Albert H. Huntington, Jr.
6621 Gordon Avenue
Falls Church, Va. 22046

Monday
September 19, 1983

PN-AAP-329

Miss D. Helen Davidson
AID/PPC/E Office of Development
Information and Utilization
209 State Annex #18

Dear Helen:

I have been waiting for an especially good day on the Kodak Ektaprint to make fresh photocopies of a briefing package on U.S. Economic Assistance to Germany, which we provided to Ty Wood, for Ambassador Harriman and German Chancellor Willy Brandt in May 1972.

As I recall the circumstances, Mr. Wood needed this information in a great hurry, in anticipation of a meeting between Ambassador Harriman and German Chancellor Willy Brandt, on the occasion of the latter's visit to Harvard University, to announce the establishment of a "German Marshall Plan". Particular information was requested on the beginnings of the European Payments Union. Mr. Wood may also have actually participated in the meeting with Chancellor Brandt; I do not know.

I include in this package exact copies of everything which we gave to Mr. Wood in 1972, except for the FY 1970 "Green Book". Rather than the complete book, I have copied only the two relevant pages for Germany (Federal Republic) and Berlin.

The complete list of items is as follows:

1. My memorandum of May 4, 1972, to Mr. Wood.

2. Copies of Pages 146 and 147 from the FY 1970 U.S. Overseas Loans and Grants, familiarly known to all of us as the "Green Book".

3. Table: U.S. Economic Assistance to the Federal Republic of Germany, by Fiscal Year, 1946-1952.

4. Marshall Plan Table, this version as typed on November 16, 1971.

5. Excerpted pages from Harry Price's book, The Marshall Plan and Its Meaning:
   a. Pages 120-127, on the establishment of the European Payments Union.
   b. Pages 143-145, on EPU operations during

the first year.

6. Excerpted Pages 1-10 from our 34th Public Advisory Board (PAB) Report, dated Mar. 31, 1951, containing a special story on the European Payments Union.

*****

This file could be especially usful to anyone looking into U.S./German relations immediately after World War II; U.S. economic aid to Germany, 1946-1952; special assistance to Berlin; or the beginnings of the European Payments Union.

Sincerely yours,

Albert H. Huntington Jr.

Marshall Plan File

OPTIONAL FORM NO. 10
MAY 1962 EDITION
GSA FPMR (41 CFR) 101-11.6
UNITED STATES GOVERNMENT

Memorandum

PN-AAP-329

TO : A/AID, Mr. C. Tyler Wood   DATE: May 4, 1972

AHH

FROM : PPC/SR, Albert H. Huntington, Jr.

SUBJECT: Information You Requested on U.S. Assistance to Germany During FY 1946-1952, Germany's Membership in OEEC, EPU, etc.

Enclosed are extra copies of the FY 1970 "Green Book" for Governor Harriman, and the FY 1971 preliminary release. We have the complete FY 1971 book in typing now.

I have set up a special table showing U.S. aid to Germany by year and program during FY 1946-1952, and enclose it. Germany is one of the more complicated situations because of the early postwar relief and GARIOA programs, a part of which were retroactively converted from grant to loan. The Berlin aspect also adds a complication; the notes on the Berlin page in the "Green Book" were reviewed (and amended) by Eleanor Dulles, who handled the Berlin desk in State for several years.

Hastily, on other points of interest on which you wanted help if we could get it in a hurry:

1. A Marshall Plan table is attached, showing Germany in relation to the total and to other recipients. All of these Marshall Plan loans to Germany have long since been repaid.

2. Germany's last year of assistance from ECA/MSA (as distinct from minor deobligations and adjustments) and other than Berlin, was in FY 1954.

3. Berlin received separately identified aid from MSA/FOA/ICA beginning in FY 1954, and continuing through FY 1961. The cumulative total, all grant, of such separate aid, was $119.0 million.

4. Germany got no Ex-Im Bank loans until FY 1956, and in that year got only $2.3 million.

5. The first military assistance for Germany was recorded in FY 1956 also--after the period with which you are concerned.

6. Germany became a full member of OEEC on October 31, 1949. Before that date, officials of the occupying powers represented the three western zones of Germany. The U.S. and Canada incidentally were never "members", but became "associates" in June 1950.

7. The European Payments Union Agreement was signed by the 18 OEEC member countries on September 19, 1950, but was made retroactive to July 1 of that year. I attach a xerox copy of Pages 143-145, re EPU's first year, from Harry Price's useful book on The Marshall Plan and Its Meaning; also Pages 120-127 from the same book, on EPU's formation (Governor Harriman is mentioned).

8. Also enclosed -- a xerox copy of a story we did in our PAB Report on EPU as of March 31, 1951. This covers the first nine months of EPU operations, and on Page 10 provides data on cumulative positions of member countries as of that date.

* * * * * * * * * * *

This I have uncovered in the time since our telephone conversation. We can go on from here if you wish us to look into other aspects.

Attachments

5

U.S. OVERSEAS LOANS and GRANTS

and

ASSISTANCE FROM
INTERNATIONAL ORGANIZATIONS

Obligations and Loan Authorizations
July 1, 1945 - June 30, 1970

Copies of Pages 146
and 147, on the Federal Republic
of Germany, and Berlin

6

[redacted]

Germany (Federal Republic)

(U.S. Fiscal Years - Millions of Dollars)

Copy of Page from FY1970 "U.S. Overseas Loans and Grants"

U.S. OVERSEAS LOANS AND GRANTS - NET OBLIGATIONS AND LOAN AUTHORIZATIONS

PROGRAM	POST-WAR RELIEF PERIOD	MARSHALL PLAN PERIOD	MUTUAL SECURITY ACT PERIOD	FOREIGN ASSISTANCE ACT PERIOD									TOTAL 1946-1970	REPAYMENTS AND INTEREST 1946-1970	TOTAL LESS REPAYMENTS AND INTEREST
	1946-1948	1949-1952	1953-1961	1962	1963	1964	1965	1966	1967	1968	1969	1970			
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	-	1,390.6	81.8	-	-	-	-	-	-	-	-	-	1,472.4	294.5	1,177.9
Loans	-	216.9	-	-	-	-	-	-	-	-	-	-	216.9	294.5	-77.6
Grants	-	1,173.7	81.8	-	-	-	-	-	-	-	-	-	1,255.5	-	1,255.5
FOOD FOR PEACE - TOTAL	-	17.5	121.9	0.7	0.2	-	-	-	-	-	-	-	140.3	-	140.3
Title I - Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(1.2)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1.2)	(-)	(1.2)
Planned for Country Use	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic Development Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic Development Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common Defense Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cooley Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Title II - Total	-	17.5	121.9	0.7	0.2	-	-	-	-	-	-	-	140.3	-	140.3
EMERGENCY RELIEF, ECON. DEV. & WORLD FOOD PROGRAM	-	-	3.4	-	-	-	-	-	-	-	-	-	3.4	-	3.4
VOLUNTARY RELIEF AGENCIES	-	17.5	118.5	0.7	0.2	-	-	-	-	-	-	-	136.9	-	136.9
EXPORT-IMPORT BANK LONG-TERM LOANS	-	-	2.3	-	-	-	-	2.5	12.1	8.8	-	-	25.6	12.8	12.8
OTHER U.S. ECONOMIC PROGRAMS	1,344.4	1,083.7	0.3	-	-	-	-	-	-	-	-	-	2,428.4	1,190.5	1,237.9
PEACE CORPS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER a/	1,344.4	1,083.7	0.3	-	-	-	-	-	-	-	-	-	2,428.4	1,190.5	1,237.9
TOTAL ECONOMIC	1,344.4	2,491.8	206.3	0.7	0.2	-	-	2.5	12.1	8.8	-	-	4,066.8	1,497.8	2,569.0
Loans	615.9 b/	617.9 b/	2.3	-	-	-	-	2.5	12.1	8.8	-	-	1,259.5	1,497.8	-238.3
Grants	728.5 b/	1,873.9 b/	204.0	0.7	-	-	-	-	-	-	-	-	2,807.3	-	2,807.3
MILITARY ASSISTANCE PROGRAM - (Chg. to FAA App.) c/	-	-	898.5	1.5	0.4	0.3	0.1	-	-	-	-	-	900.8	-	900.8
Credit Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants	-	-	898.5	1.5	0.4	0.3	0.1	-	-	-	-	-	900.8	-	900.8
(Additional Grants from Excess Stocks)	(-)	(-)	(0.2)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.2)	(-)	(0.2)
OTHER MILITARY ASSISTANCE GRANTS	-	-	50.7	-	-	-	-	-	-	-	-	-	50.7	-	50.7
EXPORT-IMPORT BANK MILITARY LOANS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL MILITARY	-	-	949.2	1.5	0.4	0.3	0.1	-	-	-	-	-	951.5	-	951.5
TOTAL ECONOMIC AND MILITARY	1,344.4	2,491.8	1,155.5	2.2	0.6	0.3	0.1	2.5	12.1	8.8	-	-	5,018.3	1,497.8	3,520.5
Loans	615.9	617.9	2.3	-	-	-	-	2.5	12.1	8.8	-	-	1,259.5	1,497.8	-238.3
Grants	728.5	1,873.9	1,153.2	2.2	0.6	0.3	0.1	-	-	-	-	-	3,758.8	-	3,758.8

a/ Represents Civilian Supplies, $2,205.7 million; Surplus Property Credits, $216.9 million; and UNRRA and Post-UNRRA, $5.7 million.
b/ On February 27, 1953, it was agreed that $1 billion of the grants of Civilian Supplies and of the FY 1949 Marshall Plan aid would be converted to a loan. This $1 billion loan has been distributed proportionately over the fiscal years 1946-1950 rather than being entered in FY 1953, and grants have been reduced accordingly.
c/ Annual data represent deliveries; total through 1970 is the cumulative program.

