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Date: 2001

NAZI WAR CRIMES DISCLOSURE ACT

DEPARTMENT OF STATE

Memorandum of Conversation

DATE: January 17, 1959

Current German Developments

- Mr. Berthold Beitz, General Manager of Krupp  
 Count von Ahlenfeld, Krupp Representative in London  
 Dr. Lukac, Assistant to Mr. Beitz
- Under Secretary for Economic Affairs Dillon  
 Mr. John Devine, GEA  
 W - Mr. Dillon (2)  
 L/EUR - Mr. Kearney  
 RA - Mr. Culbert  
 BP - Mr. Winter  
 ED - Mr. Hefner  
 O - Mr. Murphy
- COPIES TO:
- GEF (26)  
 GEA (2cc)  
 Embassy Bonn (2)  
 Ambassador Dusseldorf  
 IRC (3)

Mr. Beitz began by saying that on a recent visit to Berlin he noticed that the people there are not as nervous as the officials in Bonn and that the economic situation is still good in Berlin. He said that he was distressed on the occasion of his present visit in the United States to find that the German tariff-quota action on coal was disturbing relations between the United States and Germany. Mr. Dillon said that John L. Lewis and members of industry take particular exception to the German action on coal in view of the fact that Germany has done so little to eliminate uneconomic mines. Mr. Beitz said that the Krupp mines had been rationalized to a considerable extent and he hoped other German mine owners would profit by this example. He said that Gutermuth, head of the miners' union, was a key figure in the whole question of German import restrictions and he thought it would be a good idea to invite him to the United States, first to see how far mechanization had gone in American mining and second to see the harmful effect of German restrictions on US industry and on the miners themselves. He said that Gutermuth was an excellent man but was entirely unacquainted with conditions abroad.

Mr. Dillon said of the main problems of the US mining industry in connection with German action is that large investments have been made in machinery which is unable to serve the German markets. The industry is under a great strain that it cannot absorb dumps

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in German demand. Mr. Beitz said that Defense Minister Strauss had so much money in his pocket that some of it should be used to ease the current coal situation. He suggested that Germany buy the coal and stockpile it in the U.S. until it was needed. He also said that he was convinced that the long term pattern for German coal import requirements was still upward.

Mr. Beitz then said that Oetervarth was the man who has been pressuring strongest for coal restrictions and added that six million DM's has already been paid by Ruhr firms in penalties for cancelled U.S. coal contracts. He said that the trouble really began when the "seven big men from the High Authority" passed the word along a few years ago that the thing to do was import coal. He said this had been a mistake, but it would be even more of a mistake to lose the friendship of the U.S. in finding a solution to the current problem. He said that he had told Minister Krapf at the German Embassy that he should cable Bonn that the coal situation was creating ill-will for the Germans in the United States.

Mr. Dillon said that he was interested to see that Germany was becoming increasingly active in rendering assistance to underdeveloped countries. Mr. Beitz said that the Governments could do some things but that private industry could do much more than they are now doing. He said that the Iranian plans for a steel mill were rather disappointing. At the time that the Chancellor visited Iran, he had agreed to help finance a steel mill but the arrangements had become rather bogged down and now it is doubtful whether the deal will go through. He said that he thought it was rather preposterous that every country regardless of size and resources seems to want to have its own steel plant.

Mr. Beitz said that the free world ought to profit by the example of what the Soviets had done with the satellite countries. He said that the Soviets do the overall planning and assign specific production jobs to each satellite according to its resources and production facilities. He said this not only results in increased production for the Bloc but enables the Russians to control the satellites more easily. He said if the free world could work out some such relationship on a voluntary basis with the underdeveloped countries, it would prevent the underdeveloped countries from playing one industrial country off against another. He mentioned the Aswan dam as giving the Western countries a good opportunity to establish more systematic shared enterprises. Mr. Beitz said that Krupp had been badly treated by the Egyptians not long ago when they prepared detailed plans and specifications for Alexandria harbor modernization in response to an Egyptian request. The day after Krupp turned over the plans and specifications to the Egyptians for study they announced the awarding of the Alexandria contract to the Russians.

Mr. Beitz thanked Mr. Dillon for giving him so much time and the discussion ended.

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