Finding Dollar Markets

Address

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EARLY THIS SUMMER one of Germany’s fundamental trade problems was the dollar gap. Your trade leaders, and occupation officials on your behalf, were concerned with finding new markets for German products in the Western Hemisphere, so that Germany could establish outlets for her wares and earn the dollars she will so definitely need when Marshall Plan aid ends. After Korea, however, several new questions were posed for those who would bridge this dollar gap. Roughly, these questions were: Will the United States buy more from Germany and Europe now that defense needs are mounting, or will the US buy little or nothing; will Germany and Europe be in a position to sell more goods to America, or will conversion of many European plants to defense activities, which implies greater production of capital as against consumer goods, preclude them from meeting this increased Western Hemisphere demand?

These were among the questions which confronted government and business leaders, both here and in America, after the attack in Korea. Obviously, the answers to these questions are not yet completely available; but we have begun at least to strike a balance — to learn to live in a precarious world where we sharpen a sword with one hand and make a better plowshare with the other.

The American people and, I trust and believe, the German people share the common philosophy that the best hope for peace lies in facing the future unafraid. Europe is being strengthened because of the conviction that willingness to face aggression squarely and unflinchingly will forestall it. This conviction led the three Western Allies, at the recent meeting of their foreign ministers, to state unequivocally that “the Allied Governments consider that their forces in Germany have, in addition to their occupation duties, also the important role of acting as security forces for the protection and defense of the free world, including the German Federal Republic and the Western sectors of Berlin. To make this protection more effective the Allied Governments will increase and reinforce their forces in Germany. They will treat any attack against the Federal Republic or Berlin from any quarter as an attack upon themselves.”

THE WESTERN ALLIES presented this united front after careful deliberation. Their main problem is Germany’s problem too; for they had to decide how best to prepare for the defense of Western liberty without, on the one hand, destroying the economic rehabilitation we have all achieved during these past two and one-half years in which the Marshall Plan has been in effect and, on the other hand, not impinging upon the liberal thinking and democratic processes which constitute that very liberty.

This intention to stand firm in Germany is an integral part of the new defense program. From this and from the building up of military preparedness which follows from it, we can pursue our recovery policies, secure in the faith that there are being developed strong and co-operative economies which are the very prerequisite to the additional responsibilities which defense of our liberties will demand from all of us.

Would that I could assure you that living standards will be higher next year; that life will be easier or more pleasant. In the present situation where we are confronted by the grim choice between instruments of war and the attributes of peace, the Western world is trying to apply the rule of reason.

Munich Export Club
Host at “Export Week”

PICTURESQUE MUNICH city hall was the scene of welcoming ceremonies for US High Commissioner John J. McCloy during his visit to the historical city during its “Export Week.” “Das Muenchner Kindl” (The Munich Child), symbol of the city, greeted the US statesman and read a poem especially written for the occasion. American and German officials of government, industry and commerce attended.

Welcoming address for the Export Week activities was given by Munich Mayor Walther von Miller. Mr. McCloy was introduced by Dr. Lothar Rohde, president of the sponsoring Munich Export Club.

Mr. McCloy said he was “deeply appreciative of the honor accorded me this morning. "Munich," he said, "is not new to me, but each time I come to your city I am refreshed by the hospitality and warmth of the people here."

He then introduced Mr. Buttewieser, who delivered the main address reproduced here. Mr. Buttewieser described himself as a “feeble mouthpiece” who was speaking in the stead of the High Commissioner since Mr. McCloy had been too occupied with the Conference of Foreign Ministers to prepare an adequate speech.
At present, neither must be sacrificed; but, if the defense effort is to be adequate, it obviously follows that certain things will again be in short supply.

All will have to make sacrifices in the concerted effort to create a defense strong enough to discourage aggression. It should be crystal clear, however, that all who are to benefit from the protection of this common defense which includes Germany, must share the burden of those sacrifices. The Western Allies cannot be expected to make such sacrifices on Germany’s behalf, unless Germany herself will similarly make the sacrifices entailed in shouldering her fair share of this burden.

