Future ERP Aid
— Depends on German Cooperation

A NEW DEMOCRATIC Germany is about to come into being. This new Germany can become a full partner in the community of free nations of western Europe, and I should expect it to become a direct participant in the Marshall Plan. Whether it does so will depend in very large part upon the Germans themselves and upon their wise and constructive handling of their affairs in the coming months.

There is much which Germany can do for ERP and much which ERP can do for Germany. I should like to mention some of the ways through which Germany can contribute its share to our common goals:

1. Foremost is the need that Germany shall make the best possible use of its agricultural land. In this field Germany has done well in the past, but all of its opportunities have not been seized. Germany must give a high priority to agricultural research and farm development. Many people are aware that in the United States per-man-hour industrial production has about doubled in the past 25 years, but what is not generally realized is that during this same period farm productivity per man per day has even outstripped this industrial record.

Food is now and will remain the heaviest import burden on Germany. For every single item of food which you grow here in Germany you will save valuable dollars. All of your citizens can participate in conserving food imports. Small home vegetable gardens instead of flower gardens, if cultivated all over western Germany, can make an enormous difference in the number of food items which Germany must import. Germany must study new farming methods in order to increase the yield per acre.

2. There is every reason to expect that Germany will recapture its industrial competency. Germans need to be aware that in many ways Germany is suffering from a 15 year industrial isolation from the progress in methods and efficiency which has been achieved in the West. During the last decade there has been a remarkable advance in industrial production methods, an advance of which Germany has not been a part.

Immediate and imaginative attention must be given to this problem if Germany is successfully to compete in world markets. Germany has an opportunity to demonstrate what a free competitive economy can produce for its people. Expressing an individual view, I would say that every student of the American scene agrees that the very fact that the basic industries of the United States are freely competitive and not cartelized has resulted in the production of more goods at less cost.

3. Germany must bring its financial house into order. It must think in terms of balanced budgets and must be conscious of the fact that its currency and its financial base must be sound. There is a direct relationship between government and economics. The new German government has a clear responsibility to provide those conditions and that climate which, through wise fiscal and monetary policies, help to achieve the industrial and agricultural goals of ERP. The new German government must realize that a heavy bureaucracy is an overhead charge against the German economy. It would be, I think, well advised to assume at this stage only those functions which it knows it can do well.

4. If Germany is to play its role as a full partner in the West European economy it must take a strong position on freeing its trade and reducing and removing trade barriers and broadening its trade relations with other European countries.

LET ME list briefly the things which ERP can do to help Germany:

1. To meet your agricultural and industrial goals ERP will make available through its technical assistance programs experts in those fields.

2. ERP can and will help you through direct dollar aid to rebuild the basic economic mechanism of the country.

3. ERP can and will through counter-part fund investments—which are nearly equivalent to the total dollar aid which you will receive—make available to you badly needed capital, the bulk of which must be provided by the savings of the Germans themselves. We want to receive from the Germans a comprehensive (Continued on next page)

This statement was made by Mr. Hoffman at the opening of a press conference in Frankfurt, Aug. 22. At the head of the conference table were (above, left to right): Mr. John J. McCloy, US High Commissioner for Germany and Military Governor; Mr. Hoffman; Mr. W. Averill Harriman, ECA’s roving ambassador; and Mr. Norman H. Colison, chief of the ECA Mission to Western Germany. Standing behind Mr. Hoffman is Mr. Robert Lochner, American editor-in-chief of the Frankfurt edition of Die Neue Zeitung, who acted as interpreter.

(US Army photo)
program of projects designed best to utilize the investment possibilities of the counterpart fund. And the earlier these can be submitted, the sooner we can get on with the job.

NO ONE SHOULD underestimate the difficulties which lie ahead of the new German government. Only through subordination of self-interest and narrow groupings to the larger loyalty of western Europe can these great goals be achieved.

The primary need of this newly emergent Germany is that its political, business, labor and agricultural leaders demonstrate a truly European loyalty, in order that Germany may take its place in the community of nations and contribute most to its own reconstruction.

