast, those of other non-banks have changed greatly and were of a substantial magnitude.

As early as 1978 there was a swing from capital imports to capital exports (Appendix 4). While German enterprises usually have a negative balance of trade credit because of an excess of exports over imports, the balance of finance credit also began to become negative with an increasing pace up until 1979 before there was a dramatic positive swing in 1980. A net import of DM 16 billion changed into a net export of DM 13 billion, and has remained at this level up to the present (Appendix 4).

These capital movements took place mostly via the Euro DM market fluctuating according to interest advantages or disadvantages of Euro DM interest rates over domestic rates. As the money imported by non-banks from the Euro market to a large portion was exported by German banks via their international affiliates (Deutsche Bundesbank, 1981, p. 33, and 1982, p. 27), there is only a slight net influence on the balance of payments, even though there is a large impact indicated by the liquidity balance. However, this was not continued into 1982 as, in addition to the capital import by non-banks, there was also an import by banks (Appendix 4). This resulted from the realignment of the European currency system in February, 1982, which spurred expectations for a further appreciation of the D-Mark within the system (Deutsche Bundesbank, August, 1982, p. 21).

SUMMARIZED EVALUATION

The first two sections of this chapter have shown that several causes combined, eventually resulting in the swing of the German balance of payments from a surplus to a deficit according to all the concepts defined in the beginning of Chapter 1.

Some of the causes can be considered exogenous in the sense that they were not interrelated with the respective balance of payments situation at or before the time they emerged. This is especially true for the oil price increases of 1979 and 1980, for expenses of foreign armies, and for government transfers to international institutions or developing countries. The balance of payments situation of West Germany influenced them only in terms of magnifying a negative or diminishing a positive balance via the exchange rate depreciation (possible pressure from abroad for increasing government transfers because balance of payments surpluses are neglected here).

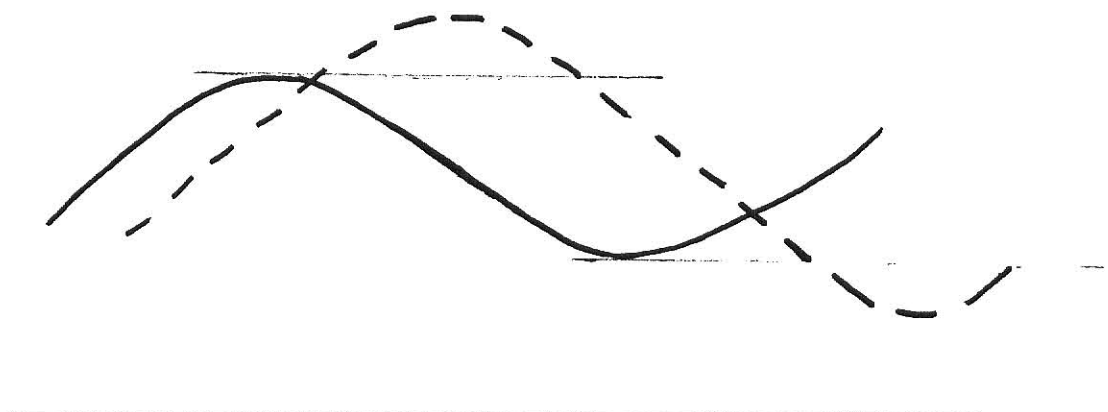
More important for the types of analyses done here are those causes which can be considered endogenous in the sense that they may have been triggered, or at least aggravated, by the balance of payments situation at or before the time of their emergence. The distinction between exogenous and endogenous seems crucial since exogenous causes can only be rectified by changes in those specific causes, while deficits caused by endogenous ones may be adjusted by an aggregate change in the balance of payments. Hence, there may be significant differences in policies to cope with a deficit.

The increasing trade deficits with the U.S. and Japan (see page 12) can be considered one of the major endogenous causes. Obviously reciprocally correlated to the respective exchange rates, the trade balances for West Germany deteriorated when the D-Mark kept appreciating as a result of continuing balance of payments surpluses up to 1978 and an exchange rate support policy by the Bundesbank in 1979. The thesis that this combination was not just a coincidence but a cause-effect relation is supported by the fact that the deterioration in the respective trade balances was curbed and finally turned around a short time after the D-Mark started depreciating. Thus, obviously a self-adjustment according to the elasticity approach of the balance of payments adjustment theory (Robinson, 1937) has taken place twice. First in rectifying the surplus, then in adjusting the deficit.

These fluctuations can be seen isolated from other changes since West Germany's trade with both Japan and the United States is only marginal (2 percent and 6.5 percent in 1979; 2.5 percent and 7 percent in 1981 as shares of total foreign trade: computed after Appendix 3) and trade balances with other countries have not changed much. Hence, the restrictive assumption for the elasticity approach that ". . .the position of the demand curves for exports and imports themselves are held constant" (Thirlwall, 1980, p. 72) can be considered to apply in this case. Of course, it has to be taken into account that the depreciation of the dollar against the D-Mark was not just due to the trade balance, but has been accelerated by central banks shifting their reserves from dollars to D-Marks, and from LTC and STC inflow of dollars into Germany in expectation of an appreciating D-Mark. When the trade balance as a whole shifted because of the exogenous oil price rise and the endogenous reaction to rising export and falling import prices (relative to domestic price level increases), the capital flows changed as well. Since the Bundesbank supported the D-Mark against the dollar up until the end of 1980, keeping the exchange rate by and large stable up until late 1979 (Appendix 2), a reaction to the deficit in dollar trade according to the elasticity approach was postponed until 1981. It is important to note that this does not only apply to the trade with the United States, but also to oil imports which have to be paid for in dollars. (Of course there was a reaction to rising oil prices in dollars but this reaction would have been stronger if there had been an additional increase in D-Marks because of the exchange rate depreciating.)

It can also be suspected that an adjustment of tourist expenses according to the different balance of payments situation was delayed. Even though there could not have been an adjustment according to the elasticity approach because of low price elasticities (see page 14) and a very small real depreciation against the currencies of most major tourist countries on the Mediterranean (Deutsche Bundesbank, 1982, p. 26), there might have been an adjustment via an income effect. A depreciating exchange rate of the D-Mark against the dollar means that more domestic income would have had to be spent on oil and other imports which have to be paid for in dollars. Thus, available income for other expenditures would have decreased and tourist expenses abroad would also have decreased if their income elasticity had been above zero, which is very likely.

As a consequence of the exchange rate support, the balance of payments deficit in terms of the current account, as well as the basic balance and the official settlements balance, kept rising in 1980, aggravating expectations that the D-Mark was bound to depreciate considerably in the future. The reaction on the money side was an accelerating outflow of private LTC which did not slow down until 1981 (Appendix 4) when the D-Mark, having depreciated substantially against the dollar and the Yen, was not expected to depreciate much more and interest rates were pushed up by the Bundesbank(Deutsche Bundesbank, 1982, p. 74). This indicates that while the balance on current account reacts to actual changes in the exchange rates, capital flow also reacts, but according to expectations. Hence, if a depreciation makes the balance on current account likely to improve, the basic balance and the official settlements balance are likely to improve in excess of the current account improvement, since changes in capital flows parallel to changes on current account are induced.



—— Balance on current account

— — — Basic balance

Figure 1

Balance on Current Account and Basic
Balance Connected by Expectations

Chapter 3

EFFECTS OF THE BALANCE OF PAYMENTS DEFICIT

"Balance of payments equilibrium, however defined, is not desired for its own sake. Balance of payments equilibrium is an intermediate objective, along with others, towards the final objective of most economic societies of maximizing welfare per head" (Thirlwall, 1980, p. 50). Thus, effects of a balance of payments deficit can be stated only if there is an impact either on welfare directly or on other intermediate objectives which usually are steady growth, stable prices (or better a stable price level) and full employment. If there are no such impacts on the domestic economy a balance of payments deficit is not to be considered as an objective in conducting economic policy.

DIRECT EFFECTS ON WELFARE

As pointed out before, a deficit on current account increases the welfare in the short run because expenditures can exceed income:

$$Y < C + I$$

$$Y = C + I + (X-M)$$

In the long run this "living beyond one's means" usually has to be rectified sometime. This can mean that other macroeconomic objectives have to be sacrificed when debts have to be paid back (Thirlwall, 1980, p. 50).

In the case of West Germany, this danger does not emerge. The deficits of 1978 to 1981 have to be related to the surpluses before.

Those surpluses have resulted in currency and gold reserves, which at the end of 1981 still were in excess of $47 billion (Appendix 9). Thus, a current account deficit in the magnitude of the one in 1980, with DM 29 billion, the largest in history of any country, could have been financed totally by official reserves for more than four years preventing effects of the deficit on other objectives.

In other words, had there never been a deficit in the German current account, the loss in welfare by exporting more goods and services than importing would be perpetuated. Hence, the current account deficits of 1978 to 1981 cannot be considered as West Germany living beyond its means, but rather as a consumption of prior savings accumulated over thirty years of surpluses. To be sure, not the full amount of the deficit can be considered as a gain in welfare since mere price increases of imports (e.g., oil) do not increase domestic welfare (Appendix 7). Only the portion of the swing which consisted of real changes can be so regarded.

POSSIBLE EFFECTS ON DOMESTIC ECONOMIC GROWTH AND EMPLOYMENT

Impacts of the balance of payments deficit on the objectives economic growth and full employment can be dealt with together, since causation runs from the deficit to the employment situation via the economic growth rate almost exclusively. Possible effects can be analyzed according to basically three models.

The neoclassical model, which assumes capacity is being fully utilized, claims that a deficit of the balance on current account would accelerate growth because there can be investments exceeding output at full capacity minus consumption. Thus, everything else remaining equal, investment can be higher than without the deficit (Stern, 1973, pp. 363 ff., particularly pp. 370 ff.). This approach can be neglected here regardless of its general relevance, since capacity has never been fully used during the analyzed period.

The export-led growth model runs counter to the neoclassical one in assuming that growth is spurred by current account surpluses via the foreign trade multiplier (Stern, 1979, p. 376). This model is supported somewhat by empirical observations which indicate that countries like Japan, Italy, and West Germany with substantial strength on trade account during the fifties and sixties experienced high growth rates during this period, whereas countries with less favorable trade balances like the United States and the United Kingdom did not (Stern, 1973, p. 376).

Both empirical observations and plausibility contemplations support the thesis that the tremendous slowdown of the West German growth rate in and after 1979 (Deutsche Bundesbank, 1981, p. 12) is partially due to the deterioration of the balance on current account.

In contrast to both of the aforementioned models, the third approach is not based on real but on monetary relationships, thus, not being connected to the balance on current account but to those balances incorporating capital flows.

