
NOTES

The GI Dollar and the Wirtschaftswunder

Dewey A. Browder

Austin Peay State University, Clarksville, Tennessee

Without question, the Marshall Plan was the key to West Germany's postwar economic recovery. However, the United States made another important contribution to West Germany's economic growth which has gone largely unrecognized. Spending by the American military contributed greatly to German prosperity, while U.S. forces simultaneously promoted and defended democracy. Food and service industries benefited from spending by American military personnel and their families. Construction projects ensured the survival of a variety of firms, and hundreds of thousands of Germans found direct employment with the American forces. Collectively, the American military contributed a surprisingly large amount to the West German *Wirtschaftswunder* (the Economic Miracle) in the 1950s. This paper seeks to highlight that contribution.

When the war came to a halt in Germany in May 1945, official American (and Allied) policy sought to restrict the German economy to a subsistence level. There was little reason to suspect that one of the military forces which had played such a major role in the defeat of Germany would soon become a major employer of its citizens and a significant contributor to what would come to be known as the *Wirtschaftswunder*. Indeed, the rules in effect at the war's end forbade any contact between the American forces and the German people not sanctioned as necessary and official. Essentially, the Germans were supposed to be treated as pariahs. In practice, however, this policy soon broke down. As early as October 1944, Germans were employed by the American military. At first, the Germans served as nurses' aides, clerks, and translators, but within a month, the range of positions expanded to include numerous skilled, semi-skilled, and supervisory jobs. Before the war ended, Germans staffed hospitals, mess halls, post exchanges, and other service facilities. By November 1945, the American military employed 168,000 Germans; within a devastated Germany, the American military was a major employer.¹

¹ Headquarters, U.S. Army, Europe and Seventh Army, Report on «The Employment of Local Nationals by the U.S. Army in Europe (1945-1966)», by Bruce H. Siemon and

Working for the Americans meant more than money-it also meant food! The Americans routinely provided one meal a day, and in some cases up to three, for German workers.² It did not take long for the American military to earn a reputation as a preferred employer. Prisoners of war who returned from camps in the USA seemed particularly eager to work for the Americans. One former prisoner explained it.

We had been treated well in America. We had learned some English, and, besides, the Americans were just about the only ones hiring. If you did not have a farm or a business to go to, you looked for work with the Americans.³

The position of the American military as a major employer became a standard feature of the German economy throughout the period of the *Wirtschaftswunder*. Equally significant for the country's economic well-being was the range of employment offered, from common labourers to physicians and attorneys.

While the American military gave the German economy a shot in the arm through direct employment, a U.S. forces spending boom channelled American money into the hands of German contractors, workers, landlords, and merchants. An analysis of the various stimulants is essential to an overall assessment. But first, it is useful to examine where the U.S. forces were located in Germany and some population figures.

There were Americans based in the U.S. and French Zones, an enclave in Bremen, and Berlin. Berlin, however, was frequently treated differently and is excluded from this study. The zones of occupation in the west lost their political significance as the Federal Republic regained its sovereignty. So to be specific with respect to the states of the Federal Republic, there were American troops stationed in: Hessen, Wuerttemberg-Baden (which was a separate state from 1949 to 1951), Baden, Bayern, Bremen, and Rheinland-Pfalz. Even after German sovereignty, the foreign forces remained, and the influence of the Americans continued to spread beyond the regions where they were stationed.

Roland E. Wagberg (Heidelberg: Military History Branch, 1968), p. 7.

² Headquarters European Command, Report on «Fraternization with the Germans in World War II». Occupation Forces in Europe Series 1945-46, No. 67 (Frankfurt am Main: Office of the Chief Historian, 1947), pp. 43-44.

³ Felix Hellingrath, interview on October 20, 1982, in Heidelberg. He was a civilian personnel coordinator in U.S. Army in Europe in the post-war period.

Population statistics help put things into perspective.

Table 1
RESIDENT POPULATION IN THE FRG

Year	Number of Residents
1950	* 45,400,000
1951	* 45,400,000
1952	* 45,400,000
1953	* 45,400,000
1954	49,516,000
1955	49,995,000
1956	53,500,000
1957	53,339,000
1958	54,373,000
1959	55,009,000
1960	55,577,000

* 1946 census was carried forward

The population of the FRG ranged from approximately 45 million to well over 55 million. The population factors for the U.S. forces for the same period of time, are as shown in Table 2. ⁴ Americans were no more than a drop in the ocean (.29% in 1950 and .73% in 1960).

