

The Founding of the Ost-Ausschuss in 1952

By Andreas Metz

The Ost-Ausschuss der Deutschen Wirtschaft (German Eastern Business Association) is a child of the Cold War. Its beginnings 70 years ago coincide with the division of Germany and Europe between the free markets of the West and the command economies of the East. While the West German economy still languished in the doldrums following the carnage of the Second World War, the Ost-Ausschuss represented the hope that the country's eastern trade might yet be restored to something of its glory days.

In such times, there could be no talk of "business as usual". "East-West trade was a true adventure in the years after the Second World War", wrote Karsten Rudolph in his study on the political activities of German industrialists in the young Federal Republic. "It was a situation that turned businessmen into frontiersmen, industrialists into foreign policy-makers, and chamber of commerce functionaries into diplomats". This fitting epithet later found use as the title of Sven Jüngerkes' history of the Ost-Ausschuss, "Diplomaten der Wirtschaft" (Diplomats of Industry), published in 2012 in celebration of the Association's 60th anniversary.

That businessmen, of all people, would come to play a diplomatic role was far from self-evident in the early days of the Federal Republic. On September 20th, 1945, the victorious Allies expressly forbade Germans to engage in any business dealings with foreign countries. This prohibition was superseded in April 1947, when the Western Allies set up the Joint Export-Import Agency (JEIA). Entrusted with supervising German commercial transactions and issuing permits for foreign trips, the JEIA also negotiated the British-American Bizone's first trade and payment agreements with Czechoslovakia, Bulgaria, Hungary, Poland, and Yugoslavia. After the foundation of the Federal Republic in May, 1949, the Federal Ministry for Economic Affairs, though still subject to the foreign trade restrictions imposed by the Allied Control Commission, assumed responsibility for the JEIA's former tasks. These included (and were not limited to) embargo lists for trade in technological goods, applied to the Soviet Union and its allies from late 1947 onwards.

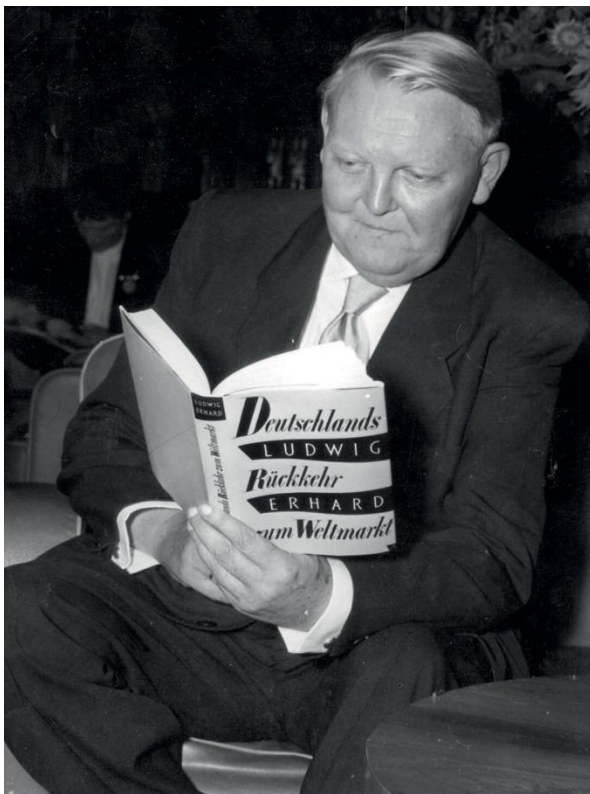
In order to coordinate the sanctions with their allies and monitor their compliance, the Americans set up the Coordinating Committee on Multilateral Export Controls (abbr. CoCom) in Paris on November 22nd, 1949. For China, where Mao Zedong had just proclaimed a communist People's Republic on 1 October 1949, even tougher trade regulations were in force – these were monitored by the so-called ChinCom. In no uncertain terms, the CoCom's founding document stated: "It is the policy of the United States to use its economic resources and advantages in trade with communist-dominated states to promote the national security and foreign policy objectives of the United States". Nor did the Americans mince words: at the height of the embargo in 1953, between one-third and one-half of all internationally tradable goods were on banned lists.

A Trustee Serving Business and Government

In this complex political situation, any private trade contact with the state economies beyond the Iron Curtain inevitably became a political issue. For Western businesses active in the Eastern Bloc, an acute sensitivity for politics and a good measure of "intercultural competence" (to apply a present-day concept to a time when travel was arduous and access to information comparatively limited), were indispensable assets. Their potential business partners were not

fellow entrepreneurs with similar mentalities, but state trade monopolies. In doing business, they were forced to rely on their own wits, since the Federal Republic was yet to establish a diplomatic presence in the socialist world. And although business relations with the East did not automatically lead to accusations of communist sympathies back at home, they none-too-infrequently provided grounds for West German authorities to suspect breaches of trade restrictions, and even of treason.

In the paranoid environment of the early Cold War, even loose exploratory talks with representatives of socialist/communist states could be interpreted as granting legitimacy to the enemy. Contact with the socialist world could only be pursued in a “conspiratorial” framework, in the context of what were – for all official purposes – purely private conversations. Ensuring a modicum of transparency vis-à-vis the distrustful Western Allies was necessary for companies looking tentatively towards the East; at best, this was to be done by obtaining Bonn’s prior consent. All this made clear the utility of a specialised organisation able to both act as an intermediary between eastern-oriented West German firms and the respective governments in Eastern European capitals and in Bonn, and to negotiate the “rules of the game” by which East-West economic relations were to be conducted.



Federal Minister of Economic Affairs Ludwig Erhard strived for „Germany’s return to the world economy” and provided the decisive impulse for the Ost-Ausschuss’s foundation in 1952. Photo: IMAGO / ZUMA/Keystone



Hans Reuter (DEMAG), who in autumn 1952 became the founding chairman of the Ost-Ausschuss (German Eastern Business Association). Photo: OA-Archive

In order to exercise its responsibility, the new body had to maintain the trust of all parties involved. It is therefore erroneous to refer to the Ost-Ausschuss – as some commentators do – as a lobby organisation when its real function was to be an honest broker, a sort of threefold trustee. All at once, it had to speak up the interests of business in Bonn, while equally representing the government’s position in dialogue with the business community and the various foreign governments with which the Federal Republic planned new initiatives and negotiated contracts. It was thus of the essence that the Ost-Ausschuss not only be above party

politics, but also avoid direct participation in business deals and refrain from charging commission for its services. This would have threatened the Association's independence and upended the fragile balance of interests. The businessmen and business organisations involved took great care to ensure that the Ost-Ausschuss represented the entire breadth of the German economy, and that the top functionaries did not use their exclusive access to create an unfair advantage for individual sectors, or even for their own personal benefit. Top-calibre diplomacy was thus required at all levels. Given the complexity of the Ost-Ausschuss's tasks – something which only really became apparent over the course of its creation – it hardly seems surprising that the founding of the organisation took three years, from the end of 1949 to the end of 1952.



The Economic Miracle: Federal Minister of Economic Affairs Ludwig Erhard (right) supported trade with the East as a means of reducing the dollar gap and West Germany's economic dependence on the United States. This photograph was taken at the International Automobile Salon, held under the Berlin Radio Tower in late 1951. Second from left can be seen the Mayor of Berlin, Ernst Reuter. Photo: IMAGO/ Future Image

The Geopolitical and Economic Starting Points

In drawing up the economic constitution for post-war Europe, the Americans initially leaned towards implementing a rigorous policy of deindustrialisation in the prostrate Germany (the Morgenthau Plan). So thorough would this regime be, that Germany would never again be able to pose a military threat. Escalating tensions with the Soviet Union and the brutal “hunger winter” of 1946/47 prompted a change of course in Washington. The coldest winter of the 20th century in Europe cost millions of lives – hundreds of thousands perished in Germany alone, and, in the Soviet Union, up to two million.

The Americans soon realised that, if they were ever to get the war-ravaged European economy up and running again, they would need Germany's industrial motor. Time was up on the brief interval of deindustrialisation in the occupied western zones. The “European Recovery Plan”, dubbed the “Marshall Plan” after US Secretary of State George Marshall, was to provide the impulse for Europe's post-war reconstruction.

Marshall Plan aid consisted primarily of loans and deliveries of raw materials, foodstuffs, and industrial goods. The basic idea was to help Europeans help themselves. Economic support was linked to conditions that would also benefit American business, such as the dismantling of trade barriers, currency stabilisation, and the expansion of inter-state cooperation between previous warring parties. The Marshall Plan was supplemented by the Organisation for European Economic Cooperation (OEEC), which commenced operations in Paris on April 16th, 1948, and whose considerable importance for the development of a European community has been unjustly forgotten by posterity.

The Soviet Union's rejection of the Marshall Plan set in motion the post-war economic division of Europe. Different economic systems began to crystallise, with the market principle prevailing in the West, and Soviet-style command economies sprouting up as far as Soviet power could reach in the East. While factory demolitions continued and industrial plants and farms were forcibly collectivised in the eastern parts of Germany, "Rhineland capitalism" took flower in the West, where entrepreneurs and politicians made business decisions in close dialogue with trade unions and industrial associations.

"Zero Hour" in Germany: An US-soldier observes the sea of ruins in Cologne. He stands guard in front of the military administration headquarters at Kaiser-Wilhelm-Ring 2-4. After capturing the city in March 1945, the Americans – and, shortly after, the British – administered the city and the surrounding region from this building. Later, it was to become the Ost-Ausschuss's first main office. Photos: NS-Dokumentationszentrum der Stadt Köln und "National Archives and Records Administration, Washington, D.C."



The introduction of the Deutsche Mark on 21 June 1948 in the American, British, and French occupation zones – and, three days later, in the three Western sectors of Berlin – was a monetary

earthquake, driving a permanent economic fault-line through the occupied Germany. The Soviet reaction was immediate: in sealing off West Berlin on June 24th, 1948, the Soviet Union fired the first figurative shot in the Cold War, testing the determination of the Western Allies to defend their economic and political model, whatever the cost. Overnight, 2.2 million citizens of West Berlin and around 22,000 Allied troops were cut off from the supply routes running through the Soviet-occupied zone. But the Western Allies and the people of Berlin held firm. Over the course of the nearly year-long blockade, 280,000 flights transported 2.2 million tonnes of supplies to the city's besieged western half, and at least 150 people, counting among their number 101 Americans, died in air accidents. On May 12th, 1949, the Soviets caved and lifted the blockade. All said and done, the immense pressure exerted by the East only proved to have been counterproductive. The emergence of a common enemy in the Soviet Union only served to reconcile the German population with their wartime foes and erstwhile occupiers, the Americans. Only eleven days after the lifting of the Berlin Blockade, the Federal Republic of Germany was founded on May 23rd, 1949.

Within a matter of weeks, on August 29th, 1949, the Soviet Union successfully tested its first atomic bomb in Semipalatinsk, making nuclear war in Europe – in all likelihood, on German soil – a permanent threat hanging over the continent for the next 40 years. Yet it was not in Germany, but on the other side of the globe in Korea, where a local conflict threatened to turn the Cold War hot. Korea, too, had been torn asunder by the world's two nascent superpowers, but on a line running perpendicular to the global East-West axis of confrontation, across which the Communist-controlled North glowered at the American-controlled South. In the summer of 1950, the North, with Soviet military backing, attempted to conquer the entire country once and for all. When the South's total subjugation seemed all but certain, a timely military intervention by the United Nations – led by the United States – turned the tide against Pyongyang. UN troops pushed the North Koreans deep into their own territory, until "Red China's" entry into the war shifted the momentum once again. After rapid Chinese advances, the American-led coalition forced a stalemate around the 38th parallel, which, following the 1953 ceasefire, became the de facto border between the two states. By then, the war had cost 940,000 soldiers and 3,000,000 civilians their lives.