Since the basic balance turned negative in 1979 there has been a reduction in long term capital available for domestic investment as the Bundesbank did not offset the capital outflow by an expansionary monetary policy because of the fear of accelerating capital outflow and, hence, putting pressure on the exchange rate (Schramm, 1981, p. 7). Thus, interest rates rose, supposedly slowing down investment. Decreasing interest rates would have been required if a higher growth rate reducing unemployment was to be achieved. This was repeatedly conceded by the Bundesbank (Schramm, 1981, p. 7). As a consequence, an adverse effect of the basic balance deficit; i.e., external disequilibrium, on internal equilibrium can be assumed. However, it has to be noted that this effect was not inevitable (as opposed to an effect according to the export-led growth model). The Bundesbank could have either curbed depreciation by further drawing down its still extraordinary reserves or let the D-Mark depreciate further. The reason for not trying the latter alternative was the fear West Germany would embark on a vicious circle of currency depreciation and inflation (Schramm, 1981, p. 7).

EFFECTS ON PRICE STABILITY

During the era of continuous surpluses in West Germany's balance of payments, economic policy usually was geared to suppress the resulting inflationary pressure (Boarmann, 1964, especially Chapter 3). This would imply that in the period of deficits deflationary pressure was caused by the external disequilibrium. Causation could run via the contractionary influence of a negative foreign trade multiplier or via the contraction of the money stock. The latter cause came into being when the Bundesbank started to support the exchange rate without offsetting the liquidity outflow by expansionary domestic monetary policy.

On the other side, there was an upward push to the price level via rising import prices. Since imports comprise about thirty percent of national expenditures, this impact might have been substantial. The Bundesbank calculated that at certain times almost two-thirds of the inflation rate was due to rising import prices (Poehl, 1982, p. 3). Since the price increase of imports is partly due to exogenous price increases (e.g., oil), only a portion of imported inflation can be traced back to the balance of payments deficit and the resulting endogenous price increases of imports because of the depreciating exchange rate. As both portions cannot be separated in an aggregated way, it cannot be determined to what portion imported inflation has been caused by exchange rate depreciations.

To determine the impact of the balance of payments deficit itself on the price level seems completely impossible as the aforementioned supposedly deflationary effects would have to be subtracted from the inflationary effects of devaluation. The Bundesbank, however, deemed that the inflationary part of the balance of payments deficit were severe enough to try to curb depreciation of the DM and put up with negative effects of its policy as mentioned in the second part of this chapter (Poehl, 1982, p. 4).

As already pointed out, there was the fear of getting into a vicious circle of domestic inflation, a growing balance of payments deficit (because of reduced competitiveness of domestic goods by inflation and negative exchange rate expectations), further depreciation and resulting inflation and so on if the Bundesbank embarked on a policy of letting the exchange rate depreciate according to market forces (Poehl, 1982, p. 3).

CONCLUSIONS

The West German balance of payments deficit does not seem to be a "flow" deficit, indicating a deterioration in West Germany's overall economic position, but more a "stock" deficit, which is a temporary affair. A stock deficit emerges if the residents of a country decide to "alter the composition of the community's assets by substituting other assets for domestic money." A flow deficit relates to the decision "to spend currently in excess of current receipts" (Johnson, 1968, p. 379). Thus, the deficit in the German balance of payments is likely to disappear when the "one-for-all change in the composition of a given stock of capital assets" (Johnson, 1968, p. 379) has been completed. There are indicators that this kind of adjustment is well under way in West Germany's economy.

Thus, oil imports have dropped considerably in volume: -9 percent in 1980, -12 percent in 1981 (Deutsche Bundesbank, 1982, p. 31); -1 percent in the first half of 1982 (Deutsche Bundesbank, August, 1982, p. 15). This indicates that capital assets have moved towards energy saving substantially. They failed to do this after the first jump in oil prices in 1973-1974 since the appreciating D-Mark inhibited adjustment.

Consumer and industrial goods imports dropped in volume in 1981, -1 percent (Deutsche Bundesbank, 1982, p. 30) and rose 2.5 percent in the first half of 1982 (Deutsche Bundesbank, August, 1982, p. 15); whereas, in 1979 and 1980 they had risen 7 percent annually (Deutsche Bundesbank, 1981, p. 24). Likewise, exports rose in volume 6.5 percent in 1981 (Deutsche Bundesbank, March,1982, p. 20) and 8 percent in the first half of 1982 (Deutsch Bundesbank, August, 1982, p. 14). This development indicates that a shift towards home produced goods has been taking place and that more resources have been shifting to export industries since the exchange rate has dropped. Thus, it can be concluded that a structural change has been taking place, reversing the original one which shifted resources away from export industries and shifted demand to imports because of an overvalued exchange rate. This seems also to be true for travel abroad which in real volume decreased significantly in the first seven months of 1982 (Deutsche Bundesbank, August, 1982, p. 16).

With regard to the aforementioned developments concerning real volumes of trade, there should be a major improvement of the balance on current account in the near future once the depreciation of the D-Mark stops. Thus, terms of trade will not continue to deteriorate at the current pace and positive movements in trade volume (including services) will be showing up more in monetary terms than they do now. As soon as this becomes evident, adjustments in monetary capital assets can also be expected. This would be a shift to domestic monetary assets, thus improving the capital account.

Since reserves of the Bundesbank are sufficient to finance a possible deficit during the adjustment period, effects of a temporary deficit are at its discretion. Thus, there is no need for the existing deficit to impose constraints on domestic economic policy striving for internal balance and pursuing the objective of maximizing economic welfare per head.

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APPENDICES

APPENDIX 1

SUMMARY OF THE BALANCE OF PAYMENTS

A) 1950 TO 1970

B) 1971 TO 1982

Appendix 1

Summary of the Balance of Payments 1950 to 1970

Mio DM

	Bilanz der laufenden Posten und des Kapitalverkehrs										
	Bilanz der laufenden Posten					Kapitalbilanz (Kapitalexport:—)1)					
		Saldo des Waren- und Dienstleistungsverkehrs (sog. Leistungsbilanz)			Saldo der Übertragungen (eigene Leistungen: —)						
Zeit	Insgesamt	Insgesamt	Handelsbilanz 2)	Dienstleistungsbilanz 3)		Saldo des gesamten Kapitalverkehrs	Langfristiger Kapitalverkehr	Kurzfristiger Kapitalverkehr	Saldo der statistisch erfaßten Transaktionen	Saldo der statistisch nicht aufgliederbaren Transaktionen 4)	Saldo aller Transaktionen 5)
1950	— 407	— 2 472	— 3 012	+ 540	+ 2 065	+ 207	+ 458	— 251	— 200	— 364	— 564
1951	+ 2 341	+ 812	— 149	+ 961	+ 1 529	+ 87	— 149	+ 238	+ 2 428	— 390	+ 2 038
1952	+ 2 528	+ 2 368	+ 706	+ 1 662	+ 160	+ 116	— 447	+ 563	+ 2 644	+ 256	+ 2 900
1953	+ 3 793	+ 4 244	+ 2 516	+ 1 728	— 451	+ 82	— 398	+ 480	+ 3 875	— 229	+ 3 646
1954	+ 3 609	+ 4 083	+ 2 698	+ 1 385	— 474	— 186	— 518	+ 332	+ 3 423	— 452	+ 2 971
1955	+ 2 205	+ 3 039	+ 1 245	+ 1 794	— 834	— 450	— 381	— 69	+ 1 755	+ 96	+ 1 851
1956	+ 4 379	+ 5 600	+ 2 897	+ 2 703	— 1 221	+ 148	— 455	+ 603	+ 4 527	+ 483	+ 5 010
1957	+ 5 761	+ 7 643	+ 4 083	+ 3 560	— 1 882	— 2 305	— 440	— 1 865	+ 3 456	+ 1 666	+ 5 122
1958	+ 5 798	+ 7 798	+ 4 954	+ 2 844	— 2 000	— 2 049	— 1 457	— 592	+ 3 749	— 305	+ 3 444
1959	+ 3 962	+ 7 241	+ 5 361	+ 1 880	— 3 279	— 6 108	— 3 739	— 2 369	— 2 146	+ 454	— 1 692
1960	+ 4 493	+ 7 981	+ 5 223	+ 2 758	— 3 488	+ 1 782	— 171	+ 1 963	+ 6 275	+ 1 744	+ 8 019
1961	+ 2 843	+ 7 273	+ 6 615	+ 658	— 4 430	— 4 259	— 4 203	— 56	— 1 416	+ 594	— 822
1962	— 1 950	+ 3 260	+ 3 477	— 217	— 5 210	— 267	— 353	+ 86	— 2 217	+ 1 340	— 877
1963	+ 661	+ 5 756	+ 6 032	— 276	— 5 095	+ 2 260	+ 1 546	+ 714	+ 2 921	— 181	+ 2 740
1964	— 16	+ 5 295	+ 6 081	— 786	— 5 311	— 1 765	— 1 034	— 731	— 1 781	+ 2 216	+ 435
1965	— 6 723	— 346	+ 1 203	— 1 549	— 6 377	+ 2 382	+ 957	+ 1 405	— 4 381	+ 3 078	— 1 283
1966	+ 68	+ 6 363	+ 7 958	— 1 595	— 6 295	+ 881	— 762	+ 1 643	+ 949	+ 1 003	+ 1 952
1967	+ 9 436	+15 858	+16 862	— 1 004	— 6 422	— 9 998	— 3 180	— 6 818	— 562	+ 422	— 140
1968	+10 904	+18 216	+18 372	— 156	— 7 312	— 7 315	—11 491	+ 4 176	+ 3 589	+ 3 420	+ 7 009
1969	+ 6 226	+14 650	+15 584	— 934	— 8 424	—18 857	—22 918	+ 4 061	—12 631	+ 2 369	—10 262
1970	+ 2 437	+11 751	+15 670	— 3 919	— 9 314	+ 9 518	— 4 435	+13 953	+11 958	+ 9 957	+21 912

Bilanz der laufenden Posten	balance on current account
Insgesamt	total balance
Saldo des Waren- und Dienstleistungsverkehrs	balance of trade and services
Handelsbilanz	trade balance
Dienstleistungsbilanz	balance of services
Saldo der Uebertragungen	unilateral transfers
Kapitalbilanz	capital account
Saldo des gesamten Kapitalverkehrs	total balance
Langfristiger Kapitalverkehr	long term capital flow
Kurzfristiger Kapitalverkehr	short term capital flow
Saldo der nicht aufgliederbaren Posten	errors and omissions
Saldo aller Transaktionen	change in official reserves