"Copy of Page from FY 1970 "U.S. Overseas Loans and Grants"

[redacted]

Berlin

(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS - NET OBLIGATIONS AND LOAN AUTHORIZATIONS												TOTAL 1946-1970	REPAYMENTS AND INTEREST 1946-1970	TOTAL LESS REPAYMENTS AND INTEREST
	POST-WAR RELIEF PERIOD	MARSHALL PLAN PERIOD	MUTUAL SECURITY ACT PERIOD	FOREIGN ASSISTANCE ACT PERIOD											
	1946-1948	1949-1952	1953-1961	1962	1963	1964	1965	1966	1967	1968	1969	1970			
A.I.D. AND PREDECESSOR AGENCIES - TOTAL			119.0	-*									119.0	-	119.0
Loans			-	-									-	-	-
Grants			119.0	-*									119.0	-	119.0
FOOD FOR PEACE - TOTAL			-	-									-	-	-
Title I - Total			-	-									-	-	-
REPAYABLE IN U.S. DOLLARS - LOANS	NO PROGRAMS PRIOR TO FY 1953a/		-	-									-	-	-
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use			-	-	NO ACTIVITY SUBSEQUENT TO FY 1962								-	-	-
(Total Sales Agreements, including U.S. Uses)			(-)	(-)									(-)	(-)	(-)
Planned for Country Use			-	-									-	-	-
Economic Development Loans			-	-									-	-	-
Economic Development Grants			-	-									-	-	-
Common Defense Grants			-	-									-	-	-
Cooley Loans			-	-									-	-	-
Other Grants			-	-									-	-	-
Title II - Total			-	-									-	-	-
EMERGENCY RELIEF, ECON. DEV. & WORLD FOOD PROGRAM			-	-									-	-	-
VOLUNTARY RELIEF AGENCIES			-	-									-	-	-
EXPORT-IMPORT BANK LONG-TERM LOANS			-	-									-	-	-
OTHER U.S. ECONOMIC PROGRAMS			12.9	-									12.9	-	12.9
PEACE CORPS			-	-									-	-	-
OTHER			12.9	-									12.9	-	12.9
TOTAL ECONOMIC			131.9	-*									131.9	-	131.9
Loans			-	-									-	-	-
Grants			131.9	-*									131.9	-	131.9

*Less than $50,000.

a/Berlin received substantial assistance under a variety of programs--GARIOA, the Blockade and Stockpile Programs, and various counterpart and U.S.-owned foreign currency programs. These programs are not identified in this report as benefitting Berlin because of the "double-counting" problem. Total assistance to Berlin in the post-war period including all the various programs, was $1,094 million.

Best Available Document

U.S. ECONOMIC ASSISTANCE TO THE FEDERAL REPUBLIC OF GERMANY+
BY FISCAL YEAR, 1946-1952
(Millions of Dollars)

PROGRAM	Total 1946-1952	Post-War Relief Period				Marshall Plan Period				
		Total	1946	1947	1948	Total	1949	1950	1951	1952
TOTAL ECONOMIC ASSISTANCE	3,836.2	1,344.4	195.8	298.3	850.3	2,491.8	1,257.6	733.4	393.1	107.6
European Recovery Program (ECA/MSA)	1,390.6	-	-	-	-	1,390.6	606.0	290.0	402.5	92.0
Loans	216.9	-	-	-	-	216.9	200.0 b/	-	-	16.9
Grants	1,173.7	-	-	-	-	1,173.7	406.0	290.0	402.5	75.1
Food for Peace (Predecessor Programs)	17.5	-	-	-	-	17.5	-	-	-	17.5
Donations to Voluntary Relief Agencies	17.5	-	-	-	-	17.5	-	-	-	17.5
Other U.S. Economic Programs	2,428.1	1,344.4	195.8	298.3	850.3	1,083.7	651.6	443.4	-9.4	-1.9
GARIOA Grants a/	1,405.5	722.8	192.7	297.8	232.3	682.7	404.6	289.4	-9.4	-1.9
GARIOA/COG Loans a/	800.0 b/	399.0	-	-	399.0	401.0	247.0	154.0	-	-
Surplus Property Credits	216.9	216.9	-	-	216.9	-	-	-	-	-
UNRRA and Post-UNRRA Grants	5.7	5.7	3.1	0.5	2.1	-	-	-	-	-
(Loan Total-All Items Above)	(1,233.8)	(615.9)	(-)	(-)	(615.9)	(617.9)	(447.0)	(154.0)	(-)	(16.9)
(Grant Total-All Items Above)	(2,602.4)	(728.5)	(195.8)	(298.3)	(234.4)	(1,873.9)	(810.6)	(579.4)	(393.1)	(90.7)

GENERAL NOTES: Net obligations basis; a minus figure in any period indicates deobligations from prior programs in excess of new obligations during that period.

\+ Includes approximately $1.1 billion in aid to Berlin during this period, which received substantial benefits from U.S. assistance to the Federal Republic under a variety of post-World War II programs--GARIOA, the Blockade and Stockpile Programs, and various counter-part and U.S.-owned foreign currency programs.

a/ Civilian Supplies under GARIOA, Government and Relief in Occupied Areas; COG Credit Offsets to Grants.

b/ On February 27, 1953, it was agreed that $1 billion in grants of Civilian Supplies, and of FY 1969 Marshall Plan aid would be converted to a loan. This $1 billion has been distributed over the years 1948-1950, and grants have been reduced accordingly.

SOURCE: "U.S. Overseas Loans and Grants", and related work papers.

Office of Statistics and Reports
Bureau for Program and Policy Coordination
Agency for International Development
May 3, 1972

"MARSHALL PLAN"

OBLIGATIONS FOR ECONOMIC ASSISTANCE UNDER THE EUROPEAN RECOVERY PROGRAM

April 3, 1948-June 30, 1952

(Millions of Dollars)

COUNTRY	Total	Grants	Loans
TOTAL FOR 16 MARSHALL PLAN COUNTRIES	$13,325.8	$11,820.7	$1,505.1
Europe			
Austria	677.8	667.8	-
Belgium-Luxembourg	559.3[a]	491.3	68.0
Denmark	273.0	239.7	33.3
France	2,713.6	2,448.0	225.6
Germany, Federal Republic	1,390.6	1,173.7	216.9[b]
Iceland	29.3	24.0	5.3
Ireland	147.5	19.3	128.2
Italy (Incl. Trieste)	1,508.8	1,413.2	95.6
Netherlands (Excl. Neth. East Indies)	982.1	832.6	149.5
Norway	255.3	216.1	39.2
Portugal	51.2	15.1	36.1
Sweden	107.3	86.9	20.4
United Kingdom	3,189.8	2,805.0	384.8
Regional	407.0[d]	407.0[d]	-
Other			
Greece	706.7	706.7	-
Turkey	225.1	140.1	85.0
Netherlands East Indies[c]	101.4	84.2	17.2

a/ Loan total includes $65.0 million for Belgium and $3.0 million for Luxembourg; grant detail between the two countries is not separable.

b/ Includes an original loan figure of $16.9 million, plus an additional $200.0 million representing a pro-rated share of grants converted to loans under an agreement signed February 27, 1953.

c/ Marshall Plan aid to the Netherlands East Indies (now Indonesia) was extended through the Netherlands prior to transfer of sovereignty on December 30, 1949.

d/ Includes the following: U.S. contribution to European Payments Union capital fund, $361.4 million; General Freight Account (not attributable by country), $33.5 million; and European Technical Assistance Authorizations (multi-country or regional), $12.1 million.

Office of Statistics & Reports
Bureau for Program & Policy Coordination
Agency for International Development
November 16, 1971

EXCERPT

Establishment of EPU

PN-AAP-329

ISN 33486

The Marshall Plan and Its Meaning

HARRY BAYARD PRICE

PUBLISHED UNDER THE AUSPICES OF THE

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WASHINGTON, D.C.

Cornell University Press

ITHACA, NEW YORK

11

Germany, Italy, Austria, and probably the Netherlands had not yet attained, in 1949, their prewar standards of productivity. Belgium, Denmark, Greece, and Norway were at about their 1938 levels, while these levels had been exceeded in France, Ireland, Sweden, Switzerland, Turkey, and the United Kingdom.

Toward Economic Integration

Begin

American interest in greater integration of the European economy was first reflected, it will be recalled, in the Marshall speech of June 5, 1947, and subsequently in the Economic Cooperation Act, which referred to the "economic cooperation in Europe which is essential for lasting peace and prosperity." In 1949 this statement was strengthened by addition of the sentence: "It is further declared to be the policy of the United States to encourage the unification of Europe." No attempt was made, however, to define "unification" or to indicate how it might be achieved.

A ferment of thinking on this question developed within the ECA and other United States agencies. As intermediate goals were considered, differences in views and emphases became increasingly evident. The spectrum of opinions ranged from opposition to any overt American support for definite steps toward economic coordination in Europe, at one extreme, to conviction, at the other, that every legitimate means should be employed to foster unification in the interest of economic health and political strength in Europe and the free world. Some favored a gradual lowering of trade and payments barriers as part of a world-wide effort in behalf of these aims; others believed that progress could be made more rapidly on a regional basis. Among the latter, some were concerned with exclusively economic aims; others viewed economic integration in Europe as one main avenue toward greater political unification. The forms which United States policy actually took in 1949–1950 reflected the fact that during this period the ECA had the initiative in formulating and directing American foreign economic policies and programs.

For some members of the ECA's programing divisions, the question of economic integration became a major preoccupation during the summer and autumn of 1949. In October a memorandum indicating one main line of thought was prepared by H. van Buren Cleveland and Theodore Geiger and circulated within the ECA for study and comments. Salient excerpts from it may be quoted to illustrate the manner in which "think pieces" by staff members played their part in the formation of ECA policies.

