Profits and Persecution

What role did German big business play in the persecution of European Jews during the Holocaust? What were its motivations? And how did it respond to changing social and economic circumstances after the war? *Profits and Persecution* examines how the leaders of Germany's largest industrial and financial enterprises played a key part in the catastrophes and crimes of their nation in the first half of the twentieth century. Drawing on evidence concerning the roughly 100 most significant German firms of the Nazi era, Peter Hayes explores how large German corporations dealt with Jews, their property, and their labor. This study unites business history and the history of the Holocaust to consider both the economic and personal motivations that rendered German corporate leaders complicit in the actions of the Nazi Party. In doing so, it demonstrates how ordinary, familiar thought processes came to serve the ideological purposes of the Third Reich – with lethal consequences.

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German Big Business in the Nazi Economy and the Holocaust

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In memory of
Annyong and Maebe,
who helped me write this book,
and to
Volt
forever and forever

Motiv ändert die Wirkung nicht (Motive does not change the effect).
—Otto von Bismarck

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PREFACE

This book has been five decades in the making. In 1975, a couple of years into graduate school, I began studying the role of German big business in the catastrophic Third Reich, and I have not let go since. In part, my continuing fascination stems from the deeply unsettling issues of human corruptibility and delusion that the subject presents, which I hope this book will lay bare. Another source of my persistence is the sheer exhilaration I have found in immersing myself in alternatingly fragmentary and copious records and trying to decipher the ways that people in an extreme past situation tried to manage what still are contemporary problems of political risk, market analysis, corporate strategy, and personal and professional ethics. And then, I suppose, there is the matter of my skeptical temperament. Because this field of study seemed to me afflicted with an overabundance of William Butler Yeats' "passionate intensity," much of it more in service to ideology or self-satisfaction than to historical accuracy, I have been unable to shake my late, admired friend Michael Marrus' admonition "to get it right," which is a time-consuming process.[1]

Debate over the subject was particularly intense during the Cold War of 1946–90, when virtually all commentators outside Germany highlighted and condemned the complicity of the German business elite in the Reich's crimes but differed on the source of this misconduct. Western liberal writers, like the American prosecutors at the Nuremberg trials, depicted German industrialists and financiers as aberrant capitalists, imbued with Prussian militarism and a sense of Teutonic superiority that made them eager to help devise, then participate in, campaigns of aggression and exploitation.[2] Communist and other Marxist writers insisted, on the contrary, that these corporate leaders were prototypical capitalists, ambitious for greater markets and resources, determined to suppress and exploit workers, and both ready and able to use fascism for these characteristic goals of their economic system.[3]

Within Germany, the government of the communist east promoted the Marxist analysis, but in the free market west a much more apologetic view prevailed, thanks to the corporate world's effective public relations machinery and to firms' almost universal refusal to grant access to what in many cases were expansive extant archives. According to this line of advocacy, German big business had been much more sinned against than sinning in the Third Reich, subjected by a tyrannical and terrorizing regime to a "command economy" (*Zwangswirtschaft*) that reduced executives to obeying orders and relieved them of responsibility for any "excesses" (*Ausschreitungen*) that occurred in the process.

Since the fall of the Soviet Empire and the reunification of Germany, writing on business–state relations in the Third Reich has become less polarized, though interpretive differences remain. As Marxist critiques ceased to threaten German business, but global markets became increasingly important to it, reticence about the Nazi past declined in corporate circles, archives opened, and a wave of (often massive) empirical studies of firms and industries during the Nazi era followed, most of these in German. One purpose of this book is to mediate between a broad public and this rich and informative literature, to make its most important pieces of evidence and its most revealing findings more widely available and accessible. The chief variation within this body of scholarship concerns motives or rationales for acquisitive or exploitative behavior by German firms. Some works assign great importance to shared ideological convictions with the Nazi regime, at least in the cases of specific enterprises or executives, whereas the overall tendency is to ascribe most conduct to routine and rational calculations of corporate self-interest in the given economic context. Both arguments represent considerable improvement on the continuing emphasis in the popular literature on this topic, both in Germany and abroad, on crude notions of greed as the driving impulse.

This book seeks to avoid the simplifications embedded in the Western, Marxist, apologetic, and popular accounts of corporate behavior in the Third Reich, as well as any implication of exoneration that might be read into the more recent "rationalist" scholarship. Caricaturing all or even most German business leaders as collectively racist, bloodthirsty, and avaricious exploiters and expansionists is factually inaccurate, and treating their deeds as "rational" runs the risk of detoxifying or even normalizing them. One of my central arguments here is that by acting rationally in the context of the Third Reich, corporate leaders in effect acted ideologically, since their choices generally served the regime and its purposes, whether intentionally or not. Among the most terrifying features of the Third Reich was its capacity to make ordinary, familiar thought processes have lethal consequences. So lethal, in fact, that belaboring the question of whether most corporate executives grasped all or even much of what they were enabling misses the essential point, which is their complicity, whatever its mainsprings.

Still, as the subtitle of the book suggests, the publishing wave of the last three decades enables us to see that understanding the evolution of the Nazi economy is inseparable from explaining corporations' part in the Holocaust. One cannot grasp the latter without attention to the former. The cooptation of business interests to state purposes proceeded in tandem; economic adaptation and engagement in persecution were intertwined. German enterprises' accommodation to the state's manipulation of market mechanisms in the mid 1930s embedded the demands of public policy in the interests of firms and the expectations of their managers to such a degree that corporate involvement in atrocity inexorably followed.[4] This causal chain explains the order of chapters within Parts I to III: Discussion of the commercial context in each period precedes and lays the indispensable basis for understanding the part German big business played in dispossession, immiseration, and murder.