Source: Deutsche Bundesbank Juni 1971, p. 68

Appendix 1

Summary of the Balance of Payments 1971 to 1982

Zeit	Leistungsbilanz: Saldo der Leistungsbilanz	Außenhandel 1)	Ergänzungen zum Warenverkehr 2) und Transithandel	Dienstleistungen 3)	Übertragungen	Kapitalbilanz (Kapitalexport: —): Saldo der Kapitalbilanz	langfristiger Kapitalverkehr	kurzfristiger Kapitalverkehr 4)	Saldo der statistisch nicht aufgliederbaren Transaktionen 5) 6)	Saldo aller Transaktionen 7)
1971	+ 2 770	+15 892	+ 256	— 1 763	—11 615	+10 884	+ 6 293	+ 4 592	+ 2 701	+16 355
1972	+ 2 731	+20 278	— 598	— 3 110	—13 840	+11 932	+15 551	— 3 620	+ 1 028	+15 690
1973	+12 354	+32 979	— 82	— 5 016	—15 527	+13 143	+12 950	+ 194	+ 931	+26 428
1974	+26 581	+50 846	— 1 263	— 6 951	—16 050	—25 298	— 6 282	—19 015	— 3 189	— 1 906
1975	+ 9 932	+37 276	— 1 187	— 8 278	—17 879	—13 282	—18 231	+ 4 949	+ 1 131	— 2 219
1976	+ 9 915	+34 469	— 106	— 6 564	—17 884	— 1 033	— 1 476	+ 443	— 92	+ 8 790
1977	+ 9 498	+38 436	+ 33	—10 750	—18 221	— 287	—12 931	+12 644	+ 1 239	+10 451
1978	+18 111	+41 200	+ 2 050	— 7 358	—17 781	+ 5 436	— 2 946	+ 8 382	— 3 776	+19 772
1979	—10 962	+22 429	+ 199	—12 747	—20 845	+10 527	+12 066	— 1 539	— 4 518	— 4 954
1980	—29 538	+ 8 947	+ 106	—14 304	—24 288	+ 4 884	+ 6 366	— 1 482	— 3 239	—27 894
1981	—16 578	+27 720	+ 762	—17 905	—27 154	+ 9 801	+ 9 438	+ 363	+ 4 494	— 2 283
1975 1. Vj.	+ 5 123	+10 555	— 153	— 1 277	— 4 002	— 1 775	— 3 611	+ 1 836	+ 1 650	+ 4 998
2. "	+ 1 928	+ 9 208	— 751	— 2 272	— 4 257	— 7 911	— 5 771	— 2 140	+ 2 030	— 3 953
3. "	— 928	+ 8 270	— 192	— 4 463	— 4 543	+ 969	— 5 793	+ 6 762	— 2 727	— 2 686
4. "	+ 3 808	+ 9 243	— 91	— 267	— 5 077	— 4 565	— 3 055	— 1 510	+ 173	— 575
1976 1. Vj.	+ 3 721	+ 8 626	+ 265	— 1 235	— 3 934	+ 6 303	— 1 145	+ 7 448	— 243	+ 9 781
2. "	+ 2 006	+ 7 600	+ 272	— 1 197	— 4 669	— 6 277	— 318	— 5 958	+ 690	— 3 581
3. "	— 608	+ 8 453	— 733	— 3 650	— 4 673	+ 4 383	+ 2 331	+ 2 052	— 311	+ 3 463
4. "	+ 4 796	+ 9 790	+ 91	— 483	— 4 602	— 5 442	— 2 343	— 3 098	— 227	— 873
1977 1. Vj.	+ 3 275	+ 8 905	— 69	— 1 796	— 3 764	— 4 374	— 1 380	— 2 994	+ 1 695	+ 596
2. "	+ 2 462	+ 9 462	— 386	— 2 114	— 4 501	— 5 640	— 6 726	+ 1 086	+ 1 770	— 1 408
3. "	— 4 161	+ 7 958	— 82	— 7 023	— 5 014	+ 4 809	— 2 996	+ 7 805	— 717	— 68
4. "	+ 7 922	+12 112	+ 569	+ 183	— 4 942	+ 4 918	— 1 829	+ 6 747	— 1 509	+11 331
1978 1. Vj.	+ 5 075	+ 9 188	+ 1 322	— 831	— 4 604	— 143	+ 2 360	— 2 504	— 386	+ 4 546
2. "	+ 3 725	+10 254	— 460	— 1 157	— 4 911	— 6 242	— 5 128	— 1 114	— 1 606	— 4 123
3. "	+ 849	+ 9 584	+ 724	— 5 123	— 4 334	+ 7 051	+ 1 829	+ 5 221	— 1 580	+ 6 320
4. "	+ 8 461	+12 175	+ 464	— 246	— 3 932	+ 4 771	— 2 008	+ 6 779	— 203	+13 029
1979 1. Vj.	+ 3 246	+ 7 841	+ 961	— 1 474	— 4 083	— 9 810	— 368	— 9 442	— 2 757	— 9 322
2. "	— 2 465	+ 7 023	— 683	— 4 187	— 4 619	+ 1 843	+ 4 310	— 2 467	— 1 558	— 2 180
3. "	— 9 160	+ 3 469	+ 94	— 6 748	— 5 975	+18 816	+ 8 833	+ 9 983	+ 3	+ 9 659
4. "	— 2 583	+ 4 097	— 174	— 339	— 6 168	— 322	— 707	+ 386	— 206	— 3 111
1980 1. Vj.	— 5 110	+ 2 732	+ 946	— 3 222	— 5 566	— 4 045	+ 304	— 4 348	— 2 005	—11 161
2. "	— 7 193	+ 1 665	— 177	— 2 274	— 6 407	+ 1 822	+ 1 421	+ 401	+ 501	— 4 870
3. "	—12 750	+ 1 491	— 43	— 8 063	— 6 135	+10 340	+ 1 003	+ 9 337	+ 330	— 2 080
4. "	— 4 484	+ 3 061	— 620	— 746	— 6 179	— 3 234	+ 3 639	— 6 873	— 2 065	— 9 783
1981 1. Vj.	— 9 191	— 236	+ 763	— 3 825	— 5 893	+14 135	+ 3 393	+10 742	— 2 817	+ 2 127
2. "	— 5 957	+ 6 562	— 1 366	— 4 492	— 6 661	+ 5 135	+ 3 663	+ 1 472	+ 5 872	+ 5 050
3. "	—11 261	+ 7 091	— 357	— 9 875	— 8 120	+ 7 095	+ 6 531	+ 564	+ 2 406	— 1 759
4. "	+ 9 830	+14 302	+ 1 721	+ 287	— 6 480	—16 565	— 4 149	—12 416	— 966	— 7 701
1982 1. Vj.	— 1 858	+11 133	+ 342	— 6 472	— 6 862	— 433	— 8 013	+ 7 580	+ 1 868	— 423
2. " p)	+ 848	+13 203	— 341	— 4 923	— 7 091	— 10	— 6 986	+ 6 976	+ 291	+ 1 128
1981 Jan.	— 5 281	— 934	— 731	— 1 384	— 2 232	+ 4 640	+ 1 742	+ 2 898	+ 725	+ 85
Febr.	— 940	+ 870	+ 962	— 585	— 2 187	— 1 904	+ 34	— 1 938	— 3 250	— 6 094
März	— 2 970	— 173	+ 533	— 1 856	— 1 474	+11 399	+ 1 617	+ 9 782	— 293	+ 8 136
April	— 154	+ 3 284	— 512	— 1 019	— 1 907	— 879	— 1 713	+ 834	+ 4 709	+ 3 677
Mai	— 2 143	+ 1 542	— 521	— 911	— 2 253	+ 4 962	+ 3 294	+ 1 668	+ 11	+ 2 330
Juni	— 3 660	+ 1 736	— 334	— 2 561	— 2 501	+ 1 052	+ 2 081	— 1 029	+ 1 152	— 1 457
Juli	— 3 871	+ 3 667	— 553	— 4 057	— 2 928	+ 5 748	+ 2 031	+ 3 717	— 563	+ 1 314
Aug.	— 6 164	— 58	— 138	— 2 780	— 3 188	+ 3 229	+ 1 567	+ 1 662	— 1 553	— 4 488
Sept.	— 1 226	+ 3 482	+ 334	— 3 038	— 2 004	— 1 882	+ 2 933	— 4 815	+ 4 522	+ 1 414
Okt.	+ 3 185	+ 5 279	+ 1 506	— 1 437	— 2 162	— 9 430	— 1 799	— 7 630	— 136	— 6 381
Nov.	+ 1 496	+ 3 683	— 392	+ 440	— 2 435	— 1 646	— 2 521	+ 875	— 275	— 425
Dez.	+ 5 149	+ 5 141	+ 607	+ 1 284	— 1 882	— 5 490	+ 171	— 5 661	— 555	— 895
1982 Jan.	— 3 409	+ 1 114	+ 6	— 2 584	— 1 946	+ 2 574	— 1 727	+ 4 301	— 1 478	— 2 312
Febr.	— 270	+ 3 623	+ 264	— 1 591	— 2 567	+ 101	— 736	+ 837	+ 482	+ 313
März	+ 1 821	+ 6 396	+ 72	— 2 297	— 2 349	— 3 109	— 5 550	+ 2 441	+ 2 864	+ 1 576
April	+ 478	+ 3 438	+ 152	— 950	— 2 162	— 1 458	— 2 809	+ 1 351	+ 739	— 242
Mai	+ 816	+ 4 997	— 579	— 1 373	— 2 229	— 148	— 1 786	+ 1 638	+ 459	+ 1 127
Juni p)	— 446	+ 4 768	+ 86	— 2 600	— 2 700	+ 1 596	— 2 391	+ 3 987	— 907	+ 243

Different to 1950 to 1970 the balance on current account is now called Leistungsbilanz

Source: Deutsche Bundesbank August 1982, p. 81

APPENDIX 2

DEVELOPMENT OF THE EXCHANGE RATE OF THE D-MARK

Appendix 2

DEVELOPMENT OF THE EXCHANGE RATE OF THE D-MARK

Ende 1972 = 100 1)