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It is now generally accepted that most of the individual countries of Western Europe will not achieve or maintain a status of self-support until their economies can be grouped into one, or perhaps more than one, free trade and payments area, within which currencies are convertible and quantitative restrictions, exchange controls and tariffs have been eliminated. This conclusion rests on an analysis of the economic decline of Western Europe over the last generation relative to the rest of the world.

Western Europe's ability to maintain its export prices at competitive levels despite the continued growth of American productivity, and thereby to earn a larger share of the world's supply of dollars, will depend directly on the degree of success in establishing for European industry and agriculture the necessary basis in a wide competitive market. . . .

What solution is there to the German problem outside of membership in a Western European union? . . . Membership in a union might well be the one method for making Europeans out of the Germans and for harnessing their talents for management and production in a better cause than German nationalism. . . .

There is now no [other] living and dynamic challenge which can inspire self-confidence and a sense of security in Western Europe. . . . This, then, is the crucial and compelling reason for Western European union. It provides the main hope for a regeneration of Western European civilization and for a new period of stability and growth. . . .

The historical moment . . . is now. The participating countries possess their greatest postwar ability to withstand the necessary economic adjustment and ECA is now best equipped to assist them. Promised improvements in general conditions have appeared. . . . Most countries thus find themselves in a condition of rapidly increasing welfare. At the same time, ECA still disposes of sufficient funds to assist in overcoming dislocations which may arise from the elimination of barriers to trade. After 1952, however, and progressively until then, these factors will be dissipated. The sharp decline in U.S. aid in the last two ERP years will greatly reduce ECA's ability to cushion the shocks of union. The decline in the present and unusual and temporary rate of productivity increase will wipe out whatever resilience the European countries now possess for economic adjustment. . . .

Persons most familiar with attitudes in Congress are afraid that a continuation of ERP at the minimum necessary level of aid cannot be expected unless Western European countries have clearly embarked on the course of economic unity.

It was not to be supposed that a working paper of such amplitude would meet with full acceptance or that it could forecast the actual course of negotiations and actions. In the weeks that followed several important developments took place.

13

On October 31, 1949, as we have seen, western Germany became a full member of the OEEC, being represented thereafter not by officials of the occupying powers but by delegates of the Federal Republic. The significance of this first instance of German participation, on a basis of equality, in a joint postwar western European effort was not lost upon the other delegates. British, French, and American spokesmen for the western zones had already brought German problems, and their relation to European problems, into OEEC deliberations. The facts of economic interdependence had not removed misgivings about Germany, but they had offset them to a remarkable degree.

On the same date Hoffman delivered to the OEEC Council a major address in which he maintained that to hold the ground already gained and to assure further progress, Europe would have to balance its dollar accounts, which meant increased exports and control of inflation. But the accomplishment of this task, he said,

> will not be meaningful unless we have come to grips with our second task—the building of an expanding economy in Western Europe through economic integration.[7] The substance of such integration would be the formation of a single large market within which quantitative restrictions upon the movement of goods, monetary barriers and the flow of payments and, eventually, all tariffs are permanently swept away.

Recognizing that it would take time to change the physical structure of European industry, Hoffman held that "the massive change in the economic environment" resulting from the first steps in integration would "set in motion a rapid growth in productivity."

Integration, Hoffman said, was not just an ideal, it was a practical necessity. A permanent single market of 270 million consumers, in which European manufacturers and farmers could sell freely, would accelerate the development of large-scale, low-cost industries; make easier the effective use of both material and human resources; stimulate the growth of healthy competition; and facilitate a rapid increase in productivity. These developments, in turn, would improve Europe's competitive position in the world and would satisfy more of the expectations and needs of its people. The alternative was "disaster for nations and poverty for peoples."

[7] The term "integration" came into general ECA usage at about this time, reflecting an adaptation to diverse currents of thought on both sides of the Atlantic. The word, though never precisely defined, connoted more than casual cooperation but less than full unification. Marjolin of the OEEC later spoke of integration as embracing all the steps taken toward unification, even though they might fall far short of that ideal. See his *Europe and the United States in the World Economy* (Duke University Press, Durham, N.C., 1953), p. 41.

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The ECA Administrator then gave notice, in diplomatic terms, that the American Congress and people regarded European economic integration as essential and would be more apt to continue substantial Marshall Plan aid if they saw real progress toward it. If economic integration continued to lag in 1952, with Europe's economy still in precarious balance with the dollar area, there would be a new cycle of nationalism as one country after another sought to protect its reserves. "For all of these reasons," Hoffman said, "but particularly because of the urgency of the need—I do make this considered request: That you have ready early in 1950 a record of accomplishment and a program, which together will take Europe well along the road toward economic integration."[8]

Hoffman called for intensified efforts to remove restrictions on trade and for elimination of double pricing, whereby scarce commodities were priced higher in export trade than in domestic markets. A "realistic plan" for further action, he believed, should provide for substantial coordination of national fiscal and monetary policies, exchange rate adjustments when prices and costs in different countries were too far out of line, means to cushion the shock of integration, and some reconciliation of national trade policies to avoid excessive strains. The steps needed, he concluded, would require concerted action by all OEEC countries, and he urged that no path toward integration be left unexplored.

The statement was well timed. Despite increases in production, the total volume of trade between OEEC countries had shown only a slight gain during the preceding twelve months.[9] Commerce was still choked by a network of import quotas, high tariffs, discriminatory trade practices, and currency restrictions.

The first solid blow was struck against import quotas when, on November 2, the OEEC requested each member country to eliminate, by December 15, quantitative restrictions on at least 50 percent of its imports on private account from other member countries. On January 31, 1950, the OEEC decided that the ratio should be lifted to 60 percent, upon approval of the European Payments Union (discussed below), and that an increase to 75 percent by the end of 1950 should be considered.[10]

[8] *New York Times*, November 1, 1949. [9] OEEC, *Second Report*, p. 67.

[10] On the initiative of the French, the Council subsequently decided to draw up a "common list" of agricultural and industrial products to serve as a guide in liberalization negotiations, special attention being given to products for which the creation of a single European market would produce significant gains in productive efficiency.

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Although some countries could not meet the liberalization ratios in full, the partial abolition of import quotas was one cause of a new upswing in intra-European trade. The total volume rose from a little over 90 percent of the prewar level during the first half of 1949 to 115 percent in the first half of 1950.[11] Another important factor was Germany's resumption of her traditional position as a supplier of manufactured goods to other parts of Europe.

A second and even more important assault was begun against the chaotic currency situation. The problem was intricate. Little real progress had been made toward genuine convertibility of currencies. The first intra-European payments plan, referred to in the previous chapter, expired at the end of June 1949. It was followed by a second plan which incorporated a number of modifications. The most notable of these placed 25 percent of the "drawing rights" established under the previous plan on a multilateral basis, so that they could be used freely against any participating country when bilateral rights or other resources were not available. Although several advantages were claimed for this change, it was recognized that both payments plans fell far short of the requirements of a really effective intra-European system.

The subject increasingly engaged the attention of financial technicians in the OEEC and the ECA, and it was primarily they who conceived new plans which culminated in the European Payments Union (EPU)—one of the most significant developments of the postwar era. "There were in fact," said Frank Figgures [12] of the United Kingdom, "about six main proposals in the general EPU direction, all maturing in November and December 1949."

Within the ECA, thinking "in the general EPU direction" had begun during the previous summer. Several economists on the staff—and in other United States agencies—had been exploring the advantages of a clearing union in international trade over the limited mechanism of the International Monetary Fund.[13] "Working under forced draft," said a member of the working committee which studied the problem,[14] "we

[11] OEEC, *Second Report*, p. 71; ECA, *Ninth Report to Congress*, p. 18.

[12] Head of the OEEC Trade and Finance Directorate, 1948–1950. Interview, November 11, 1952.

[13] More broadly, the thinking which led up to the EPU represented an alternative to the "universalist" approach to currency convertibility and trade liberalization reflected in the Bretton Woods and GATT agreements, an approach which had strong advocates within the Treasury and State Departments, and among central bankers in Europe as well as directors of the International Monetary Fund.

[14] Included were John Hulley, H. van Buren Cleveland, Theodore Geiger, and Walter Stettner of the ECA and Albert Hirschman of the Federal Reserve Board.

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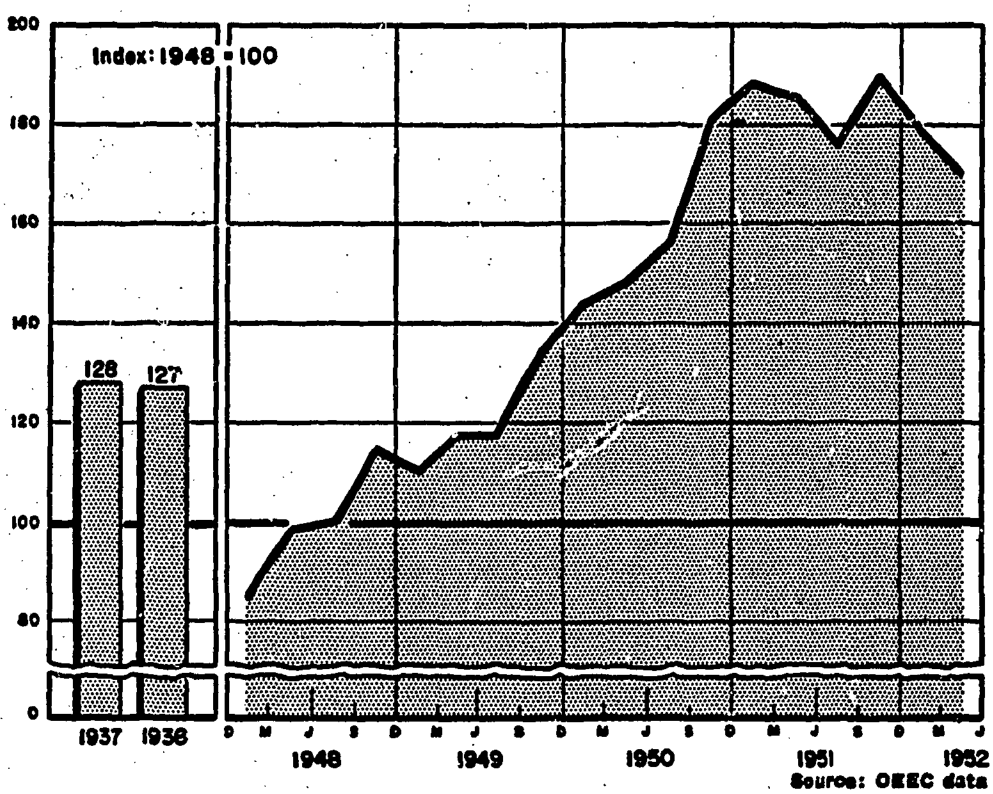

