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Report of Conversation with Mr. Hermann Abs

In a conversation with Mr. Hermann Abs, member (known as "speaker") of the Board of the Deutsche Bank and intimate of Chancellor Adenauer, at a reception which Mr. Abs gave for the French High Commissioner, Paul Chauvet, of French Equatorial Africa on July 12, 1957, Mr. Abs made a number of statements and volunteered observations on the following points:

Mr. Abs stated that Mr. Adenauer's strong attacks on the Socialists at the present time are made to forestall the possibility of developments leading to a "grand coalition" government after the elections. He says the Chancellor is adamant against such a possible coalition with the Socialists.

Mr. Abs said that the naming of Dr. Karl Blessing as President of the new Bundesbank, and of Dr. Heinrich Troeger as Vice President of the same institution were brought about by a political compromise which he himself deplored and considers to be a dangerous precedent in the field of personnel selection in the German government banking institutions. Mr. Abs feels that the allocation of banking managerial posts in the Bundesbank on a political basis is an unfortunate development which opens the door to political penetration of a professional field. The details are, according to Mr. Abs, briefly that the Socialists themselves proposed to the CDU that if Troeger (a Socialist financial expert) should be found to be acceptable as the vice president of the new bank, the CDU could name the president of its own choice to head the institution. This offer was made since the Socialists apparently did not wish to have the naming of the top personnel of the new bank postponed until after the coming national elections which would have been the case if necessary to wait until the new bank law was passed by both Houses of the national legislature, signed by the President and then promulgated. The Socialists evidently calculated that these time factors would operate to throw the personnel nominations completely into the hands of the CDU after the elections, as Mr. Abs analyzed their compromise proposal. He feels that this "hedging" on the part of the Socialists is an interesting index on their own evaluation of the outcome of the elections.

Regarding Troeger, Mr. Abs says that he is a man of some experience, of good character and of conservative tendencies although a Socialist. What he objects to is that Troeger is not qualified on the basis of his experience and training to assume the functions of a central banker.

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Troeger remains anxious to be given a "leader" grant exchange trip to the United States, according to his statement to the reporting officer at this same reception. He has consistently sought such a trip, but has been exceptionally unreliable in backing out at the last minute from firm arrangements with this Consulate General during the last two years.

Regarding Blessing, Mr. Abs gave it to be understood that he was largely responsible for the selection of Blessing for this position. He described Blessing as a highly competent banker, of good background and training, who could be expected to continue in the conservative tradition set by Dr. Vocke and Dr. Bernhard of the Länder Bank. (Incidentally, he expressed his own personal confidence that Troeger would follow a sound conservative line in his actions.) He stated that he, Abs himself, had been the contact man who had signed up Blessing, during the war, to undertake to assume the direction of the new German central banking organization which was to have supplanted the Reichsbank staff if the June 1944 plot against Hitler had been successful. Mr. Abs said he had talked to Blessing before the abortive plot action and had secured his agreement in advance.

Mr. Abs said that it was very regrettable that Dr. Vocke and Dr. Bernhard had had to read of the appointments of Blessing and Troeger and of their own release from duties in the newspapers without any immediate advanced notice. Mr. Abs said that "last week", presumably the week of July 4th, there had been so much activities and so many decisions made in Bonn that he assumed the oversight to be due to this cause. He said further that it was "Erhard's responsibility" to have informed Vocke and Bernhard, but he had failed to do so. (Local rumor is that the omission of appropriate notification was the deliberate handiwork of the Chancellor.)

On the future of the Länder Banken, Mr. Abs confirmed that all the major central banking control functions would be transferred to the new Bundesbank but that the Länder Banken would, he thought, be kept as an organization maintained under the same name, because of certain technical considerations in the law. He did not elaborate on this point.

On the subject of the Saarland, Mr. Abs expressed the opinion that the modernizing of the Saar industrial plant was not as large a problem as it was thought to be. He said that only the Röchling plant was definitely in the antiquated category. Furthermore he stated that arrangements had already been made for a credit for import of capital equipment, to be handled by the Frankfurt banks to be extended in the Saar (understood to include Röchling), after permission was received from the joint German-French "de-liberalization" import study committee.

Mr. Abs' comments were made in response to queries directed to him by the writer of this memorandum. Mr. Abs had left his own table to join a small table seating the French and British Consuls General, and the American Consul. He seemed to direct a major proportion of his attention to the American.

cc: AmEmbassy, Bonn

Oscar C. Bolder
American Consul

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