Entwicklung des Außenwerts der D-Mark

Durchschnitt im Monat	gegenüber dem US-Dollar	gegenüber Währungen der am Europäischen Währungssystem (EWS) beteiligten Länder: Französischer Franc	Holländischer Gulden	Italienische Lira	Belgischer Franc	Dänische Krone	Pfund Sterling 2)	gegenüber Währungen sonstiger Länder: Japanischer Yen	Norwegische Krone	Österreichischer Schilling	Schwedische Krone	Schweizer Franken	gegenüber den am EWS beteiligten Ländern 3)	gegenüber den EG-Mitgliedsländern	gegenüber den 17 Ländern mit amtlicher Notiz in Frankfurt	insgesamt (23 wichtige Handelspartner der Bundesrep.)
1973 März	114,0	100,8	101,9	112,1	100,9	100,7	107,9	97,5	101,2	100,7	106,1	95,7	101,5	103,7	104,0	104,3
Juni	125,0	103,9	105,1	127,8	104,4	104,3	113,8	106,9	103,2	101,8	109,2	99,3	104,8	109,1	109,7	109,9
Sept.	133,0	110,7	106,4	129,0	109,5	108,8	128,9	114,4	110,8	102,5	116,0	104,4	109,4	114,1	114,9	115,2
Dez.	121,4	108,8	104,9	126,7	109,2	107,9	122,7	110,3	103,3	101,7	114,2	101,2	107,8	112,1	111,7	111,6
1974 März	122,9	115,9	104,3	134,6	109,5	109,9	123,3	112,4	104,5	102,1	116,7	98,6	107,7	115,2	114,0	113,9
Juni	127,6	122,2	104,1	142,5	108,0	109,2	125,3	117,0	104,2	99,3	115,8	99,4	107,0	117,8	116,1	116,0
Sept.	121,1	113,5	101,2	137,8	106,5	107,5	122,6	117,5	101,2	98,0	112,6	94,5	104,5	113,5	111,9	112,1
Dez.	131,1	116,2	102,8	148,7	107,9	108,5	132,1	127,7	104,8	96,4	114,3	89,2	106,1	117,3	115,7	115,4
1975 März	139,1	114,1	101,6	150,9	106,6	108,2	134,9	129,7	102,7	98,2	113,3	89,7	105,0	116,8	116,2	117,1
Juni	137,7	107,8	102,2	148,1	107,4	107,2	141,6	131,1	101,5	97,8	112,0	89,4	105,2	115,5	115,2	116,2
Sept.	123,2	107,6	101,9	143,5	107,7	107,1	138,6	119,8	103,8	97,7	113,6	86,8	106,1	114,6	112,7	113,8
Dez.	122,8	107,1	101,7	144,3	108,3	108,2	142,5	121,8	102,7	97,6	112,5	84,3	106,0	115,0	112,7	114,1
1976 März	125,9	113,7	104,4	178,4	110,2	110,8	151,8	122,8	105,0	99,3	115,2	84,1	4) 109,7	123,2	119,0	120,1
Juni	125,1	115,8	105,5	182,4	110,6	109,8	166,2	121,4	104,4	99,0	115,6	80,4	108,4	125,8	120,3	121,4
Sept.	129,3	124,3	103,9	187,7	110,8	111,0	175,2	120,6	105,6	98,1	116,9	83,3	108,0	129,1	123,2	124,4
Dez.	135,1	131,7	103,5	201,5	109,7	113,0	188,9	129,3	106,0	98,2	116,8	86,2	107,7	133,5	127,3	128,8
1977 März	134,8	131,2	103,6	205,4	110,3	113,2	184,1	122,6	106,5	98,2	118,0	89,5	108,0	133,6	127,7	129,2
Juni	136,9	132,2	104,5	208,3	110,2	118,5	186,8	121,2	108,9	98,4	125,6	88,7	109,7	134,9	129,2	130,8
Juli	141,1	133,8	106,1	214,1	111,7	120,5	192,2	121,2	111,6	98,1	127,5	88,6	111,4	137,3	131,8	133,3
Aug.	139,2	133,2	105,0	211,1	110,5	120,1	187,6	120,4	111,0	98,2	128,6	87,2	5) 110,5	135,8	130,8	132,4
Sept.	138,7	133,4	105,2	210,6	110,8	122,7	186,6	120,1	114,4	98,5	139,8	85,8	109,1	136,0	131,3	132,9
Okt.	141,5	134,3	106,2	214,2	111,8	123,8	187,5	117,0	116,7	98,6	141,0	83,9	110,1	137,3	132,3	134,0
Nov.	143,8	136,3	107,2	217,0	112,9	126,1	185,3	114,2	118,0	98,6	143,2	82,3	111,3	138,6	133,4	135,1
Dez.	149,7	140,2	107,5	225,4	112,9	127,5	189,2	117,1	118,2	99,2	147,7	80,9	111,5	141,0	135,8	137,7
1978 Jan.	152,1	140,3	106,4	228,1	111,5	125,8	184,6	119,0	117,9	99,3	147,6	78,8	110,4	140,2	135,4	137,5
Febr.	155,3	146,8	106,5	229,5	111,9	126,2	187,7	121,0	122,9	99,4	149,7	77,0	110,8	142,4	137,3	139,4
März	158,4	145,9	106,2	232,9	111,9	127,1	194,7	119,1	126,9	99,6	151,6	78,3	111,0	143,0	138,4	141,1
April	157,9	141,5	106,1	233,2	112,1	126,9	200,2	113,6	127,5	99,5	150,9	78,2	111,0	142,4	137,7	140,5
Mai	153,0	139,0	106,2	228,9	112,2	124,9	197,5	112,3	125,4	99,5	147,9	78,2	110,8	141,0	136,2	138,9
Juni	154,6	138,4	106,5	228,4	112,8	124,9	197,5	107,4	125,7	99,4	148,0	75,9	111,2	141,1	136,0	138,8
Juli	156,9	136,1	107,2	228,4	113,3	125,9	194,2	101,6	127,3	99,7	148,0	73,6	111,9	140,6	135,5	138,4
Aug.	161,4	137,2	107,6	232,1	113,2	127,1	195,1	98,7	127,7	99,7	148,8	70,0	112,2	141,5	136,1	139,2
Sept.	163,5	139,4	107,9	233,4	113,3	127,2	195,9	100,8	128,2	100,1	150,3	66,8	112,4	142,4	136,7	139,9
Okt.	174,8	144,0	108,0	243,9	113,4	128,2	204,4	104,3	129,7	100,9	155,8	70,0	112,7	145,4	140,6	144,1
Nov.	169,8	144,1	107,5	245,7	112,9	127,6	202,8	105,4	129,0	101,2	154,0	73,6	112,1	145,2	140,3	143,9
Dez.	171,2	144,6	107,6	248,0	113,8	128,7	202,5	109,0	131,3	101,3	155,9	74,8	6) 112,7	145,9	141,2	144,8
1979 Jan.	174,4	144,5	107,2	250,7	113,4	128,1	204,1	111,8	132,9	101,3	157,4	75,8	111,2	145,9	141,9	145,6
Febr.	173,6	145,0	107,3	250,7	113,3	128,0	203,2	112,9	133,1	101,3	157,5	75,7	111,2	146,0	141,9	145,6
März	173,2	145,2	107,2	250,5	113,7	128,8	199,4	116,0	132,9	101,4	157,1	75,8	7) 140,8	145,8	141,8	145,5
April	170,2	144,7	107,4	246,9	114,0	128,5	192,5	119,4	131,6	101,5	155,2	76,0	140,4	144,9	140,8	144,5
Mai	168,9	145,6	108,2	247,3	115,1	130,5	192,6	119,5	131,9	101,8	154,2	76,0	141,3	145,8	141,2	144,9
Juni	171,2	145,9	109,0	248,6	115,5	133,1	190,1	121,5	132,7	101,8	154,3	75,7	142,1	146,3	141,8	146,0
Juli	176,7	146,7	109,3	249,2	115,1	132,7	183,4	124,0	134,1	101,6	154,9	75,8	142,3	146,0	142,3	147,1
Aug.	176,2	146,6	109,0	247,9	115,1	133,1	184,6	124,5	133,4	101,1	154,5	76,0	142,1	145,9	142,2	147,0
Sept.	179,5	147,4	109,3	250,4	115,5	133,5	191,4	129,4	134,6	99,9	156,3	75,4	142,8	147,1	143,4	148,3
Okt.	180,1	147,8	110,2	255,8	116,0	135,1	196,9	134,5	134,6	99,6	157,5	76,3	144,0	148,7	144,7	149,6
Nov.	181,6	147,8	110,6	257,9	116,5	136,9	200,2	143,9	137,2	99,5	159,4	77,9	144,6	149,5	146,0	150,9
Dez.	185,8	147,7	109,8	259,3	117,0	143,1	198,2	144,8	139,1	99,6	161,3	77,4	144,9	149,5	146,6	151,7
1980 Jan.	187,0	147,6	109,7	258,7	116,8	144,2	193,7	144,2	138,1	99,4	161,0	77,6	144,7	149,1	146,3	151,7
Febr.	184,4	147,6	109,5	256,7	116,8	144,1	188,9	146,0	135,5	99,1	159,8	78,6	144,4	148,4	145,6	151,5
März	174,3	146,9	109,0	257,4	116,4	144,1	185,3	140,5	132,3	99,0	157,3	79,9	144,0	147,8	144,1	149,7
April	172,1	146,1	109,0	258,6	115,5	143,9	182,3	139,4	131,1	98,7	156,1	78,6	143,7	147,2	143,3	148,9
Mai	179,9	147,0	109,4	260,7	115,5	144,3	183,2	133,1	132,9	98,7	157,5	77,9	144,4	147,9	144,4	150,3
Juni	182,4	146,5	108,9	261,9	115,1	143,4	183,0	129,0	133,1	98,5	157,8	77,5	144,1	147,6	144,2	150,9
Juli	184,5	146,2	108,6	263,8	115,1	143,0	182,4	132,2	133,7	98,2	158,1	77,2	144,0	147,5	144,5	151,3
Aug.	180,0	146,0	108,1	262,3	115,0	142,8	178,2	130,9	131,8	98,0	156,2	77,4	143,6	146,7	143,5	150,2
Sept.	180,1	146,4	108,0	263,5	115,3	142,8	175,8	125,4	131,1	97,9	155,5	76,9	143,8	146,8	143,3	150,0
Okt.	175,1	145,6	107,7	262,9	115,2	142,1	169,9	118,8	129,0	97,8	152,5	75,7	143,4	145,9	141,7	148,3
Nov.	167,8	145,7	107,6	262,4	115,5	141,9	164,1	116,0	126,6	98,0	150,0	75,5	143,4	145,4	140,5	146,9
Dez.	163,4	145,9	107,8	262,8	115,7	141,6	163,6	111,1	127,0	98,1	149,6	75,9	143,6	145,5	140,1	146,4
1981 Jan.	160,5	145,6	107,9	263,2	115,6	142,0	156,6	105,2	126,5	98,0	148,2	76,0	143,6	8) 146,6	139,1	145,4
Febr.	150,3	146,0	108,2	263,8	115,9	142,3	153,6	100,2	122,4	97,9	143,8	76,2	144,0	146,6	137,7	143,8
März	152,8	148,5	109,9	271,0	117,8	145,1	160,8	103,6	124,1	97,9	146,3	76,6	146,6	149,8	140,3	146,5
April	149,2	148,9	110,2	276,1	117,6	145,3	160,7	103,9	122,7	97,8	145,3	76,5	147,3	150,4	140,3	146,5
Mai	140,6	150,9	110,4	275,6	117,2	145,2	157,8	100,6	119,8	97,8	142,9	75,5	147,8	150,6	139,0	145,1
Juni	135,6	150,2	110,4	276,0	117,5	145,1	161,0	98,6	120,5	97,7	142,2	73,1	147,7	150,8	138,3	144,4
Juli	132,1	149,7	110,5	275,9	117,7	144,7	165,3	99,5	121,2	97,4	142,2	72,1	147,7	151,1	138,0	144,2
Aug.	128,9	150,7	110,3	275,5	117,5	145,1	165,9	97,6	119,8	97,1	141,9	72,7	147,8	151,3	137,7	144,0
Sept.	136,7	150,8	110,2	279,2	117,6	144,8	176,7	101,8	122,7	97,1	153,7	72,1	148,2	152,6	140,1	146,7
Okt.	143,1	157,4	109,7	293,4	120,1	148,1	182,2	107,5	127,3	96,9	164,7	70,2	152,0	156,6	143,9	150,9
Nov.	144,9	158,8	108,9	296,2	120,7	148,6	178,6	104,9	126,7	97,0	165,0	67,3	152,6	156,8	143,8	151,0
Dez.	142,7	159,4	108,8	296,4	121,8	149,7	175,7	101,3	124,2	97,0	164,3	67,4	153,0	157,0	143,5	150,6
1982 Jan.	140,6	160,1	108,8	296,7	122,4	150,9	174,8	102,4	124,0	96,9	164,1	67,5	153,5	157,3	143,5	150,8
Febr.	136,2	160,2	108,9	296,4	124,6	152,0	173,0	104,1	122,3	97,0	162,9	67,0	154,1	157,8	143,2	150,5
März	135,5	162,6	109,3	301,2	134,0	155,9	175,7	105,9	122,8	97,1	164,2	66,5	157,7	161,3	145,5	152,9
April	134,5	164,1	110,2	305,3	135,7	157,1	178,2	106,4	123,0	97,2	165,2	68,6	159,4	163,1	146,7	154,3
Mai	139,6	164,1	110,3	307,7	135,7	156,7	180,6	107,1	125,2	97,4	167,6	70,7	159,7	163,7	148,1	156,0
Juni	132,6	170,4	109,8	309,8	136,7	158,6	177,2	108,1	123,5	97,5	166,0	71,7	161,7	165,3	148,4	156,2
Juli	130,8	175,1	109,7	310,5	137,2	159,8	176,8	108,1	124,9	97,4	166,0	71,3	163,2	166,6	149,0	156,9