6. Volume of intra-European trade.

considered, reviewed, and revised until we had a fair proposal for a logical successor to the then existing payments agreement." A clearing union was envisaged, with machinery for fully multilateral payments that would obviate the need for bilateral balancing between countries. The union, it was tentatively suggested, might be based on a new European settlements currency fully backed by gold but convertible into gold only in case of large multilateral imbalances. Incentives were to be provided for both creditors and debtors to balance.

The proposal was summarized in a cable to Bissell, then in Paris, who discussed it with Harriman and with specialists in the ECA regional office who had been thinking along somewhat similar lines. On November 11, after Bissell's return to Washington, a more formal message was sent to the OSR, amending and elaborating the proposal for presentation to OEEC governments. The message was written with a view to the establishment, not later than July 1, 1950, of a European Clearing

Other active contributors, as thinking matured, included James McCullough, Arthur Smithies, and Edward Tenenbaum.

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Union which could (1) provide a mechanism for full multilateral clearance and settlement of all bilateral payments and imbalances among the participating countries; and (2) provide temporary cushions for debtors and creditors, in addition to an equivalent of drawing rights and conditional aid, which would make exact, short-term balancing less urgent and would thus allow more time to redress imbalances by nonrestrictive methods. The message made it clear that, for any such arrangement to become permanent, "really effective" machinery would be necessary for the coordination of national policies, either by agreement or by some international control over governments and central banks.

Meanwhile, a similar ferment had been taking place on a wider scale in European capitals. Comparable proposals were being developed by both OEEC and member-country experts; these have been described in detail by John T. McNaughton,[15] then special assistant to Milton Katz of the OSR. The long and impressive succession of schemes presented within a few months reveals the intensity of the study given to the European payments problem—in the OEEC and in several European capitals.

Thus when Harriman conveyed to the finance minister of each country the broad terms of the ECA's proposition for a European clearing union, and when the problem was put on the OEEC agenda, the ground had already been extensively tilled.

The European Payments Union was brought into being by the OEEC, in consultation with the European Office of the ECA.[16] Contributory propositions from many sources were extensively modified as the experts sought a consensus. In top-level negotiations, where Harriman took the lead for the ECA, the most difficult question was the relation of the United Kingdom and the entire sterling area to the EPU. "There was a tough discussion with the British on this," recalled Harriman later, "but when Cripps came through, it was all the way." [17]

The OEEC countries agreed on the principles of the EPU during the second quarter of 1950. Congressional approval of the use of sup-

[15] Unpublished doctoral thesis (Harvard University) on the "Genesis of the European Payments Union" (1953).

[16] Participants for the ECA in this active phase of the development of the EPU included Milton Katz, Lincoln Gordon, Henry Tasca, Robert Triffin, Hubert Havlik, and Thomas Schelling.

[17] Interview, Washington, October 1, 1952. The problem of bringing the U.K. and the sterling area into the EPU was the subject of vigorous and almost continuous discussion and negotiation from December 1949 to May 1950, evolving

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porting ECA funds was obtained, and the Union was formally launched on July 7.

During the final stages of this development, another event of great importance to European unity occurred. This was French Foreign Minister Robert Schuman's proposal, on May 9, 1950, for pooling European coal and steel industries. The French government proposed that all French and German coal and steel production be placed under a joint authority, in an organization open to other European countries. Such a pooling, Schuman held, would make another war between Germany and France not only unthinkable but impossible.

This unprecedented proposition, entailing a greater voluntary surrender of national sovereignty to a new federal authority than in any previous step toward unification in Europe, was made entirely on the initiative of European statesmen. The United States gave it immediate moral support.

End

National Policies

In attempting to ensure the most effective use of American aid, the ECA faced not only problems of economic expansion and economic integration common to all the participating countries, but also questions of national policy which varied greatly from one country to another. It was necessary to move from "shopping lists" of commodities required in each economy to a more rational basis of planning and evaluation. On this point, Bissell, in the aforementioned letter to Katz, said:

> A certain amount of concentration on commodity problems is, of course, inevitable because we must issue procurement authorizations and prevent uneconomic use of resources. But, in our analytical work, I have tried in every way possible within the limit of Congressional expectation and good public relations to focus our attention on what is called a national accounts type of analysis—that is, upon resources availabilities and uses by major categories—in contrast to the forecasting and screening of elaborate lists of commodities. . . . Not only is it a waste of our and the OEEC's time to concentrate so much attention upon detailed commodity forecasting and screening, but it strengthens those tendencies toward restrictionism which are already becoming far too evident.

As mentioned earlier, study of the relationship of American aid to the European economies had led to special country studies and to the

through four major sets of proposals. The first of these contemplated a bilateral, discriminatory European trade and payments pattern; the last envisioned the multilateral, nondiscriminatory system that was actually obtained.

EXCERPT

1st Year of EPU

The Marshall Plan and Its Meaning

HARRY BAYARD PRICE

PUBLISHED UNDER THE AUSPICES OF THE

Governmental Affairs Institute

WASHINGTON, D.C.

Cornell University Press

ITHACA, NEW YORK

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First Year of the EPU

Begin

The European Payments Union Agreement, formally signed by the eighteen OEEC member countries on September 19, 1950,[20] was made retroactive to July 1 of that year. Thus 1950–1951 was the first full year of the Union's operation.

The agreement, it will be recalled, provided for a fully automatic multilateral system that would permit each participant to offset its deficit with any member against its surplus with other members, so that each country would need to be concerned only with its balance of payments with the rest of free Europe as a whole, and not its balance with any single member of the Union.

An illustration of the way in which the EPU facilitated multilateral trade was given in an ECA report to its Public Advisory Board:

> Belgium traditionally has exported steel; Denmark and Norway have imported it. Yet Denmark could not sell enough dairy products and meat, nor Norway enough fish, lumber and wood pulp directly to Belgium to pay for the steel they wished to purchase. The Danes and Norwegians, consequently, tended to curtail the importation of many useful goods which they would otherwise have taken from Belgium, even though they had surpluses with other countries. The credits accumulated in these countries could not be applied to offset their payments deficits with Belgium. Under the EPU clearing arrangements the Danes and Norwegians can pay for steel and other Belgian goods with foreign currency proceeds earned from their exports to other European countries. Their ability to import from other member coun-

turn to one segment of the European economy after another, aided by the establishment and use of a European integration fund which would give assistance to governments for the modernization of industries adversely affected by liberalization measures or for new investments in unrestricted industries. The Pella Plan placed emphasis upon a preferential reduction of tariffs among OEEC member countries. The Petsche Plan called for the establishment of a European investment bank to finance the modernization of industries, and for investment projects involving concentration and specialization of industries under the most suitable conditions; the more general purpose of this fund would be to assist in financing projects whose production would yield a commercial return in an unrestricted European market and would become, as rapidly as possible, competitive in world markets. As a permanent institution, the bank would lend to private and state enterprises as well as to governments and would require the participation of private capital in all projects assisted.

[20] Special provision was made in the agreement for the sterling area, which included Iceland, Ireland, Iraq, India, Pakistan, Burma, Ceylon, Australia, New Zealand, and dependencies or protectorates in Africa, the Middle East, the Far East, and the Western Hemisphere, but not Canada, whose currency was more closely linked with that of the United States.

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tries is limited only by their overall capacity to export to these countries, collectively.[21]

Technical aspects of the EPU's organization and operation were necessarily complex, but the essential facts can be stated briefly. A managing board was established under OEEC auspices. Each member country was assigned a "quota" equal to 15 percent of its intra-European exports, imports, and invisible transactions in 1949. The quotas totaled 3,950 million units of account (u/a)—a unit being defined as an amount of gold equal to the current gold content of the American dollar. This aggregate determined the maximum cumulative deficit or surplus which might be financed through the EPU. Six countries which were expected to run deficits in their intra-European trade that could not be covered under the system or repaid in the foreseeable future were given initial credit balances totaling 314 million units of account. Three prospective creditors—the United Kingdom, Belgium-Luxemburg, and Sweden—were assigned initial debit balances totaling 215 million units; these balances represented, in effect, transfers by the prospective surplus countries to the EPU, for which they would receive equivalent amounts of "conditional aid" as part of their ECA dollar allocations. Arrangements were made for the Bank for International Settlements to serve as agent for the EPU in calculating the net surplus or deficit position of each country.

The ECA provided 350 million dollars as an initial working capital fund,[22] since it was probable that gold payments by the Union would exceed those to the Union.

In each monthly clearing operation the relationship of each country's balance to its respective quota determined the proportion of credit and gold payment required for settlement with the EPU. For both creditors and debtors, the first 20 percent of their quotas involved no transfer of gold. For clearances exceeding this percentage, creditor countries extended to the EPU credits equaling 50 percent of the settlement and received from the Union an equivalent amount in gold. For debtors, the amount of gold required for settlement with the EPU increased on a progressive scale. These arrangements were intended to stimulate member countries to avoid excessive surpluses or deficits and to encourage them to make basic shifts in their production, trade, and invisible transactions.