As the struggle between democratic market economies and communist central planning crescendoed to a seemingly existential pitch, the West German idea of founding a committee for improving economic ties to the Soviet Union, the Soviet satellite states in Eastern Europe, and "Red China" appeared fantastical, but, nevertheless, possessed a deep and serious urgency. Germany was, after all, one of the main flashpoints of the Cold War. The "Iron Curtain" separated the West German economy from markets that, at the end of the 1920s, had been the most important buyers of Germany's exports, so essential for a country with a dearth of raw materials. If the young Federal Republic was to recover economically and stand firmly on its own two feet after the looming cut-off of Marshall Plan aid at the end of 1952, it could not afford to solely rely on Western markets.

While businesses understood all this in purely pragmatic terms, political-strategic considerations among the leading politicians of the day also played an important role. Many in Bonn hoped that deeper economic ties could pave the way for political détente. Even at this early stage, the hope that the West could use economic incentives to further humanitarian ends played a role in the West German government's calculus. Five years after the Second World War had ended, hundreds of thousands of German soldiers were still imprisoned in Soviet POW camps, and members of the German minorities scattered throughout Eastern Europe were hoping for an opportunity to leave their countries.

The Long Journey Begins

It is not easy to pinpoint the hour when the Ost-Ausschuss was born. More fitting would it be to speak of months – or even years – of birth. Ludwig Erhard, the Federal Minister of Economic Affairs, first gave the green light for the association's founding in a joint meeting with company and sectoral representatives in Bonn on October 9th, 1952, at which the businessman Hans Reuter was spontaneously designated as the new body's chairman. Yet the inaugural session of the Ost-Ausschuss's most important organs did not occur until December 17th, 1952, in Cologne. By this point, the idea of founding the Association had been floating in the air for years already.

In short, the Ost-Ausschuss gestation was anything but simple. This can be put down to the turbulent circumstances hitherto described and the inherent complexity of the organisation's tasks, situated in the grey zone between economics and politics – something which makes the Ost-Ausschuss unique in both German and European economic history.

The Association had numerous founding fathers (it was an Athenian birth, with no mother) from the worlds of business and politics. Active in its creation were, in this order: the members of the Foreign Trade Committee of Industrial Associations (*Außenhandelsausschuss industrieller Verbände*, abbr. AIV); Chairman of the Federal Parliamentary Committee for Foreign Trade Christian Kuhlemann (German Party), Federal Ministry for Economic Affairs Envoy for East-West Trade Hans Kroll; Confederation of German Industry (*Bundesverband der Deutschen Industrie*, abbr. BDI) Managing Director Hans-Wilhelm Beutler, prominent businessmen such as Gerhard Schauke (Mannesmann-Export GmbH), Wilhelm Alexander Menne (Hoechst AG), Bremen state senator Hermann Wenhold (DIHT), and, last but not least, “Mr. *Wirtschaftswunder*” Ludwig Erhard himself.

In weaving together the disparate threads in the complex tapestry of business and politics, the Ost-Ausschuss was reliant on the considerable skill of two employees of the Confederation of German Industry, which itself had only been founded in late 1949 in Köln and, like the Ost-Ausschuss, first set up office at Kaiser-Wilhelm-Ring 2-4. These were Edgar H.P. Meyer, head of the BDI's Foreign Trade Department, and Karl-Wilhelm von Carnap, his departmental subordinate.

The bulging file compiled by the Ost-Ausschuss's staff on the body's prehistory – which today is buried deep in the Rhenish-Westphalian Economic Archives under the file number 175-2-3 – contains around 450 pages of letters, telegrams, minutes, confidential memos, concept sketches, and lists of names. All the associations comprising the backbone of the young “social market economy”, as well as numerous distinguished businessmen and firms, appear in these annals, along with all the most important German economic policymakers and industry representatives of the day.

A note from late 1949/early 1950, presumably in Edgar H.P. Meyer's hand, containing preliminary considerations on the composition of a future "Ostausschuss". In: RWWA 175 2-3

Ostausschuss

Elektroind. ✓ Mit Herrn Merfeldbach telefoniert und ihm gebeten, einen Herrn für den Ostausschuss möglichst bald zu benennen.

Eisen- u. Stahl-Ind. ✓ Mit Herrn Dr. Harzig in gleichen Sinne gesprochen.

Dr. Hollender ✓ ist bis zum 20. 2. in London eine Einladung wäre zu adressieren an:

Despite the extensive primary source material and the voluminous secondary literature available, not every question surrounding founding of the Ost-Ausschuss can be resolved. For example, one can only speculate why, in late 1949, the Foreign Trade Committee of Industrial Associations requested a list of suggestions for the Ost-Ausschuss from its managing director, Edgar H.P. Meyer – which he indeed proceeded to draw up on January 4th, 1950, – only to strike the initial proposal to found the Association (on March, 3rd, 1950) from the meeting's agenda at short notice. In the introductory supplement to the minutes of that meeting, Meyer laconically remarked that the Ost-Ausschuss idea had been abandoned for the time being “for reasons which shall not be detailed here, but which essentially involve the danger of misunderstandings of a political nature”. Whether any direct political intervention occurred cannot be known for certain; thus, we can only guess what Meyer might have been alluding to when – in a letter dated almost a year later – January 23rd, 1951 – he expressed his regret that “the efforts to activate our trade with the East had repeatedly been hindered by political developments”.

As for this Edgar H.P Meyer, practically nothing is known apart from the testimonial of a long-dead contemporary that he was Jewish by confession. Concerning Karl-Wilhelm von Carnap, only the list of official duties in the BDI's organisational chart have survived, the personal files having long since been destroyed.

What we can say for certain is that the effort to establish an Ost-Ausschuss failed at the first attempt on March, 3rd, 1950. That there was an urgent need to revitalise trade with the East was nonetheless a matter over which all participants at the meeting, including representatives of BASF, Bayer, AEG, MAN, DEMAG, Klöckner, Mannesmann AG, Otto Wolff, and Ferrostaal AG, could be in concord. The keynote speech at the meeting in the session on eastern trade was delivered by Karl Lange, Managing Director of the Association for German Machine Building Plants. The intensification of trade relations with Eastern and South-Eastern Europe, Lange said, was “an existing question for the German economy”, highlighting that prior to the Second World War, up to 34 percent of the East's total imports came from Germany. “We were”, continued Lange, “the East's most important supplier of finished goods, and at the same time their top buyer of raw materials and foodstuffs”. Yet the time was not quite ripe for the Ost-Ausschuss. It was resolved that, for the time being, only an "East Department" would be set up in the BDI.



First sitting of the BDI Eastern Trade Committee in 1951 in the House of Ironworkers in Essen. Up until then, this committee, made up of West German business association representatives, bore the name "Eastern Trade Committee of Industrial Organisations (AIV)". It was the AIV where the idea of establishing an „Ost-Ausschuss“ was first raised in late 1949. The two gentlemen in the centre of the picture are the Committee Chairman Dr. Wilhelm R. Mann (left) and the Managing Director Edgar H. P. Meyer. The latter of these was the driving force behind the Ost-Ausschuss's creation. Photo: BDI-Archiv, SF 494_003 A, C. A. Stachelscheid, Düsseldorf-Pressehaus

What “political developments” – as Meyer alluded to – could have caused the captains of industry assembled in Cologne to hesitate? It should not be forgotten that contemporaneously, on February 11th, 1950, in Washington, DC, Republican Senator Joseph McCarthy sent a letter to US President Harry S. Truman, wherein he claimed that no less than 57 communist sympathisers had infiltrated the US State Department. Paranoia vis-à-vis communist subterfuge was gathering speed throughout the West. In the United States, suspicion regarding European allies' trade relations with the Eastern Bloc grew on a weekly basis. Fierce polemics began to appear in the American press against West European states, whose continued exports of strategic goods to the Soviet Union purportedly supported the Communist Bloc's “war preparations”. In addition to France and England, these critics set their marks on the young West German state, even though Germany's trade with Eastern Europe was, by all measures, only a shadow of its former self in the divided country. The situation even escalated to the point where American military police began impounding shipments of goods across the Bavarian-Czech border, regardless of whether their owners possessed the necessary permits.

Establishing an organisation to improve economic relations with communist states at such a time was, simply put, not an easy undertaking. Without intense political backing, the idea would have failed miserably – that much was clear enough to everyone involved. That the involved parties were so slow on the uptake may have been due to the fact that the Ost-Ausschuss's initiators had another idea in mind, one that apparently enjoyed a legendary reputation within the business community.

The Russia Committee of German Business

The idea that a capitalist Germany could set aside ideological differences and conduct mutually-advantageous trade with communist planned economies was not some fantastical notion cooked-up by starry-eyed chamber of commerce functionaries in 1950. Rather, it was rooted in practical experience from the recent past. After the catastrophic First World War and the Treaty

of Versailles, whose provisions were perceived in Germany as overly punitive, the newly-created Weimar Republic was, at the outset of the 1920s, desperately searching for partners abroad who could lead Germany out of international ostracism, and who would be willing to deepen economic relations without any political conditions attached.

Like Germany, the new-born Soviet Union found itself in sordid isolation after the October Revolution of 1917 and the years-long civil war which followed. As early as the days of the Holy Roman Empire, the German and Russian lands enjoyed flourishing economic relations. A common economic history can be traced back over 1,000 years to the springtime years of the Hanseatic League, when Western finished goods (cloth, wine, and glass) were exchanged for Russian raw materials (furs, honey, and wax) in the Hanseatic *Kontor* in Novgorod. Even the fact that both countries had fought bitterly against each other in the First World War, and that a communist takeover in Germany during the November Revolution in 1918 had only been prevented by the narrowest of margins and the massive use of force, did not prevent the resumption of economic cooperation a mere three years later.

On May 6th, 1921, the Soviet Union opened a trade and economic office in Berlin. Less than a year later, on April 16th, 1922, the infamous Treaty of Rapallo was signed, whereby the two countries mutually renounced all war reparations claims and agreed to deepen their bilateral economic relations, thus ending their international isolation and thereby alarming neighbouring states such as Poland and France.

In the early years of the Weimar Republic, many in Germany hoped the establishment of trade relations with the Soviet Union would yield not only material rewards, but political gains too. In his 1921 reference work on the history of German-Russian trade relations, Dr. Ludwig Lehrfreund advised that “the only way to help the Russian people is to pry it from its isolation by expanding economic relations therewith. The more active these are, all the dimmer will be the nimbus of Russian bolshevism abroad, and all the greater will be the awareness of its inadequacy at home.”

The idea of “de-bolshevizing” Russia through economic and cultural contacts was also pursued during the Weimar era by the influential Foreign Minister and Nobel Peace Prize winner Gustav Stresemann. In a conversation with his British and French colleagues Austen Chamberlain and Aristide Briand on June 14th, 1927, Stresemann explained that he considered “any idea of a crusade against Russia” to be “foolish and nonsensical.” Rather, he continued, Russia’s economy should be linked “so closely with the capitalist system of the Western European powers, that the way for Russia’s evolution will thereby be paved.” In short, this was the concept *Wandel durch Handel* – “change through trade” – in its earliest manifestation.



The Otto Wolff Company did business in Russia and China in the 1920s and 1930s. The company's eponymous founder was also active in the former Russia Committee. Photo: Wikimedia Commons – Fotoatelier Hermann Walter Leipzig

Under these auspices, German-Soviet economic relations experienced a remarkable upswing. At the beginning of the 1920s, a German-Russian Committee was established at the *Reichsverband der Deutschen Industrie* (the forerunner of the BDI), which was expanded in 1928 and renamed the Russian Committee of German Business. Its members included representatives of interested business associations as well as firms in industry, trade, banking, shipping and forwarding.

