This article is the text of an address delivered by US High Commissioner John J. McCloy before a dinner meeting of Ruhr industrialists, political leaders and bankers at Duesseldorf-Grafenberg June 16.
housing, influx of refugees and your still meager export trade.

In addition to increasing exports, the best way to put more people to work is to formulate and carry out an adequate investment program. In formulating it there must be no timidity—a bold, imaginative program must be drawn up if the level of German industry is to be raised to the point where it can absorb substantial numbers of the now unemployed. My economic advisers have already pointed out that the projected investment program is inadequate and would add few new jobs. This investment program must be stepped up and enlarged concurrently with making money available for medium and long-term financing.

Just recently the High Commission has made it possible for foreign investors once again to place their money in Germany. I would not, however, want you to believe that the lifting of the foreign investment ban will be a touchstone to prosperity. Judging by my experience, I would not expect any flood of foreign moneys to stream into Germany in the near future. It will depend upon the Germans over the course of time to win the confidence of foreign capital.

The solution to Germany's capital investment problem must come essentially from within Germany itself. A large amount of investment credit has and will continue to become available to German industries through ERP counterpart funds. But there again, those funds alone cannot do the job. They comprise roughly only 20 percent of the investment capital needed. If Germany is to raise the level of its industrial production and thus give jobs to more people, some form of long-term financing must be found.

It is the responsibility of your government in co-operation with bankers and businessmen to come forward immediately with a program to provide adequate long-term financing. In my opinion this will not be possible without laying the foundation for the re-creation of a functioning capital market. You must enlist your best financial and industrial brains in the development of plans to call forth the savings of those who can and should save. Provisions must be made for giving the potential investor a realistic return. Like other countries which have gone through currency reform, Germany must maintain confidence in the stability of its currency.

While insufficient, the amount of money now available for investment from counterpart funds and other sources is large. It is not only the quantity of such funds which is at fault, but also the pace at which they are being put to work.

If I may be permitted to say so, certain of your traditional banking practices are too slow for present German needs. A sound investment program must be accompanied by a speed-up in the distribution of funds to the individuals and firms which are ready to employ them for the benefit of the entire German economy.

I have dealt first with these current economic problems because they are immediate and pressing. They must be solved in order to lay the foundations of a normal social life for your country. But their solution poses other problems, even more basic, which I want to turn to now.

If German industry is to provide employment and a high standard of living for German workers and furnish the means for paying for essential imports, it is clear that Germany will have to rebuild an economic structure of substantial size and strength. And, as in the past, much of this industry will have to be located in the Ruhr.

To be perfectly frank, this development causes serious doubts in the minds of many people. For many other countries, the Ruhr is a symbol of industrial capacity devoted to aggression and its rebuilding creates concern for their security. Looking at the past, they wonder whether these factories and foundries will be used in the future for peace or for aggression.

For Germany itself, the re-growth of industry is certain to raise serious questions. Many Germans are concerned lest their economy be dominated again by a small group who will use their concentrated power to control German political and social life. The question is: Will the men managing the industries of the Ruhr use their influence to support a liberal, democratic German state? Or will they use it to stifle progressive elements and to aid men and policies that in the past led Germany to destruction and have caused so much misery in the world?

In short, Ruhr industry faces the task of winning the confidence of the German people and the people of the world. You and others like you, therefore, have a tremendous opportunity and responsibility. Your actions and your attitudes can insure that the resources of German industry are dedicated to a new and peaceful develop-
ment of Europe. Your actions can contribute greatly to the creation of a genuinely democratic society and state in Germany.

One immediate step toward these ends is the Allied High Commission law for reorganizing the coal and steel industries, originally known as Law 75 and now re-enacted as Law 27.*

This law is not in any sense a punitive measure against either these industries or the German economy. On the contrary, its purpose is to free them from the concentrated control so detrimental in the past. Under this law our intention is to create in these industries a number of economically healthy enterprises. The restoration of competition should encourage more efficient practices and faster introduction of new and improved methods. And finally, smaller enterprises will be better suited to a democratic order and will tend to reassure Germany’s neighbors.