[21] *Thirty-fourth ECA Report for the Public Advisory Board* (Washington, 1951), p. 3.

[22] The terms under which the 350 million dollars was obligated by the U.S. were set forth in a letter, dated September 18, 1950, from Milton Katz to Robert Marjolin. OEEC Document C(50) 271.

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Establishment of the EPU followed by only a few days the outbreak of war in Korea. Thus, on the heels of an event which was to strain the economies of the free world came the formal initiation of the most important single effort to integrate the economic life of western and southern Europe. Through it the stresses of the Korean War were more readily absorbed than they otherwise could have been. "But for EPU," declared the OEEC in 1952, "the European trade and payments system would have been dislocated by an exceptionally severe crisis." As it was, the rearmament effort gave the EPU a rigorous test, in the course of which it "proved its strength, its resilience and its efficiency." "Even so," the statement continued, "the system was not without defects" and it was apparent that "great and persistent efforts would be necessary if it was to be maintained, consolidated and enlarged." [32]

The shocks that had to be absorbed during the first year may be mentioned briefly. The defense program set off by the attack on South Korea led to competition for basic materials. A sharp change in the terms of trade ensued, to the advantage of large suppliers of raw materials such as the sterling area and the French Union, and to the disadvantage of large buyers, such as western Germany, which lacked basic resources.

By the spring of 1951 raw material prices had become more stable and some had receded. But defense costs began to climb because of the diversion of resources to military production, the flow of manpower into the armed services, higher import costs, and the monetary impact of defense spending. Germany's situation, with a notable rise in production and exports, now showed improvement, but the United Kingdom and France entered upon a period of increasing difficulties.

The aggregate surpluses and deficits between member countries came to 1.8 billion units of account during the first nine months of EPU operations. But since, for purposes of clearing operations, all European currencies were freely convertible, the gross balances were cut to a net total of 1.1 billion units, a reduction of roughly 40 percent. End

The Schuman Plan

French Foreign Minister Schuman's plan for pooling European coal and steel industries under a supranational structure (the Coal and Steel Community) has been described. Unlike the OEEC and the Council of Europe, the new authority proposed in the Schuman Plan called for a substantial transfer of national sovereignty. There was favorable re-

[32] *Europe: The Way Ahead* (Fourth Annual Report of the OEEC; Paris, 1952), p. 69.

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EXCERPT

EPU Story in PAB Report

THIRTY-FOURTH REPORT FOR THE.....

PUBLIC ADVISORY BOARD
of the
ECONOMIC COOPERATION ADMINISTRATION

Number 34

as of March 31, 1951

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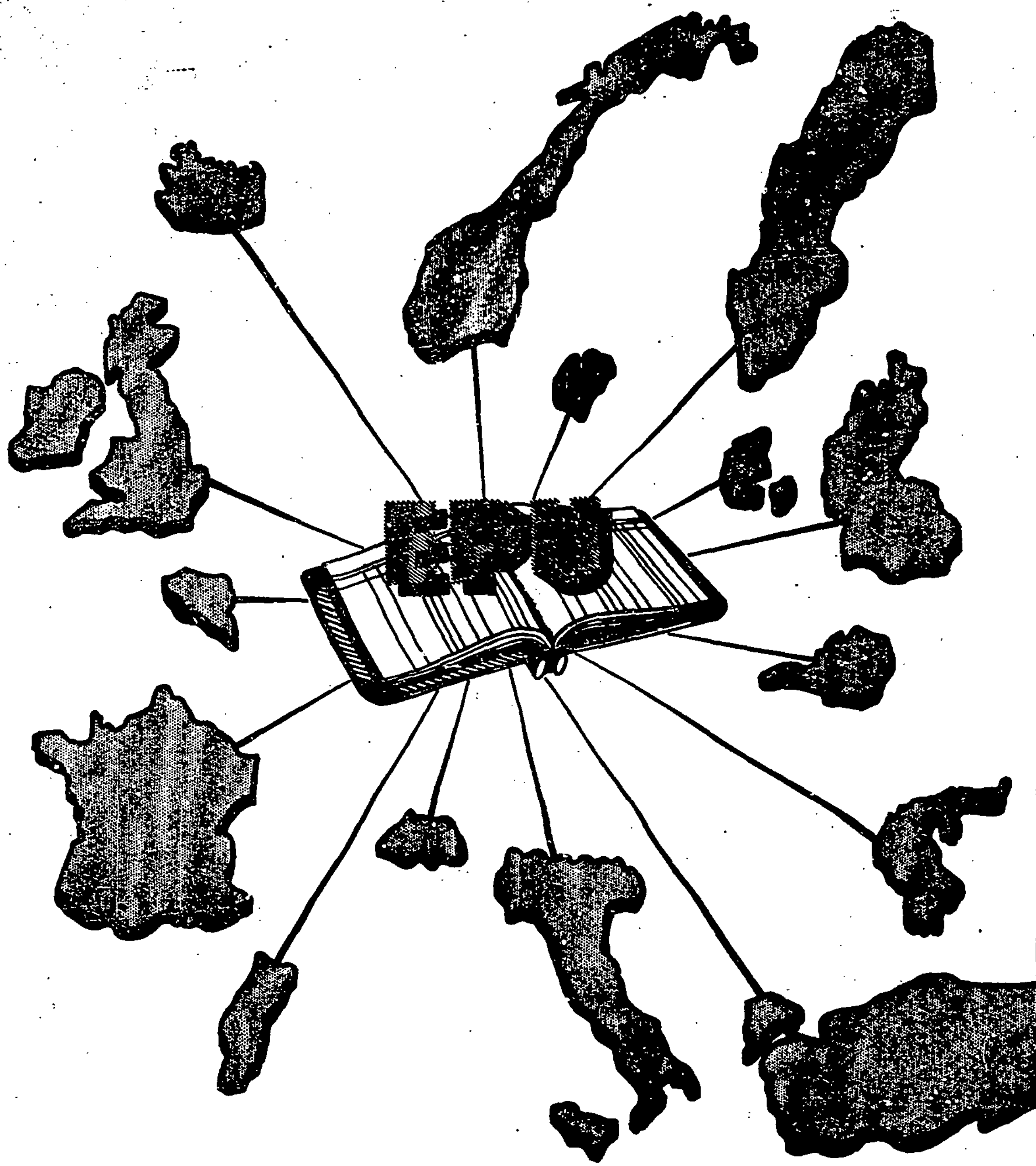
The European Payments Union

EUROPEAN RECOVERY PROGRAM

THE EUROPEAN PAYMENTS UNION



- Established by the member countries of the Organization for European Economic Cooperation as the financial mechanism paving the way toward creation of a single competitive market in Western Europe.
- Prior to EPU the lack of convertibility among European currencies forced most countries to balance their trade accounts with the others individually. Generally, European countries were unable to cover their trade deficit with any one country by paying in foreign exchange earned from sales to another country.
- *Under these conditions intra-European* trade was stifled, resources were not put to their best use, and industrial progress was impeded.
- In bringing about full multilateral settlement for current transactions among member countries EPU has removed a major deterrent to the free exchange of goods among the nations of Western Europe and their associated monetary areas.
- By serving as the mechanism for handling payments for military equipment and materials transferred between European countries, EPU can now play a major role in the common defense effort.

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MAY 11, 1951

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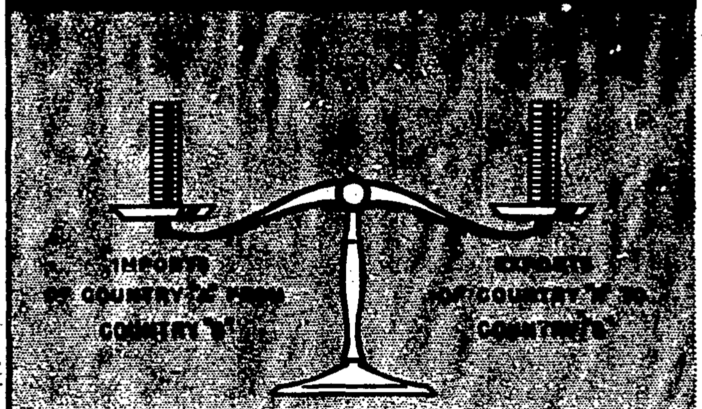
HOW EPU PROMOTES TRADE

Before EPU...

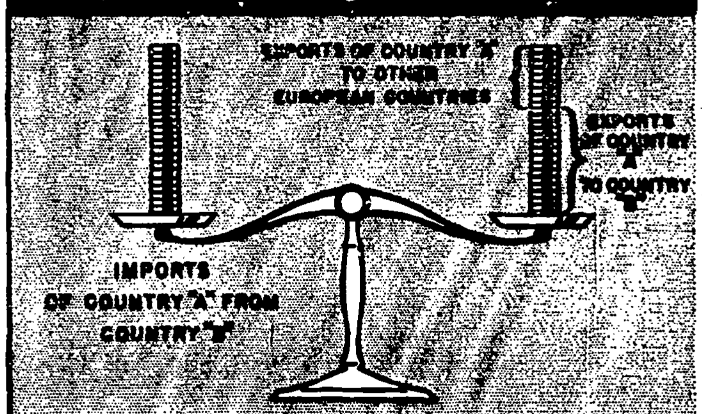
Trade was balanced between countries, individually, at a low level.