An active role in the Russia Committee's work was taken on by German industrial magnates like Krupp, Klöckner, von Borsig, and the metal trader Otto Wolff (the father of Otto Wolff von Amerongen). The Committee allowed the businessmen to confront Soviet state enterprises on an equal footing and to enforce contractually fixed delivery and payment terms. According to one historian, the Committee effectively became an "auxiliary organ of the *Reich* government," and, by 1931/32, was negotiating – of its own initiative – agreements with the force of international law.

The Russia Committee experienced its heyday between 1928 and 1932; the period when the Soviet Union undertook its first Five Year Plan. During these years, the Committee's ranks swelled to over 900 members, no doubt boosted by its profuse literary output in the form of various journals. The vast, agrarian Soviet Union's rapid industrialisation promised good business. In 1931, an 18-member industry delegation, led by the magnate Peter Klöckner, embarked on a fortnight's sojourn to Moscow, whence it returned with expressions of interest from Soviet buyers for orders worth more than two billion marks. Included in the delegation was a certain Wolfgang Reuter, General Director of DEMAG, whose son Hans Reuter would later make a name for himself as the Ost-Ausschuss's first chairman.

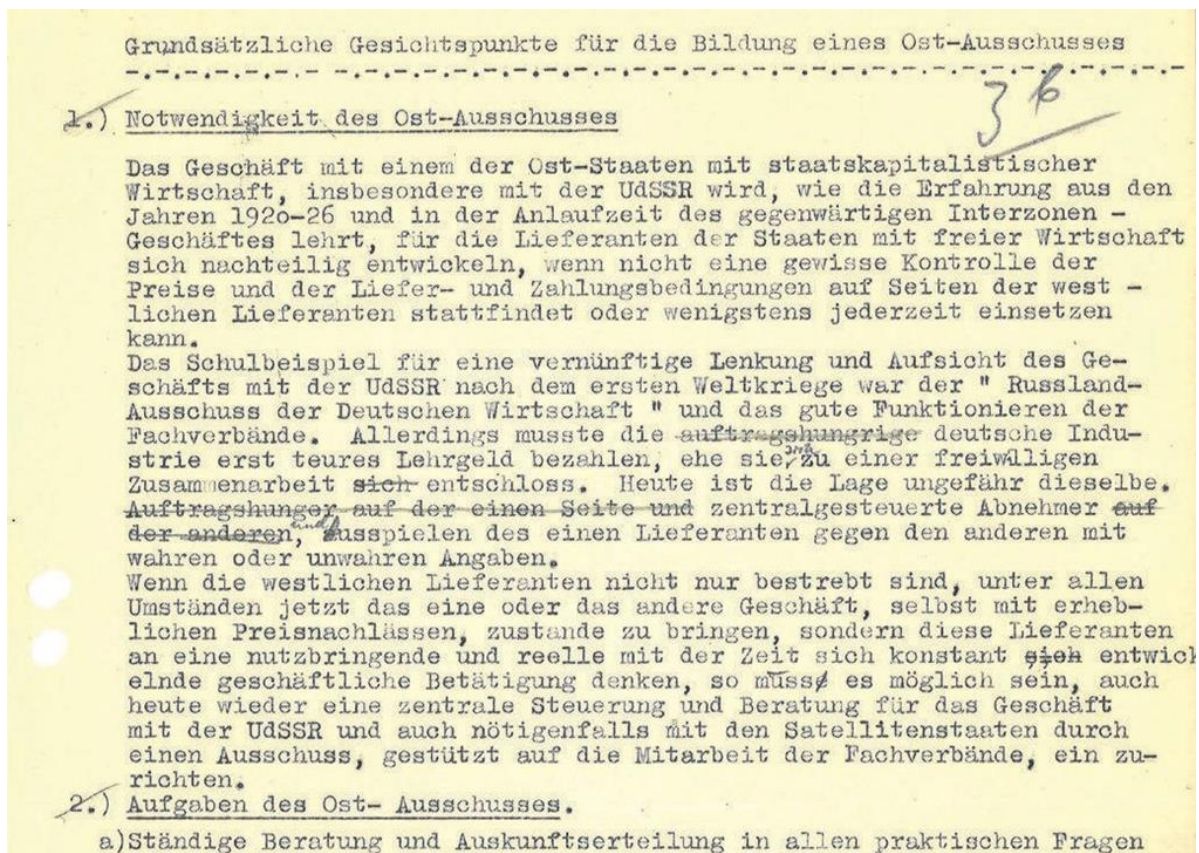
The final negotiations on the bilateral trade treaty between Germany and the Soviet Union took place in Berlin from April 10th to April 14th, 1931. Among the three German businessmen who signed the treaty, we once again encounter Wolfgang Reuter. Representing the Soviet government was Georgi Leonidovich Pyatakov, a member of the Presidium of the Supreme Economic Council, whose signature ensured that the document would enter the annals of economic history as the "Pyatakov Treaty".

Given the deep shocks caused by the world economic crisis, which in Germany left more than six million unemployed, this Soviet deal was the salvation of many a German industrial firm.

In 1931, the year it was signed, 11 percent of all German exports were destined for the Soviet Union. The German machine tool industry alone exported 36 percent of its total production volume to the Communists, while for the electrical engineering industry, the figure was over 20 percent.

According to Hans-Jürgen Perrey, the Foreign Office tried to expand the Russia Committee into an "Ost-Ausschuss" as early as 1930. After 1933, however, the Nazi takeover and the ensuing process of *Gleichschaltung* ("coordination," or "bringing into line") put an abrupt halt to the freedom of the industrialists and to the important role of the Russia Committee. The Soviet Union became the main ideological opponent of the new regime. Instead of trade, the Nazis were concerned with the conquest of "*Lebensraum*" ("living space") in the East." With the German invasion of the Soviet Union in 1941, the idea of a Russia Committee was over for good.

Over for good? When the "Foreign Trade Committee of Industrial Associations" convened in Cologne with the purpose of reviving trade with the East, businessmen and association representatives clearly still remembered the Russia Committee. The suggestion of studying the Committee's structures in order to formulate a blueprint for the institutional renewal of West Germany's eastern trade most likely arose quite naturally from the fond memories of the interwar trade with the Soviet Union. Committee Director Edgar H.P. Meyer even managed to locate the Russia Committee's former managing director, Gerhard Schauke, living at the time in Menzelstraße 9, Berlin-Grunewald, and still active in the business world as director of Mannesmann-Export-GmbH.



In early 1950, the former Managing Director of the Russia Committee Gerhard Schauke drafted an overview of the tasks a potential East Committee would have to take on. In: RWWA 175 2-3

Meyer most likely met Schauke in Berlin at the turn of 1949/50. On February 2nd, 1950, he wrote to him to draw up a proposal for the Ost-Ausschuss before the planned founding meeting on March 3rd. Schauke responded in a letter dated February 8th with a two page draft titled “Basic Considerations on the Foundation of an Ost-Ausschuss”, enclosing a one-page appendix labelled “Composition of the Ost-Ausschuss”. In it, Schauke recommended the establishment of an “advisory board” composed of nine members, including a chairman and a deputy chairman, as well as a board of directors consisting of 36 total representatives from 13 industrial associations, a general member’s meeting, and a steering committee. Although other names were eventually chosen for these sub-committees, this four-part basic structure remains the Ost-Ausschuss’ organising principle today.

In terms of content, the future Ost-Ausschuss as laid out in Schauke’s proposal was to provide central coordination and advice for doing business with the USSR and its satellite states, as well as to prevent German firms from being played off against each other by socialist state representatives. The main functions were to be the negotiation of arbitration agreements and the setting of delivery and payment terms. Schauke envisioned an Ost-Ausschuss that would provide companies with tailored advice on how to negotiate with the socialist world and assist them with advertising and interpreting, while also monitoring their activities and applying sanctions where necessary. Yet, with good reason, the actual Ost-Ausschuss did not involve itself in member firms’ day-to-day business, nor did it take on a disciplinarian function. The office in Berlin, recommended by Schauke due to the city’s proximity to the East, was also out of the question, since the distance to the federal government in Bonn would have been a permanent issue.

Other proposals fell on more fertile ground. To their number counted the committee structure, featuring a strong role for the steering committee, and the idea of providing companies with general economic information and individual country reports. From the very beginning onwards, Schauke advocated for the Ost-Ausschuss to help develop financial resources for commercial ventures and to integrate bank representatives into its structures. Up until then, the Association had been conceived of as a purely industrial organisation, as we can see from the list of January 1st, 1950. Schauke’s proposal to fund the Association’s central office through membership fees for individual firms would eventually come to fruition, but only after a 50-year delay. Until 2000, funding for the Ost-Ausschuss flowed exclusively from the budgets of the business organisations present at its creation; only with the dawn of the new millennium did it become possible for firms to take out individual memberships.

Politicians take the initiative

Having run aground at the first attempt in 1950, the “Ost-Ausschuss” idea was subsequently buried. Every now and then, the BDI’s member associations would impatiently ask the Central Office how the Association’s nominating process was going, but no concrete answer was possible until early 1951.

While the business community engaged in soul-searching, pressure mounted in Bonn throughout 1950 for a more active approach towards promoting West German trade with the East. Several reasons for this new course can be identified. The GDR’s establishment in 1949 intensified the competition between the two economic systems, and ceding the field of eastern trade to the GDR and its representatives was no enticing prospect, neither politically nor economically. As Economy Minister Ludwig Erhard warned, the longer East-West trade was disrupted, the more dangerous the structural divergence between Eastern and Western Europe would become.

Added to that, the increasingly westwards orientation of the Federal Republic led to an ominously growing trade deficit with the USA, and hence to increasing payment difficulties. The new Deutsche Mark was convertible only to a limited extent, and hard currency (dollars) to purchase Western goods were in high demand. This “dollar gap” was temporarily closed by Marshall Plan aid, but this was due to run out in 1952. For this reason, Erhard strived for a “redirection of our purchases from the dollar zone to the East.”

In this context, Erhard viewed the extensive embargo lists maintained by Washington with a critical gaze. Whilst other Western Allies like France and, above all, Britain made no secret of their *laissez-faire* attitude towards Eastern trade, and were even rumoured to be actively circumventing the Paris CoCom and ChinCom lists, the new Federal Republic had to observe the US embargo lists to the letter – even though these were 30 percent more extensive. This was a thorn in the side of Erhard, who feared being left behind in the emerging battle for market share in Eastern Europe. The Economic Affairs Minister desired “a trade policy open to the world”, and generally opposed any politicisation of foreign trade. Here, his views coincided with those of the country’s business community. Chancellor Konrad Adenauer, who in 1951 had added the newly re-established Foreign Office to his own portfolio, hoped at the very least that Germany would receive equal treatment to the other Western Allies as far as eastern trade was concerned. The Chancellor took great care, however, to avoid any steps that could raise doubts in the United States as to the Federal Republic’s loyalty to the West. The matter, as it was, remained a highly sensitive one.

In 1947, the United Nations Economic Commission for Europe (UNECE) was founded in Geneva. Here, on neutral soil, meetings between Europeans from East and West could be arranged, and business discussed. Boosting international trade was an explicit goal of the United Nations, above all as a means to rebuild the war-shattered European continent. Thus, it was in Geneva in the early 1950s that the first post-war encounters between Soviet state firms and German companies took place. The latter soon learned about the Soviets’ considerable interest in West German products. It seems miraculous that the Soviets were so open in their discussions with the representatives of Rhine capitalism, even though barely five years had passed since the conclusion of a war in which Germany had plundered and devastated the western Soviet Union, killing 20 million Soviet citizens and enslaving numerous others. This only testifies to the power of common economic interests to unite even the deepest of foes.

In the Soviet Union, too, Weimar-era business deals with the Germans still held a mythical allure. This was reflected in the statements of Anastas Mikoyan, who, as Soviet Foreign Trade Minister, garnered acclaim as “the greater trader on earth” (*Spiegel*). In his attempts to establish economic relations with the young Federal Republic, Mikoyan never missed a chance to regale his interlocutors with tales of the early 1930s. The Soviet Union was still full of German machines dating from the period, which, though even then setting the technological benchmark for Soviet industry through their impeccable quality, lay dormant in the absence of replacement parts which the war had made it impossible to deliver. Even though entire industrial plants on the territory of the GDR had been dismantled and transported to the Soviet Union as war reparations during the late 1940s, Soviet demand for spare parts and components made in (West) Germany continued to grow.

