

1970

**ABS, HERMANN JOSEF**

Oct. 15, 1901- German banker, industrialist, economist

Address: h. Deutsche Bank Aktiengesellschaft, Jungfernst. 5-11, Post. 11, in Bonn, Federal Republic of Germany; h. Kronberg, Taunus, Federal Republic of Germany

The financial giant Hermann J. Abs—whom David Rockefeller once called “the leading banker of the world”—bears major responsibility for the post-World War II economic recovery of the Federal Republic of Germany. William Manchester wrote in his book *The Axis of Krupp 1887-1968* (Little, 1968) that Abs “enjoyed more personal respect than anyone in the [West German] government.” The “boy wonder” of German banking in the late 1930’s, when he headed the foreign department of the Deutsche Bank, Abs became financial adviser to West German Chancellor Konrad Adenauer after the war and was a key figure in the reconstruction of German commerce and industry. In 1952-53 he headed the delegation that negotiated a settlement of German debts. After the Deutsche Bank was re-established in 1957 Abs, as speaker of its ten-man executive board, helped to build it into one of the world’s foremost merchant banks. Although he retired from that position in 1967, he continues to serve on the Deutsche Bank’s board of directors and holds the honorary post of chairman of its supervisory board. As a director of some thirty major corporations and chairman of about half of them, Abs also commands a leading position in West German industry.

Hermann Josef Abs was born in Bonn—then a quiet Rhine-land university town—on October 15, 1901, the son of Dr. Josef Abs and Katharina (Luckerath) Abs. His mother was of upper middle-class background, and his father, who came from a poor family, had been a tutor, a school and an official translator of English and French before establishing himself as a prominent lawyer. Abs is said to have inherited his self-confidence from his mother and his ambition from his father. As a boy he wanted to become a musician or mathematician, and while still in school he devised a multiplication system that impressed his teachers.

As a student at Bonn’s prestigious Städtisches Gymnasium, where he studied Latin and Greek, Abs decided on a business career. During his final year he declared his intention to end his formal education after graduating and enter the world of



HERMANN J. ABS

commerce. Dissuaded by his teachers, he then entered Friedrich Wilhelm University in Bonn to study law. He soon became bored and restless, however, and at the end of his first year he quit the university and became a trainee with a merchant bank in Cologne. During the years that followed the end of World War I he lived abroad. For a time he worked as a currency dealer in Amsterdam, and later he familiarized himself with international banking on the job in London, Paris, and the United States. He returned to Germany in 1928.

In 1929 Abs joined the staff of Delbrück, Schickler & Company, a distinguished Berlin banking house, where he specialized in foreign investment. He was made one of the bank’s five partners in 1935. Two years later he was invited to become chief of the foreign division and a member of the executive board of the Deutsche Bank, a leading Berlin merchant bank founded in 1870 that had played a major role in the industrial development of Germany before World War I. Although the change meant much less income, Abs decided to take the more challenging position with the Deutsche Bank, where he soon acquired a reputation as an expert in international banking. During that period Abs also became a member of the boards of directors of a number of firms, including the I.G. Farben syndicate.

Accounts vary as to Abs’s activities during the Nazi period. He has been portrayed in some sources as staunchly anti-Nazi, a citizen of the

COPIES  
REPRODUCED  
FROM  
THE  
OFFICIAL  
RECORDS  
OF THE  
CENTRAL  
INTELLIGENCE  
AGENCY

6 7

world, and at the time a potential leader of the Roman Catholic opposition with intimates among the conspirators in the anti-Hitler plot of July 1944. He is said to have kept in touch with persons in the Allied countries through much of the Nazi era. Other sources have described him as an "industrial warlord" and as Hitler's financial adviser, who played a major role in the preparation and financing of World War II and who profited from the exploitation of Nazi-occupied countries and the expropriation of Jewish property. A United States War Department report of March 1945, quoted by Drew Pearson in the *Washington Post* (December 18, 1949), cited Abs among financiers who "in an outstanding way thrived under National Socialism. . . . aided the Nazis to obtain power, . . . [and] shared the spoils of expropriation and conquest." A special report by the United States Military Governor, General Lucius D. Clay, issued in June 1947, described Abs as an "energetic officer" whose good relations with such Nazi officials as Hjalmar Schacht and Walther Funk enabled him to gain advantages for his bank. The report noted that the Deutsche Bank—along with the Dresdner Bank—"acted virtually as an economic branch of the Wehrmacht."

