



Bank and History

Historical Review

Fifty years in the Middle East

In the spring of 1954, Deutsche Bank's three successor institutions issued a brochure entitled "Promising Markets in the Middle East", featuring the seven founding members of the Arab League which was set up in 1945, namely Egypt, Iraq, Yemen, Jordan, Lebanon, Saudi Arabia and Syria. The region was viewed as "one of the most interesting future markets". "British, Italian, French, Japanese and American traders and companies are doing well in their efforts to establish a favourable starting position for themselves. But even German industry and trade have recently succeeded in recovering much of the ground lost during the Second World War." However, Egypt especially, on which the German banks had focused their interest initially, proved to be a difficult terrain. This had primarily political reasons. The German Federal Republic signed the Luxembourg Reparation Agreement with Israel in 1952, which led to huge objections from the Arab world. Egypt went on to pursue a nationalistic path after Nasser came to power shortly thereafter. The Suez Ship Canal Company was nationalized in 1956. This was a major milestone in the protracted process of liquidizing European colonial interests in the Near East. England and France plunged into a military adventure which turned out to be a political fiasco. For Hermann J. Abs, who was then leading the fight on many fronts for the recognition of private property, the Suez case was an occasion to pause for thought. Nevertheless, Deutsche Bank considered it a good time to intensify its presence in the Middle East. The time was not right for some foreign branches and the bank's official representations – eight in total – were located only in Latin America and Turkey, whereby

the first were operated in conjunction with Deutsche Ueberseeische Bank. The foreign representations' main task was to maintain contact with the bank's correspondents and clients abroad. Moreover, to a certain extent, they were also to provide the bank's branches with information and advice. By contrast, in no way were the managers of the foreign offices to deal with pursuing payment demands, the release of confiscated assets and similar. As the offices were only sparsely staffed, their responsibilities did not cover business development, market analyses and similar matters.

The Board of Managing Directors of Deutsche Bank resolved to open the bank's first and only representation in the Arab region in Cairo in 1958. In view of the difficulties at that time with regard to recruiting junior staff for the banking industry, it was not easy to find qualified employees to fill foreign positions – especially for those for whom mastering Arabic was absolutely essential. Heinz Osterwind, a member of the Board of Managing Directors demanded that such employees would have to "be high-calibre gentlemen who can be regarded as business partners of equal rank." The subsequent Board member Helmut Haeusgen was employed in Cairo at the time by Dresdner Bank which via the former Deutsche Orientbank had had branches in Egypt even prior to the Second World War.

However, Deutsche Bank's representative also succeeded in establishing a career for himself – he would later go on to become the head of Bayerische Landesbank. As its first representative to Cairo, the bank dispatched the philologist and historian Hans Peter Linss who wrote his doctoral thesis on the topic of

Représentation de la - Representative Office of

DEUTSCHE BANK

AKTIENGESELLSCHAFT

Düsseldorf - Frankfurt (Main) - Hamburg

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للشرق الاوسط
دوسلدورف - فرانكفورت - هامبورج

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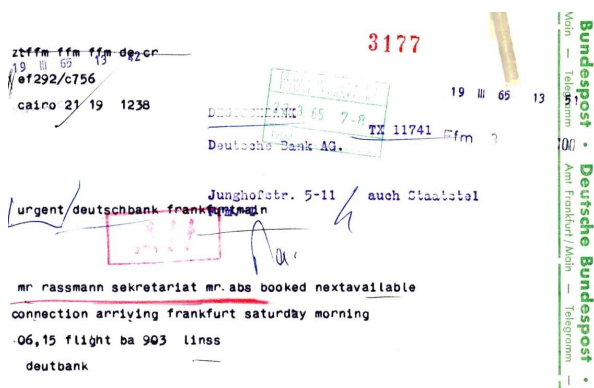
Galley proof of the Cairo representative office's first letterhead 1959

difficulties relating to Islamic dogma, but subsequently spent many years dealing with more worldly topics at the foreign trade department of the Dusseldorf headquarters. The representation was opened in Cairo on January 1, 1959. It was responsible for a huge region extending beyond its host country, namely Egypt and Syria, which had by then formed the short-lived United Arab Republic, subsequently followed by Iraq, Jordan, Kuwait, Lebanon, Saudi Arabia and Sudan. Board member Franz Heinrich Ulrich and Wilhelm Regling, Head of the Dusseldorf Headquarters travelled to the official opening in the centrally located office building which was to be home to the representation for decades. Both had already visited Egypt in December 1957 and were now able to introduce Linss to banks, ministries and companies. A press conference was held for the country's most important newspapers; in addition, invitations were sent out for a cocktail party held at the Hotel Semiramis.

At the time of the opening, Egypt undoubtedly constituted the main focus of the representation's activities, however, this shifted down through the years. Responsibilities were extended as early as in November 1959 to cover Ethiopia and Libya. It soon became apparent that the new representation was virtually overwhelmed by of all kinds of enquiries and applications – in many cases from its clientele directly. Branches also turned to it with many, in some cases, unnecessary queries, which needed to be channelled. In a circular marked as "strictly confidential" the bank's headquarters found it necessary to request the branches to point out to potential clients that performing collections, sourcing representatives and investigating business opportunities did not actually constitute the responsibilities of a bank representation.