⁴ Headquarters European Command, «Command Summaries» for the years 1953-1960 (Heidelberg and Stuttgart: Historical Division, 1954-1961), passim; Headquarters U.S. Army Europe, «Command Reports» for the years 1950-1960 (Heidelberg: Historical Division, 1951-1961), passim; Headquarters United States Air Forces in Europe, «Historical Data» for the years 1950-1960 (Wiesbaden: Historical Division, 1951-1961), passim. NOTE: Some of these military reports are classified secret. The portions used in this study have been declassified.

Table 2
U.S. FORCES PERSONNEL IN GERMANY

Year	Military & Civilians	Dependents	Total
1950	88,706	44,337	133,043
1951	242,235	45,214	287,449
1952	317,500	69,992	387,492
1953	292,143	78,709	370,852
1954	249,693	109,871	359,564
1955	256,818	125,407	382,225
1956	259,572	145,360	404,932
1957	230,955	158,967	389,922
1958	220,337	157,704	378,041
1959	230,631	171,279	401,910
1960	225,694	183,896	409,590

Now to proceed with the analysis of the various stimulants to the economy: the American military was one of the largest employers in Germany in the 1950s (see Table 3).⁵

Table 3
GERMANS EMPLOYED BY U.S. FORCES IN GERMANY

Year	Number of Employees
1950	212,269
1951	227,594
1952	186,160
1953	117,154
1954	166,294
1955	161,129
1956	127,541
1957	125,605
1958	114,479
1959	114,186
1960	100,834

In each case, the number shown is a matter of record but in fact understates total employment for two reasons. First, in the early years, many, if not most,

⁵ EUCOM, «Command Summaries» for years 1953-1960, passim; USAREUR, «Command Reports» for years 1950-1960, passim; USAFE, «Historical Data» for years 1950-1960, passim.

American families in Germany employed domestic help. Second, it was not until the late 1950s that accurate records were maintained for non-appropriated-fund workers, e.g. post-exchange employees. It is estimated that, at any given time, there were at least twenty thousand Germans earning their livelihood as domestic employees in American homes. Starting in the late 1950s, there are firm figures for non-appropriated-fund employees, over forty thousand. Using this amended data, it is possible to assess the significance of the American military as an employer in Germany during the era of the *Wirtschaftswunder*.⁶

Let us rank the American military establishment along with other sources of employment in Germany as a whole and in the specific states where American were located.⁷

⁶ Statistisches Bundesamt, *Statistisches Jahrbuch Fuer Die Bundesrepublik Deutschland 1951* (Wiesbaden: Wiesbaden Verlag, 1952), pp. 202-203; Hellingrath interview. Mr. Hellingrath based his estimate on the number of American families in Germany and practices he knew prevailed during the years involved. Most married officers and senior enlisted soldiers had a maid, although many were only part-time. This assertion is evidenced by the fact that family quarters constructed during the 1950s for Americans in Germany typically included a maid's room. In other words, it was accepted that the families would have domestic help. Indeed, it was not uncommon for a family in a large home to have more than one person to help with household chores. At the beginning of the decade, there were about 40,000 family dwellings occupied by Americans; from the middle of the decade on, this figure was approximately 85,000. Thus a high number of servants was likely, but since many were part-time, the estimated equivalent of full-time employees would have been some figure lower than the total number of families with employees. Furthermore, as time passed, more and more Germans found employment with German firms or homes, maids became harder to find, and the buying power of the dollar (even though the exchange rate remained constant) sank as German salaries and prices increased. The figure of twenty thousand domestic employees is, therefore, an estimate. But it is, quite likely, a conservative estimate.

⁷ Statistisches Bundesamt, *Jahrbuch 1951*, pp. 202-203; 1955, pp. 200-201; 1960, pp. 210-211.

Table 4
WEST GERMANY'S TOP TEN SOURCES
OF EMPLOYMENT IN 1951

Industrial Group	Number of Employees
1. Textile Manufacturing	592,288
2. Coal Mining	532,371
3. Machine Manufacturing	513,120
4. Chemical Industry	304,324
5. Electrical Industry	300,281
6. U.S. Forces	* 247,594
7. Garment Industry	222,034
8. Stone and Mineral Industry	220,276
9. Automobile Industry	212,919
10. Woodworking	185,524

* Non-appropriated-fund employees not included, but an estimated twenty thousand domestic employees are included.

In 1951, when the U.S. forces had 227,594 people on the official payroll and approximately another twenty thousand privately employed workers (not to mention the sizable but unknown number of Germans who were paid from non-appropriated funds), there were only five industries in all West Germany that employed a larger work force. Remember, this is for all the Federal Republic, less Berlin. By 1955, the U.S. forces had dropped out of the top ten, as German businesses grew, but the Americans still ranked in fourteenth place, out of forty-seven. In 1960, the U.S. forces stood twelfth on the list because by then the non-appropriated-fund employees were included (41,475 of them).