Similar points of convergence existed between the Federal Republic and the other great communist empire, proclaimed in Beijing by Mao Zedong on October 1st, 1949. In “Red China”, the memory of deep economic cooperation between 1934 and 1936 held strong, not to mention the brief period where the German Empire leased a colony in Jiaozhou Bay (where

Tsingtao Beer has been brewed ever since). In its day, the Third Reich sourced raw materials from China, in return providing extensive aid for industrial and military development until Hitler concluded an alliance with China's enemy Japan in 1937.

One project from this fruitful period of cooperation that left a particularly deep impression was the 500-kilometre long Chekiang-Kiangsi Railway, built by the firm Otto Wolff. Otto Wolff Senior – the company's eponymous founder and a major player in Germany's trade with Russia – was one of the first Germans to set up a branch firm in Shanghai after the First World War. In 1935, as the *Basler Nachrichten* reported on February 27th, 1935, Wolff Senior even spent three months in that country. Upon receiving the news of his death in 1940, the Chinese government ordered a large tombstone with an inscription by a famous calligrapher to be made and transported to Germany. "Otto Wolff ushered in a new era in China's trading relations with other powers" it read; "He was the first to depart from imperialist practices and to treat China as an equal."

Like the Soviets, the Chinese also explored business opportunities with West German companies from 1950 onwards, even though far stricter US embargoes applied to trade with China. The danger grew that German businessmen would – be it unintentionally or by their own design – be exploited by the communists, thus landing the Federal Government in a tricky diplomatic imbroglio. Coordination between government and business was necessary, but Bonn struggled to provide it, given the absence of formal diplomatic relations with the countries themselves.

Over the course of the year 1950, much talk was heard in the German Bundestag about setting up a state-controlled Eastern Trade *Kontor* (*Osthandelskontor*) under the umbrella of the Trusteeship for Inter-German Trade (*Treuhandstelle für den Interzonenhandel*), effectively a government front organisation. Immediately after the GDR's founding, the Federal Government forbade direct economic contacts with GDR officials in order to prevent a *de facto* recognition of the second German state. Since the federal government would not directly engage with East Berlin, but inter-German trade was nevertheless supposed to continue under supervision, the Federal Ministry of Economic Affairs established the Trusteeship as an ostensibly non-government body on November 2nd, 1949, formally attaching it to the DIHT without the latter being able to exert any influence on the new entity.



The building that would house the Ost-Ausschuss at Kaiser-Wilhelm-Ring 24 in Cologne, not long after the end of the war. Military vehicles are parked in front, to the left is a mound of rubble. In 1949, the "Industrial Associations' Committee for Economic Questions" established its first office at this address. In 1950, it became the Confederation of German Industry (BDI). Photo: Stiftung Rheinisch-Westfälisches Wirtschaftsarchiv zu Köln, RWWA 32-F2239

The press' ample coverage of the new Eastern Trade *Kontor* was apparently a wake-up call for Meyer and von Carnap. Fearing a far-reaching bureaucratisation of Eastern trade, they dusted off the old proposals for the Eastern Trade Association, arranging a meeting between Hans-Wilhelm Beutler, the BDI's Managing Director, and Christian Kuhlemann, Chairman of the Bundestag's foreign trade committee. The latter was an MP for the conservative German Party, part of the parliamentary coalition supporting Chancellor Konrad Adenauer's government, in which the party held a single ministerial post.

According to the preparatory memorandum drafted by von Carnap before the meeting, Beutler was supposed to consult Kuhlemann about an "activation of ... direct exchange of goods with the countries of the Eastern Bloc, including China." The establishment of a state-run "eastern trade office" was explicitly to be prevented: the memo states "As soon as the situation changes, the creation of some means of pooling together the resources of interested parties in West Germany vis-à-vis the state trading companies in the Eastern Bloc will become expedient. Here, our East Department has already undertaken the preparatory work so that an Ost-Ausschuss ... can be set up at the appropriate moment. The foundation of a governmental eastern trade office, or the transfer of the thereto related tasks to the Trusteeship for Inter-German Trade, is further rejected." In addition, von Carnap recommended a business delegation be sent to China, suggesting that either the East-Asian Association in Hamburg or the Otto Wolff Company's "confidante" in China sound out the mood within the "Red Chinese government."

The discussion with Association Chairman Kuhlemann on January 19th, 1951, was evidently a success. The latter knew about the old Russia Committee, and encouraged the BDI to resume plans for its re-establishment. From then on, the Bundestag's support could be counted on.

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 NAIR-KASERNE EINE AUSSPRACHE UEBER AKTUELE PROBLEME DES
 DEUTSCH-CHINESISCHEN WARENVERKEHRS STATT DIE AUSSPRACHE WIRD
 VON HERRN GESANDTEN DR. KROLL GEFUEHRT WERDEN HIERMIT LADE =

Für dienstliche Rückfragen

A telegram address to Edgar H.P. Meyer at his private residence in Düsseldorf, containing an invitation at short notice to attend a confidential round of discussions in Frankfurt with Hans Kroll, Director of the West-East Group at the Federal Ministry of Economic Affairs.
 In: RWWA 175-2-3

Washington Tightens the Embargo

On February 12th, 1951, Edgar H.P. Meyer received a telegram inviting him to a meeting scheduled for February 14th, 11 a.m. sharp, at the Federal Ministry of Economic Affairs in Frankfurt am Main. On the table was the German-Chinese goods trade – specifically, its problems. A certain “His Excellency Dr. Kroll” wanted to chair the meeting. A diplomat at the Foreign Office in the 1920s, Hans Kroll had seen something of the world. Among other posts, he had been stationed for a time at the German Consulate General in Odessa. After the war, he served as an adviser to North Rhine-Westphalian Premier Karl Arnold (CDU) and was later delegated by the Federal Ministry of the Economy at the OEEC in Paris in late 1949/early 1950, where he was responsible for all East-West trade related matters. As the Federal Republic’s first trade envoy in Paris, he also represented the Federal Government in the CoCom committees that determined the US and its allies’ embargo policies.

Unable to accept this last-minute invitation, Meyer sent his right-hand man von Carnap to Frankfurt in his stead. There, Kroll informed him about the sanctions pressure from America, warning in no uncertain terms against any attempts to circumvent it – “You will be ruthlessly blacklisted by the USA”. The opening chapter of the minutes – marked “confidential” – illustrates how explosive the eastern trade question was at the time. “At the beginning of the meeting,” so they read, “representatives of the BWM (the Federal Ministry of the Economy) expressly warned that informing the press about the contents of the ensuing discussions, or even disclosing the contents thereof in internal associational communication, was strictly frowned upon, having the potential to jeopardise of repetition of such debates.”

At the meeting in Frankfurt, von Carnap convinced Kroll to attend a “confidential discussion ... about the future organisation of eastern business” in Köln. The discussion, attended by just

under a dozen members of the BDI's Foreign Trade Committee (including Otto Wolff von Amerongen, the son of Otto Wolff), took place at the Hotel Excelsior on April 4th, 1951. There it was decided to set up a "working group for eastern business questions" to coordinate with Trade Envoy Kroll. In a letter dated April 13th, 1951, Mayer and von Carnap submitted to Kroll the names of precisely seven companies and associations expressing interest. In comparison to the grand plans drawn up for the East Committee in 1950, this working group seems modest, appropriately conspiratorial in size. In any case, it marked the beginning of a continuous dialogue between the men of business and politics on eastern trade matters.

From his day-to-day engagements in Paris, Kroll knew well how critical the US representatives there were of West German attempts to conduct business with the Soviet Union and China. The ill-advised ventures of individual entrepreneurs or commercial societies looking to fill the eastern trade niche could easily spiral into a major international crisis. Kroll thus understood that close cooperation between the Federal Ministry of the Economy and the business associations was of the essence. Both sides were united in their desire for a measure of leeway, to be used in such a way that relations with the United States would not be detrimentally impacted. And the captains of industry and the politicians in Bonn knew that this could not be accomplished without each other's assistance.



Hans Kroll was appointed the first West German delegate to the CoCom Committees in Paris and tasked with conveying the US' embargo policies to the West German government. On behalf of the Federal Ministry of Economic Affairs, he played the decisive role in the Ost-Ausschuss's founding. Photo: BArch Bild 183-92106-0014, o.Ang



Ernst Wilhelm von Carnap (born 1911), responsible for foreign trade at the BDI, paved the way for the Ost-Ausschuss's foundation in cooperation with Edgar H.P. Meyer, his direct supervisor. The picture is from a BDI company outing from the 1960s. From: BDI-Archiv, photographer unknown

The Pressure Increases

As head of the West-East Group in the Federal Ministry of the Economy and the Federal Government's CoCom representative, Kroll became the prospective eastern traders' most important contact man. On more than one occasion, confidential consultations took place between him and representatives of the recently-established (in March 1951) Federal Office for Trade in Goods, where they hunched down over Allied reserved lists for goods as the conversation turned to "blanket approvals," "white lists," and "exemptions for replacement parts."

The longer the Korean War pitted the US and its ally South Korea against the Soviet/Chinese-supported North, the longer the embargo lists drawn up by the Americans and their allies in Paris became. In early 1952, the US Congress passed the "Battle Act," named for the US Senator who authored it. The Battle Act introduced a ban on the export of so-called "strategic goods", as well as restrictions on the export of all other goods from the USA to the USSR and other socialist countries. It also stipulated that American military, economic, and financial aid should only be provided to countries that imposed a similar embargo, which conversely meant that said aid could be withdrawn in the event of embargo violations.

Almost immediately, the Battle Act precipitated a major crisis in the Federal Republic's relations with the United States. The trigger was the planned delivery of a complete rolling mill to Hungary by the firm Schloemann AG. Although the firm had a contract to export the goods and had by the summer of 1951 obtained clearance from all the responsible authorities, Allied officials were blocking the delivery. On the night of January 23rd, 1952, under Kroll's direct orders, the main transports carrying the rolling mill crossed the border under the cover of a thick fog. The export license had arrived on January 22nd and was valid until midnight on January 23rd, 1952. The Battle Act was set to come into force exactly on January 24th, 1952.

The Federal Ministry of Economic Affairs had made big waves. In an off-the-record conversation with Chancellor Adenauer, US Secretary of State John Foster Dulles delivered a harsh warning: "The American public and Congress are especially sensitive when it comes to the question of East-West trade, and any country violating the main elements of our East-West trade program will have to count on the cancellation of all US foreign aid". This was a tough pill to swallow, given that at the time, the Federal Republic was the US' only European ally that not only fully observed the Paris CoCom requirements, despite being subject to a far more punitive set of trade restrictions. Contrary to perceptions on the other side of the Atlantic, West Germany's trade with the Eastern Bloc was at an all-time low.

Turning Point: the Moscow World Economic Conference

Amidst this family quarrel among the Western allies, Stalin surprisingly burst in with two initiatives. On March 10th, 1952, the Soviet Union delivered the American, British, and French governments the so-called "Stalin Note", in which the Soviet leader proposed a peace treaty creating a unified Germany and a single, all-German government. It remains to this day a matter of dispute among historians whether this was a serious offer or a propaganda trick. Adenauer and the Western Allies were convinced of the latter, but serious talks nevertheless took place, with the Western powers insisting on all-German free elections under the supervision of a UN Commission. The Soviet Union, on the other hand, wanted elections to be organised by the victorious powers, i.e., partly under its own supervisory control. Following Stalin's death on March 5th, 1953, the subject was buried permanently.

