By Western Europe

Marshall Plan, Manpower Keys To Economic Leap

By MILTON MARMOR
Of the Associated Press

LONDON (AP)—Western Europe has rolled up its sleeves and gone to work, and the result is an economic miracle.

Shattered by war two decades ago, countries that once were enemies have banded together as friends into an economic community that is growing as strong as the steel rolling from its factories.

What's behind this unprecedented leap? Leading economists and industrialists agree that the right combination of factors played a part.

They point to Europe's manpower reserve and its capacity for boosting production, to the impetus given Europe in the immediate postwar years by the Marshall Plan and, subsequently, by the Common Market and the European Payments Union.

Italian experts contend the boom represents a new outlook on life. Europeans, they say, have started to live, to work hard and acquire the things they once only dreamed about refrigerators, cars, television sets.

Ferdinando Innocenti, 71-year-old head of a huge Italian firm turning out motor scooters, autos, machine tools and steel products, explains:

"After World War II people everywhere in Europe, particularly Italy, started to live, as good living is understood today. They found they could get a better life by working and spending what they earned. The result was a market of demand."

Says Vittorio Valletta, 79-year-old president of Italy's giant Fiat Auto Works: "People everywhere have rolled up their shirt sleeves and started work seriously in every field." He credited also Marshall aid and the need to re-build war-shattered Italian industry.

Libero Lenti, professor of political economics at Pavia University, says "the considerable spirit of enterprise" by Italian industrialists spurred his country's boom. Italy, he adds, also benefitted from a large laor force.

In West Germany, the chairman of a leading construction and engineering firm says the boom resulted from two great reserves: manpower and productivity improvement.

Another industrialist says the decisive factor and sustaining power of the boom is that "the working people used their physical and mental strength down to the very last in fighting for the very basis of their existence."

Whatever the reason, the West German economy is growing twice as fast as that of the United States.

In fact, according to United Nations figures, all six European Common Market countries but Belgium developed more rapidly than the U.S. during the 1950s. West eGrmany was far ahead of all Western Europe, followed by Italy and Austria.

Trailing at the opposite end of the scale, Britain—now trying to get into the common market, and Ireland showed the lowest growth rate—well below the U.S., Sweden, Denmark and Norway also developed more slowly than America.

Figures are based on the percentage increase of total domestic output in Western Europe and North America during the decade ending in 1959. They were worked out for an elaborate economic study of the 1950s, to be published later this year.

David Stout of Oxford University says the severe measures taken to restrict demand on gold reserves caused Britain's slower growth. He says the measures caused production growth to halt, even move backward. Growth rate, he adds, has been at 3 per cent a year since 1946.

And C. T. Saunders, director of the National Institute of Economic and Social Research in Britain, says the country is dependent on markets in primary producing areas in parts of the world where incomes have risen least. Britain, he says, is losing its share even in these markets.

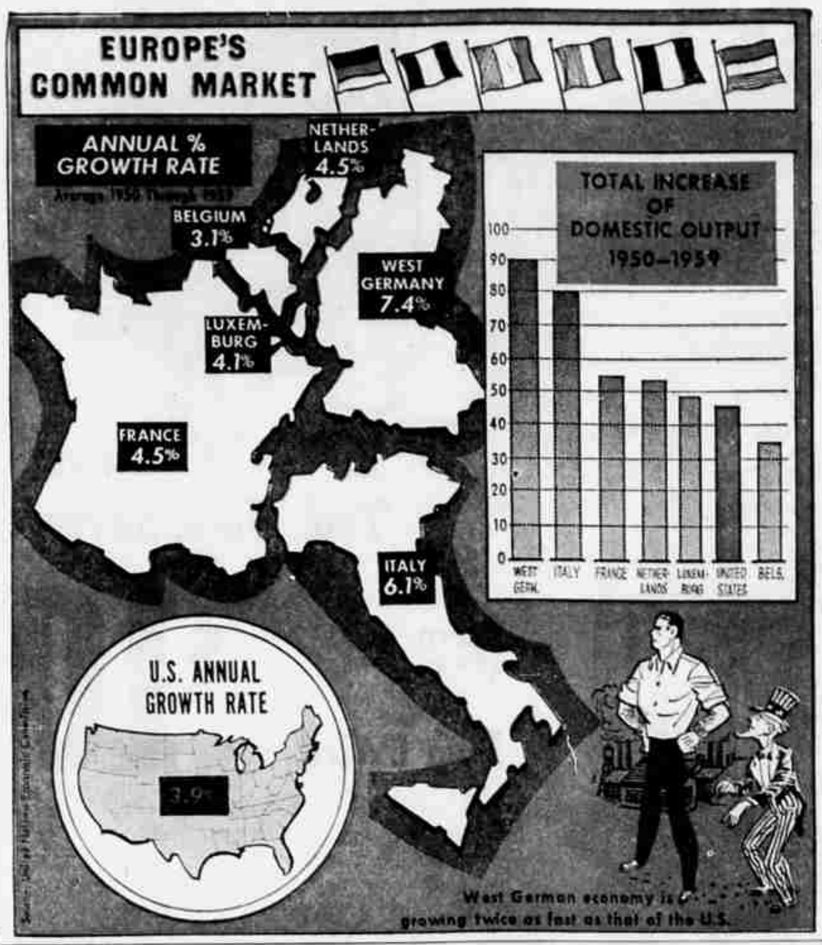
Further, he adds, each burst of output expansion has led to a running down of exchange reserves, greatly exaggerated by speculation. Hence, expansion has to be curbed repeatedly by government action.

