Individual's Role in ERP

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In connection with the opening of this ERP pavilion in Stuttgart and will be moved in coming months to other cities in US Zone.

I am seizing the chance to see something of the state of Wuerttemberg-Baden. For the next two or three days I shall be talking with your officials, with your industrialists, with your workers and with your farmers, all of whom play a most important role in the European Recovery Program. For it is, after all, upon the individuals of each country that falls the burden of making the Marshall Plan a success.

It is easy enough to lay great plans and to formulate vast schemes, but those plans and schemes stand or fall on the effort exerted by various segments of society. If the goals and achievements of the Marshall Plan are to be realized, all the planning in the world will be of no use if the whole-hearted support and energy of the majority of individuals are not poured into the common effort.

We stand today almost at the halfway point of the European Recovery Program. Just two years ago on April 3 the Congress of the United States passed the Foreign Assistance Act of 1948, which brought the Marshall Plan out of the realm of ideas and into the field of practicality. In the two years which have passed much has been achieved. European recovery has moved perhaps faster than the Europeans or the Americans had anticipated. The very speed with which Europe's industry and agriculture pulled themselves out of the ravages of war and into high gear has in itself raised new problems. Let us not forget that the immediate aims of the plans proposed by Secretary of State Marshall were to end hunger and chaos, and I think that a glance around Western Europe today shows that those aims have been splendidly realized.

I need not point out the vast improvement in the standards of living in all the European countries between April of 1948 and today. That difference is apparent to anyone who

This address by Robert M. Hanes, chief of the ECA Special Mission to Western Germany and director of the Office of Economic Affairs, HICOG, was delivered March 20 at the opening of the ERP exhibit in Stuttgart.
chances to walk the streets of any western European city or village. Factories then dormant are now in full operation. Stores then empty are now filled. I shall not, however, belabor the obvious or dwell too much on what has passed, but I should like to take a few moments to talk with you about some of the problems which lie ahead.

I have just returned from the United States where I appeared before certain committees of our Congress to testify on the continuation of the European Recovery Program. It occurred to me that you might be interested in some of my impressions of what the feeling is at home in regard to the Marshall Plan. Let us not forget that it is, in the final analysis, the American who must be convinced that the Marshall Plan is a good thing if the program is to be continued. During my short stay in America, I spoke to congressmen and senators and appeared before the committees of both the House of Representatives and our Senate. These men have a keen knowledge of and interest in Europe, and they also have a rather determined attitude on what they think should be done and should be accomplished by Europe through the European Recovery Program.

Let me outline some of the major items in which our Congress showed the greatest interest. First and foremost is American interest in European integration. Integration is an easy word to use, and it may have varying meanings to different persons. When I speak of European integration today, I am speaking of economic unification of an area where the currencies, goods, services, vehicles and people flow freely between the countries much as they do across the borders of our own 48 states. When I speak of European integration and what the American think of it, he and I contemplate an economic system unhampered by trade and currency barriers, customs hindrances and protective devices.

The Americans today are quite convinced that the traditional economic nationalism of Europe must be eliminated with all possible speed, if western Europe is to become self-supporting. I do not hesitate to declare that if there is one thing which could bring the European Recovery Program to an abrupt and premature conclusion, it would be the erection or continuation of a compartmentalized European economy.

It is the view of the Americans that economic nationalism has twice contributed to disasters which have overtaken the world. The American taxpayer is willing to contribute his money for the building of a new and better world, but it is my considered opinion that he will not contribute again to the re-establishment of an economic system which has proved unworkable, antiquated and undependable.

An economically integrated Europe would see this vast consumers' market of 270,000,000 people serviced by an unimpeded trade in which the producer of each country could compete equitably with producers in other lands. Monopolies and cartels would disappear, driven out by healthy competition. Subsidies for domestic industries would be unnecessary. The shackling practices of dual pricing — that is, one price for the domestic market, another for export — would be a relic of the past. Under such a system the great potentialities of the vast European consumer market could be fully realized.

What I am suggesting today is not the abstract theory of an economist, nor is it another problem which I am a professional government servant, nor is it a businessman. It is in the light of business that I view this critical problem. The American, if I read his thoughts correctly, does not, of course, expect these economic changes to take place overnight, but he does expect considerable and consistent progress toward these goals to be made during this calendar year.