The Stalin Note also included an economic component. “No restrictions whatsoever are to be imposed on Germany for the development of her peacetime economy, which shall be placed in the service of the German people’s increased prosperity”, read the document. “Nor shall Germany be made to underly any restrictions in respect of her trade with other countries, maritime navigation, or access to world markets”. Compared to the US embargo, this sounded quite lucrative, but did not describe the reality in East Germany, which was undergoing its first Five-Year-Plan. There, farmers were forcibly pressed into collectives, free enterprise was increasingly criminalised, and the Ministry for State Security, founded in 1950, was in the process of building a repressive surveillance apparatus.

Almost parallel to issuing the Stalin Note, the Soviet Union invited the governments of East, West, and the emerging Third World to a “World Economic Conference”, to be held in Moscow in April 1952. This was music to the ears of the bureaucrats at the United Nations, who, from the organisation’s seat in Geneva, had been campaigning for intensified cooperation in post-war reconstruction since 1947. Whilst Britain and other West European nations sent the great and the good of business and politics to Moscow, 19 less-prominent businessmen set out from West Germany with the Federal Government’s permission. On its return, the delegation presented a surprised Kroll with four separate trade agreements with state import-export organisations from the Soviet Union, China, and Romania, just waiting for a signature. Somehow, the press had also gotten wind of this development, reporting in a euphoric tone that lucrative deals had been concluded. Kroll did his best to rein in these great expectations. He stressed to his boss, Ludwig Erhard, that these were “very loose framework agreements” whose content still had to be examined. Kroll was wary of the increasingly independent-mindedness of certain elements within the business community. Thus did the Moscow World Economic Conference provide the necessary final push for the Ost-Ausschuss’s creation.

The Federal Government in a Quandary

In April 1952, the Federal Government found itself in a veritable predicament. Pressure was mounting from all sides; Moscow beckoned alluringly, the USA issued threats, the business community was getting pushy, and the Bundestag was practically obstreperous. In response to the increasing strictness of the embargo, the opposition Social Democratic Party (SPD) tabled a motion to promote eastern trade on December 12th, 1951, further demanding that a plenary debate be held on the topic. In the May 6th sitting of the Bundestag the following year, a large parliamentary majority called on the Federal Government to “ensure the Federal Republic be provided with full freedom of movement even in East-West trade”. The parliamentarians demanded that, furthermore, the embargo lists be “dismantled in every country at the same pace,” and that “normal economic relations” be established with the Soviet Union and its allies.



In the aftermath of the Moscow World Economic Conference, Hans Kroll (left) led the charge for the East Committee's founding on behalf of the Federal Ministry for Economic Affairs. He later served as West Germany's ambassador to the Soviet Union and Yugoslavia. The photo with Konrad Adenauer was taken in 1961. Photo: BArch, Bild 183-92106-0015, o.Ang

Washington was similarly interested in an economically stable West Germany, recognising the importance of eastbound exports in securing jobs, generating money for the reconstruction of the country, and reducing the dangerous deficit in dollar-denominated trade. Yet, from a political-strategic standpoint, the US viewed trade with the East so critically that it was ready to withdraw its economic and political support for West Germany should German traders – even those acting purely on their own initiative – continue to exploit grey areas in the embargo lists. The Federal Government urgently needed a new agency that could ensure greater transparency, steer east-oriented businessmen into the proper legal trade channels and negotiate a consensus between Bonn and the business community on the rules of the game.

Even if it wanted to, Kroll's East-West Group at the Federal Ministry of Economic Affairs couldn't take on the task alone. The Federal Republic had no diplomatic relations with China, the Soviet Union, and their socialist allies, and therefore was in no position to conclude trade agreements. Immediately after the ominous Moscow World Economic Conference, the clearly alarmed Kroll summoned BDI and DIHT representatives to the Federal Ministry of Economic Affairs for a short-notice meeting on April, 25th, 1952, with the conference's consequences for East-West trade at order. In a letter to the Ministry the day after the meeting, BDI Managing Director Beutler again warned against allowing things to simply continue as they were. Beutler viewed the Moscow conference as a propaganda operation, warning that "under no circumstances whatsoever should official negotiations be conducted by an ad-hoc committee composed of obscure businessmen, journalists, and lawyers who just so happen to be attending a conference as Germans". In consequence, he proposed "that the Federal Government, together

with a business committee whose role will approximate that of the old Russia Committee, should put out feelers in the USSR and the relevant Eastern European states in order to ascertain what real opportunities exist for concluding a trade agreement”.

On June 16th, 1952, the Federal Ministry of Economic Affairs prepared a “strictly confidential” draft resolution on the creation of such a committee, which Economy Minister Erhard introduced to the cabinet shortly afterwards. That the proposal encountered a positive reception is testified to in a document from the “Ministry for Marshall Plan Affairs”, the forerunner of the present-day Federal Ministry for Economic Cooperation and Development. The ministry officials suggested that the Ost-Ausschuss be located in Berlin, since this would allow the city to become for eastern trade “what Vienna is for the Balkans.” The revival of eastern trade would, they contended, not only offer West Germany the chance to finally close the “dollar gap”, but also, as trade relations intensified, an “easing of tensions in the Cold War” would reciprocally occur.

Exactly this tune had already been played by the Bundestag in voicing its demands for the government to promote eastern trade, which the parliamentarians hoped would “...facilitate an easing of tensions in East-West relations”. Although this argument was not the one used by business and chamber of commerce representatives at the time, it apparently struck a chord in Bonn, especially with the decisive figure at the Federal Ministry of Economic Affairs, Hans Kroll.

On June 24th, 1952, the cabinet took the decision to establish the “Ost-Ausschuss der deutschen Wirtschaft”, authorising Economy Minister Erhard to “arrange an organisational harmony of business involved in eastern trade for the purpose of jointly safeguarding their interests vis-à-vis the countries of the Eastern Bloc”.

Further Delays

The BDI was apparently informed of the cabinet’s decision at an early stage, and finally started planning the long-awaited foundation of the Ost-Ausschuss. On July 1st, 1952, von Carnap wrote in a briefing note for Edgar H.P. Meyer that the Ost-Ausschuss would be founded on July 3rd at the board meeting of the BDI’s Foreign Trade Committee. The Ost-Ausschuss was initially to function as both a preparatory committee and subcommittee of the Foreign Trade Committee, as well as acting as a full representative body of the business community.

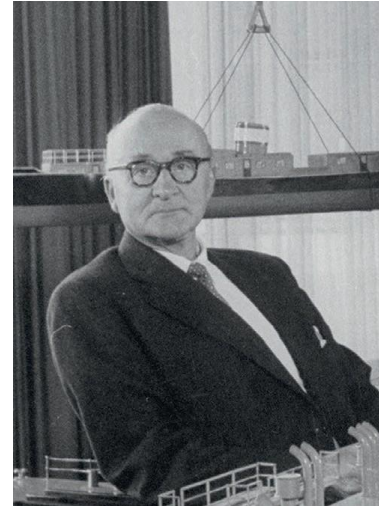
Yet even at the committee session on July 3rd, 1952, the Ost-Ausschuss’s official founding did not take place – or at least that’s how the BDI had to present it after the fact. At the time it was stated in the Foreign Trade Reports that the decision had merely been taken to “bring [the Ost-Ausschuss] into existence.” Such a clarification had become necessary after a communiqué arrived from the Federal Ministry of the Economy on – of all days! – the day of the meeting on July 3rd, dispatched in separate copies to the BDI, the DIHT, the East-Asian Association, and the Federal Ministry of Economics Affairs’ Foreign Trade Advisory Council. The document contained instructions from the ministry that all four bodies were to be responsible for the Ost-Ausschuss’s founding, thus countermanding the BDI’S intention to establish the Association of its own accord. In the end, however, this step proved highly conducive to anchoring the Ost-Ausschuss in the German business community.



Hans-Wilhelm Beutler (1897-1966), the BDI's first Managing Director, was the Confederation's leading foreign policy thinker. Photo: BDI-Archiv, SF 365_002A, Photographer: Josef Josuweck



Alexander Menne (1904-1993) served as a functionary in multiple associations, and thereby became one of the most influential business representatives in the young Federal Republic. He was the Ost-Ausschuss's first Deputy Chairman. Photo: BArch, B 145 Bild-F027839-0004/ Photographer: Gräfinholtz,



Hans Reuter (1895-1982) took his father's place as director general of *Deutsche Maschinenbau Aktiengesellschaft DEMAG* and represented the Ost-Ausschuss from 1952 to 1955 as its founding chairman. Photo: Ost-Ausschuss-Archiv

In its communiqué, the Economic Affairs Ministry laid out its expectations for the Ost-Ausschuss in no uncertain terms. The new organisation was to concern itself with the “cultivation” of West Germany’s trade with the East, by which the ministry meant not only the countries with which trade agreements already existed (that is to say, through the Allied Foreign Trade Administration, JEIA) – namely, Hungary, Poland, Czechoslovakia, and Bulgaria – but “also the other countries of the eastern region, including the People’s Republic of China”. According to the document, an alliance of interested firms “in an Ost-Ausschuss” was under consideration. The role envisioned for this prospective body was, the communiqué explained, not to act as a partner in individual business undertakings, but simply to advise and supervise business. What the ministry meant by “supervise” became apparent at the end of the document: “it goes without saying that, in the future, the obligations assumed by the Federal Government on the basis of international agreements concerning trade embargos must be loyally observed. In the interest of promoting legal trade with the East, illegal trade will continue to be fought relentlessly.”

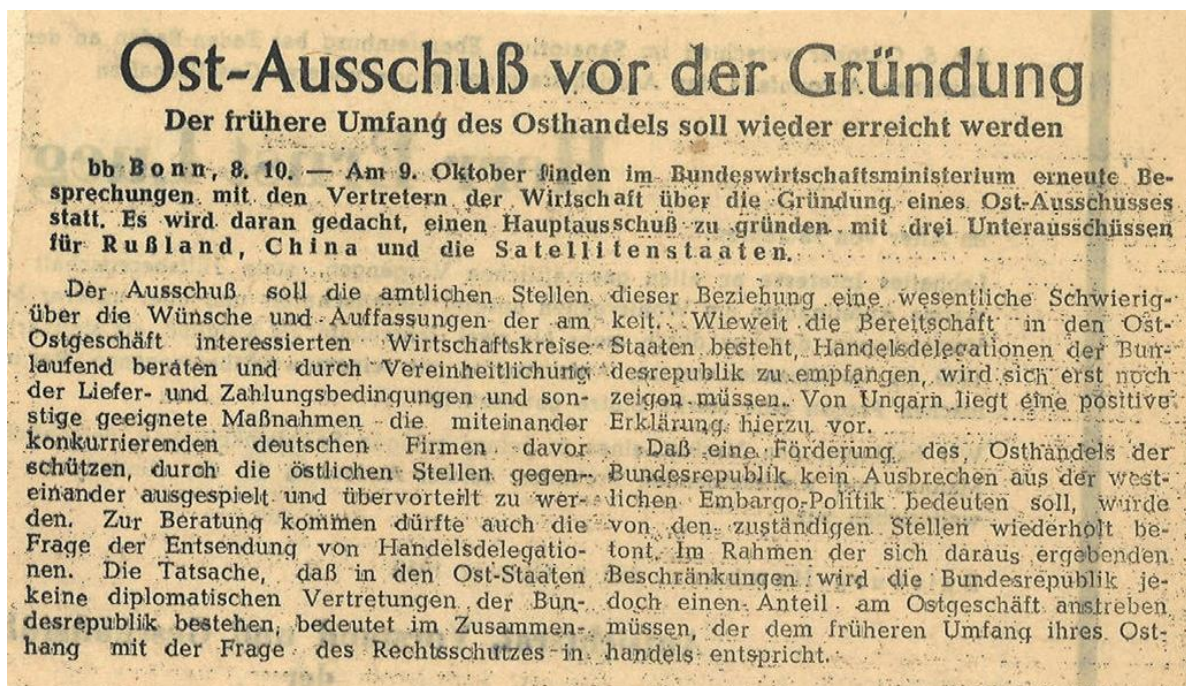
The BDI and the DIHT already cooperated intensely with one another, and thus expeditiously arrived at a common position. They jointly invited prospective members of a “preparatory Ost-Ausschuss” to the VDMA headquarters in Frankfurt for a meeting on July 14th, 1952. Edgar H.P. Meyer and his DIHT colleague Altenburg pulled the strings, conferring with potential guests and speakers. As usual, things did not go smoothly. On July 12th, a pithy message from Wilhelm Alexander Menne, President of the German Chemical Industry, threw a spanner into the works. “I find it outrageous that you want to set up an eastern business committee, or even hold preparatory talks on the matter, without first having heard the presidium’s views on this extremely important issue”, Menne fumed. Put simply, the Chemical Industry felt ignored. And not only them. Other associations, like the Steel Formers’ Association, also expressed their displeasure.

