



Office Memorandum



TO : Secretary Anderson

DATE: November 10, 1960

FROM : Frank A. Southard, Jr. *FS*

SUBJECT : German Contributions to Economic Development: Latest Information

1. I am informed by my German colleague that the line-up for economic development funds for 1961, as worked out in Germany, is as follows:

From the Federal budget	DM 800 million
From the Laender	DM 500 million
From interest on ERP loans	DM 200 million
From the Volkswagon sale	DM 500 million
From the industrial loan	<u>DM 1,000 million</u>
<u>Total</u>	DM 3,000 million

2. The Laender were asked to put up DM 800 million but refused. The Laender contribution will be handled by means of their subscription to a special issue of Federal bonds.

3. All of the above resources would be fed out through the Kreditanstalt fur Wiederaufbau (KfW). In the case of the industrial loan, the rate of interest to the industries is 5½ per cent, but the KfW will reloan the funds at a lower rate and absorb the loss.

German 10 yrs -

cc: Mr. Baird
Mr. Upton
Mr. Willis
Mr. Curtis

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 By MUK NLDDE Date 8/31/16