According to Thomas L. Stokes, writing in the *New York World-Telegram* (December 20, 1949), Abs "was permitted to go through the British lines two days after the fall of Berlin with seven billions of marks in cash to reestablish his business in Hamburg . . . and afterward acted as economic and financial adviser to Sir Sholto Douglas, commander of the British zone." The British occupation authorities accepted Abs's proposal for a uniform currency for all of occupied Germany, rather than separate currencies for the different *Länder*, as proposed by the Americans. Although the British, acting on the request of American authorities, imprisoned him for ninety days at Altona and Nenndorf, Abs was later cleared by an Allied denazification board and placed into "category five," reserved for those persons exonerated of active support of the Nazi regime.

In early 1948 Abs, who had been secluded on his Rhineland estate, was elected the first president of the trizonal Bank Deutscher Länder, West Germany's newly established central bank of issue. The Allied occupation authorities refused, however, to permit him to take office, because of their objections to the veto powers he would have held in that post. Abs's nomination, in February 1949, as one of twelve managerial trustees of the Ruhr iron and steel industries was also rejected by the Allied authorities, reportedly because trade union leaders had raised serious objections to his name.

Despite those setbacks, Abs soon became a kingpin in the economic life of West Germany. In 1948 he was invited to help organize the Kreditanstalt für Wiederaufbau (Credit Institute for Reconstruction) for distributing some 20 billion marks in counterpart funds made available under the Economic Recovery Program, or Marshall Plan, for the rebuilding of Germany. He became a member of its board and served as vice-chairman until 1959, when he was named chairman. In

November 1949 Abs was permitted to visit the United States, where he held discussions with the Committee for Stand-Still Creditors of Germany, representing American banks holding German debt obligations dating back to 1921. He also consulted with officials of the Federal Reserve Board, the Treasury Department, the Economic Cooperation Administration, the International Monetary Fund, and the State Department Bureau of German Affairs.

A close friend of West German Chancellor Konrad Adenauer, Abs became his economic adviser and unofficial ambassador to the financial centers of the world. By promoting the restoration of heavy industry, Abs was largely responsible—along with Economics Minister Ludwig Erhard—for the *Wirtschaftswunder*, or economic miracle, that marked West Germany's development in the 1950's. Although he held no official government post and was not a member of Adenauer's Christian Democratic Union or of any other political party, Abs often attended Cabinet meetings. He helped to draft, among other legislation, an investment aid law for basic industries. On two occasions he turned down offers to become Foreign Minister, declaring that his work lay in economics.

As head of the West German delegation to the conference that met in London in 1952-53 to talk over German pre-World War II and postwar debts, Abs scored what some observers have called his greatest success. Aware of the political as well as the economic aspects of German indebtedness, Abs obtained a mutually satisfactory agreement signed in February 1953 by representatives of twenty nations, including the United States, Great Britain, and France. Under its provisions, West Germany agreed to repay \$3.27 billion by 1987. By arriving at a figure that represented a considerable reduction from the original claims of the creditor nations, Abs struck a favorable bargain. The agreement was an important step toward the restoration of West Germany's international solvency and formed the basis on which some measure of autonomy in foreign affairs was restored to the Federal Republic.

Concurrently with the London negotiations, a West German delegation, headed by Professor Franz Josef Boehm, met at the Hague with representatives of Israel and of the Conference on Jewish Material Claims to determine the extent of German reparations to be paid to the Israeli government and to Jews who had suffered under Nazi rule. Acting as adviser to the West German delegation and laying down the guidelines for the discussions, Abs conceded the moral necessity of providing adequate restitution to victims of Nazism. He insisted, however, that any agreement be based on sound principles of finance and maintained that West Germany's ability to pay indemnities could only be determined after the conclusion of the London conference. After some controversy between the two sides, an agreement, drafted by Abs, was signed. Ratified by the West German Bundestag in March 1953, it provided for long-range payments to Israel in goods valued at \$715,000,000. An additional \$107,000,000 was to be paid to Jewish relief organizations.

At the end of World War II the Allied occupation authorities, in keeping with their decentralization policies, had broken up Germany's three largest banks—the Deutsche Bank, the Dresdner Bank, and the Commerzbank—into thirty-three separate branches. By 1952 some centralization was permitted, and the ten branches into which the Deutsche Bank had been divided were consolidated into three companies. With the removal of restrictions in late 1956, the "big three" banks were reconstituted under guidelines that Abs helped to formulate. On March 5, 1957 the Deutsche Bank was reestablished, with headquarters in Frankfurt am Main, the financial center of the Federal Republic of Germany. As *Sprecher des Vorstandes*, or speaker of its executive board, from 1957 to 1967, Abs was the guiding light of the Deutsche Bank, which is the largest bank in Germany and the twentieth in size in the world. The bank, which in 1966 had some 23,000 employees, has no general manager, and all major decisions require unanimity among the ten members of its executive board. Its assets, which more than doubled during Abs's decade as speaker, amounted to \$4.5 billion in 1967. Its earnings for 1966 totaled about \$40,000,000.