gegenueber Waehrungen der am Europaeischen Waehrungssystem beteiligten Laender
against currencies of the countries participating at the European Monetary System

gegenueber Waehrungen anderer Laender
against other currencies

gegenueber den EG Mitgliedslaendern
against EC member currencies

gegenueber den 17 Laendern mit amtlicher Notiz in Frankfurt
against currencies traded at the official exchange market in Frankfurt

insgesamt
trade weighted average of 23 currencies

Source: Deutsche Bundesbank August 1982, p. 81

APPENDIX 3

BALANCE OF TRADE BROKEN DOWN INTO COUNTRIES

Appendix 3

Ländergruppe/Land		1977	1978
		Mio DM	
Alle Länder 1)	Ausfuhr	273 614	284 907
	Einfuhr	235 178	243 707
	Saldo	+38 436	+41 200
I. Westliche Industrieländer	Ausfuhr	193 427	204 050
	Einfuhr	167 005	178 058
	Saldo	+26 421	+25 992
A. EG-Mitgliedsländer	Ausfuhr	122 816	130 567
	Einfuhr	113 344	119 801
	Saldo	+ 9 473	+10 767
darunter: Belgien-Luxemburg	Ausfuhr	21 502	23 657
	Einfuhr	19 557	20 524
	Saldo	+ 1 945	+ 3 133
Dänemark	Ausfuhr	6 024	6 320
	Einfuhr	3 545	4 011
	Saldo	+ 2 480	+ 2 309
Frankreich	Ausfuhr	33 643	34 895
	Einfuhr	27 305	28 281
	Saldo	+ 6 337	+ 6 614
Großbritannien	Ausfuhr	14 608	16 883
	Einfuhr	10 449	12 065
	Saldo	+ 4 159	+ 4 818
Italien	Ausfuhr	18 730	19 431
	Einfuhr	20 729	23 185
	Saldo	— 1 999	— 3 753
Niederlande	Ausfuhr	27 529	28 371
	Einfuhr	30 825	30 748
	Saldo	— 3 296	— 2 378
B. Sonstige europäische Länder	Ausfuhr	42 195	42 003
	Einfuhr	23 651	27 809
	Saldo	+18 544	+14 194
darunter: Finnland	Ausfuhr	2 247	1 988
	Einfuhr	1 949	1 945
	Saldo	+ 298	+ 44
Norwegen	Ausfuhr	3 904	3 130
	Einfuhr	2 793	3 990
	Saldo	+ 1 111	— 859
Österreich	Ausfuhr	14 545	14 617
	Einfuhr	6 101	7 116
	Saldo	+ 8 444	+ 7 501
Schweden	Ausfuhr	8 767	7 674
	Einfuhr	4 833	5 147
	Saldo	+ 3 934	+ 2 527
Schweiz	Ausfuhr	12 574	14 436
	Einfuhr	7 869	9 484
	Saldo	+ 4 705	+ 4 952
C. Außereuropäische Länder	Ausfuhr	28 415	31 480
	Einfuhr	30 011	30 448
	Saldo	— 1 596	+ 1 032
darunter: Japan	Ausfuhr	3 014	3 477
	Einfuhr	6 493	7 179
	Saldo	— 3 479	— 3 702
Kanada	Ausfuhr	2 195	2 215
	Einfuhr	2 342	1 963
	Saldo	— 147	+ 252
Vereinigte Staaten von Amerika	Ausfuhr	18 199	20 180
	Einfuhr	17 020	17 434
	Saldo	+ 1 179	+ 2 746
II. Staatshandelsländer	Ausfuhr	16 704	17 635
	Einfuhr	11 370	12 565
	Saldo	+ 5 334	+ 5 070
III. OPEC-Länder 2)	Ausfuhr	24 926	24 525
	Einfuhr	23 477	19 390
	Saldo	+ 1 449	+ 5 135
IV. Entwicklungsländer 3) (ohne OPEC-Länder)	Ausfuhr	37 732	37 937
	Einfuhr	33 086	33 491
	Saldo	+ 4 646	+ 4 446
A. Europäische Länder	Ausfuhr	15 912	15 030
	Einfuhr	8 532	9 219
	Saldo	+ 7 380	+ 5 811
B. Außereuropäische Länder	Ausfuhr	21 820	22 907
	Einfuhr	24 554	24 272
	Saldo	— 2 734	— 1 365

Ländergruppe/Land		1979	1980	1981	1982 Mai	1982 Juni	1982 Jan./Juni
		Mio DM					
Alle Länder 1)	Ausfuhr	314 469	350 328	396 898	35 582	36 194	215 890
	Einfuhr	292 040	341 380	369 179	30 585	31 426	191 553
	Saldo	+22 429	+ 8 947	+27 720	+ 4 997	+ 4 768	+24 337
I. Industrialisierte westliche Länder	Ausfuhr	249 594	277 732	304 930	27 727	28 681	168 717
	Einfuhr	221 484	254 137	278 015	23 656	23 663	146 871
	Saldo	+28 110	+23 595	+26 914	+ 4 070	+ 4 998	+21 846
A. EG-Mitgliedsländer	Ausfuhr	155 518	171 994	186 036	16 997	17 900	105 076
	Einfuhr	143 715	160 189	174 836	14 972	14 870	92 517
	Saldo	+11 803	+11 805	+11 200	+ 2 024	+ 3 029	+12 559
darunter: Belgien und Luxemburg	Ausfuhr	26 754	27 482	28 907	2 528	2 552	16 055
	Einfuhr	23 402	24 462	24 675	2 073	2 218	12 832
	Saldo	+ 3 351	+ 3 020	+ 4 232	+ 455	+ 334	+ 3 223
Dänemark	Ausfuhr	6 837	6 668	7 526	687	677	4 192
	Einfuhr	4 641	5 735	5 927	485	520	3 037
	Saldo	+ 2 196	+ 933	+ 1 599	+ 202	+ 156	+ 1 156
Frankreich	Ausfuhr	39 992	46 615	51 910	5 068	5 698	31 551
	Einfuhr	33 195	36 591	40 124	3 446	3 372	22 328
	Saldo	+ 6 797	+10 024	+11 786	+ 1 622	+ 2 326	+ 9 222
Griechenland	Ausfuhr	3 765	3 774	4 653	426	389	2 400
	Einfuhr	2 397	2 754	2 946	247	229	1 376
	Saldo	+ 1 368	+ 1 020	+ 1 707	+ 180	+ 160	+ 1 024
Großbritannien	Ausfuhr	21 034	22 917	26 163	2 600	2 630	15 245
	Einfuhr	17 216	22 860	27 502	2 360	2 291	13 732
	Saldo	+ 3 818	+ 58	— 1 339	+ 240	+ 340	+ 1 512
Italien	Ausfuhr	24 534	29 936	31 306	2 777	2 878	16 951
	Einfuhr	25 804	27 083	27 562	2 433	2 515	14 733
	Saldo	— 1 270	+ 2 852	+ 3 744	+ 345	+ 363	+ 2 218
Niederlande	Ausfuhr	31 298	33 273	33 884	2 761	2 943	17 766
	Einfuhr	35 842	39 147	44 323	3 785	3 561	23 582
	Saldo	— 4 544	— 5 874	—10 439	— 1 024	— 619	— 5 816
B. Sonstige europäische Länder	Ausfuhr	61 408	71 139	76 185	6 731	7 054	40 577
	Einfuhr	41 285	49 382	53 700	4 664	4 594	29 146
	Saldo	+20 124	+21 757	+22 485	+ 2 067	+ 2 460	+11 431
darunter: Finnland	Ausfuhr	2 514	3 309	3 697	350	325	2 039
	Einfuhr	2 476	2 954	3 364	301	268	1 710
	Saldo	+ 38	+ 356	+ 333	+ 49	+ 57	+ 330
Norwegen	Ausfuhr	3 305	4 016	4 950	419	767	2 890
	Einfuhr	5 332	7 738	9 418	767	681	5 323
	Saldo	— 2 027	— 3 721	— 4 468	— 348	+ 86	— 2 433
Österreich	Ausfuhr	16 461	19 257	20 010	1 707	1 675	10 210
	Einfuhr	8 404	9 825	10 279	956	965	5 568
	Saldo	+ 8 057	+ 9 432	+ 9 730	+ 751	+ 710	+ 4 642
Schweden	Ausfuhr	9 119	10 127	10 427	975	873	5 679
	Einfuhr	6 153	7 224	7 682	630	634	4 036
	Saldo	+ 2 966	+ 2 903	+ 2 745	+ 345	+ 239	+ 1 642
Schweiz	Ausfuhr	16 398	20 007	20 728	1 716	1 772	10 762
	Einfuhr	10 637	12 139	12 615	1 060	1 110	6 618
	Saldo	+ 5 761	+ 7 868	+ 8 113	+ 656	+ 662	+ 4 144
Spanien	Ausfuhr	4 458	5 068	6 284	650	658	3 814
	Einfuhr	3 840	4 411	4 662	452	405	2 653
	Saldo	+ 618	+ 657	+ 1 622	+ 198	+ 253	+ 1 161
C. Außereuropäische Länder	Ausfuhr	32 667	34 599	42 709	3 999	3 727	23 064
	Einfuhr	36 484	44 567	49 480	4 020	4 219	25 208
	Saldo	— 3 816	— 9 968	— 6 771	— 21	— 492	— 2 145
darunter: Japan	Ausfuhr	4 151	3 960	4 759	391	433	2 522
	Einfuhr	7 912	10 434	12 910	1 124	957	6 485
	Saldo	— 3 761	— 6 474	— 8 151	— 733	— 524	— 3 963
Kanada	Ausfuhr	2 326	2 178	2 741	218	189	1 347
	Einfuhr	3 104	3 603	3 278	257	303	1 706
	Saldo	— 778	— 1 425	— 538	— 38	— 115	— 359
Vereinigte Staaten von Amerika	Ausfuhr	20 759	21 478	25 976	2 499	2 310	13 996
	Einfuhr	20 274	25 690	28 388	2 327	2 532	14 660
	Saldo	+ 485	— 4 212	— 2 412	+ 172	— 223	— 663
II. Staatshandelsländer	Ausfuhr	18 841	19 399	19 545	1 727	1 704	9 793
	Einfuhr	16 021	17 493	19 287	1 612	1 732	10 751
	Saldo	+ 2 820	+ 1 906	+ 258	+ 116	— 28	— 959
III. OPEC-Länder 2)	Ausfuhr	19 180	22 814	34 883	3 106	2 996	19 172
	Einfuhr	26 966	37 417	37 449	2 491	3 055	15 509
	Saldo	— 7 786	—14 603	— 2 567	+ 615	— 59	+ 3 663
IV. Entwicklungsländer (ohne OPEC-Länder)	Ausfuhr	25 890	28 899	35 663	2 882	2 688	17 396
	Einfuhr	27 316	32 103	34 146	2 795	2 940	18 302
	Saldo	— 1 427	— 3 205	+ 1 516	+ 87	— 252	— 906