Belgium traditionally has exported steel; Denmark and Norway have imported it. Yet Denmark could not sell enough dairy products and meat, nor Norway enough fish, lumber, and wood pulp directly to Belgium to pay for the steel they wished to purchase. The Danes and Norwegians, consequently, tended to curtail the importation of many useful goods which they would otherwise have taken from Belgium, even though they had surpluses with other countries. The credits accumulated in these countries could not be applied to offset their payments deficits with Belgium.

NOW...

Trade is balanced on a European-wide basis at a much higher level.



Under the EPU clearing arrangements the Danes and Norwegians can pay for steel and other Belgian goods with foreign currency proceeds earned from their exports to other European countries. Their ability to import from other member countries is limited only by their over-all capacity to export to these countries, collectively.

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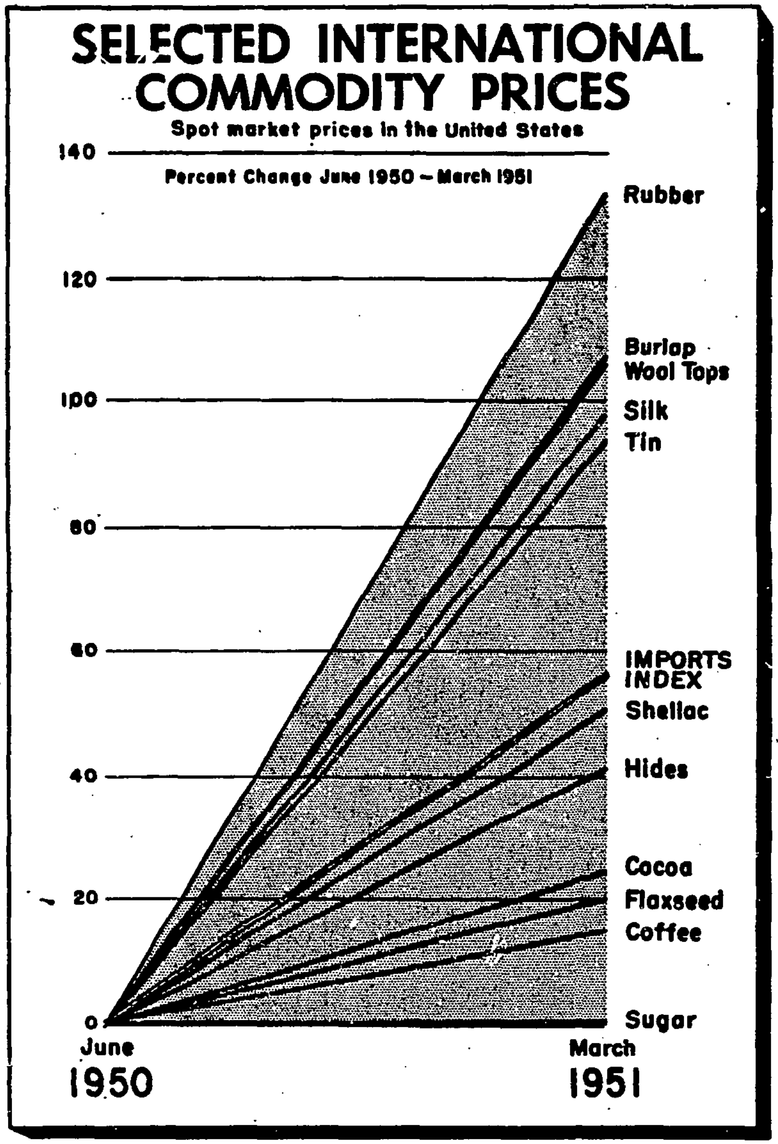
EPU AND THE WORLD CRISIS



The European Payments Union began its operations on July 1, 1950, just six days after the invasion of South Korea started the world-wide scramble for supplies which altered world trade patterns substantially. Stockpiling to match stepped-up defense needs and speculative buying tended to favor the trade positions of countries producing raw materials. Prices of basic commodities soared.

Sterling area products — rubber, tin, wool — were sought eagerly. Since the sterling area is integrated in the European Payments Union, the surplus position of the United Kingdom, representing the sterling countries in the clearing arrangement, mounted rapidly. Similarly, France, Belgium, and Portugal, which also have extensive materials-producing overseas territories, were able to build substantial EPU creditor positions.

On the other side of the EPU balance sheet, the Federal Republic of Germany incurred an unusually large deficit. A special credit of $120 million was placed at Germany's disposal after its EPU quota was exhausted in November.

Industrial activity in Western Germany has risen more rapidly during the past year than in any other ERP country. Purchases abroad, therefore, were heavy. Exchange and inventory speculation, however, were major factors in Germany's deficit. Trade liberalization was suspended in February and Germany showed a surplus for the month of March.

Other debtor nations — Austria, Denmark, Greece, Netherlands, and Norway — dependent on external sources for most raw materials, found it impossible to work toward a trade balance. They were confronted with increasingly adverse terms of trade — their own exports, lagging in price, paid for less and less vitally needed materials. To relieve the acute payments situation of some of these countries, ECA has agreed to extend additional aid covering part of their intra-European deficits.

The world-wide boom in raw materials, which is the main cause of the current imbalance in intra-European trade, is reflected in the accompanying chart of commodity price changes.

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HOW EPU OPERATES

The operation of EPU is meant to take care of normal fluctuations between surplus and deficit of the member countries. To this end, for each country a "quota" of roughly 15 percent of the sum of its intra-European payments and receipts on current account during 1949 was established. These quotas, which total 3,950 million units of account[1] for all member countries combined, determine the maximum cumulative deficit or surplus which may be financed under EPU.

Any country in deficit with the group as a whole receives credit from EPU or pays gold in a prescribed ratio. Net creditors give credit to EPU or receive gold in accordance with a fixed ratio.

An incentive to any debtor country to reduce its deficit is provided by the rules which require proportionately larger gold payments to EPU, the larger its deficit. An incentive to any creditor country not to have too large a surplus is provided by the fact that creditors must extend credit to finance a large part of their own surpluses.

The full schedules for debtors and creditors are as follows:

COUNTRY QUOTA	DEBTORS' SCHEDULE		CREDITORS' SCHEDULE	
	Credit Received	Gold Payment	Credit Extended	Gold Received
1st fifth	100%	0%	100%	0%
2nd fifth	80	20	50	50
3rd fifth	60	40	50	50
4th fifth	40	60	50	50
5th fifth	20	80	50	50

To cushion the shock of what were considered "structural" surpluses or deficits "initial balances" were allotted to certain countries. These had to be drawn on before use of the quota.

ECA has provided $350 million which constitutes an initial working capital fund. The EPU is designed to remain in being, if necessary, after the termination of ECA financial aid until it is possible to establish, by other means, a multilateral system of European payments.

The Bank for International Settlements, as agent for the European Payments Union, calculates monthly the net surplus or deficit position of each member country by obtaining its combined payments balance with all other participants retroactively to July 1, 1950. These balances are then adjusted for the use of existing resources (a country's holdings of currencies of other participants as of June 30, 1950). The remaining deficits and surpluses are then offset against the initial balances. If an initial balance is exhausted, or if none was allotted, the surplus or deficit is applied to a country's quota.

[1] *Each unit is equal to the present gold content of the U.S. dollar.*

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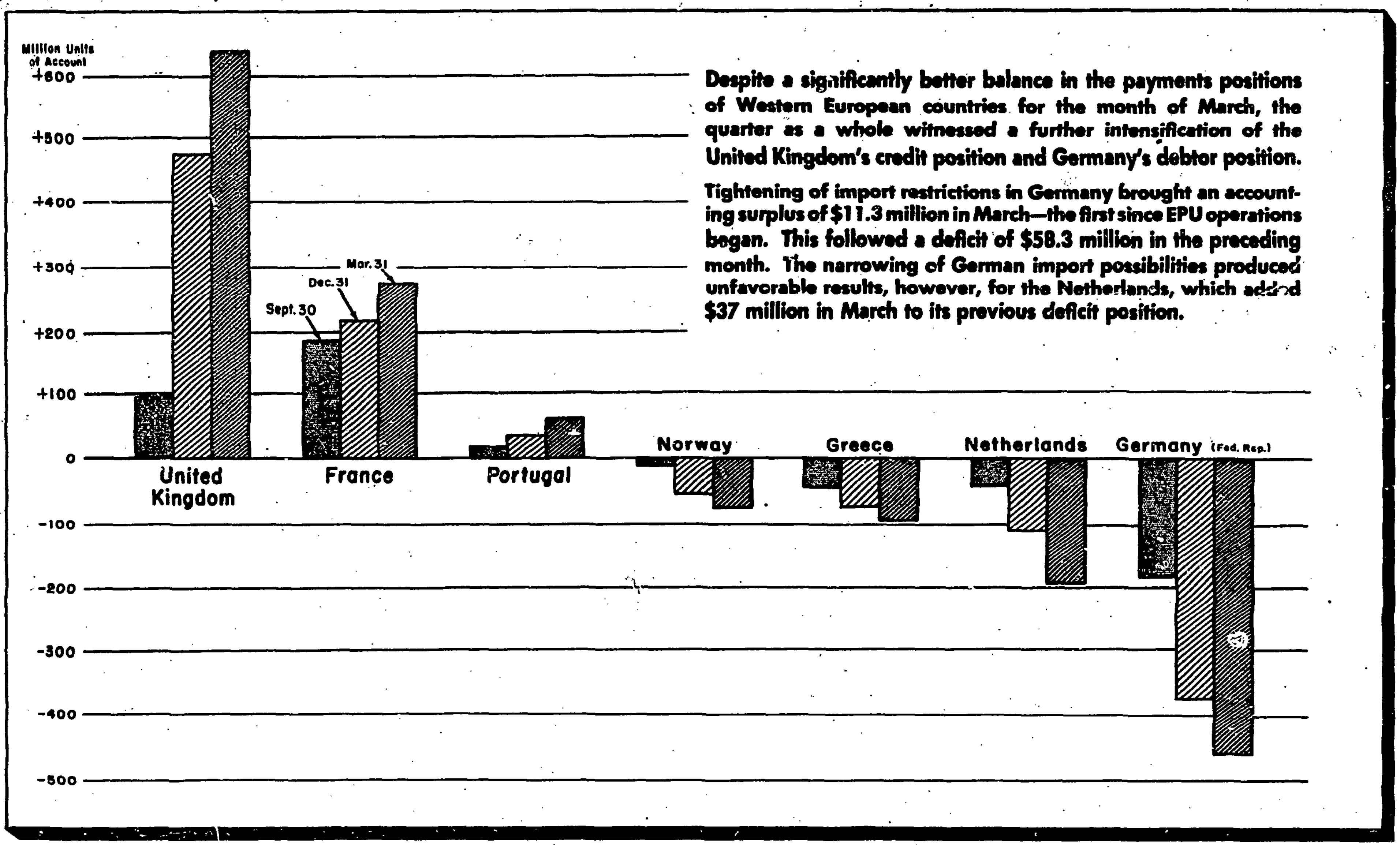
EPU POSITIONS -CUMULATIVE SURPLUSES OR DEFICITS 1/

AS OF SEPTEMBER 30 AND DECEMBER 31, 1950, AND MARCH 31, 1951



Despite a significantly better balance in the payments positions of Western European countries for the month of March, the quarter as a whole witnessed a further intensification of the United Kingdom's credit position and Germany's debtor position.