Engaged in both commercial and investment banking, the Deutsche Bank has as its most important function the extension of short-term current credit, primarily for the financing of industry. Under Abs's guidance, the bank made its services available to small depositors and established a personal loan department. The bank also does a brokerage business and sells mutual funds. In 1958 Abs personally launched Germany's first foreign bond issue since the outbreak of the First World War. Among the clients for which the bank has floated loans is the World Bank, the Inter-American Development Bank, and the Japanese government. One innovation that Abs introduced into the world of finance in the 1960's is the "parallel loan," under which scheme several largely identical bond issues are floated simultaneously in different European countries, each in the currency of the country where it is issued. On May 30, 1967, having passed the mandatory retirement age of sixty-five, Abs relinquished his post as speaker and was appointed to the bank's supervisory board, where he took on the "elder statesman" role of chairman. He was replaced as speaker by two associates, Karl Klasen and Franz Heinrich Ulrich.

Although Abs had been divested of his directorships by Allied authorities at the end of World War II, by the 1950's he was again serving on the boards of some of Germany's leading corporations. In 1952 he became chairman of the board of directors of Badische Anilin und Soda Fabrik, one of the successor firms of I.G. Farben. He was named chairman of the administrative board of the Deutsche Bundesbahn—the federally owned railroad—in 1960. At the time Abs retired as speaker of the Deutsche Bank he sat on the boards of directors of twenty-nine companies, representing such diverse enterprises as building construction, engineering, coal mining, transportation, and the production of chemicals, electrical equipment, oil, rubber,

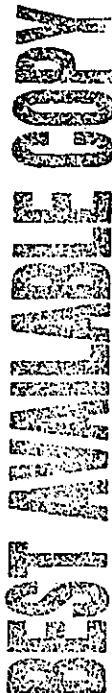
steel, glass, sugar, and shoes. He served as board chairman of fifteen, including Lufthansa, Daimler-Benz, and Siemens. In 1952 Abs became a member of the management board of the Süddeutsche Bank in Frankfurt. Other banking institutions with which he has been associated include the Deutsch-Überseeische Bank; H. Albert de Bary and Company of Amsterdam; Banco Commercial Transatlántico of Barcelona; and Banco Español en Alemania. In 1962 he became a member of the advisory board of the International Finance Corporation.

A long-time friend and associate of the late Alfred Krupp, Abs helped to give the Krupp family industrial empire a new lease on life in November 1963. At that time he denied press reports from London that the Krupp concern was on the verge of collapse and maintained that it had adequate credit with German banks. In early 1967, however, Abs decided to follow his better judgment and refused a request to grant a \$25,000,000 loan to Krupp. His decision led to the end of five generations of Krupp family rule over the firm. A joint stock corporation that enabled the organization to continue production and employment was established in January 1968 with the help of Abs, who became the key member of its fifteen-man supervisory council.

As quoted by Joseph Wechsberg in *The Merchant Bankers* (Little, 1966), Abs has said that a banker "must always know the extent of the risk," that he should have a "healthy sense of balance between courage and caution," and that he should be able to place himself in "the situation of the customer." He takes a dim view of deficit spending and easy money schemes. Noted for his skill at compromise, Abs favors giving workers a voice in management and is respected by labor leaders as a fair negotiator.

Favoring a minimum of government interference in economic affairs, in the mid-1950's Abs began to spearhead a campaign for an "international Magna Carta" to discourage governments from arbitrarily expropriating or otherwise interfering with foreign capital. Aware that property rights can no longer be protected by battleships, he favors the establishment of an international court of arbitration to determine sanctions for violations. Abs has conducted negotiations for the return of German assets confiscated in the United States during World War II, but although he enlisted the help of an American public relations firm he was only partly successful in obtaining a settlement.

According to Joseph Wechsberg, Abs considers himself, like Goethe, "always a Christian first and a German afterward." Aware that "the era of nationalism has reached its culmination point," he favors a high degree of European integration on the political, economic, and cultural levels but believes that the basic sovereignty of nations must be maintained. An Anglophile, Abs also feels much affection for the United States. German recovery, he believes, had been made possible by American help, both "in the realm of material things and services" and "in the realm of ideas and ideals."



A volume of Abs's articles and speeches was published under the title *Zeitschriften der Kultur- und Wirtschaftspolitik* (Frankfurt, 1939). Abs has served as president of the German-American Economic Association and the Society to Promote the Protection of Foreign Investments; head of the German section of the European League for Economic Cooperation; and a director of the Foundation for German Science and the German-Spanish Society. In 1950 he became a knight of the order *Zum Heiligen Grabe*. The West German government conferred the Great Cross of the Order of Merit (*Grosses Bundesverdienstkreuz*) with star on him in 1953. Abs holds honorary doctorates from the University of Cöttingen, the *Wirtschaftshochschule* in Mannheim, and the universities of Sofia and Tokyo.