As mentioned above, the U.S. forces and their employees were concentrated in Hessen, Wuerttemberg-Baden (later BadenWuerttemberg) Bayern, Baden, Bremen and Rheinland-Pfalz. This concentration made a dramatic impact on the economy in those states.

Table 5
TOP TEN SOURCES OF EMPLOYMENT IN THE COMBINED STATES
OF HESSEN, WUERTTEMBERG-BADEN, BAYERN, BADEN,
BREMEN AND RHEINLAND-PFALZ IN 1951

Industrial Group	Number of Employees
1. U.S. Forces	* 247,594
2. Textile Manufacturing	246,219
3. Machine Manufacturing	243,557
4. Electrical Industry	172,196
5. Chemical Industry	146,674
6. Automobile Industry	141,276
7. Stone and Mineral Industry	125,134
8. Garment Industry	95,936
9. Woodworking	92,892
10. Shoe Manufacturing	65,113

* Non-appropriated-fund employees not included, but an estimated twenty thousand domestic employees are included.

In the areas where the U.S. forces were located, they employed more Germans than any single industry in 1951.

Table 6
TOP TEN SOURCES OF EMPLOYMENT IN THE COMBINED STATES
OF HESSEN, BADEN-WUERTTEMBERG, BAYERN, BREMEN,
AND RHEINLAND-PFALZ IN 1955

Industrial Group	Number of Employees
1. Machine Manufacturing	380,535
2. Textile Manufacturing	328,917
3. Electrical Industry	303,531
4. Automobile Manufacturing	198,170
5. Chemical Industry	181,857
6. U.S. Forces	* 181,129
7. Dairy	165,751
8. Stone and Mineral Industry	157,396
9. Garment Industry	145,354
10. Metal Working	135,083

* Non-appropriated-fund employees not included, but an estimated twenty thousand domestic employees are included.

In 1955, the U.S. was the sixth largest employer in its area of Germany.

Table 7
 TOP TEN SOURCES OF EMPLOYMENT IN THE COMBINED STATES
 OF HESSEN, BADEN-WUERTTEMBERG, BAYERN,
 BREMEN AND RHEINLAND-PFALZ IN 1960

Industrial Group	Number of Employees
1. Machine Manufacturing	504,915
2. Electrical Industry	462,699
3. Textile Manufacturing	335,241
4. Automobile and Airplane Manufacturing	253,641
5. Chemical Industry	227,492
6. Dairy	190,813
7. Garment Industry	179,188
8. U.S. Forces	*162,309
9. Precision and Optical Instruments	116,498
10. Shoe Manufacturing	84,485

* Includes 41,475 non-appropriated-fund employees and an estimated twenty thousand domestic employees.

By 1960, the U.S. forces were still among the top ten in the states where they were based; in that year, they were the eighth largest employer in the five combined states.

German employees of the American forces were paid on scales in line with those prevailing in German industry. Furthermore, union membership, the concept of co-determination (*Mitbestimmung*), social benefits, vacation policies, and working hours were all compatible.⁸ So the U.S. establishment was a competitive, desirable employer.

Beyond direct employment, Germans profited from the American presence through contracting and sales. At the war's end, the Americans moved into barracks, previously occupied by the German military, but those facilities rarely had accommodation for the ever-growing number of American families who came to Germany as dependants. In the beginning, the Americans commandeered housing, but, with the return of German sovereignty, that accommodation had to be returned. To try to meet the growing need, German contractors using German labour, raw materials, and products built apartments with U.S. funds for the American forces. In addition to housing for families, other accommodations had to be constructed for bachelor officers and barracks for soldiers. Schools for dependent children, chapels, signal sites, ammunition

⁸ «Allied-German Wage Accord Sets First Uniform Code», *Stars and Stripes*, European Edition, January 30, 1955.

and maintenance facilities, theatres, clubs, and airports were all needed and built. During the period from July 1950 through September 1960, 6,183,240,000 German marks were spent on American building projects in West Germany.⁹

By building new housing units, the Americans gave the German economy another boost, but construction was never able to keep pace with the need. Therefore, considerable numbers of Americans rented apartments from Germans throughout the decade of the fifties—often at inflated rates. The German landlords frequently used their rental income to build additional houses.¹⁰

Procurement, that is purchases with appropriated funds, also injected American money into the German economy and fostered prosperity. During the period 1951 to 1960, the U.S. forces spent a total of 95,760,000 German marks on direct purchases from Germans.¹¹