Tightening of import restrictions in Germany brought an accounting surplus of $11.3 million in March—the first since EPU operations began. This followed a deficit of $58.3 million in the preceding month. The narrowing of German import possibilities produced unfavorable results, however, for the Netherlands, which added $37 million in March to its previous deficit position.

1/ Selected countries.

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MAY 11, 1951

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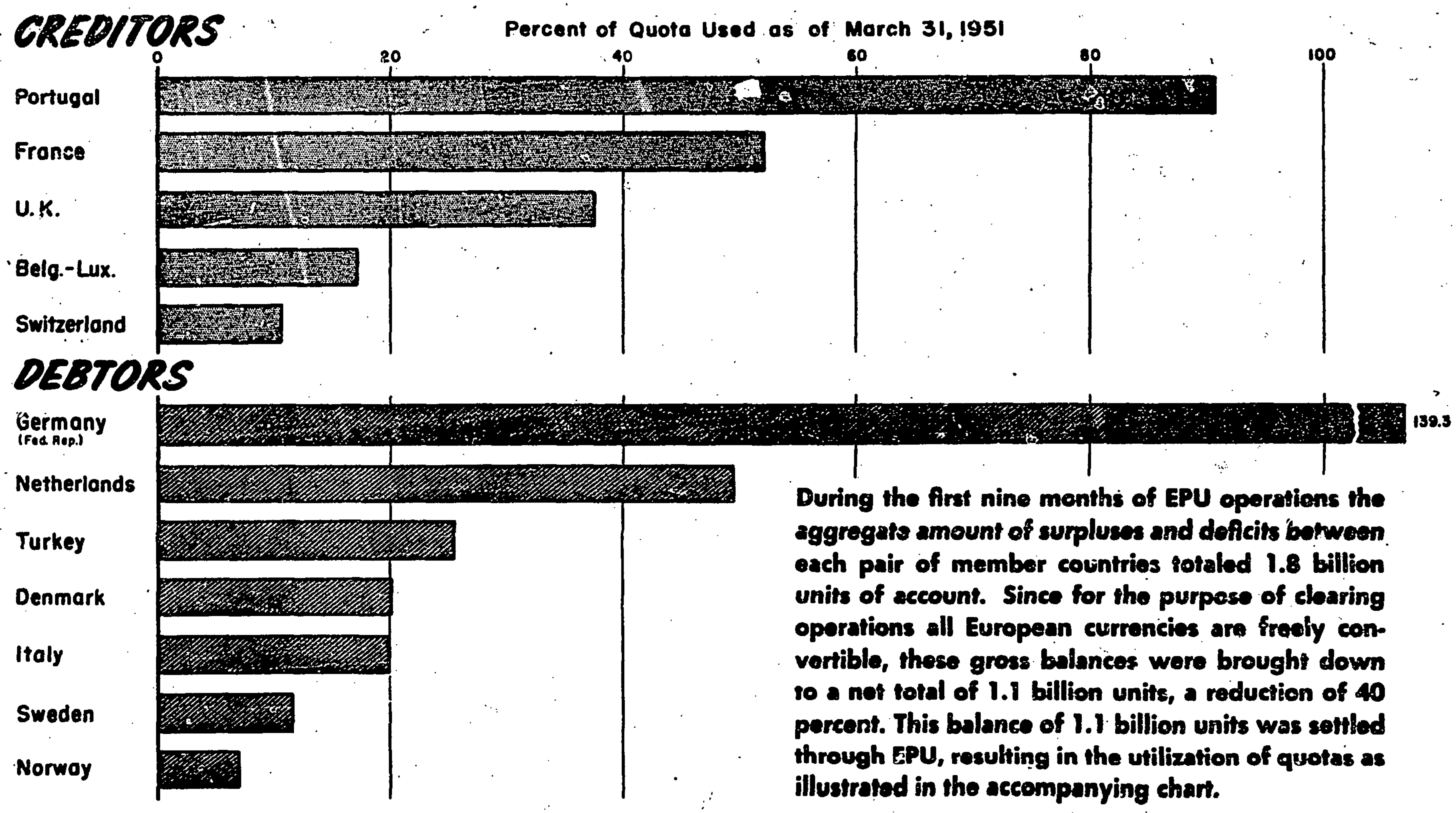
UTILIZATION OF EPU QUOTAS



During the first nine months of EPU operations the *aggregate amount of surpluses and deficits between* each pair of member countries totaled 1.8 billion *units of account. Since for the purpose of clearing* operations all European currencies are freely convertible, these gross balances were brought down to a net total of 1.1 billion units, a reduction of 40 percent. This balance of 1.1 billion units was settled through EPU, resulting in the utilization of quotas as illustrated in the accompanying chart.

Note: Austria and Greece under the terms of the EPU agreement cannot make use of their quotas in 1950-51.

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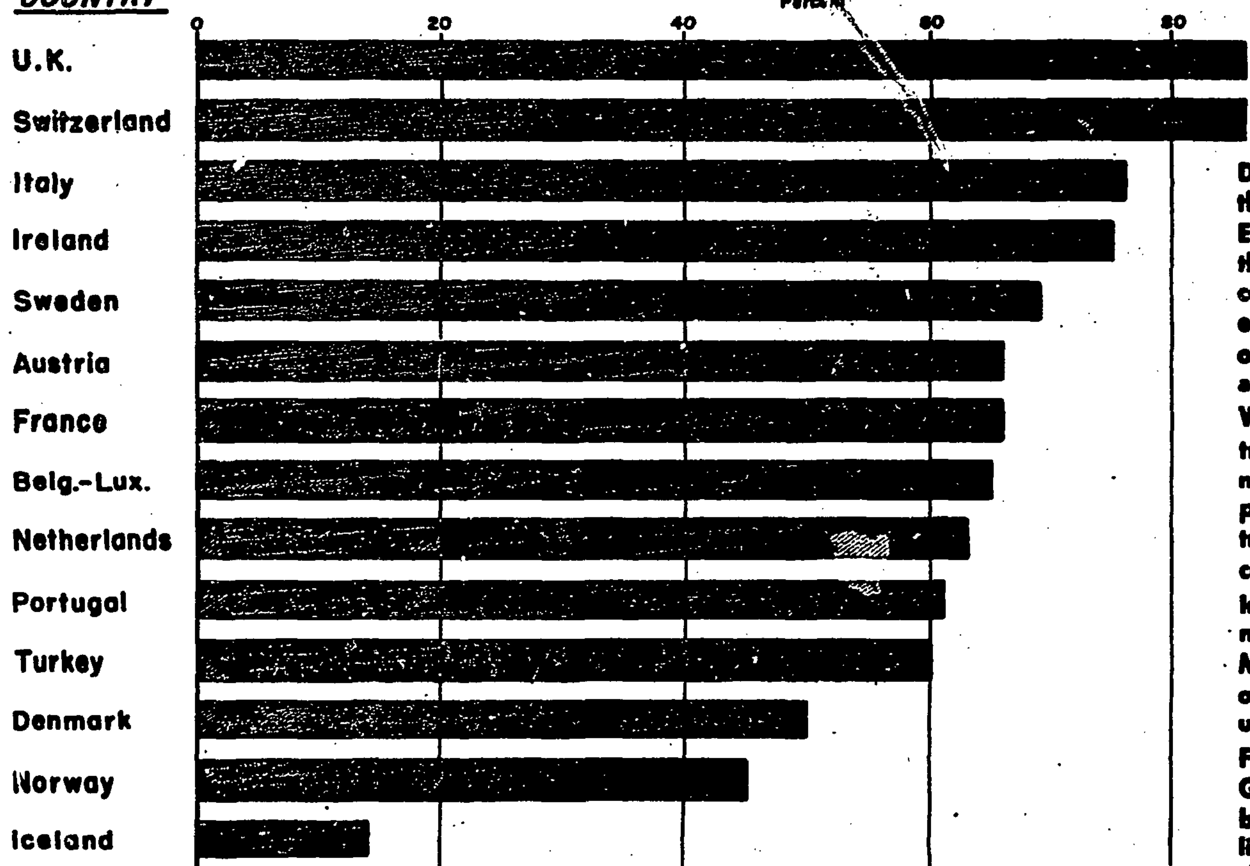
MAY 11, 1951

W

THE PROGRESS OF TRADE LIBERALIZATION

INTRA-EUROPEAN IMPORTS FREE OF QUANTITATIVE RESTRICTIONS

On March 31, 1951, as Percent of 1948 Imports on Private Account



Defense preparations have increased rather than lessened the urgency to develop a unified European market. Leading to this objective, the liberalization of intra-European trade is contributing to a more efficient utilization of economic resources and to the expanded economy which will assure adequate living standards and formidable military strength.

