"We Must Export..."
A Study of Germany's Postwar Foreign Trade

By FRED WELTY
Staff Writer, Public Relations Division
Office of Public Affairs, HICOG

BANNERED ACROSS Germany in prewar years was a
tagline summarizing one of the country's long stand-
ing economic truths: "We Must Export or Die." It was
born of the knowledge and experience that to keep its
population fed and its factories open, Germany had to
export.

This slogan has become more than ever true and
applicable in postwar years. It was a grim reality in 1945,
following World War II, which was the final blow to an
already serious foreign trade situation. In fact without
the foreign aid which was quickly forthcoming, the
country indeed would have perished.

Starting from a dead standstill in 1945, foreign trade
for the first two postwar years progressed at a snail's
pace. Viewing the chaos then, it could be seen that
before anything could be sold abroad, it first had to be
produced in this country. Industry and transportation
had to be restored, systems of financing developed, and
lines of communications put up.

Foreign trade, as well as the entire economy, was
throttled even further by a highly inflated monetary
system which postwar Germany inherited from the Nazis.

IN THE FIRST TWO postwar years combined, Western
Germany's exports amounted to little more than ex-
ports of two recent months. The export figure for those
two bleak postwar years, 1945-46, added up to around
$250,000,000, of which 70 percent were coal exports.

Little headway was shown in 1947. An estimated 50
to 60 percent of total industrial production was going
into gray and black market channels. In an effort to
survive, manufacturers conducted "compensation trading."
They kept their factories open by obtaining needed raw
materials from internal suppliers who took as induc-
ment part of the manufacturers' output. This system
passed out of existence along with the Reichsmark.

Not until 1948 did foreign trade make a significant
showing. The combined impact of currency reform, and
food and raw material imports from the Marshall Plan,
the remarkable rise in industrial production, all worked
together to bring 1948 exports up to new postwar highs.

When the figures were added up at the end of 1948, it
was determined that exports had climbed to $800,000,000,
a figure somewhat higher than the three previous years
combined.

THE SCENE CHANGED decisively in 1949. Prewar pat-
terns of trade relationship became clear for the
first time. With the support and encouragement of the
ECA, new, liberalized trade agreements came into ex-
istence toward the end of the year. Measures were in-
trouduced to free barriers and lift quantitative restrictions
on trade among Marshall Plan countries. These steps
represent initial work in bringing together the economies
of western European countries.

While foreign trade is one of the reserved powers of
the Allied High Commission, the operational responsibili-
ties in foreign trade have been transferred to the Ger-
man federal government from the Joint Export-Import
Agency. Established on Jan. 1, 1947, this organization
went into liquidation in the last half of 1949, and can
point to a 500 percent increase in exports during its
Tenure.

All of these steps toward recovery took place in 1949,
but some have not been in effect long enough to be re-
flected in the export figures. Despite this, there was a
60 percent increase in 1949 exports of various commodi-
ties. The exact total of commodity exports in 1949 was
$1,123,000,000. Invisible exports, not yet fully determin-
d for the year, will be added to this figure. Invisible ex-
ports take the form of charges for port services, tourist
and businessmen expenditures in Germany, communica-
tions services to occupation personnel, etc.

THERE FIGURES outline in general what has happened
so far with exports. The story of imports has been
different. The latter have been running twice as high as
exports. The gap between exports and imports instead
of narrowing, widened by 29 percent in the last year.

The problem is more complex than merely increasing
the over-all volume of exports. The problem is to keep
its foreign exchange balanced by increased sales to those
countries or monetary areas from which it must purchase
essentials like food, iron ore, cotton and other raw
materials and semi-finished goods.

In this period, western Germany is able to maintain
its dollar imports by virtue of the Marshall Plan. In 1949,
for example, western Germany imported from the United
States $825,000,000 of food, cotton, non-ferrous metals
and other necessities. A full 90 percent of these goods
were paid from ECA and other foreign aid funds. Mean-
while it managed to export less than one-seventeenth this
value of commodities to the United States.

What was the year's result of trade with other areas?
Germany sold twice as much to Great Britain as it
purchased in 1949. But this favorable balance was more
than offset by German purchases of raw materials from other sterling countries such as Australia, New Zealand and Ceylon. The net result of the year's trade with the sterling area was a German deficit of $20,000,000.

The bulk, or around 80 percent, of western Germany's postwar trade has been with neighboring European countries. There has always been much exchange of goods between Germany and these countries, and Germany usually held the surplus. With this surplus Germany formerly was able to buy essentials of foods and raw materials in overseas areas. But in postwar years, to the extent that European currencies remain unconvertible, this traditional pattern of Germany's trade will have to be changed.

Sizeable increases were made in trade with Eastern Europe and South America, indicating further returns toward prewar patterns. Still another trend toward prewar was the growth of exports of manufactured goods. Although this growth was big, it was not considered satisfactory in relation to the productive capacity of the country.

THE DOLLAR GAP phase of the foreign trade problem remains the most serious facing the country, despite trends in 1950 indicating that it may be narrowing slightly. If, however, the dollar gap is resolved over the next several years, the highest of the foreign trade obstacles will be hurdled. Otherwise the old saying "We Must Export or Die" may be tacked up on the walls of Germany again; for the country, with its loss of the agric- cultural lands in the east, and vastly expanded population, is more than ever dependent on foreign trade to keep alive.

Warning Issued German Owners Of Vested Property In United States

German nationals were warned by the Office of Economic Affairs, HICOG, against persons and organizations who represent that they can recover their former property in the United States which was vested by the Office of Alien Property after the outbreak of war between the United States and Germany in December 1941.

Reports have reached the Office of the US High Commissioner for Germany that these persons and organizations are contacting German nationals and offering to undertake the recovery of their former property in the United States. Representatives of the Office of Economic Affairs pointed out that the return of such property is barred by Sections 32 and 39 of the Trading with the Enemy Act, unless such property was owned by persons falling in the category of persecuted persons. Even as to this class, except for those who have already filed a claim, return of property is barred in many cases by the statutory limitations of Section 33 of the Trading with the Enemy Act. It was also pointed out that retention by persons in Germany of attorneys abroad for such purposes constitutes a transaction which is prohibited by Military Government Law No.53, unless such transactions are licensed by the appropriate authorities within HICOG. Inquiries by German nationals should be made by mail to the Overseas Branch of the US Department of Justice at 59 Mauerkircher Strasse, Munich.