Since the policy behind this law is now settled, it is clear in the interest of everyone to carry it out promptly. It will benefit everyone—workers, managers, consumers, and investors—to make the period of transition as short as possible and to bring into full operation the new companies in the steel and coal industries. Your co-operation will, thereafter, be for the benefit of all.

This law does not, of course, stand in isolation. It is part of a larger program to eliminate all restrictions on competition which stand in the way of an expanding and developing German economy. Needless to say, success will depend in large part on the understanding of the German people generally and the co-operation of men of industry in particular. I believe that you owe it to yourself and to your fellow citizens to extend that co-operation.

IN THIS SEARCH for economic welfare and security in Europe, the profound proposal of M. Schuman is a vital new factor. It has given renewed hope for a peaceful and prosperous Europe. It is a political and economic fact of the first magnitude that France has proposed this idea and Germany has accepted it.

While its details are yet to be worked out, the Schuman plan seeks in essence to make the coal and steel resources of Europe available for the common good, and to replace narrow nationalism with European co-operation. The Schuman plan is truly European in outlook. It would enable the nations to work out their problems together instead of on the basis of separate national interests. If the Ruhr can thus be tied into the economy of Europe, this plan will go far to allay the suspicions and fears of Germany’s neighbors.

In an effort to kill the plan, the Communists are spreading contradictory rumors in France and Germany about the motives behind it. The popular response to the plan is the best answer to these canards. The real motive behind the plan, I am convinced, is a sincere desire for peace and better living standards.

Our British friends, of course, share these basic purposes. Accordingly we must all regret their inability to join in the negotiations at this time. Even so I feel sure that the other nations can work out a practical instrument which will be of lasting benefit to all Europe. Indeed, my own hope is that the Schuman plan will be only the first step toward closer integration of the nations of Europe, both economically and politically.

In the time at my disposal, I have tried to direct your attention to some of the critical problems which face you as industrialists and have, therefore, focused on them from that point of view. But you are as fully aware as I am, that the solution of these problems will require the closest co-operation among all groups and interests in Germany today.

In particular, it is essential that industrialists and workers, and their trade unions, should constantly strive to find common ground in the solution of these problems. Only co-operation in labor-industrial relations can avoid some of the tragic mistakes of the past. If these relations are marked by liberal and human understanding, and if they recognize the social needs of all those who contribute to the social product, they are certain to set a pattern for a strong, democratic German state. If a gulf between industry and labor divides Germany into hostile camps, the inevitable result will be political unrest and social instability.

TODAY, GERMANY occupies an ambiguous role in the eyes of the world. It still suffers from widespread distrust about its desire to become a peaceful member of the community of nations. At the same time, there is in the world widespread good will toward all those forces in Germany which are striving to create a peaceful state.

Thus the labor and industrial leaders of Germany, and especially of the Ruhr, face a tremendous challenge. They have the opportunity to nurture the good will and to destroy the mistrust by their attitudes and actions now and in the future. If they display an enlightened citizenship, based on deep respect for the dignity, liberties and civil rights of the individual, they can lay the foundations for a bright future. At all costs it is essential to avoid cynicism and calculated self-interest, which can lead only to ruin.

In the days and years ahead you can help lead Germany toward the common goal shared by all European peoples. With effort and good will the Ruhr can one day become a symbol of peace and progress in Europe.

Books Given Berlin Medical Institutes

Twenty-three cases of medical books were given recently by the US Army Medical Service to the Free University of Berlin. Most of the several hundred books treat the subjects of nutrition, anaesthesiology, psychiatry, surgery and communicable diseases. Some reference books were included. All these recent publications will help in bringing the Berlin medical profession up to date on medical developments in the United States. The books were distributed by the Free University of Berlin to the Medical Faculty, the Robert Koch Institute and the Institute for Psycho-Therapy.