You, here in Germany, have taken broad steps in trade liberalization. I found that the members of our Congress were most interested and very sympathetic toward the program of lessening trade barriers which has been taken by your government. By your determined actions in the matter of removing trade restrictions you are working energetically toward the ultimate goals of ERP.

If European economic integration is foremost in the mind of the American, another problem follows it closely in general concern. People of the United States, as I listened to them, are as interested in the problem of the dollar gap as are the people in Europe. This interest is largely influenced by the fact that the American is today financing the difference between European exports and imports, and he is anxious to bring to an end the extraordinary financial assistance now necessary for Western Europe.

The American has long since learned that a trade balance should be exactly that — a balance between exports and imports. It is a misnomer, generally recognized, to call a surplus of exports a "favorable" balance.

Inspecting the ECA exhibition at Stuttgart are (left to right) Dr. Hermann Veit, economics minister of Württemberg-Baden; Elmer Cox, chief of HICOG's Exhibition Section; Dr. Reinhold Haier, W-B minister president; Robert M. Hanes, and Maj. Gen. Charles P. Gross, US state commissioner for Württemberg-Baden.
Looking around at ECA exhibit in Stuttgart are Walter Ridder, special assistant to chief of ECA Mission, George L. Orion, chief of Industry Branch OLCWB and Mr. Hanes.

of trade, for if trade is too heavily weighted one way or the other its effects must be unfavorable. Recognizing this, the American is anxious to help Europe sell its goods in America.

There is a third thought, in addition to "integration" and dollar gap. I do not mean productivity in its narrow sense. I use it in the broad general meaning of the term, which embraces all the facets of production, merchandising and selling, particularly the export market.

When we talk of industrial productivity we mean the modernization of equipment and methods, selling more goods at lower prices and the manufacturing and merchandising of the right goods in the right places. In all of these things, the Marshall Plan is anxious to help the European in every possible way. Through judicious use of counterpart funds and through our technical assistance plans, which promote the exchange of ideas between Europe and the United States, the Marshall Plan hopes to stimulate new thinking and new methods so that Europe's industrial plant can better compete for dollars in the western markets.

I use productivity also to apply to agriculture because Europe, and Germany in particular, can make enormous strides toward balancing its own trade through intelligent, economical use of its tillable land. Every bit of increased yield per acre which you can achieve in Germany you can save that much in dollar imports. The Marshall Plan administration is working in the very closest of collaborations with the agricultural authorities throughout Europe in an effort to increase the production of foodstuffs.

I fear the average European manufacturer suffers from a case of defeatism and fear when he considers entering the United States market. There is a tendency, I think, to throw up hands, to say we can never produce as cheaply as America, and therefore we cannot compete in western markets, or worse, to take the course of least resistance and make no attempt to sell in the dollar area because of easy profits at home.

Speaking as a businessman and a banker, I can see no reason why, with efficient production and intelligent merchandising and promotion methods, Europeans cannot compete successfully in many lines in the American market. By intelligent merchandising, I mean carefully selecting, packing and displaying the product, studying market potentialities and getting the price attractive by manufacturing efficiency. It is not an easy task, but unless it is achieved, the European Recovery Program will have been in vain.

You here in Germany have numerous products which can be sold in the United States. Your precision instruments, your pharmaceuticals and your toys have for years past brought favorable American response to the label "Made in Germany." Certainly, your cameras, your optics, your lenses and chinawares are in great demand in my country. Many friends have requested me to purchase for them German cameras and field glasses. A demand for those products exists in America and it is up to the German to meet it.

Americans are alive to the necessity of purchasing European. We realize that the purchase in the United States of only $1,000,000,000 worth of European goods a year can all but eliminate the dollar gap. That $1,000,000,000 a year represents considerably less than one percent of the US gross national product and can easily be absorbed in our economy. But the American will not buy uneconomically. Quality goods must be presented to him in the right way and at the right prices.

I welcomed the announcement last week of Dr. Erhard* that Germany is preparing to have an export drive and plans to set up an office in New York to study marketing, merchandising and selling techniques in the United States. That office can rest assured that it will receive all possible cooperation, not only from the ECA Special Mission to Western Germany, but also from the ECA Headquarters in Washington. We shall be cheering your energetic efforts which, if persisted in, will surely bring successful achievement.

* Dr. Ludwig Erhard, Federal Minister of Economics.

Crowds throng mechanically-operated exhibits in ECA pavilion in Stuttgart. (Photos by Exhibition Section, OA, HICOG)