BALANCE OF TRADE BROKEN DOWN INTO COUNTRIES

Alle Laender	all countries
Industrialisierte westliche Laender	industrialized Western countries
EG Mitgliedslaender	EC members
Sonstige europaeische	other European
Aussereuropaeische	non European
Staatshandelslaender	communist countries
Entwicklungslaender (ohne OPEC)	less developed countries without OPEC

Sources: Deutsche Bundesbank Dezember 1980, p. 71

-- August 1982, p. 75

APPENDIX 4

CAPITAL FLOWS

CAPITAL FLOWS

Mio DM

Position	1977	1978	1979	1980	1981	1981 2. Vj.	1981 3. Vj.	1981 4. Vj.	1982 1. Vj.	1982 2. Vj. p)	1982 April	1982 Mai
A. Langfristiger Kapitalverkehr												
I. Privater Kapitalverkehr												
1. Gesamte deutsche Nettokapitalanlagen im Ausland (Zunahme: —)	—20 946	—20 859	—18 413	—27 200	—24 685	— 7 840	— 4 181	— 7 934	— 7 689	— 7 652	— 3 262	— 2 736
Direktinvestitionen	— 5 122	— 7 242	— 8 115	— 8 075	—10 663	— 3 010	— 2 189	— 2 990	— 2 208	— 1 903	— 662	— 413
Aktien	— 2 686	— 3 291	— 4 325	— 3 055	— 4 634	— 2 013	— 555	— 846	— 1 100	— 565	— 198	— 69
Sonstige Kapitalanteile	— 1 602	— 3 833	— 3 619	— 4 824	— 5 027	— 723	— 1 544	— 1 648	— 728	— 1 084	— 435	— 293
Kredite und Darlehen	— 834	— 118	— 171	— 196	— 1 003	— 274	— 90	— 497	— 381	— 255	— 29	— 52
Portfolioinvestitionen	— 5 407	— 4 204	— 2 957	— 7 712	— 6 189	— 1 656	— 706	— 1 834	— 3 855	— 4 282	— 2 214	— 1 328
Aktien	— 873	— 661	+ 729	— 445	— 51	— 414	+ 537	+ 98	— 248	— 28	— 52	— 60
Investmentzertifikate	+ 17	+ 10	+ 40	+ 70	— 7	+ 10	— 32	+ 8	+ 27	+ 16	+ 2	+ 0
Festverzinsliche Wertpapiere	— 4 551	— 3 553	— 3 726	— 7 338	— 6 131	— 1 251	— 1 212	— 1 939	— 3 634	— 4 270	— 2 164	— 1 268
Kredite und Darlehen	— 9 856	— 8 769	— 6 465	—10 005	— 6 086	— 2 739	— 865	— 2 714	— 1 168	— 1 131	— 249	— 893
Sonstige Kapitalbewegungen	— 562	— 645	— 874	— 1 407	— 1 747	— 435	— 421	— 395	— 458	— 336	— 138	— 101
2. Gesamte ausländische Nettokapitalanlagen in der Bundesrepublik (Zunahme: +)	+ 9 634	+21 425	+31 988	+12 780	+16 101	+ 4 616	+ 7 292	+ 1 864	— 1 123	+ 454	— 13	+ 871
Direktinvestitionen	+ 1 930	+ 3 349	+ 3 025	+ 2 127	+ 4 187	+ 2 409	+ 1 052	— 185	+ 924	+ 998	+ 242	+ 315
Aktien	+ 493	— 187	— 387	+ 627	+ 736	+ 539	+ 89	+ 35	+ 60	+ 139	+ 57	— 34
Sonstige Kapitalanteile 1)	+ 363	+ 3 135	+ 3 122	+ 861	+ 2 162	+ 670	+ 613	+ 176	+ 782	+ 690	+ 84	+ 294
Kredite und Darlehen	+ 1 073	+ 400	+ 290	+ 638	+ 1 290	+ 1 200	+ 350	— 396	+ 82	+ 169	+ 101	+ 55
Portfolioinvestitionen	+ 2 303	+ 3 162	+ 5 867	+ 864	+ 1 013	+ 730	+ 1 515	— 1 257	— 621	— 25	+ 191	+ 301
Aktien und Investmentzertifikate	+ 1 615	+ 3 037	+ 1 832	+ 569	+ 2 465	+ 111	+ 1 059	+ 957	+ 96	+ 45	+ 61	+ 80
Festverzinsliche Wertpapiere	+ 687	+ 124	+ 4 036	+ 294	— 1 453	+ 619	+ 456	— 2 214	— 717	— 70	+ 130	+ 222
Kredite und Darlehen	+ 5 465	+14 981	+23 109	+ 9 936	+10 929	+ 1 387	+ 4 773	+ 3 333	— 1 334	— 486	— 434	+ 261
Sonstige Kapitalbewegungen	— 65	— 66	— 14	— 147	— 27	+ 90	— 48	— 27	— 91	— 32	— . 11	— 6
Saldo	—11 313	+ 566	+13 575	—14 420	— 8 584	— 3 224	+ 3 111	— 6 069	— 8 812	— 7 199	— 3 276	— 1 864
II. Öffentlicher Kapitalverkehr	— 1 618	— 3 292	— 1 509	+20 786	+18 022	+ 6 887	+ 3 421	+ 1 920	+ 799	+ 213	+ 467	+ 78
Saldo des gesamten langfristigen Kapitalverkehrs (I + II)	—12 931	— 2 726	+12 066	+ 6 366	+ 9 438	+ 3 663	+ 6 531	— 4 149	— 8 013	— 6 986	— 2 809	— 1 786
B. Kurzfristiger Kapitalverkehr												
1. Kreditinstitute 3)												
Forderungen	+ 1 231	— 2 186	— 1 742	— 7 101	—11 207	+ 3 407	— 1 447	—12 942	+ 7 686	+ 4 206	+ 2 419	+ 1 726
Verbindlichkeiten	+ 6 889	+12 275	+ 5 835	— 1 662	+ 919	— 6 225	— 3 276	+ 5 201	— 2 586	— 602	— 3 670	+ 260
Saldo	+ 8 120	+10 089	+ 4 093	— 8 763	—10 288	— 2 818	— 4 723	— 7 741	+ 5 100	+ 3 604	— 1 251	+ 1 986
2. Unternehmen „Finanzkredite" 3)												
Forderungen	— 433	— 600	— 1 593	— 2 953	— 1 325	+ 785	+ 127	+ 883	— 2 999	— 637	— 47	— 699
Verbindlichkeiten	+ 8 981	+ 1 749	— 1 614	+16 294	+14 384	+ 6 271	+ 3 737	— 3 443	+ 7 767	+ 2 783	+ 910	+ 1 404
Saldo	+ 8 548	+ 1 149	— 3 207	+13 341	+13 059	+ 7 056	+ 3 864	— 2 560	+ 4 768	+ 2 146	+ 863	+ 705
Handelskredite												
Forderungen	— 6 546	— 5 970	— 9 510	— 9 400	—12 988	— 4 254	— 2 575	— 1 336	— 4 990	.	— 851	— 628
Verbindlichkeiten	+ 2 659	+ 2 101	+ 7 850	+ 3 729	+ 8 150	+ 1 497	+ 67	+ 2 081	+ 2 007	.	+ 2 013	+ 617
Saldo	— 3 887	— 3 869	— 1 660	— 5 671	— 4 838	— 2 757	— 2 508	+ 745	— 2 983	.	+ 1 162	— 11
Sonstiges	— 98	— 139	— 456	— 30	— 61	— 275	+ 106	+ 97	— 137	— 162	+ 21	— 50
Saldo	+ 4 564	— 2 859	— 5 323	+ 7 639	+ 8 159	+ 4 024	+ 1 461	— 1 717	+ 1 648	.	+ 2 046	+ 644
3. Öffentliche Hand 4)	— 509	+ 1 290	— 310	— 358	+ 2 491	+ 266	+ 3 826	— 2 958	+ 832	+ 237	+ 556	— 992
Saldo des gesamten kurzfristigen Kapitalverkehrs	+12 174	+ 8 520	— 1 539	— 1 482	+ 363	+ 1 472	+ 564	—12 416	+ 7 580	.	+ 1 351	+ 1 638
C. Saldo aller statistisch erfaßten Kapitalbewegungen (A + B) (Nettokapitalexport: —)	— 757	+ 5 794	+10 527	+ 4 884	+ 9 801	+ 5 135	+ 7 095	—16 565	— 433	.	— 1 458	— 148

Langfristiger Kapitalverkehr	long term capital flow
Privater	private
Gesamte deutsche Nettokapitalanlagen im Ausland	total outflow
Direktinvestitionen	direct investments
Aktien	equities
Sonstige Anteile	other shares
Kredite und Darlehen	loans
Portfolioinvestitionen	portfolio investments
Festverzinsliche	bonds
Gesamte auslaendische Nettoekapitalanlagen	total inflow
Saldo	balance
Oeffentlicher Kapitalverkehr	government transactions
Kurzfristiger Kapitalverkehr	short term capital flow
Kreditinstitute	banks
Forderungen	claims
Verbindlichkeiten	debts
Unternehmen	non-banks
Handelskredite	trade loans
Finanzkredite	finance loans

Sources: Deutsche Bundesbank Dezember 1980, p. 73 (figures up until 1978)