One of the elements which gives me greatest assurance of success in attaining these difficult ends is the presence here of Mr. John J. McCloy, who is not only High Commissioner but also chief ECA representative in Germany. Mr. McCloy and the whole ECA Mission stand ready to help Germany to become a peaceful and constructive member of the European economy.

END

Frankfurt Streets

Complete clearance of all secondary streets in Frankfurt and its suburbs has been predicted by summer’s end by Mayor Walter Kolb in a report to the Frankfurt senior Military Government officer, Mr. Gerald S. Sola.

About 240,000 cubic yards of rubble have already been removed by the end of July, with about 290,000 cubic yards remaining according to city estimates, Sola stated. Since February, the city has expended DM 2,315,000 ([$694,500]) for rubble removal and demolition work.

Frankfurt's rubble clearing efforts spurted early this year, after OMG Hesse deputy director, Francis E. Sheehan, sharply criticized city authorities for lagging.

The city's report also warned that the "new safety hazards are constantly emerging," and that they will "call for urgent, special additional measures." The report described demolition of dangerous buildings and ruins as "a great headache at the present moment."

In spite of the optimistic prediction of rubble clearance by the end of the summer, Frankfurt's mayor stated "this kind of work will continue for some years."

APPLICATION of modern science to German agriculture and unremitting effort to get more food and feed supplies from European countries were recommended in a report by Food, Agriculture and Forestry Group, Bipartite Control Office, as methods of averting a large bilateral dollar deficit after American aid ends in 1952.

In outlining the problems faced by occupation authorities and German officials, the report stresses that food imports for western Germany will cost more than $1,600,000,000 in the current fiscal year. Two-thirds of this total, representing more than a third of all the food eaten in western Germany, is programmed for payment out of US and UK appropriated-dollar aid for the present year. As the German export-import program expands, the total food and feed imports should reach $1,250,000,000 to $1,500,000,000 a year, equaling half of the entire western German import program. US dollar aid must be eliminated by 1952.

Exact size of the prospective dollar deficit when Marshall Aid ends is difficult to assess, the report says. In some respects, the outlook has improved since the long-term program for the Trizone has developed. Food prices, for instance, may well decline. In addition, there are indications of greater availability of basic foods in surrounding countries.

PUT ON the darker side, total food imports planned from eastern Europe by all Marshall Plan participants considerably exceed total prospective availability. Furthermore, Germany's recent success in the expert field has been achieved on a "sellers' market." As the Marshall Plan restores over-all European production, the terms of trading may be less favorable for western Germany.

The Trizone must provide food for one-third more people than were dependent on the same area under the old Reich. Furthermore a substantial reduction of prewar food consumption levels has already been taken into account in estimating the future German food import requirements. Other countries of western Europe are generally planning to reach and exceed prewar caloric levels and prewar consumption of fats and livestock products within the next two years.

But the present German target for 1952/53 would give industrial populations only 90 percent of prewar energy and only two-thirds of prewar consumption of fats and livestock products. It is doubtful if any lower estimate of the consumption needs of industrial populations would be realistic.

NEVERTHELESS, the report foresees a very sharp contraction of future German food levels—and particularly of meat and livestock products—unless the German authorities assume much greater responsibility in pursuing broad programs.

The first would involve the strengthening of agricultural schools and research and the extension of modern agricultural science to individual farmers, through an agricultural extension service. This would show the farmer how to profit financially from adopting progressive farming methods, particularly in fodder intensification and animal breeding and feeding.

The second recommendation is for intensified efforts to expand procurement of cereals, fats and sugar in trade agreements with non-dollar countries. The report suggests the importance of future US technical assistance and support in carrying out these two programs.

Radio Experimental Work

US Zone radio stations have been conducting experimental work in low-powered medium wave and small frequency modulation transmissions as part of a general program to insure broadcasting facilities to German stations in the event that radio frequencies are reduced in accordance with the recommendations of the Copenhagen Conference.

Bank Given Licensing Power

Complete responsibility for the licensing in the US Zone of foreign newspapers, magazines and other information media under MG Law No. 53 has been transferred to the Bank Deutscher Laender. Licensees are required to comply in addition, with the licensing regulations of the Information Services Division.