Hermann J. Abs and his wife, the former Inez Schnitzler, whom he married on February 9, 1928, have a son and a daughter. Pictured by Joseph Wechsberg as "a tall, erect man with a quiet voice, an ironic smile, a dandylike mustache, and a sardonic wit," Abs has boundless energy and a computer-like mind. Only rarely does he allow the pressures of his work to upset him. He speaks English, French, Spanish, and Dutch fluently. A patron of the arts, he is fond of music, especially Bach. Abs makes his home in Kronberg, a small town in the Taunus mountains, not far from Frankfurt.

#### References

- Manchester Guardian ps J1 31 '58 por  
 Time 78:81 + D 15 '61 por: 89:88 + Je 16  
 '67 por  
 International Who's Who, 1969-70  
 Robinson, Donald. The 100 Most Important  
 People in the World (1970)  
 Wechsberg, Joseph. The Merchant Bankers  
 (1966)  
 Wer ist Wer? (1967-68)  
 World Who's Who in Finance and Industry,  
 1970-71

#### AIKEN, CONRAD (POTTER) (ā'kən)

Aug. 5, 1889- Author  
 Address: h. "Forty-One Doors," Stony Brook  
 Rd. Brewster, Mass. 02631

The judgment of some of Conrad Aiken's peers in literary criticism that readers have not yet caught up with him as a critic applies to his work also as a poet and writer of fiction. Aiken himself has said that he is a poet more honored than read. Generations of high school students are familiar with his much-anthologized early lyric "Bread and Music," but he is not taught seriously in colleges, partly because of his possibly undeserved reputation as a "difficult" poet. Aiken's fifty or more titles include about thirty-five of poetry, five novels, one autobiographical "essay," and several collections of short stories and of criticism.

In almost all of his work Aiken's first concern has been to resolve what might be called a personal

"identity crisis" in terms of the cosmic evolution of consciousness. As a poet he is a dazzling craftsman whose haunting cadences and luxuriant, shimmering imagery often convey feelings of remarkable subtlety, complexity, and intensity. To the poet James Dickey and some others he is long-winded and repetitious. Pacing to meet him in the *Los Angeles Times Literary Supplement* (April 19, 1963), however, one of his admirers asserted that he "out-ears Pound and Eliot" and went on to say: "So central is he, indeed, in American letters that he seems to have been taken too much for granted; for in truth he 'contains multitudes' and is a literary period in himself."

Although a native of Savannah, Georgia, where he also spent most of his childhood, Conrad Potter Aiken regards himself as not at all a Southerner, but as completely a New Englander. He was born on August 5, 1889, the oldest of three sons of New England-bred Dr. William Ford and Anna (Potter) Aiken. In addition to his brothers, Kempton and Robert, he grew up with a sister, Elizabeth, and he used to scare all of them with the stories of Edgar Allan Poe.

When Conrad Aiken was eleven years old, his father, a Harvard-trained physician, shot his wife to death and then committed suicide. The "final scene" is related in Aiken's third-person autobiography, *Chant* (Duell, 1952): "... after the desultory early-morning quarrel, came the half-stilled scream, and then the sound of his father's voice counting three, and the two loud pistol shots, and he tiptoed into the dark room, where the two bodies lay motionless, and apart, and, finding them dead, found himself possessed of them forever." The boy went to live with a great-great-aunt in her mansion in New Bedford, Massachusetts. One of his New Bedford ancestors, his maternal grandfather, was William James Potter, a Unitarian liberal who had lectured throughout the country on the necessity of a religion free from dogma and receptive to Darwinism and other new scientific theories. "His inheritance has been my guiding light," Aiken told Robert Hunter Wilbur in an interview for *Paris Review* (Winter 1968), asserting that the function of the poet is to accept, transmute, and clarify in "the highest speech of man" everything he can discover about himself and the world.

Preparing for college at Middlesex School in Concord, Massachusetts, Aiken edited the school paper, the *Ancil*, played baseball, and won the tennis doubles championship. In 1907 he entered Harvard University, where he also belonged to the tennis team and wrote for school publications, including the *Harvard Advocate*, of which he was president. Among his several notable classmates was T.S. Eliot, who became his friend in his freshman year. One of the teachers who impressed him most was George Santayana, whose regard for the philosophic content of poetry decisively influenced Aiken's own ideas about what poetry should be.

From an early age Aiken had known that he would become a poet, and at Harvard as part of his preparation he wrote an exercise in a different verse form every day. In his senior year he cut classes for ten days to turn Gautier's short story "La Morte Amoureuse" into a poem. When he was placed on proba-