
TRANSCRIPTION

U.S. FINANCE FOR EUROPE WHEN MARSHALL AID ENDS

Three Conditions Will Be Required by Investors, Says Mr Aldrich

"LONG, HARD JOURNEY"

THREE conditions — military security, political stability, and economic stability — would be required by United States investors before private capital came to the rescue of European countries after the end of Marshall Aid in 1953.

This statement was made by Mr Winthrop W. Aldrich, chairman of the Chase National Bank of America, in London yesterday.

Mr Aldrich, who has recently toured France, Italy, Holland and Belgium, was speaking at the 'first post-war luncheon of the Pilgrims of Great Britain.

"We are at very critical moment the history of the development Western Europe after the war," he said.

"The Marshall Plan expenditure must from now, in my opinion, aim at the integration of Europe as an economic entity.

"It seems abundantly clear that the countries of Western Europe as whole will not. by 1953, have sufficient capital of their own to provide the constantly - expanding economies and rising standards of living to which their people aspire.

Substantial Funds

"I devoutly hope that, at the time of the termination of the Marshall Plan, conditions will have been created which will result in very substantial funds being available to assist the Western European peoples in reaching this goal."

Mr Aldrich then detailed the three conditions which would be required by U.S. investors:

1—The nations of Western Europe must have obtained military security. This condition would not have been met until the Atlantic Pact had been ratified by all the party nations, and until the programme of rearmament in Western Europe had been put into effect.

2—The nations must have reached a state of political stability — that was to say, the threat of Communism must have been eliminated. It was quite apparent that the danger of the spread of Communism in Western Europe outside the iron curtain had already greatly diminished.

3—A state of economic stability must also have been reached. The country's external economy must in balance, and the exchange rates of its currency vis-a-vis the American dollar must have a realistic relationship to the price levels in both countries, and be such that it can be maintained in practice.
Private capital in the U.S. available for investment abroad also fell into three groups, said Mr Aldrich:

1 — Business enterprises, large and small, which might desire to expand their activities.

2 — Commercial banks, already engaged in financing short-term self-liquidating transactions in the movement of imports and exports between the U.S. and Europe, who might be prepared to make short or intermediate term loans to increase European or Colonial production of goods for export to the U.S., and

3 — Individual investors, who might be willing to purchase the securities of foreign enterprises issued under the auspices of investment banks in the U.S.

Definitely Sceptical [sic]

"This last group is, at the moment, definitely sceptical as to the value of foreign investments," he said. "It will no doubt take very considerable time before it will be prepared to make new investments abroad."

He had been greatly impressed by the degree of recovery in the countries he had visited, adding: "The increase in trade, both intra-European and between Western Europe and the rest of the world outside the iron curtain, is most encouraging."

He did not think, however, that complete economic unity could be obtained among the nations of Western Europe by the end 1953.

It would seem that these countries would then still be faced with a very substantial annual dollar deficit, which could be met either by increased exports to the U.S. from the countries of Western Europe and their overseas territories, increased travel from the U.S. to these countries, or increased U.S. investments or loans.

Expressing admiration for the way the British people and Government had met "the tremendous difficulties of reconstruction and recovery," Mr Aldrich said that both Britain and America as pilgrims were setting out together on a long, hard journey with a high purpose.

"We both seek a haven of better life for free men. The motivating force which urges both of us forward is the determination to be strong enough to be free."

The chairman, Mr R. S. Hudson, M.P., paid tribute to Mr Aldrich's past efforts on behalf of Britain.

[SIDEBAR PHOTO WITH CAPTION]: The Lord Chancellor, Lord Jowitt, Mr. Winthrop Aldrich, chairman of the Chase National Bank of America, and Mr R. S. Hudson at the Pilgrims' Luncheon at the Savoy Hotel, London

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