The BDI carried on as if practically nothing had happened. The meeting on July 14th was downplayed as merely a get-together between “a circle of experts in eastern business” to discuss a suggestion by the Federal Government. It was to be an ostensibly “private initiative” brought forward by a member of the BDI’s Foreign Trade Committee. Menne’s grievances were thus successfully allayed, as evidenced by a handwritten comment on his letter of reply. Meyer even managed to secure the participation of the East Asian Association in Hamburg, which had at one point lobbied for a “China Committee” but had since long been overtaken by events.

The results of this “preparatory” Ost-Ausschuss meeting with the DIHT in Frankfurt were summarised by Meyer and BDI General Manager Beutler on July 16th, 1952, in issue no. 78/52 of *Foreign Trade Reports*. The “small circle of leading experts” had indeed delivered – thanks in no small part to Meyer and von Carnap’s extensive preparatory work. The path to the Ost-Ausschuss’s founding was now clear. An agreement had been made to found “a comprehensive organisation of business”, which, in cooperation with the Federal Ministry of the Economy, was to be the main authority in all questions of business with the Eastern Bloc (consulting, expert opinions, regulation of terms of delivery and payment, arbitration agreements, etc.)

It seems the initiates of the “small circle” saw themselves entirely as contractors of the Federal Government, since they resolved to postpone the Ost-Ausschuss’s foundation until after a final consultation with the Economy Minister Erhard. A delegation of ten businessmen and association representatives was nominated for this purpose. The names – men who we can presume took part in the preparatory meeting – were already listed in Meyer and Beutler’s report. Included on the list were chemical industry president Menne, Russia Committee veteran Schauke, and VDMA boss Lange, as well as DEMAG General Director Hans Reuter.

The report further asked firms and business associations to nominate potential representatives for the Ost-Ausschuss’s sub-committees by the end of July. It was emphasised that these were to be “leading figures.” The message was that the Ost-Ausschuss should be kept as small as possible. This was wishful thinking, as was soon to be apparent.



Newspaper articles like this one from the *Industriekurier* made the Ost-Ausschuss’s planned founding on October 9th, 1952, semi-official. In: RWWA 175-2-3

Another Found Meeting That Wasn't

After the message had gone out, the BDI was immediately flooded with individual nominations, and even entire lists, especially after the first press release announcing the planned "Ost-Ausschuss for Eastern Trade" appeared in the *Industriekurier* on July 26th, 1952. Everyone wanted to be a part of the Ost-Ausschuss. From the German Shoe Industry to the Working Committee of the German Jewellery and Silverware Industry, to the Consortium of Glass Industry Associations, and the Association of the German Leatherware and Suitcase Industry – the BDI's doorbell rang practically around the clock. No shortage of spurious individuals claiming to have worked for companies in the East before the Second World War tabled their applications – one even enclosed a "picture book" about soya cultivation in Bulgaria and Romania as a reference. Although none of these associations and individuals made it into the most important committees, the Business Association of Drawing and Cold Rolling Plants, the German Shipowners' Association, and the High Voltage Porcelain Insulator Industry did manage to get in after persistent lobbying by their representatives. The Mineral Oil Industry Association and the Alliance of German Sawmill Associations also qualified thanks to detailed application letters.

As the list of applications grew ever longer, Meyer and von Carnap waited with ever growing impatience for the meeting with Economic Affairs Minister Erhard, who was away on his summer holiday. Von Carnap used the time to draw up a plan for the Ost-Ausschuss's internal organisation. On August 25th, 1952, he submitted a sophisticated proposal to the BDI's Foreign Trade Department, the greater part of which was eventually implemented. According to the plan, the Ost-Ausschuss was to be composed of ordinary members, sponsor associations, an executive board, a main committee, six subcommittees, and, of course a management board. Industry associations, organisations, and – later on – individual firms would all be able to apply for memberships.

In addition to the BDI and the DIHT, von Carnap also added the German Wholesale and Foreign Trade Association and the East Asian Association to the Ost-Ausschuss's eight prospective sponsor associations. The Executive Board was to have 16 members (primarily drawn from industry associations), and the Main Committee 40. Von Carnap further envisioned six subcommittees; 1) USSR, 2) China, 3) Poland, Czechoslovakia, and Hungary, 4) Romania and Bulgaria, 5) delivery and payment terms, acceptability standards, and arbitrations agreements, and 6) financing and fallback guarantees. The management board was to be composed of eight members, with von Carnap suggesting himself and Meyer from the BDI, alongside Dr. Altenburg from the DIHT and the VDMA's Rolf Audouard, both evidently held in high esteem in business circles.

At the end of September, the Federal Ministry of Economic Affairs finally confirmed a date for the long-awaited meeting with Ludwig Erhard – 4 p.m. on Thursday, October 9th, 1952 in Bonn-Duisdorf, Block I. The members of the delegation, who had already been selected in July, were hurriedly informed and invited to the VDMA's representation office in Bonn for a preliminary meeting at 11.30 a.m. on October 9th, where a common line was to be worked out.

Meanwhile, the Economic Affairs Ministry had already prepared a "common line" of its own for the group. On October 1st, 1952, Hans Kroll laid out his expectations in a West-East Group bulletin. According to Kroll, the Ost-Ausschuss's task would be to "standardise delivery and payment terms and other such measures in order to protect competing German firms from being played off against each other by the Eastern countries." The Association was also to ensure that "macroeconomic responsibility" was to guide West German firms in their actions. Of primary

importance was “the task of putting West Germany’s economic relations with the Soviet Union, China, and Romania in order”. This was also necessary in order to set the Federal Republic on an equal footing with the other Western countries; therefore, per Kroll, the process should “not be dramatised”. Accordingly, Kroll called for “the common Western embargo policy to be guided by the principle that everything that is not emphatically forbidden is permitted”.

The Ministry’s communications offensive did not end there. In the morning of October 9th, before any actual discussions had taken place, the business representatives who had rushed to Bonn on short notice were afforded the convenience of reading the results of their meeting with Erhard in advance in the morning papers. *Die Welt*, the *Industriekurier*, and the *Kölner Stadt-Anzeiger* all carried two-column reports on the “establishment of the Ost-Ausschuss as an umbrella organisation”. The bar was set high: “The old volume of trade with the East will be achieved again”, they proclaimed. “The question of sending trade delegations is also to be discussed”, one author speculated. Regarding the role of the Ost-Ausschuss, it was said that it would “...act as a trustee in the goods trade with the Eastern Bloc states”, and, in close cooperation with the Economic Affairs Ministry, guarantee that companies active in eastern trade “are guided not only by private business interests, but also by overall economic responsibility”. Thereto was added that promoting trade with the Eastern Bloc “shall by no means entail breaching the Western embargo policy”. Up until then, preparations for the Ost-Ausschuss had been undertaken strictly confidentially. After the Economy Ministry’s media blitz, intended to place the ministry’s stamp on the initiative and show the world the minister’s vigour and drive, there was no turning back.

The meeting with Erhard in Bonn has acquired the stature of a founding meeting, although, officially, this was not the case. Even the morning meeting at the VDMA representative office has only ever been referred to in the relevant documents as a “preliminary discussion” for the Erhard meeting. Strangely, no minutes of this meeting have ever been founded, despite the involved parties generally managing their files in a very thorough manner. It is certain, in any case, that von Carnap’s draft proposal for the Ost-Ausschuss’s internal organisation was discussed. If the list of participants provided to the Economy Ministry by Meyer and von Carnap on October 1st, 1952, is correct, then 29 people took part in this “preliminary discussion”, among which the machine building sector and heavy industry were amply represented. In addition, numerous delegates from the leading industrial associations were present, many of whose names will be familiar: Menne, Schauke, Beutler, Meyer, and von Carnap. Otto Wolff von Amerongen’s name, too, appears on the list.

A proposal sent by Meyer to BDI Managing Director Beutler on October 6th, 1952 informs, somewhat inconclusively, that the “preliminary meeting” in the morning would be “chaired by Mr. Reuter or Mr. Leipersperger or Mr. Carstanjen”. This suggests that Hans Reuter had been nominated as spokesman of the group at short notice and was presumably introduced to Erhard as a sort of Association chairman. No records exist of an election, nor is it possible to reconstruct who exactly from the group came to see Erhard in the afternoon: according to various sources, between five and eight people were present.

The 47-year old Hans Reuter (1895-1982), General Director of *Deutsche Maschinenbau AG*, had taken over the globally-present company from his father, Wilhelm Reuter, in 1940. Towards the end of the war in 1945, Reuter found himself in Gestapo custody for having allegedly disobeyed Hitler’s so-called “Nero order” to destroy Germany’s industrial foundations. The Allies freed him, only to imprison him again a few months later, considering him to be a representative of the German armaments industry. From 1946 he was allowed to once again manage his family business. As has already been mentioned here, Reuter’s father

played a prominent role in the Russia Committee in the early 1930s. As with Otto Wolff von Amerongen, it now fell to him to continue the family tradition.

Seeing the Erhard meeting portrayed in the media as the Ost-Ausschuss's constitutive session, Reuter may have considered it as his obligation to the minister to assume the position of founding chairman. Be this as it may, the agile BDI employees Meyer and von Carnap remained in the driving seat in the Ost-Ausschuss's early days.

Reuter did not quite realise what he had let himself in for. In a letter dated October 11th, 1952, two days after the meeting with Erhard, he queried von Carnap as to where the Ost-Ausschuss was supposed to fit in the institutional landscape of West German business; how the future executive board was to be composed, what trade agreements with the East Bloc actually existed, and who at the Federal Economy Ministry was actually responsible for what. Von Carnap supplied the requested information in a later dated October 14th, 1952. He informed Reuter that the Ost-Ausschuss was a "special committee of the Foreign Trade Working Group of German Business". The BDI was responsible for its management, while the composition of the committees was to be worked out by an "organisational committee," whose suggestions would be subject to Reuter's final approval. Von Carnap floated several names – among them, Menne, Senator Wenhold, Dietrich Wilhelm von Menges (Ferrostaal), and Otto Wolff von Amerongen – and noted that the most important sectors would have to be represented accordingly. Finally, von Carnap proposed Reuter commence his work by sending an unofficial trade delegation to those countries – like Poland and Hungary – with which agreements already existed from the time of the JEIA. "It seems to be eminently possible," he wrote, "that an exchange of trade delegations with the USSR, China, and Romania will be able to take place too in the not too distant future". This prediction was soon to become a reality.

On October 14th, 1952, a report on Erhard's meeting with the Ost-Ausschuss appeared in the *Federal Gazette* no. 199. The Ministry of Economic Affairs' intention that the Ost-Ausschuss "be regarded as the sole representative of the business community as a whole in its designated area of responsibility, to be consulted in all important questions thereof" thus received the official stamp. This formulation was taken word for word from a letter drafted by von Carnap and sent in Reuter's name to Erhard on October 11th. The missive envisioned an ambitious foreign trade policy role for the Ost-Ausschuss: "until German diplomatic or consular representations are established in the countries of the Eastern Bloc, it is proposed to send trade delegations assembled by the Ost-Ausschuss of German Business in agreement with the Federal Government and the Allies". The "Diplomats of Industry" had made their entrance.

