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# ALLIES TO GRANT DELAY TO KRUPP

## Special Board Due to Urge Extension on Break-Up

By ARTHUR J. OLSEN
Special to The New York Times.

BONN, Germany, Jan. 31—The application of Alfred Krupp for a one-year delay in the break-up of his industrial empire of coal and steel will in effect be granted Monday.

The United States, British, French and West German Governments have agreed to set up a special mixed commission to review a 1953 agreement in which Herr Krupp pledged himself to get out of the coal and steel business.

The deadline for the sale of the first and largest of the Krupp properties earmarked for sale, Huetten und Bergwerke Rheinhausen A. G., was today. Herr Krupp has not sold the big Essen steel plant, nor are there any indications that he intends to do so.

### The Allies' Response

He appealed one year ago for a twelve-month extension, asserting that he considered the sale commitment impractical and inequitable.

A mixed commission with powers to recommend on the Krupp application will be the response of the three Western governments to the dilemma posed by the failure to execute the so-called Mehlem Accord. This agreement was entered into by the United States, Britain and France on one side and Herr Krupp on the other in March, 1953.

It is assumed that the commission will recommend the one-year extension, which will in fact commence tomorrow. It is thought likely that the commission's report on the Krupp enterprises will provide the basis for calling off a deconcentration order that most Allied experts consider to be outmoded, if it indeed ever was feasible.

The consensus is that the High Authority of the six-nation European Coal and Steel Community has sufficient power and responsibility to prevent unhealthy concentrations of industrial might in West Germany.

The mixed commission approach was worked out in a series of meetings here in the last two weeks among representatives of the Bonn Government and the British, French and United States [illegible] [illegible]

The commission will consist of seven members. Three will be appointed by the West German Government and three by the United States, Britain and France. The six will choose by majority vote a seventh "neutral" member.

The commission will have power to conduct hearings and otherwise investigate the activities of the $1,000,000,000 Krupp enterprise and its position in West German heavy industry.

The three powers will announce the plan jointly Monday if a letter from the West German Government formally requesting extension of the Rheinhausen deadline is delivered by then. Otherwise the announcement will be made later in the week.

The mixed commission will also consider applications for extension of the sales deadlines for other properties owned by Herr Krupp and shareholders in the related pre-war German steel trust, the Vereinigte Stahlwerke.

These include the Hannover Hannibal Coal Mining Company, wholly owned by Rheinhausen A. G., by May 15; the Handelsunion A. G., a steel company, owned by the Rheinische Stahlwerke, a Krupp subsidiary, and Countess Zichy-Thyssen, by Dec. 15, and the Gusstahlwerke Witten A. G., owned by the Rheinische Stahlwerke, by Dec. 31.

### Thyssens Also Must Sell

Countess Zichy-Thyssen and Frau Amelie Thyssen are also committed to sell their interest in the August Thyssen Huette A. G., a steel company, by April 5, 1960.

The intention of the former Western occupation powers in imposing the 1953 agreement on Herr Krupp was to remove his concern, formerly notorious for its munitions production, out of the coal and steel business. Herr Krupp, who is sole owner of the huge family enterprise, would be left with his engineering manufacturing facilities.

The nominal value of the assets to have been sold is about $70,000,000. Their actual market value is estimated to be seven or eight times as much.

The costliness of the properties is a major reason why there have been no firm offers for the basic units of the Krupp coal and steel-producing capacity.

The Allied powers directed that the sales were to be made "on reasonable terms" [illegible] [illegible] the German [illegible] and [illegible] disruptive effect on the German capital market.

Last year Herr Krupp manufactured just under 9 per cent of the 22,000,000 tons of steel produced in West Germany. A planned merger with the Bochumer Verein would raise the Krupp share of the country's steel capacity [illegible] cent.

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## Danes to Cut Defense Costs

COPENHAGEN, Denmark, Jan. 30 (Reuters)—Poul Hansen, Minister of Defence said in a radio speech here tonight the country's political parties had agreed on the necessity for defense reductions. His speech was the first official indication that the government intended to lighten defense costs. In the last budget such costs were estimated at about 932,000,000 kroner ($132,000,000) a year.

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# A New View on Krupp

## Time Has Transformed the Germans From a Menace Into a Valuable Ally

By HAROLD CALLENDER
Special to The New York Times.

PARIS, Jan. 31—It appeared unlikely today that the major Western Allies would hold to their decision, made just after Germany's defeat, to break up the Krupp industrial empire in the Ruhr. For times have changed.

The decision against these and other combinations was inspired by the fact that the mere existence of the Krupp organization had made World War II possible. The aim was to reduce Germany's military capacity and to curb the political power of the industrial trusts since it was hoped Germany would move toward democracy.

News Analysis

Today West Germany is considered no longer a menace but a valuable ally of the West whose industrial potential is regarded as a Western asset.

When the anti-trust decision was made the Allies imposed a limit on West German steel production. This disappeared when West Germany joined the European Coal and Steel Community. Now the more steel West Germany makes the better, in the Western view; for it is now a partner in both the North Atlantic alliance and in the European Economic Community or common market, which seeks to integrate the economies of six nations.

### Still a German Problem

But there is still a German problem. It will be discussed in one context whenever the Western powers meet the Soviet Union to negotiate about Berlin.

The problem of the future of Germany is largely that of the fain that divides Germany divides Europe. The West German republic was a product of the split between the Soviet Union and the West that cut Germany into two states.

The response of the West was to tie West Germany as tightly as possible to the Western powers. One way was to bring it into the North Atlantic Treaty adn to rearm it in spite of French reluctance. An equally important way was to bring West Germany into the program for European union through the Coal and Steel Community and the common market.

Neither of these ties with the West could survive any union of the two German states that the Soviet Union has shown any sign of accepting. The [illegible] Germany [illegible] to exclude West Germany's [illegible] [illegible] the European common market, which have both been denounced by Moscow.

Views in the West are not unanimous regarding the German problem. Much has been said for "disengagement" and the neutralization of a united Germany. In that case the Atlantic alliance would have to get on without West Germany, and so would the European common market.

Moscow would hardly be content to unhook the Bonn republic from the alliance without unhooking it from an economic community composed of members of the alliance. Moscow would insist that the German economy be neutral as well as the German state.

For different reasons misgivings about the Economic Community or common market have arisen in the West and cast a shadow over this form of European union, which had seemed until lately to enjoy the full favor of the Atlantic powers.

A White Paper of the British Government, issued yesterday, broadly hinted that Britain might retaliate economically against the common market if it damaged British trading interests.

Trading interests both within and outside the common market will be damaged by this as by other customs unions. Some marginal trades within will die from inability to compete in a more than national market. Some trades outside will find it harder to compete with trades within the common market tariff area.

### The British Objection

No one in Britain questions the conformity of the common market with accepted international rules. But the British nevertheless object to the discrimination that by its nature the common market makes between insiders and outsiders.

In response to British demands the common market nations have whittled away nearly all their tariff discrimination resulting from tariff cuts within the market Jan. 1. They have extended enlarged import quotas to other European nations.

But among themselves they have increased import quotas on some highly protected goods hitherto having small quotas or non. They have done this by providing that the quotas may now run to 3 per cent of the national production of the importing nation.

The British insist that this provision be extended to all of Western Europe against equivalent concessions.

Thus the British seem to insist that the common market should abandon its [illegible] [illegible] between members and non-members of the common market. If this were done there would be little left of the common market.