-- August 1982, p. 77

APPENDIX 5

BALANCE OF SERVICES

Appendix 5

BALANCE OF SERVICES

Mio DM

Zeit	Insgesamt 1)	Reiseverkehr	Transport	Versicherungen	Kapitalerträge	Regierungsleistungen: zusammen	Regierungsleistungen: Einnahmen von ausländischen militärischen Dienststellen 2)	Übrige Dienstleistungen: zusammen	darunter: Provisionen, Werbe- und Messekosten	darunter: Lizenzen und Patente	darunter: Arbeitsentgelte 3)
1975	− 8 278	−14 701	+ 5 951	− 428	+ 2 404	+ 6 169	+ 7 838	− 7 673	− 4 291	− 1 256	− 1 329
1976	− 6 564	−14 645	+ 5 697	+ 9	+ 3 316	+ 6 235	+ 8 364	− 7 177	− 4 419	− 1 254	− 1 073
1977	−10 750	−16 380	+ 5 983	+ 197	+ 420	+ 6 275	+ 8 259	− 7 245	− 4 668	− 1 462	− 1 109
1978	− 7 358	−19 018	+ 5 745	+ 298	+ 5 079	+ 7 199	+ 8 947	− 6 651	− 4 754	− 1 465	− 1 338
1979	−12 747	−21 712	+ 6 339	+ 299	+ 3 088	+ 7 197	+ 9 190	− 7 957	− 5 229	− 1 555	− 1 759
1980	−14 304	−25 482	+ 8 110	+ 43	+ 3 228	+ 7 985	+10 290	− 8 189	− 5 554	− 1 523	− 2 554
1981	−17 905	−26 010	+ 9 210	+ 175	− 1 114	+ 9 921	+12 655	−10 087	− 6 655	− 1 433	− 2 628
1981 1. Vj.	− 3 825	− 4 749	+ 1 918	− 68	− 729	+ 1 962	+ 2 781	− 2 161	− 1 677	− 466	− 487
2. "	− 4 492	− 6 044	+ 2 200	− 35	− 635	+ 2 518	+ 3 044	− 2 495	− 1 508	− 323	− 659
3. "	− 9 575	−10 640	+ 2 490	− 36	− 1 662	+ 2 641	+ 3 158	− 2 669	− 1 723	− 354	− 793
4. "	+ 297	− 4 577	+ 2 602	+ 311	+ 1 312	+ 2 799	+ 3 672	− 2 762	− 1 749	− 290	− 645
1982 1. Vj.	− 8 472	− 4 864	− 2 265	− 14	− 2 751	+ 2 591	+ 3 437	− 3 690	− 2 117	− 396	− 519
2. "	− 4 293	− 6 262	− 2 241	+ 10	− 1 165	+ 3 054	+ 3 912	− 2 780			
1981 Juli	− 4 057	− 3 674	− 738	− 10	− 556	+ 777	+ 1 042	− 1 381	− 677	− 126	− 237
Aug.	− 2 780	− 4 037	− 745	− 10	+ 8	+ 904	+ 1 045	− 391	− 558	− 97	− 272
Sept.	− 3 038	− 2 929	− 957	− 16	− 1 113	+ 960	+ 1 071	− 397	− 487	− 131	− 256
Okt.	− 1 437	− 2 067	− 793	− 10	+ 38	+ 944	+ 1 190	− 1 206	− 634	− 97	− 219
Nov.	+ 440	− 1 063	− 850	− 10	− 332	+ 1 038	+ 1 254	− 727	− 565	− 33	− 223
Dez.	+ 1 284	− 1 447	− 959	+ 331	− 1 493	+ 797	+ 1 227	− 849	− 550	− 115	− 197
1982 Jan.	− 2 584	− 1 623	+ 785	− 10	− 942	+ 707	+ 1 065	− 1 461	− 818	− 159	− 352
Febr.	− 1 591	− 1 456	+ 787	− 10	− 975	+ 959	+ 1 086	− 896	− 629	− 41	− 112
März	− 2 297	− 1 735	+ 693	+ 6	− 804	+ 926	+ 1 266	− 1 333	− 571	− 196	− 157
April	− 950	− 1 972	+ 835	+ 10	+ 41	+ 1 217	+ 1 326	− 1 080	− 566	− 117	− 167
Mai	− 1 373	− 1 920	+ 686	− 10	+ 71	+ 683	+ 1 213	− 883	− 502	− 175	− 196
Jun.	− 2 600	− 2 370	+ 720	+ 10	− 1 297	+ 1 154	+ 1 373	− 817			

Insgesamt	total
Reiseverkehr	tourism
Transport	transportation
Versicherungen	insurances
Kapitalertraege	capital yield

Regierungsleistungen	government services
zusammen	total
Einnahmen von auslaendischen militaerischen Dienststellen	expenses by foreign armies

Uebrige Dienstleistungen	
zusammen	total
Provisionen, Werbe- Messekosten	provisions, expenses for fairs
Lizenzen und Patente	patents
Arbeitsentgelte	wages (without guestworkers)

Source: Deutsche Bundesbank August 1982, p.76

APPENDIX 6

UNILATERAL TRANSFERS

Appendix 6

UNILATERAL TRANSFERS

Mio DM

Zeit	Insgesamt	Privat 1) zusammen	Privat 1) Überweisungen ausländischer Arbeitskräfte 2)	Privat 1) Unterstützungszahlungen, Renten und Pensionen	Privat 1) sonstige Zahlungen	Öffentlich 1) zusammen	Öffentlich 1) Wiedergutmachungsleistungen	Öffentlich 1) Internationale Organisationen zusammen	Öffentlich 1) Internationale Organisationen darunter: Europ. Gemeinsch.	Öffentlich 1) Unterstützungszahlungen, Renten und Pensionen 3)	Öffentlich 1) sonstige Zahlungen
1975	—17 879	— 9 068	— 7 400	— 939	— 729	— 8 812	— 1 930	— 4 555	— 3 724	— 2 038	— 288
1976	—17 884	— 8 546	— 6 700	— 1 036	— 812	— 9 338	— 1 695	— 4 577	— 3 546	— 3 053	— 12
1977	—18 221	— 8 065	— 6 100	— 1 148	— 818	—10 156	— 1 786	— 4 589	— 3 516	— 3 398	— 382
1978	—17 781	— 8 976	— 6 250	— 1 342	— 1 384	— 8 805	— 1 754	— 3 085	— 1 891	— 3 660	— 307
1979	—20 845	— 9 637	— 6 600	— 1 695	— 1 342	—11 208	— 1 513	— 5 478	— 3 987	— 3 279	— 938
1980	—24 288	—10 732	— 7 250	— 2 079	— 1 402	—13 556	— 1 645	— 5 812	— 4 541	— 3 454	— 2 645
1981	—27 154	—12 193	— 8 300	— 2 210	— 1 683	—14 961	— 1 788	— 7 980	— 6 571	— 3 578	— 1 614
1981 1. Vj.	— 5 893	— 2 522	— 1 600	— 539	— 384	— 3 371	— 479	— 1 731	— 1 290	— 882	— 278
2. „	— 6 661	— 2 714	— 1 800	— 508	— 406	— 3 947	— 423	— 2 170	— 1 836	— 916	— 438
3. „	— 8 120	— 3 979	— 2 900	— 614	— 465	— 4 140	— 438	— 2 375	— 2 124	— 892	— 434
4. „	— 6 480	— 2 978	— 2 000	— 550	— 429	— 3 502	— 447	— 1 704	— 1 270	— 889	— 462
1982 1. Vj.	— 6 862	— 2 767	— 1 650	— 523	— 594	— 4 094	— 440	— 2 288	— 1 796	— 922	— 443
2. „ p)	— 7 091	— 2 983	— 1 900	— 539	— 542	— 4 109	— 434	— 2 250	— 1 952	— 935	— 489
1981 Juli	— 2 928	— 1 220	— 800	— 201	— 218	— 1 708	— 141	— 1 089	— 973	— 297	— 182
Aug.	— 3 188	— 1 707	— 1 300	— 247	— 160	— 1 481	— 139	— 846	— 746	— 329	— 168
Sept.	— 2 004	— 1 053	— 800	— 167	— 86	— 951	— 158	— 440	— 406	— 267	— 86
Okt.	— 2 164	— 1 044	— 650	— 190	— 204	— 1 118	— 152	— 568	— 492	— 272	— 126
Nov.	— 2 435	— 911	— 600	— 165	— 146	— 1 524	— 144	— 979	— 885	— 326	— 75
Dez.	— 1 882	— 1 022	— 750	— 194	— 78	— 860	— 152	— 158	+ 108	— 291	— 260
1982 Jan.	— 1 946	— 967	— 550	— 179	— 237	— 979	— 147	— 334	— 212	— 339	— 159
Febr.	— 2 567	— 897	— 550	— 156	— 191	— 1 670	— 145	— 1 074	— 890	— 274	— 176
März	— 2 349	— 903	— 550	— 188	— 166	— 1 446	— 149	— 880	— 695	— 309	— 108
April	— 2 162	— 955	— 600	— 184	— 171	— 1 208	— 150	— 577	— 510	— 307	— 174
Mai	— 2 229	— 928	— 600	— 170	— 157	— 1 301	— 141	— 684	— 653	— 318	— 157
Juni p)	— 2 700	— 1 100	— 700	— 186	— 214	— 1 600	— 143	— 989	— 789	— 310	— 158

Insgesamt
zusammen
=total

Privat
=private

Oeffentlich
=government

Ueberweisungen
auslaendischer
Arbeitskraefte
=guestworker transfers
to home countries

Unterstuetzungen, Renten
=retirement benefits

sonstige Zahlungen
=other transfers

Wiedergutmachungs-
leistungen
=reparation payments

Europaeische Gemeinschaft
=EC

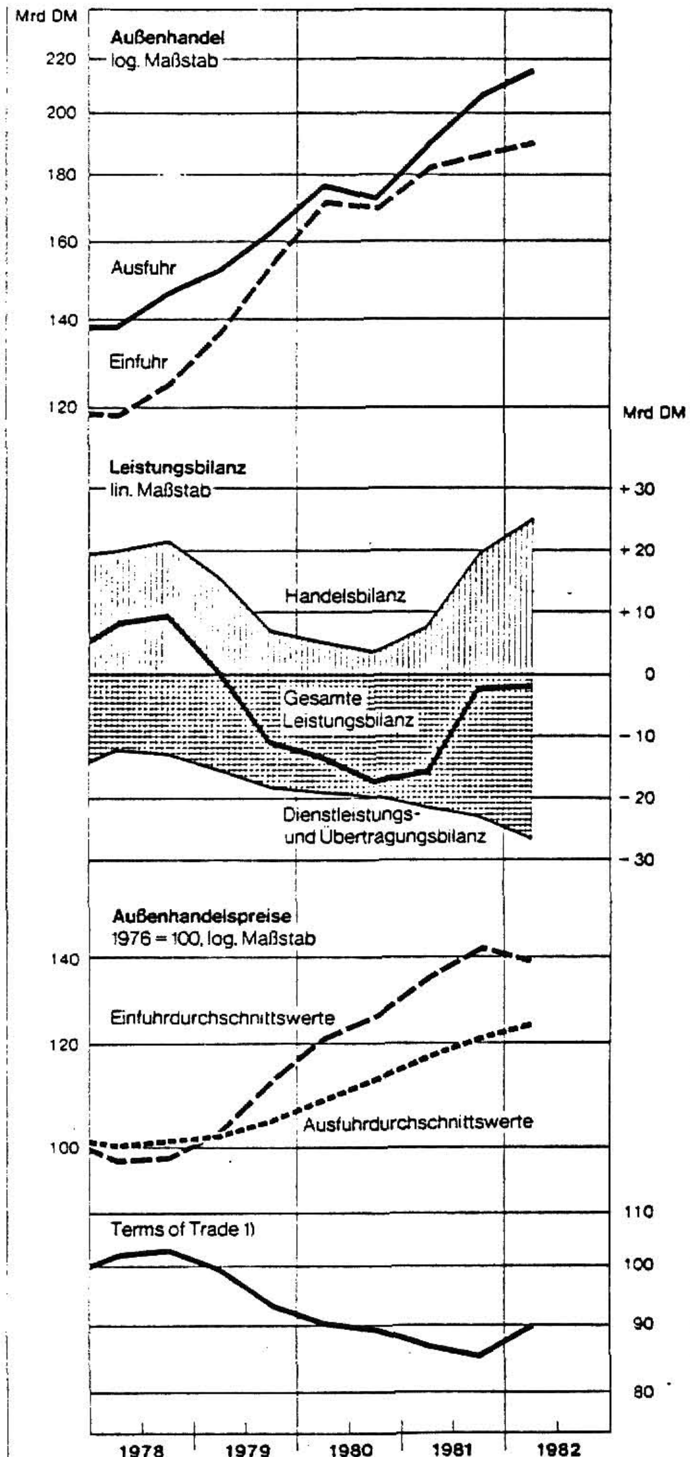
Source: Deutsche Bundesbank August 1982, p.76