"Ost-Ausschuss Casting"

Meyer and von Carnap now set about sifting through the nominations from the industry chambers and the sponsoring organisations. It was a difficult balancing act. Big organisations like the Iron and Steel Federation and the Chemical Industry Association had their eyes on dozens of positions, while smaller associations fought just to get a seat at the table. At the great Ost-Ausschuss casting, no one wanted to miss out on the anticipated eastern trade boom. Individual companies, too, threw their hat into the ring, but it was resolved that, for the time being, only the associations would be allowed to nominate members, since there were more than enough associations.

The nominations make clear the considerable diversity of the institutional landscape in the early West German business community. No less than the "Export Chamber of Southern Württemberg-Hohenzollern" and the "Confederation of Manufacturers of Transmission Belts,

Technical Leather Goods, and Automobile Service Equipment” put themselves forward, demanding to be “absolutely represented” in the Association. One candidate with better prospects was the Berlin Chamber of Industry and Commerce, since political considerations made the inclusion of the divided city inevitable. Meyer and von Carnap recruited, delayed, and rejected potential Association members until the ink ribbons on their typewriters smoked. In addition to the sponsor organisations, the Executive Board, and the Main Committee, three country committees – USSR, China, and a single committee covering Poland, Hungary, Czechoslovakia, Romania, Bulgaria, and Albania – and an additional three technical committees on “delivery and acceptance terms,” “arbitration terms and further legal issues,” and “monetary transactions” needed to be filled.

It may be of interest that one of the first solicitation letters sent by von Carnap and Meyer (and dated October 18th, 1952) was addressed to the Federal Association of Private Banks. This was the first time that bank representatives were included in the Ost-Ausschuss’s roster. The banking association nominated a total of eight representatives for the different committees, foremost among them one Hermann Josef Abs, a board member at *Süddeutsche Bank*, who in those years enjoyed wide esteem as the very model of a modern German banker. Abs was appointed to the executive board at the year’s end, and the Federal Association of Private Banks became one of the Association’s sponsoring organisations. An amusing stand-out among the nominations was a telephone memorandum from October 31st, 1952, with the remark “President Menne against expressed his interesting in assuming the deputy chairmanship of the Ost-Ausschuss under the condition that he be the only deputy”. The word “only” was underlined in thick marker.

On November 6th, 1952, the members of an “organising committee” (nothing more is specified in the files) chaired by Hans Reuter took stock of the bulging nomination lists compiled by von Carnap, Meyer, the DIHT, and the General Association of German Wholesale and Foreign Trade (the latter two as sponsor organisations). Almost immediately, disputes began over who would be appointed to which post. The battles over the China Working Group were especially fierce. Once again, Wilhelm Alexander Menne (1904-1993) was at the fore. Successful in his bid for the deputy chairmanship, Menne now tried to push through a chemical industry candidate as chairman of the China Working Group. “We fear considerable differences with Mr. Menne unless we give in” an intimidated Meyer told Reuter.

As President of the German Chemical Association and Vice-President of the BDI, the self-confident Menne was irreplaceable to the new Ost-Ausschuss. During the Second World War, Menne had been imprisoned by the Gestapo for almost a year for “undermining military preparedness” and “insulting the *Führer*”. In the years following the war, he was involved in the break-up of the resolutely national socialist chemical conglomerate IG Farben, rebuilding one of its member firms, Hoechst AG, into an independent business in Frankfurt. He counted among the first recipients of the Federal Cross of Merit, and, in 1952, he assumed the chairmanship of the Society for the Promotion of German-American Trade (FÖRDAH). Well-connected with the Western Allies, this influential chemical industry executive was practically the embodiment of West Germany’s foreign trade with both East and West.

Alongside Reuter and Menne, the third member of the Ost-Ausschuss’s executive board was Hermann Wenhold (1891-1976), a Bremen senator. As the DIHT’s representative, Wenhold maintained cordial relations with the rest of the Association. The fourth and final executive position went, as mentioned, to banking representative Hermann Josef Abs (1901-1994). Otto Wolff von Amerongen joined the 42-member Main Committee as a representative of the steel trade. All in all, there were 19 representatives of industry, twelve of commerce, four from the

Berlin business community, and two apiece from the banking, insurance, and the transport sectors.

Beyond the 42 members of the Main Committee and the four executive board members, what of the six working groups (or “subcommittees” – both terms were used interchangeably)? For these, too, the lists were voluminous, with that for the Soviet Union Working Group alone numbering 50 nominees. Reuter and the “organising committee” managed to narrow these down to 15 names per working group, the main responsibility for which was to be divided amongst various business associations. Otto Wolff von Amerongen was appointed chair of the Soviet Union Working Group under Karl-Wilhelm von Carnap’s supervision, the China Working Group was allotted to the VDMA, and the working group for other countries went to the DIHT. The task of managing the three thematic working groups was delegated to the relevant sectoral associations.

The sheer volume of nominations made rejections inevitable. This was not easy, since it meant potentially unleashing a wave of discontent throughout the business community, whose interests the Ost-Ausschuss was supposed to represent. DIHT Managing Director Altenburg thus suggested as “general assembly” of all nominees be convened, from which additional working group and Main Committee members could be elected, should these require additional capacity.

Foundation, Final Act: Hotel Excelsior on December 17th, 1952

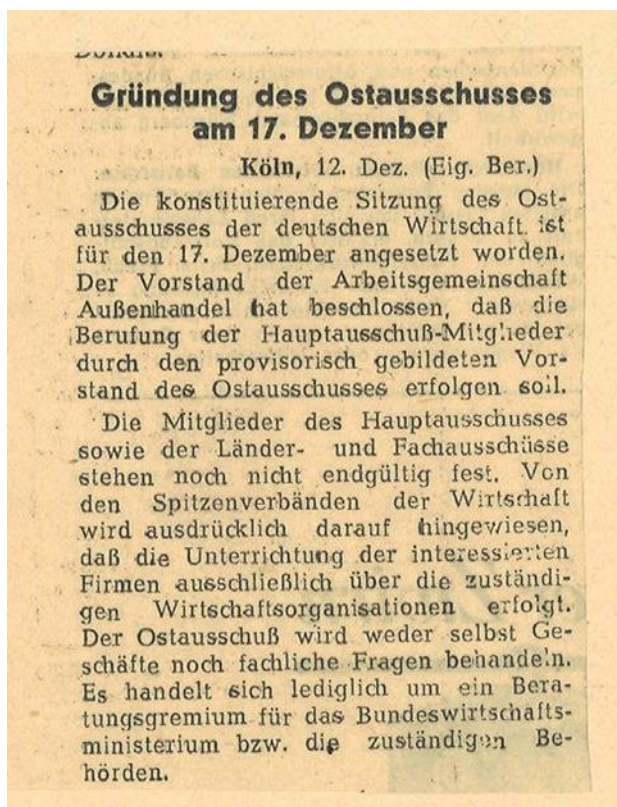
In early December 1952, letters were sent out on Reuter’s behalf to the members of the Main Committee, containing an invitation to the inaugural Association meeting at 10:30 a.m. on Wednesday, December 17th, 1952 in the legendary Hotel Excelsior, the only grand hotel in Cologne. Since several invitees had scheduling difficulties due to the Christmas holidays, most likely only 35 people from the Executive Committee and the Main Committee were present at this meeting to give the Ost-Ausschuss a proper founding – at last! There was, however, nothing of substance to be elected or decided, since the appointments to the committees and the board had been clarified well in advance. Decisions on individual working group appointments – as well as on Altenburg’s general assembly suggestion – were all pushed forward into the new year.



Exterior and interior view of the Hotel Excelsior in Cologne in the 1940s. This Grand Hotel in close proximity to Cologne Cathedral saw both the Constitutive Sitting of the Ost-Ausschuss and the founding of the BDI three years prior. Both photos are reprinted with the Hotel Excelsior Ernst’s permission.

Reuter began by bidding the guests welcome. Directly after, no less a figure than Kroll took the podium to underline, once again, the role played by the Federal Ministry of Economic Affairs as the Committee's patron. Thereafter followed a specialist lecture delivered by Prof. Karl C. Thalheim, an economist at the Eastern European Institute at the Free University of Berlin. After the soaring expectations that the meeting with Erhard had generated in the business community, in the media, and in the Bonn political bubble (something with which business representatives were not entirely comfortable), the actual constitutive sitting was deliberately unspectacular.

Considerable effort was expended to rein in the lofty expectations for the Ost-Ausschuss. This can be seen in a footnote appended to an article in *Die Welt* on December 13th, 1952, in the run-up to the constitutive sitting, which informed its readers that "it concerns no more than an advisory body to the Ministry of the Economy." On the last sheet of the three-page fact sheet on the Ost-Ausschuss presented to the main committee's members on December 17th, a note read: "In view of the many contradictory press reports about the Ost-Ausschuss that have appeared recently, it would be appreciated if the members were to desist from any public announcements containing alarming news that might cause distress in the business community; or, at the very least, coordinate these in advance with the general management of the Ost-Ausschuss."



An article in "Die Welt" on December 12th, 1952, giving notice of the Ost-Ausschuss's constitutive sitting on December 12th. In: RWWA 175-2-3

Ernst Wilhelm von Carnap could now officially take up his post as Managing Director of the Ost-Ausschuss, then located at the BDI headquarters in Cologne at No. 2-4, Kaiser-Wilhelm-Ring. After three years of preparation, he and Edgar H.P. Meyer had finally reached their goal – just in time for Christmas! The Federal Ministry of the Economy was also pleased. The solution they had delivered fit perfectly with the concept of the social market economy, where economic freedom and social responsibility stood side by side.

Government officials in Bonn could now finally hope for some improvement in Germany's trade balance. By the same deft stroke, they could relieve themselves of the arduous tasks of filling in regulatory gaps in eastern trade and maintaining discipline among firms regarding the embargos, which now fell under the Ost-Ausschuss's purview. The Economic Affairs Ministry was also extricated from the difficult situation of having to negotiate with communist governments not formally recognised by Bonn. Although the Ost-Ausschuss was regularly consulted in all the most urgent and pressing matters, the Ministry did not have to cede any of its actual authority. Yet, if something went wrong, or developments proceeded to the dissatisfaction of the Western Allies, business, or the public, the Ministry could refer to the Ost-Ausschuss. As put by Walter Hallstein, State Secretary in the Foreign Office (the second highest ranking official at the ministry after Adenauer as Foreign Minister), the Ost-Ausschuss was an instrument "that practically functions as an organ of the Federal Republic"; Freiherr von Maltzan, head of the Foreign Ministry's Trade Policy Department, described it as "a sort of satrap for various official duties".

Best of all from Bonn's perspective, the Federal Government didn't even have to pay for this service. Nor has the Federal Government ever provided the Ost-Ausschuss with institutional funding since then. The BDI largely covered personnel and running costs for the main office, while the committees were staffed by businessmen on a voluntary basis. "Voluntary basis" in this case also meant that the committee members had to cover the not inconsiderable travel expenses themselves. For the board members and working group chairmen, this commitment often came at the expense of their own free time. In principle, this applied to all associational life in the Federal Republic, a country in which associations seem to grow on trees. Yet this was no ordinary form of civic engagement: with the Cold War raging, there was a profound economic responsibility to be borne and foreign policy tasks to be fulfilled; work for which diplomats from the Foreign Office usually spent years training.

