

warning German industrialists about the pitfalls in the alluring pictures of expanding trade with the Communist world.

Said one Duesseldorf banker, "Surely, the Chinese offer to buy our steel and chemicals and machinery. And the Germans would like to sell. But please tell me how I would get rid of \$ 40 million worth of pig bristles -- which are all that the Chinese are prepared to pay me for our goods at this moment? No thank you!"

PS - Two of Chancellor Adenauer's closest advisors and friends are: Robert Pferdmenges, a private banker in Cologne; and Hermann J. Abs, head of the Deutsche Bank group.

NEW GERMAN VERTICAL TAKE-OFF JET ?

DUESSELDORF - Count Helmut von Zborowski, veteran German rocket engineer, claims to have designed an all-purpose vertical take-off jet. The "flying beetle", which can also land vertically, reportedly is a cheaper and simpler version of the Lockheed XFV and Convair XFY. Von Zborowski, who has been working on the design since 1945, says his "flying beetle" can be adapted for either commercial or military use. Its claimed advantages are simplicity, low weight, and high speeds of over 700 m.p.h.

EUROPE LOOKS TO OIL AND NATURAL GAS SUBSTITUTES FOR COAL.

"King Coal", long the un-challenged mainstay of Great Britain's and Germany's industrial machines, is facing new competition from imported oil and natural gas.

In Britain, seven large electric power stations are being changed over to burn either coal or imported fuel oil. If this experiment succeeds, other power stations will be adapted for dual-firing.

British experts are also studying the possibility of large scale imports of natural gas in liquid form. The calorific value of natural gas is twice that of manufactured gas, while its cost is half the artificial product.

New doctrines of "fuel efficiency" are permeating British industry, so long focussed on coal as sole source of cheap power. The London "Financial Times" cites the "shocking inefficiency" of coal usage in many cases where oil or gas would be cheaper substitutes.

Britain sits on hundreds of million tons of coal. But, higher labor charges, old-fashioned production methods and Socialistic mis-management of government-owned mines is knocking out coal as a prime source of power.

In Western Germany a similar evolution in fuel usage is occurring. The Ruhr, industrial heart of Germany, is built over 2 billion tons of good-quality coal. Coal was the foundation of the Ruhr steel industry and the once world-dominating German chemical industry. But, postwar costs of coal, up by \$3 to \$4 per ton, are pricing it out of the chemical market, by comparison to imported crude oil or natural gas, now found in Germany.

The successors to the I.G. Farben chemical empire are moving into petro-chemistry. Four new plants are being constructed with a capacity of 30,000 tons yearly.

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Badische Anilin, in connection with Shell, plans production of 10,000 tons of polyethylene from refinery gases. Farben Hoechst is concentrating on new natural gas fields discovered in the State of Hesse. Also Hoechst chemists are experimenting on producing polyethylene from crude oil.

Degussa is working on gas soot, with many possible industrial applications. From a "sulphur soot" Germans hope to find a new process for rubber.

Meanwhile, West Germany is rebuilding its synthetic rubber industry. This time out of imported crude, instead of Ruhr coal, as originally used in pre-war times. Seven large firms, including the Farben successors, are pooling capital and technical know-how to build up large synthetic rubber plant at Huel's in the Ruhr. It will have an annual capacity of 30,000 tons.

America has a long lead on Germany in petro-chemistry. The Germans may never come near U.S. technological advances. But in their evolutionary methods, the Germans are slowly but surely pushing "King Coal" to the sidelines.

COMMON FINANCING FOR EUROPEAN RAILROADS ?

BASEL - An international corporation to finance purchases of equipment for Western European railroads is being organized. Various state railroads will be partners in this new venture in international economic cooperation. To be known as "EUROFINA", the corporation will also have financial backing of European governments and will enjoy supra-national privileges.

"EUROFINA" will buy rolling stock from various industries in Western Europe and lend it to member countries in a common European transportation pool.

GERMANY HAS CASH TO RE-ARM.

BONN - Contrary to other Western European governments, the Federal German Republic is not complaining about the high-cost of rearmament. To organize and fully equip the West German armed forces will cost an estimated \$10 billion. Large part of this, in the form of planes and heavy arms, will come from the United States.

Bonn's Finance Minister Fritz Schaeffer is reported to have stashed away an estimated \$ 2.5 billion in excess tax revenues for initial costs of West Germany's return to the parade ground.

Economics Ministry Ludwig Erhard has announced that even if West Germany's annual NATO contribution is boosted to \$ 2.6 billion, this will not seriously strain the country's productive resources, nor West Germany's standard of living.

The Schaeffer-Erhard approach is something new in NATO financial circles. But there is one catch. A successful tax-collector, Herr Schaeffer is notoriously unwilling to spend money -- if he can avoid it. The canny Bavarian will fight hard to increase America's contribution to the cost of German rearmament.