

AIR POUCH

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FROM : AMEMBASSY, BONN
TO : THE DEPARTMENT OF STATE, WASHINGTON
REF : CRRP 1957, Section D, Item I, A-4

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March 20, 1958

REC'D
4/13
ACTION
EUR-9
INFO
REP-2
RM/R-2
IRC-8
E-4
KA-10
CIA-12
CUM-10
FRB-2

W. H. ...
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SUBJECT: The Erhard Visit in the German Press

On March 26, most of the leading German papers published UP/dpa reports on Minister Erhard's talks with President Eisenhower, Secretary Dulles, and Mr. Dillon as discussed during the Minister's press conference on Monday, March 24.

"Handelsblatt" and "Sueddeutsche Zeitung" explicitly referred to and commented on the "New York Times" article of March 24, with the heading: "U.S. to urge Bonn to aid poor lands. Erhard, here for talks, will be told West Germany is not pulling its weight." "Handelsblatt" published a report from its New York office under the heading: "Erhard will refuse credit talks", stating after a short introduction that "Minister Erhard, however, was irritated by the article of the "New York Times" which was apparently influenced by the State Department and which urged a more active granting of German credits to underdeveloped countries - in the amount of somewhere between \$250 and \$350 million". The report continued that "the Minister will probably refuse to discuss this question and point out that German private business could decide for itself up to which amount credits to foreign countries would be granted".

"Sueddeutsche Zeitung", under the reassuring heading: "No Washington pressure on Erhard. More German foreign credits desired, but not at the cost of stability", published a report from its Washington correspondent. After stating that the United States regards Germany as the best assistant in solving France's internal and external problems, this correspondent proceeded to discuss the "estranging article" (in the "New York Times") which gives the impression that one wants to point the pistol at Erhard in order to bring the Federal Government to a policy of investments in and credits to underdeveloped countries which suits the American wishes". The correspondent added that the article was "apparently based on information from the interested party (interessierter Seite)" and mentioned in particular the following passages in the article, containing the German claim and the alleged rebuttal of official U.S. spokesmen.

Reporter: ECON:FP:RHP:ps:kt

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Page 2 of
Doc. No. 1773
From ATTN:SSSI, BOMB

1) The German economy hesitates to cooperate in international economic development and justifies this attitude by stating that excessive foreign credits could entail inflation and that the Government has no possibility to intervene in the transactions of private capital. U.S. Government officials say in this connection that it is an old German habit to presuppose that foreign credits should be linked to German exports."

2) "Dorn refers to the fact that there is no legislative provision to grant export credits in a way similar to the Government-owned Export-Import Bank in the USA. The essence of the United States is that there is no reason why the Adenauer Government could not introduce the relevant legislation in order to found such a bank."

The "Sueddeutsche Zeitung" reporter called the above presumed official U.S. rebuttals naive and assumed his readers that all the agonous questions in Washington do not regard this as Washington's official attitude, and that the United States will not force Bonn to introduce new legislation or to do anything which could contradict the legitimate interests of the German economy as Eward sees them.

The "Sueddeutsche Zeitung" published editorial comment on the above report under the heading: "The D-Mark shall roll." The commentator apparently assumed that the "Times" article expressed the United States Government views on Germany's ability to aid the development countries and stated somewhat sarcastically:

"Such recommendations are not new. For years one has heard them during every visit to the United Kingdom. They will before long be formulated to us once again by the International Monetary Fund, the delegates of which recently visited the Federal Republic to convince themselves of the sound status of our balance of payments. Then one talks about the allegedly so large foreign exchange reserves, one should not also overlook the unusually high international obligations of the Federal Republic, which, inter alia, has agreed to place at the disposal of the European Investment Bank at least DM 1.6 billion during the next five years. In view of its liberal trade policy one cannot reproach the Federal Republic for playing a bad role as a creditor country."

On March 27, most papers printed more or less extensive AP/WP/cpa reports on Eward's press conference of Tuesday, March 25, under such headings as "No German foreign aid" (Sueddeutsche Zeitung), "No credits, as foreign aid. Eward: Too large German investments conjure up the danger of inflation" (Frankfurter Rundschau), "Eward's Recession not tragic. No German program for foreign aid" (Die Welt). Even "Frankfurter

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