From Switzerland, Samuel Schweizer lists the Marshall Plan, the European Payments Union, the European Common Market and the Free Trade Assn. as prime reasons for his country's boom.

Schweizer, board president of the Union Bank of Switzerland, adds that relatively stable prices contributed greatly to a virtually uninterrupted economic growth since World War II.

Ernest Schmidheiny, board chairman of Swissair, ascribes the European recovery to Marshall aid and to the tremendous backlog for expansion from the war.

Whatever the reason, both sides of the world are watching the developments with more than casual interest.



Eastern Europe Trading Bloc Failing to Create a 'Boom'

By RICHARD O'REGAN
Of the Associated Press

VIENNA — In Communist East Europe there are food shortages everywhere. Yet in Western Europe you can buy Bulgarian eggs, Hungarian salami, Polish potatoes, Romanian fruit.

Why are East Europeans kept short of food products while the goods are exported?

Diplomats blame the Soviet bloc's own common market organization known as the Council for Mutual Economic Assistance, or Comecon.

Originally set up in 1949 as a coordinating group. Comecon four years ago reorganized itself to try to build the East bloc into a powerful trading market.

It was to be directed by state planning rather than by the forces of private enterprise and was to try to surpass the West European Common Market.

But while West Europe is having a boom, Comecon, according to Western economists, has failed miserably. A meeting was held in Moscow recently to try to put new life into it.

Comecon set out in 1958 to integrate the economies of the Soviet Union, Hungary, Poland, East Germany, Bulgaria, Romania and Czechoslovakia.

Up to that time, each of the East European countries had tried to become a little Russia. Each had developed heavy industry, regardless of availability of raw materials. Each produced the same or similar goods. All attempted to become self-sufficient and suffered from the same shortages.

Comecon pushed the idea that each country specialize.

Poland was to expand its production of coal, sulphur and other raw materials. Romania was to concentrate on oil and petrochemical industries. Czechoslovakia was to build up medium industry, automobiles and transport. Hungary was to develop light industry.

Huge industrial projects — like a big steel complex on the Danube near Budapest—suddenly became idle or the plans were scrapped. Investment capital went down the drain.

Countries that had been making TV sets were told to make radios. "Rich" countries like Czechoslovakia were told to put up money for investments in "poor" countries like Bulgaria.

This process is still going on. The Moscow meeting in June emphasized that more effort would be made to pool scientific and technical research and create joint project and design centers.

But, say the Western economists, the system still isn't working.

Nobody wants to send his production to anybody else because of shortages at home. Nobody wants to cut back on production and depend on doubtful deliveries from a neighbor.

Despite all Comecon's efforts, the East bloc has not been able to arrive at a standard price and wage policy. Currencies are not convertible.

This means that there is only bilateral trade among the East bloc nations—rather in the nature of barter.

The countries exchange goods they can spare for what they need, but there is no multilateral exchange or bloc-wide system of settling trade balances.

One result is that the satellites turn to the rival Common Market to acquire the machinery, raw material and semi-finished products they cannot get from their own Communist colleagues.

They sell food and other products for hard currencies in the West, so they can buy supplies they need.

New Highway Link to Open In Canada

REVELSTOKE, B.C. (AP) — The first half of a giant double bill will be played eight miles east of here Monday.

When it's through, the scenic Rogers Pass section of the trans-Canada highway will be open to the public.

It will trim the distance between Golden, B.C. and Revelstoke to 92 miles from the 192 taken by the winding, gravelled Big Bend route, and it will cut the travelling time by at least three hours.

Monday's show is a British Columbia production to mark completion of this province's 510-mile section of the trans-continental road link.

The second feature comes Sept. 4 at a point 40 miles farther east than the first—right in the heart of the mile-long and nearly-mile-high Rogers Pass—and it will mark officially the completion of the trans-Canada highway as a whole.

Its opening will cut the highway distance between Calgary and Vancouver to 710 miles, compared with nearly 900 by southern routes, and it will give the prairies easy access to B.C.'s Okanagan Valley summer playlands.

The section called the Rogers rises 4,341 feet above sea level as it crosses the pass, named for Maj. A. B. Rogers who discovered it between Mount Macdonald and Tupper Mountain in the Selkirk range.

Woman Admits Guilt In Temple Burning

KYOTO, Japan (AP)—A woman confessed burning down a 145-year-old Buddhist temple because she was scolded for taking money from an offering box, police said Friday.

She was identified as Miss Misae Usuda, 27. The Mibudera Temple and six temple objects designated as national cultural assets were destroyed Wednesday.

By East, West Germany

Trade Increase Considered

BONN, Germany (AP) — West Germany and East Germany, whose governments heap abuse upon each other, are considering an increase in their large scale trade.

This trade, which totaled 1.8 billion marks ($457 million) in 1961, is greater than the business the United States does with the whole of the Communist bloc. Trade between the two Germanys has doubled in the last eight years.

West Germany has an offer from East Germany that would mean an increase of three billion marks ($750 million) over the next decade, exclusive of regular developments.

Chancellor Konrad Adenauer's government hesitates because of repugnance at shoring up the Communist regime, all the more hated here since the Berlin wall.

For the time being, the question remains open.

West Germany trades with the East for three reasons: To use the threat of its cutoff to deter East Germany from interfering with West Berlin and access to the city, to prevent East Germany's economy from becoming wholly dependent on the Communiest bloc, and to keep alive hopes for German reunification.

Two-thirds of the trade increase now under consideration involves purchase by East Germany of coal for use in railroad engines. West Germany does not have this type of coal in sufficient guantity and would have to produce it specially. Payment would be made in large part with Soviet oil.