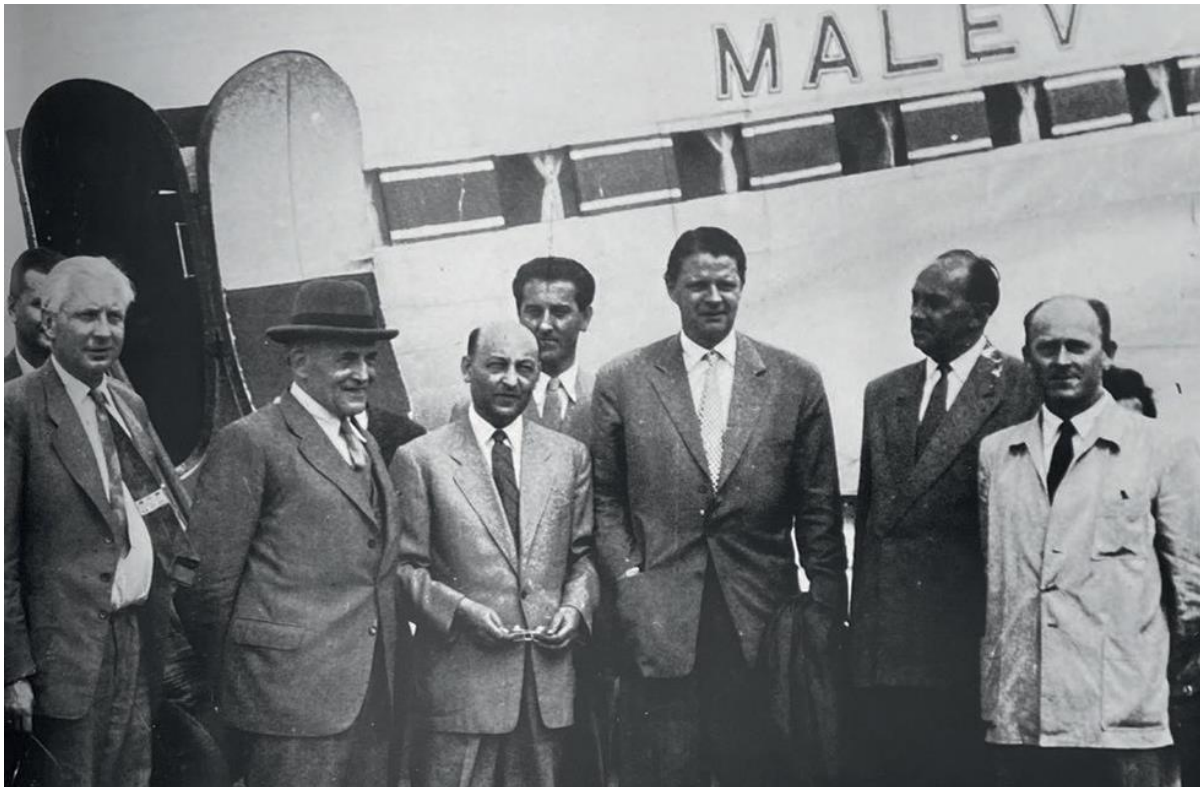
The Ost-Ausschuss Delivers

The prospect of being in the front row for the best eastern trade deals, yet all the while remaining safe under the umbrella of an important business organisation, was naturally the main incentive for the companies involved in the new body. This made it all the more essential that the Ost-Ausschuss quickly prove its usefulness to the business community. Accordingly, von Carnap boosted his already-heavy workload. As the BDI's 1953 annual report informed, the Ost-Ausschuss began to issue an ongoing "memo service" informing firms and associations about "developing trends in the East" and "best practices in conducting business in the East." In addition, the Ost-Ausschuss lent its assistance to the "Eastern Business Reports" published monthly in cooperation with scientific institutes.



Otto Wolff von Amerongen, who assumed responsibility for the Ost-Ausschuss's Soviet Union Working Group in 1952, quickly built up a trusty network in the German business community and abroad. This photograph shows the BDI Chairman Fritz Berg and (behind him) Wolff with their wives at the International Automobile Exhibition in Frankfurt, 1955. Photo: IMAGO/ZUMA/Keystone

In April 1953, a small Ost-Ausschuss delegation led by Wolff von Amerongen, von Carnap, and several representatives of the Economy Ministry participated in the UNECE's East-West Conference in Geneva as technical experts. They also held exploratory talks with Soviet representatives on chances for expanding the goods trade and improving the system of payments. According to the historian Reinhard Neebe, these were the first direct economic negotiations with the Soviet Union since the Second World War. While talks had already occurred the previous year – for example, at the Moscow World Economic Conference in April 1952, as well as within a small circle of businessmen convened by Wolff in Copenhagen on August 4th, 1952 – these had been highly conspiratorial and strictly private. With a view to conducting more detailed discussions, the Ost-Ausschuss was invited by the Soviet representatives to a round of negotiations in Moscow, a request with the potential to provoke a political firestorm. The planned trip was called off through Konrad Adenauer's personal intervention in 1954, though the Chancellor's inhibitions did not prevent him from making his own famous state visit to Moscow in the following year.



An Ost-Ausschuss delegation on the way to talks with the Romanian government. In the centre of the photo stands Otto Wolff von Amerongen. Photo: Fotoalbum zum 60. Geburtstag von Otto Wolff (DIHT)

A less diplomatically sensitive matter was the West German trade agreement with Romania, drafted by the Ost-Ausschuss on behalf of the Federal Government in 1953 and negotiated with the Romanians over the course of two weeks in Vienna in early 1954. In addition to Wenhold, Menne, and Beutler, the Ost-Ausschuss delegation also included Otto Wolff von Amerongen and von Carnap, who apparently got along famously. This may have been because of their age, which set them apart markedly from the other participants. Wolff von Amerongen – who, in 1940, at the age of 22, had already inherited the family steel business from his late father Otto Wolff – was only 34 years old when the Ost-Ausschuss was founded, and von Carnap 41.

The Ost-Ausschuss chairman, Hans Reuter, was absent during these negotiations, leaving Wolff to set the tone. Such was the latter's success in building up far-reaching networks in both the German and the international business community, that, when Reuter began looking for a successor in 1955, Wolff seemed the natural choice. Already the Ost-Ausschuss's de facto chairman, Wolff would occupy the position until 2000, 45 years in total.

The negotiations with Romania in Vienna were – as Wolff would later recall – the first in which economic interests were linked to humanitarian goals. In addition to economic issues, the Ost-Ausschuss used the negotiations to address the issue of Romanian German emigration. Thereafter, the use of economic contacts to resolve humanitarian issues quickly developed into an important strategic element of West Germany's foreign policy toolkit. The more successful and enticing the German economy became, the stronger too was the Federal Government's negotiating position. This strategy became openly apparent in the negotiations in 1957-58 on a German-Soviet trade agreement, which included an agreement making it possible for thousands of ethnic Germans to leave the Soviet Union. This time, the Federal Government was able to conduct these negotiations on its own initiative, since Adenauer's visit to Moscow resulted in the reestablishment of formal diplomatic relations with the Soviet Union. Nevertheless, the

Ost-Ausschuss had done the preparatory work and was deeply involved in the weeks of negotiations in Moscow's Hotel Ukraina.



April 25th, 1958: the first German-Soviet Trade Agreement is signed in the *Weltsaal* at the Foreign Office in Bonn. Photo: OA-Archiv
25. April 1958: Unterzeichnung des ersten deutsch-sowjetischen Handelsabkommens im *Weltsaal* des Auswärtigen Amts in Bonn.
Foto: OA-Archiv

In addition to Romania and the Soviet Union, Hans Kroll had placed the establishment of economic relations with Communist China at the top of the Ost-Ausschuss's to-do list at the "founding meeting" with Ludwig Erhard. It was here that the new association achieved its diplomatic masterpiece. After initiating contact with Beijing via the Chinese embassy in East Berlin in 1956 and 1957 and exchanging preliminary draft treaties, a nine-member Ost-Ausschuss delegation flew from Cologne to the British colony of Hong Kong on September 1st, 1957, whence it embarked on an eight-day train journey to the Chinese capital. Otto Wolff, accompanied by the most important members of the China Working Group, had in a way come full circle, the Chinese railway network having been built in part by his father. For three weeks in Beijing, intense negotiations took place to clarify visa issues, patent protection, payment modalities, and the inclusion of West Berlin – whose international status was disputed – into the final agreement. On September 27th, 1952, Wolff and the head of the Chinese trade committee, Nan Hanchen, were able to ceremonially sign the contracts, 15 years before Germany and the People's Republic of China first established diplomatic relations.



On September 27th, 1957, Otto Wolff von Amerongen and Nan Han-Chen signed the first German-Chinese trade agreement of the post-war period. The man in the dark tie in the centre of the photo is Ernst-Wilhelm von Carnap- Photo: KEYSTONE / Keystone

On one of the photos of the historic handover of the contract, a gap opens up in the crowd. It offers a view of Heinrich Köhler (Bayer AG), then head of the Ost-Ausschuss's China working group, and a gentleman with a receding hairline smiling good-naturedly. This latter gentleman, so seldom photographed and yet here standing in the centre, seems to be quietly enjoying the situation. We know almost nothing about this man, yet he, alongside Edgar H.P. Meyer, is perhaps the greatest "hero" of the prehistory and early years of the Ost-Ausschuss, without whose tireless work the Association would certainly not exist in its present form, if it were even to exist at all. For him, too, a long journey must have come to an end on this day: one that had started 8,000 kilometres away, with the first letters, draft concepts, and lists of names in the BDI Office in the Kaiser-Wilhelm-Ring No. 2-4 in Cologne, and somehow brought him all the way here to Beijing. The man we see was, of course, Ernst-Wilhelm von Carnap.

Looking Back to the Future

Thanks to the agreements reached in the 1950s, West Germany's eastern trade briskly picked up. The rates at which it increased were tremendous, albeit partly due to low baseline effects. The old level of eastern trade was not reached until 1989, contributing a maximum of 6-8 percent annually to West Germany's total foreign trade balance, since the political environment remained tense and the CoCom sanctions list held force (with occasional changes) until the 1990s.

This situation would persist until the Berlin Wall fall, ushering in the disintegration of the Soviet Union and the transformation of many Central and Eastern European states into market economies based on the Western European model. At the time of writing in 2021, the 29 Eastern European countries proudly accounted for almost 20 percent of German foreign trade, with Poland alone making up around 4 percent, the Czechia 3 percent, and Russia slightly less than 2 percent. If we add China – which, since the 1990s, has fallen under the purview of the Asia-Pacific Committee – the contemporary share of eastern trade is nearly 30 percent. In all these countries, representation offices of German business and industry – in some cases even large chambers of commerce – are operative, for which the Ost-Ausschuss's diligent work over the past 70 years laid the foundations.

The Ost-Ausschuss's 70th anniversary year coincides with a deep caesura. History appears to be repeating itself in a startling way. War, embargoes, a Cold War-like division of the world, nuclear peril, Armageddon – news articles today read as though they were written in the 1950s. The Russian invasion of Ukraine raises many serious questions, not least about the future of Germany's foreign trade. Perhaps this look at the prehistory and early history of the Ost-Ausschuss will help answer them. Diplomats of industry and intermediaries between business and politics possessing the required nous to bring sustainable economic success and overall social goals into harmony are certainly no less in demand today than they were back then.

The author is Head of Public Affairs at the Ost-Ausschuss and a historian by training. In addition to essays on economic history, he published the book "Die ungleichen Gründerväter - Adenauer und Erhards langer Weg an die Spitze der Bundesrepublik" (Konstanz, 1997).

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Geschäftsführer: E. W. v. Carnap, BDI, Köln, Habsburgerring 2-12

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Geschäftsführer:
R. Audouard, Verein Deutscher Maschinenbau-Anstal-
ten, Frankfurt/M.
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2. Arbeitskreis UdSSR

Vorsitzender:
Otto Wolff v. Amerongen, i. Fa. Otto Wolff, Köln
Geschäftsführer:
E. W. v. Carnap, BDI, Köln, Habsburgerring 2-12

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baden
Geschäftsführer:
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ring 2-12