This, however, is a situation which may, at least in part, prove to be a boon to some. In the United States, where an industrial conversion to defense production is expected to create considerable shortages of consumer goods, there may well be new markets for European products. In this new field, Western Germany may readily earn the dollars which will go far toward improving her economic and financial picture. However, to accomplish this she will have to orient part of her production and marketing methods toward gaining a foothold in that substantial buying area.

Both German and American officials are deeply interested in Germany’s dollar drive. They have watched recent developments carefully and are eager to help exploit any market which may become available as a result of the factors I have endeavored to portray. In this connection, I am gratified to be able to compliment Bavarian producers upon the ready and effective action they have taken toward achieving that end. However, despite the most resourceful and energetic efforts to alleviate the present dollar gap, it is now practically a certainty that neither through the Marshall Plan nor otherwise will this gap of Western Europe be overcome by 1952.

Since 1947, the United States has given or loaned between $4,000,000,000 and $5,000,000,000 annually to Western European countries to bridge this chasm. Even in the face of this colossal help, the Council of the OEEC has recently reported that the member countries expect to have a dollar deficit of about $2,000,000,000 for 1951-52.

If with all this aid, coupled with improving economic conditions and co-operative measures by all concerned, this gap still remains at the very sizable dimensions just indicated, it is quite clear that the United States must continue to export capital after 1952 to continue to help alleviate this situation. At this time, it is not known to what extent private American investment abroad can be expected to provide these funds. But it is abundantly clear that the United States will not permit the abandonment of the firm foundation for peace and security in Western Europe and the world, of which this dollar aid has been such an integral part.

Even though the Marshall Plan has been referred to in terms such as “enlightened self-interest” — and we Americans do not take umbrage at this — none the less, I submit, it must equally be conceded that it represents an example of international aid and co-operation unparalleled in the annals of history. In this spirit the United States will continue to assist Western Europe and the rest of the peace-loving world in solving their economic problems.

As we pursue this parallel course of economic recovery and defense preparations, we are reassured by some very recent German history. I refer to the Soviet blockade of Berlin. We have only to recall the stirring events of the Airlift to convince ourselves that the course we follow today is right and effective. The accounts of that brilliant and, one might well say, heroic effort attest that free and united peoples, standing together against an aggressive power, can cause that aggressor to relent in the application of naked force. That is the lesson of Berlin — the lesson which motivates our defense preparations today.

Too often we in the Western world forget or minimize our freedoms. We take for granted a free press, freedom to govern ourselves, freedom of thought, speech and religion. You in Germany, who so recently were denied all these, can the better appreciate why Western Europe is now impelled to defend them. The countries of the Marshall Plan are united in their common determination to resist aggression in Western Europe. Their governments well know that the best hope for peace lies in effectively preparing to meet any threat; and that such preparations can only be adequately made if the economic systems of such countries remain strong and resilient. It is to this end that the Marshall Plan countries re dedicate themselves.

As one, they are convinced that the better plowshares may well prove to be the sharper sword.

Mrs. McCloy Addresses Opening Session of Munich Women’s Club

"Individual responsibility" was the keynote of an address delivered by Mrs. John J. McCloy, wife of the US High Commissioner for Germany, during a luncheon meeting which opened the 1950-51 season of the Munich Women’s Club.

Mrs. McCloy told her audience of American women in the Munich area that women have a definite role in the building of a world "not only free of fear and oppression but a world that can think and act independently." This, she added, could be accomplished only "if we all feel our individual responsibility."

Referring to her recent trip to the United States, Mrs. McCloy said she was "impressed and thrilled anew at the interest and the eager sympathy of the American women for the women of Europe," declaring that their good will "was astonishing, especially in the face of their heartaches over Korea."

Adding that American women had written to her from all over the United States asking how they could help in promoting a more peaceful and understanding world, Mrs. McCloy replied: "If each family everywhere would determine to be a good neighbor — a neighbor to a family of another nationality — if we share in their difficulties and have respect for their point of view, we will have gone far on the way toward national and international co-operation and understanding — the goal we all so ardently crave."