With the signing of EPU, the member countries agreed to extend their goal for the removal of restrictions on non-government imports and, by the end of 1950, 70 percent trade liberalization had been achieved for the countries as a group.

In view of the alarming increase in the German EPU deficit during February, the EPU Managing Board consented to the suspension of trade liberalization in the Federal Republic until June 1, 1951.

Five other countries — Austria, Denmark, Greece, Iceland and Norway — have either been exempted or have applied for relief from liberalization commitments under safeguard clauses in the Code of Liberalization of Trade.

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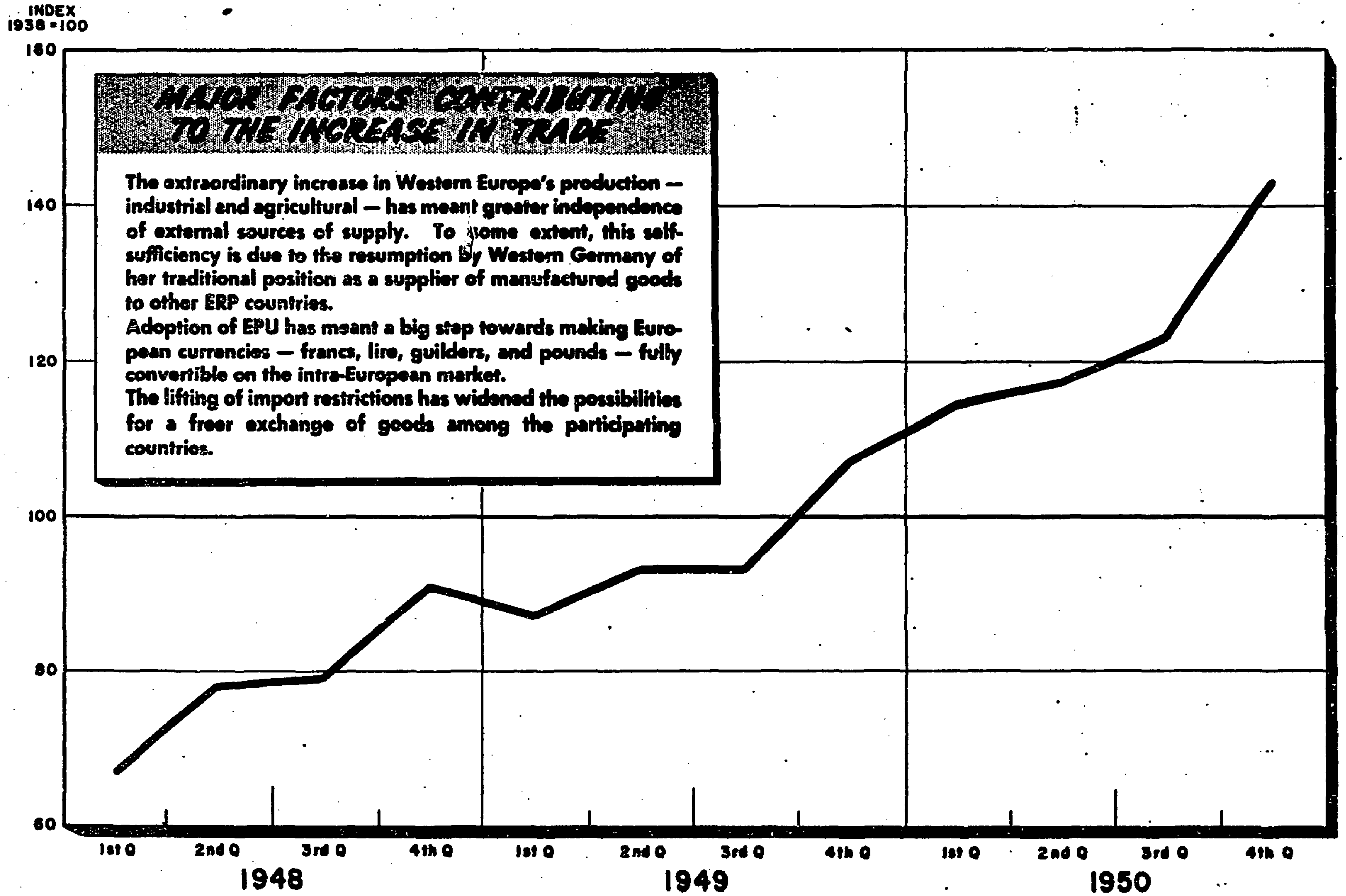
INTRA - EUROPEAN TRADE VOLUME HAS INCREASED RAPIDLY DURING THE LAST YEAR

TOTAL VOLUME OF TRADE, ALL PARTICIPATING COUNTRIES



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ECONOMIC COOPERATION ADMINISTRATION

SPECIAL STATEMENT
EUROPEAN PAYMENTS UNION

SETTLEMENT OF THE POSITION OF MEMBER COUNTRIES WITH THE EUROPEAN PAYMENTS UNION

JULY 1, 1950 - MARCH 31, 1951 1/

(Million Units of Account)

MEMBER COUNTRY	CUMULATIVE POSITIONS					UTILIZATION OF QUOTAS						
	GROSS		NET SURPLUSES (+) OR DEFICITS (-) 2/ (COLS. 2+3)	NET USE OF EXISTING RESOURCES BY (-) OR ON (+) PARTNERS	USE OF INITIAL CREDIT (+) OR DEBIT (-) POSITIONS	ACCOUNTING SURPLUS (+) OR DEFICIT (-) 2/ (COLS. 4+5+6)	SETTLEMENT OF QUOTAS		INITIAL CREDIT (+) OR DEBIT (-) BALANCES	PERCENT OF INITIAL BALANCES USED	QUOTAS	PERCENT OF QUOTAS USED
	TOTAL BILATERAL SURPLUSES (+)	TOTAL BILATERAL DEFICITS (-)					CREDIT GRANTED TO (-) OR BY (+) COUNTRY	GOLD PAID (-) OR RECEIVED (+) BY COUNTRY				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Austria	+ 2.8	- 85.4	- 82.6	—	+ 80.0	- 2.6	—	- 2.6 3/	+ 80	100.0%	70	4/
Belgium-Luxembourg	+ 242.7	- 153.2	+ 89.5	+ 15.8	- 44.0	+ 61.2	+ 61.2	—	- 44	100.0	360	17.0%
Denmark	+ 33.5	- 74.5	- 41.2	+ 2.0	5/	- 39.2	- 39.1	- .04	5/	5/	195	20.1
France	+ 302.8	- 31.5	+ 272.0	- 1.1	5/	+ 270.9	+ 187.4	+ 83.4	5/	5/	520	52.1
Germany (Fed. Rep.)	+ 94.3	- 551.2	- 457.7	+ 11.9	5/	- 445.8 6/	- 272.1 6/	- 173.7 6/	5/	5/	320	139.3
Greece	+ 0.1	- 93.9	- 93.7	+ 1.1	+ 92.6	—	—	—	+ 115	80.5	45	4/
Iceland	7/	- 3.9	- 3.9	—	+ 3.9	—	—	—	+ 4	97.6	15	—
Italy	+ 58.5	- 141.9	- 83.5	+ 42.5	5/	- 41.0	- 41.0	—	5/	5/	205	20.0
Netherlands	+ 67.3	- 260.0	- 192.9	—	+ 30.0	- 162.9	- 118.8	- 44.1 8/	+ 30	100.0	330	49.4
Norway	+ 7.6	- 81.5	- 73.9	7/	+ 60.0 9/	- 13.8	- 13.8	—	+ 60	100.0	200	6.9
Portugal	+ 64.4	- 1.1	+ 63.5	—	5/	+ 63.5	+ 38.7	+ 24.7	5/	5/	70	90.7
Sweden	+ 75.2	- 120.9	- 45.7	+ 15.4	—	- 30.3	- 30.3	—	- 21	—	260	11.6
Switzerland	+ 66.0	- 39.5	+ 26.5	—	5/	+ 26.5	+ 26.5	—	5/	5/	250	10.6
Turkey	+ 39.0	- 49.8	- 10.8	- 1.9	—	- 12.7	- 12.2	- 0.5	+ 25	—	50	25.5
United Kingdom	+ 696.8	- 62.9	+ 634.6	- 85.7	- 150.0	+ 398.9	+ 305.4	+ 93.4	- 150	100.0	1,060	37.6
TOTAL (+)	+1,751.1	—	+1,086.0	+ 88.8	+ 266.5	+ 821.0	+ 619.2	+ 201.5			3,950	
TOTAL (-)	—	-1,751.1	-1,085.9	- 88.8	- 194.1	- 748.3	- 527.3	- 220.9				

1/ Switzerland included beginning with November 1.

2/ Includes payments of interest on loans granted or received.

3/ Fully paid in dollars in accordance with Art. 13 (a) of the EPU agreement.

4/ Quota blocked under EPU agreement.

5/ No initial balance.

6/ Includes amounts covered outside the quota under special credit to Germany.

7/ Negligible.

8/ Of which 18.5 million u/a under Article 11 (d) of the EPU agreement.

9/ 50 million u/a grants; 10 million u/a loan.

Best Available Document

SOURCE: FINANCIAL POLICY AND TRADE DEVELOPMENT DIVISION,
BASED ON STATISTICS FROM THE BANK FOR INTERNATIONAL SETTLEMENTS.

REPORTS AND ANALYSIS BRANCH
DIVISION OF STATISTICS AND REPORTS
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