The cost of running the representative office in its first year was around DM 100,000, rising to DM 130,000 in the following year, whereby salaries accounted for around 60% of this sum. The second largest cost item was, as to be expected, travel costs, for which around 15% of the budget was earmarked. As the sheer size of the region for which they were responsible required the representatives to undertake many trips, Linss requested that an assistant be taken on so that his office would not be left unoccupied for too long during his absences. For this reason, in 1960 Ingomar Kieback was dispatched to Cairo, who went on to take over Linss's tasks after he returned to Germany in 1965.

"Given his profession, a banker is a thorough and trained observer of his surroundings and a bank's foreign representatives are therefore valuable interpreters of the countries where they work mostly for Germany clients", noted the *Frankfurter Allgemeine Zeitung* in 1963. Consequently, most of what has remained today from the early activities of the Cairo representation is in the form of comprehensive travel reports compiled by the bank's directors following each long trip abroad. These trips could take weeks, in some cases even months and together with occasional feature-length entries, some of the reports on political and economic conditions, the banks and companies visited could achieve book-size proportions. After Rudolf Meimberg, former head of the Frankfurt headquarters' Economics Department and who had kept close ties with the bank as a consultant, compiled an extensive report on the Near and Middle East in 1961, the bank's three headquarters resolved to "give the business activities in Egypt the greatest amount of attention." This was to be understood as a warning and not as an impetus for expansion.



Documenting the crisis in German-Egyptian relations: Hans Peter Linss was sent a teletype from Abs's office in the evening of March 18, 1965 requesting him to take the next flight to Frankfurt. As this confirmation shows, he had arrived by the next morning.

Political and economic changes occurring in Cairo since the representation had opened led to a decline in the economic significance of the country, which, in spite of foreign exchange controls and import restrictions, was still the Federal Republic's largest trading partner in the Arab region in the early 1960s. Increasing trends towards a planned economy restricted business with Egypt, while censorship hampered the representation's

reporting. When the German Federal Republic established diplomatic relations with Israel in the spring of 1965, ten Arab states broke off diplomatic relations with Germany. At that time, Deutsche Bank was already considering moving some of Cairo's activities to Beirut, then a flourishing banking centre. This occurred two years later. The bank opened a representation there in February 1967 under the management of Walter Ritter. As a result, regional responsibility was divided between Cairo for the region west and Beirut for the region east of the Suez Canal.

However, given political events in the crisis-torn region of the Middle East, this structure was not to last. The Beirut representation was no longer permanently occupied as of 1975, it closed in 1977 and the bank pulled out completely in 1981 when there were no signs that things would improve in the near future. Once again, the Cairo office had to take on more tasks until the growing economic prominence of the United Arab Emirates made reorganization inevitable. Using a representation in Bahrain as its main base, Deutsche Bank began to tap in to this region from the 1980s onwards.

On dealing with Christmas and the New Year

Hermann J. Abs had had enough in December 1958 when he had the following letter reproduced by Deutsche Bank's own printing works: "In recent years, I have kept up the general custom of exchanging Christmas and New Year greetings with my business associates. You will agree that owing to the ever increasing number of addresses, this practice has lost its original purpose, indeed, it may, in many cases, have already become a mere formality. I fear even, that if we continue to exchange greetings at this rate we are exposing ourselves to the danger of regarding the immense number of greeting cards we receive as a burden. Perhaps it would be better to donate the large amounts of money spent on cards and postage each year to charity. This is why I will be refraining in future from sending greeting cards at Christmas and the New Year and trust you will understand my intentions. Please be assured that I will be thinking of you warmly, particularly at the turn of the year."

By this stage Deutsche Bank had already covered huge ground with regard to the topic of Christmas and New Year greetings. In an



1880 New Year's letter addressed to a Hamburg-based banking colleague, the bank's first Spokesman of the Board Georg Siemens managed, in his own inimitable style, to combine his private and business affairs in a few hand-written lines: "Dear Mr. Rauers, Allow me to convey to you my best wishes for the New Year and at the same time ask if

there are any new developments regarding the Berlin/Hamburg conversion matter.”



Fifty years later, the Board of Managing Directors was insistent in its request that the bank's employees refrain from sending special Christmas and New Year greetings to its members, whether they be in writing or in person. The Berlin Banks' and Bankers' Association went one step further. Its members resolved in 1930 to prohibit the sending of greetings cards and letters to business associates within Germany. However, they were permitted to reciprocate greetings from their clients. This resolution was considered to be part of an already existing accord on limiting

advertising and therefore also binding on the branch offices of the Association's members. From time to time, Deutsche Bank would issue reminders of this together with a request to refrain altogether from sending Christmas greetings – even those delivered in person – in the interests of simplifying the dispatch of greeting cards and letters.



Sending elaborate New Year's greetings underwent a revival in the early 1950s until the Board of Managing Directors – in unison with the Federal Association of Private Banks – once again stepped up its policy of thrift in this area. The topic of Christmas and New Year greetings frequently featured on the agenda for Board meetings. However, the radical solution practised by Abs failed to prevail in the long term.

Lost and Found

From the Sanatorium

“The sanatorium here is uncommonly well attended; most of the occupants are bankers. I wouldn't dare speculate whether this is owing to the banking industry having been

overly lucrative in recent years or it slowly but surely driving its members mad.” (Otto Wolff to Oscar Schlitter, May 11, 1923, from Bad Kissingen)