APPENDIX 7

TERMS OF TRADE

Appendix 7

TERMS OF TRADE 1978 to 1982



Source: Deutsche Bundesbank August 1982, p. 15

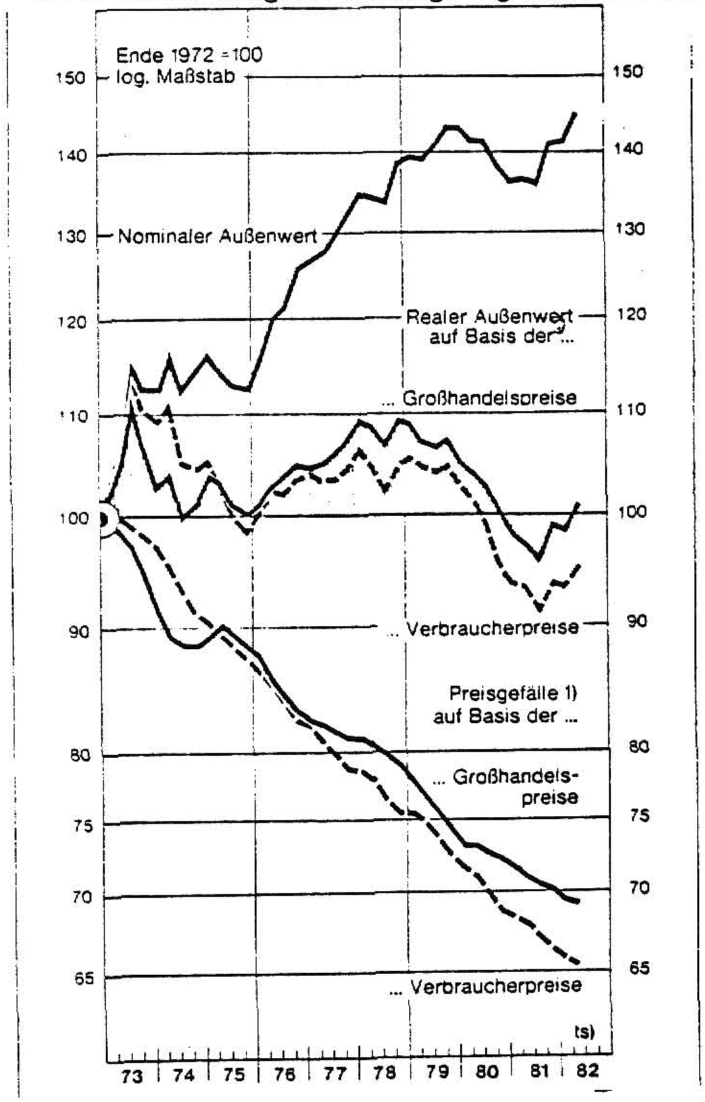
APPENDIX 8

EXTERNAL VALUE OF THE D-MARK

Appendix 8

EXTERNAL VALUE OF THE D-MARK 1973 to 1982

on a trade weigted average against 13 currencies



Nominaler Aussenwert	nominal external value
Realer Aussenwert auf der Basis	real external value based on
Grosshandelspreise	wholesale prices
Verbraucherpreise	retail prices
Preisgefaelle	price differences

Source: Deutsche Bundesbank August 1982, p. 17

APPENDIX 9

OFFICIAL RESERVES

Appendix 9

OFFICIAL RESERVES

Distribution	Change 1980	Change 1981	Stock End 1981
Vereinigte Staaten	+ 7,4	+ 2,3	29,7
Japan	+ 5,1	+ 3,5	29,2
Kanada	+ 0,1	+ 0,3	4,4
Bundesrepublik Deutschland 4)	– 4,7	– 4,7	47,6
Frankreich	+ 9,6	– 5,4	25,6
Großbritannien	+ 0,9	– 5,5	16,0
Italien	+ 4,8	– 3,3	22,9
EG-Länder	+17,9	–25,8	135,6
OPEC-Länder	+20,1	+ 0,6	95,7
Bevölkerungsarme	+12,9	+ 6,3	50,5
Bevölkerungsreiche	+ 7,1	– 5,7	45,2
Sonstige Entwicklungsländer	+ 0,1	– 0,5	77,9
Schwellenländer	– 2,0	+ 1,2	35,4
Sonstige Länder	+ 2,1	– 1,7	42,5
Restliche IWF-Länder	+ 0,7	+ 2,6	10,0
Total	+53,0	–20,1	435,0

EG	EC
Bevoelkerungsarme	sparsely populated
Bevoelkerungsreiche	densely populated
Sonstige Entwicklungslaender	less developed countries other than OPEC
Schwellenlaender	threshold countries
Sonstige Laender	other countries
Restliche IWF Laender	other I.M.F. members

Source: Deutsche Bundesbank 1982, p. 69

APPENDIX 10

BALANCES ON CURRENT ACCOUNT OF DIFFERENT COUNTRIES

Appendix 10

BALANCES ON CURRENT ACCOUNT OF DIFFERENT COUNTRIES

Mrd US-Dollar

Ländergruppe/Land	1974	1975	1976	1977	1978	1979	1980 ts)
OECD-Länder insgesamt	−25,5	+ 1,0	−18,9	−24,9	+ 9,0	−35,1	− 75,3
darunter:							
Vereinigte Staaten von Amerika	+ 4,9	−18,3	+ 4,4	−14,1	−14,3	− 0,7	+ 0,1
Kanada	− 1,5	− 4,7	− 3,9	− 4,0	− 4,4	− 4,4	− 1,3
Japan	− 4,7	− 0,7	+ 3,7	+10,9	+16,5	− 8,8	− 10,8
EG-Länder insgesamt	−10,4	+ 1,2	− 6,5	+ 1,1	+15,8	−12,6	− 38,7
Bundesrepublik Deutschland	+10,3	+ 4,1	+ 3,9	+ 4,3	+ 8,9	− 5,6	− 15,7
Frankreich	− 6,1	− 0,1	− 5,9	− 3,0	+ 3,7	+ 1,2	− 7,4
Großbritannien	− 7,9	− 3,7	− 2,0	− 0,5	+ 1,2	− 3,5	+ 6,4
Italien	− 8,0	− 0,8	− 2,8	+ 2,5	+ 6,2	+ 5,1	− 9,9
Niederlande	+ 2,2	+ 2,0	+ 2,7	+ 0,6	− 1,4	− 2,3	− 2,5
Belgien/Luxemburg	+ 0,6	+ 0,3	− 0,0	− 0,7	− 0,9	− 3,4	− 6,0
Dänemark	− 0,9	− 0,5	− 1,9	− 1,7	− 1,5	− 2,9	− 2,4
Irland	− 0,7	− 0,0	− 0,3	− 0,3	− 0,3	− 1,3	− 1,2
Übrige Europäische OECD-Länder	− 9,7	−11,3	−13,9	−15,3	− 0,2	− 5,7	− 20,1
darunter:							
Schweden	− 1,0	− 1,6	− 2,1	− 2,1	− 0,3	− 2,6	− 5,1
Norwegen	− 1,1	− 2,4	− 3,7	− 5,0	− 2,1	− 1,0	+ 1,0
Schweiz	+ 0,2	+ 2,6	+ 3,5	+ 3,4	+ 4,4	+ 2,4	− 0,6
OPEC-Länder	+60	+27	+37	+29	+ 5	+68	+125
Entwicklungsländer (ohne OPEC)	−26	−30	−18	−13	−23	−39	− 55

<u>Source:</u> Deutsche Bundesbank 1981, p. 51

THE GERMAN BALANCE OF PAYMENTS DEFICIT
--CAUSES AND EFFECTS--

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AN ABSTRACT OF A MASTER'S THESIS

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MASTER OF ARTS

Department of Economics

KANSAS STATE UNIVERSITY
Manhattan, Kansas

1982

ABSTRACT

a major shift in West Germany's balance of payments became obvious with the first serious deficit in 1979. Deficits emerged in the balance on current account, the basic balance, the liquidity balance and the official-settlements balance. Deficits increased substantially in 1980.

The causes for the late-1970's deficit go beyond oil price increases. Other major reasons were: increasing imports of consumer and industrial goods, particularly from the United States and Japan; rising tourist expenses abroad; and unilateral government transfers to international organizations. An expected Deutsche Mark (DM) depreciation based on the deficit trend on current account reduced capital inflow or induced capital outflow later on. This shifted the basic balance and the liquidity balance into deficit. Since the Bundesbank (German central bank) tried to stabilize the exchange rate of the DM, the official-settlements balance also became negative.

The Bundesbank lost a large amount of reserves. This raised expectations about a further depreciation of the DM accelerating capital outflow even more.

When the Bundesbank eventually let the DM float more or less freely so that it depreciated against the U.S. dollar and the Japanese Yen, two important changes took place. First, consistent with the elasticity approach, trade balances with the United States and Japan improved almost immediately. Second, expectations about further DM

depreciation decreased after the exchange rate had dropped significantly and got some support by the fast improvement of the trade balance. As a consequence, capital outflow slowed down. Thus, not only the balance on current account started to improve, but also the basic, the liquidity, and the official-settlements balances. Therefore, we can hypothesize that West Germany's balance of payments is not a "flow" deficit indicating a constant excess of expenditures over income, but a "stock" deficit which is temporary. It will disappear once the composition of capital assets, which were geared to lower oil prices and an overvalued exchange rate against the dollar and the Yen, have been adjusted to current facts.

This thesis is supported by major changes in the volume of trade flows indicating an improvement in the balance on current account in monetary terms as soon as the deterioration of the terms of trade gets stopped.

At the same time, the balance of payments deficit affects internal economic goals, improving real welfare, while adversely affecting economic growth. No statement can be made about price stability. It is important to note that all monetary effects are at the discretion of the Bundesbank. Its enormous reserves give it the choice to intervene in foreign exchange markets or in the money base according to its internal priorities. Therefore, achieving external equilibrium fast does not have to be a priority goal.