At this time, it is necessary to point to the sources of all the money. During the early phase of the occupation, there was no budgeting of occupation costs, and the Germans were forced to shoulder much of the responsibility. From 1945 to 1951, whatever was needed was generally requisitioned locally, and the costs borne locally. Real estate was the most commonly commandeered item, although other things, such as furniture, were demanded as well. Food, medicines, fuel, and clothing were not taken from the Germans. Commencing in 1951, however, the occupation costs paid by the Germans were budgeted at the national level and recorded. These funds were then transferred to the Americans who then spent the money in Germany in support of the occupation effort. Among other things, the funds were used to pay for the wages of German employees, care and maintenance of displaced persons, and governmental functions performed by the occupation force. Thus, the Germans contributed to their own recovery in the amount of 13,996,802,579 German marks from 1951 through 1955, when the occupation ended. Some of this money was not used until 1957, when the last occupation mark was spent.¹² At the same time that the Germans were paying towards the occupation costs, the Americans were spending billions of dollars in appropriated U.S. funds in Germany as well, including the dollars soldiers converted to marks and spent in the German market place. Accurate records for the American military budget in

⁹ EUCOM, «Command Summary,» 1960, p. 52.

¹⁰ Jakob Roth, interview on 7 September, 1983, in Zweibruecken. He is president of the Merchants' Association in Zweibruecken. Jakob Roth, who was born in Zweibruecken in 1910, is the owner of a home-improvement store in Zweibruecken that has been in the family since 1875. As a sideline he owns several apartments and rents to Americans as well as Germans. During the decade of the fifties, he rented to Americans and saved money to build the home he lives in today.

¹¹ EUCOM, «Command Summary,» 1960, p. 49.

¹² EUCOM, «Command Summary,» 1959, pp. 36-37.

Germany prior to 1953 do not exist, but it was estimated in 1953, that from VE Day to June 30, 1952, the Americans spent 1,239,000,000 marks in Germany, beyond the funds received from the Germans.¹³

Starting in 1953, the American military kept records of the official transactions and the dollars converted to German marks. With these financial records, it is possible to construct a «bottom line», which is depicted in Table 8.¹⁴

Table 8
NET EXPENDITURES BY THE U.S. MILITARY IN GERMANY
1945-1960

Year	Amount in German Marks
1945-1952	1,239,000,000 Estimated
1953	1,024,800,000
1954	967,680,000
1955	1,009,680,000
1956	1,325,940,000
1957	1,783,320,000
1958	2,290,260,000
1959	2,879,200,000
1960	2,872,800,000

These amounts take on added significance when they are related to West Germany's GNP in each individual year.¹⁵

¹³ USAREUR, «Command Report», 1953, p. 362.

¹⁴ EUCOM, «Command Summary», 1960, p. 68.

¹⁵ Deutsche Bundesbank, *Deutsches Geld- und Bankwesen in Zahlen 1876-1975* (Frankfurt am Main: Fritz Knapp, 1976), p. 7.

Table 9
 PERCENTAGE OF WEST GERMAN GNP FROM U.S. FORCES

1953:	$\frac{1,024,800,000}{147,700,000,000} = .7\%$
1954:	$\frac{967,680,000}{158,600,000,000} = .6\%$
1955:	$\frac{1,009,680,000}{181,400,000,000} = .6\%$
1956:	$\frac{1,325,940,000}{200,500,000,000} = .7\%$
1957:	$\frac{1,783,320,000}{218,500,000,000} = .8\%$
1958:	$\frac{2,290,260,000}{234,300,000,000} = .9\%$
1959:	$\frac{2,879,200,000}{254,900,000,000} = 1.1\%$
1960:	$\frac{2,872,800,000}{302,300,000,000} = 1.0\%$

It should be noted that as the decade wore on, the percentage of the GNP increased.

In summary, the entire amount from 1945 through 1960 is over fifteen billion German marks (15,392,680,000). In the very early days, this money was particularly valuable in terms of economic leverage. The infusion of funds at the grass-roots level stimulated the economy when Germany needed to acquire machinery to manufacture and export goods to earn money. It is not the purpose of this paper to diminish in any way the importance of the Marshall Plan, but the American military spent money in Germany long before the Marshall Plan existed. Additionally, when the American military's contribution over the period 1945-1960 is compared to the less than six billion marks (5,654,040,000) contributed by the Marshall Plan to West Germany, less Berlin, the significance of the U.S. military's contribution to the *Wirtschaftswunder* becomes even more obvious.

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