That said, this book is intended as neither an indictment nor an exculpation but as a warning. This is a story of a social and professional group that responded to changing political and economic conditions in a self-serving, self-protecting fashion that had catastrophic consequences. Although the leaders of German big business between 1918 and 1945 included extremists who helped bring about their nation's cataclysm, as well as wiser heads who sought to evade or minimize it, the predominant and prevailing spirit was pragmatic, conformist, and opportunist. At the personal level, this sort of groupthink paid off for many of these executives. Apart from losing relatives and property in the war, most corporate leaders were not punished or professionally set back for long by their poor economic performance in the Weimar period or by the common cause with Nazism that they made later. For countless others, however – from the victims of Nazi aggression and racism to bombed-out and displaced Germans – the results of the German corporate elite's pursuit of myopic definitions of self-interest were devastating.

Most members of this elite never signed on to an explicit conspiracy with Nazism to overthrow the Weimar Republic, persecute the Jews and other supposed enemies of the Reich, and conquer *Lebensraum* (living space), contrary to what Marxist writers have contended since the 1930s and Allied prosecutors claimed in somewhat different form during the 1940s. German big business leaders did not propel or necessarily even intend these developments and thus do not bear the bulk of the guilt for them. But the corporate world's pursuit of self-interest evolved into participation in an implicit conspiracy to these ends, into an accessory status that confers considerable responsibility and liability on the major German companies of the time and their leaders. To paraphrase Karl Marx, although people make their own history, they do not do so under conditions or with consequences of their own choosing. Yet they can and often must be called to account. For many years after 1945, German corporate executives, like German society in general, labored to dodge such a reckoning by spreading a historical narrative that downplayed or excused their complicity. Those days are now largely over in the corporate sector, thanks to the opening of those long-blocked archives. But if the cover-up was not worse than the crimes in this case, it was of a piece with them and, therefore, also should not be forgotten.

A few words about definitions. First, "big business." This book draws primarily on evidence regarding the 100 most heavily capitalized German firms, those with nominal share issues of 20 million Reichsmark or more, plus the principal joint stock banks, leading family-owned enterprises, major holding companies, and dominant trading firms in the period 1927–45.[5] Allowing for mergers, as well as ascents into and descents from these ranks during the period, the focus is on approximately 120 large German enterprises, with occasional references to subsidiaries in which they had a controlling interest. Though the historical record is better for some firms than others and contains some notable blind spots, it is broad and deep enough to permit generalization within and across industries and business sectors. I expect that record to improve in the coming years, given several ongoing research projects, but I think these are unlikely to upset the patterns of decisions and motives that I have laid out here. Second, “Holocaust.” I regard that term as referring specifically to the persecution and murder of European Jews, and not to the maltreatment and murder of other groups by the Nazi regime. This book focuses, therefore, on how large German firms dealt with Jews, their property, and their labor, and discusses corporations’ sometimes parallel conduct toward non-Jews only as necessary for contextualizing or comparative purposes.

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Along the way to these pages, I have had a lot of help. First and foremost, from my former doctoral student and research assistant, Dr. Jason Johnson, now a professor at Trinity University in San Antonio, and from my friend and colleague Prof. Dr. Stephan Lindner of the University of the Bundeswehr Munich, who read and commented on Parts II and III of this study to my great benefit. The United States Holocaust Memorial Museum hosted me as the Shapiro Senior Scholar-in-Residence in 1997–98, as this project began to take shape. The company formerly known as Degussa opened its illuminating archive to me as I wrote a history of the firm in the Nazi era that gave renewed impetus to the work. Northwestern University, my academic base for more than four decades, also has been unfailingly supportive, including with research funding that continued even after my retirement.

I also want to express my respect and gratitude to the scholars whose findings I have drawn upon here. The studies that emerged from the boom in the study of businesses under National Socialism (NS-Boom) of recent years have been of high quality, and their authors deserve recognition for their ability to penetrate complicated records to bring forth coherent, often less than flattering accounts of their subject firms and/or persons. One of those authors, my longtime and now late friend Christopher Kobrak, deserves special mention. I have tried to do justice to his scholarly legacy, especially in Chapter 1, but I cannot send this book out into the world without saying how much I and our field of study miss him.

Finally, I had the assistance of two astute anonymous readers' reports obtained by Cambridge University Press. These contained many valuable suggestions for making the text more accessible and broadening its potential readership. Although I could not act on all this advice, I followed quite a lot of it. I hope the anonymous readers will recognize their contributions and accept my thanks.

My appreciation goes to each and all these people and institutions. They are, of course, neither responsible for the views I express in the text, nor culpable for any errors I have made.

Part I

PROLOGUE, 1918–1933

1 PATH DEPENDENCE

Through all the ups and downs of the German economy after 1918 – rapid conversion to peacetime production in 1919–20, runaway inflation that made a nullity of the currency by 1923, monetary stabilization followed by recovery of prewar levels of production and prosperity by 1927, and then the abyss of the Great Depression that began in 1929 and worsened in 1931–32 – the German corporate world struggled with a gap between supply and demand. While Germany's manufacturing capacities had been run down during World War I, they also had grown, even as the conflict generated new competitors abroad, strengthened old ones, and thus reduced sales prospects. Defeat in World War I then cost the country territory and population, income on lost patents and subsidiaries, access to some markets, and until 1925 the ability to protect the domestic one.[1] The depreciation of the German currency cheapened German goods and thus buoyed their sales for a while after the war, but also worsened the central problem by encouraging a "flight into real values," that is, from cash into buildings and machinery, which left more excess output behind when inflation ended. What the nation could produce remained persistently greater than what it could sell, especially in a world increasingly inclined to erect barriers to imports.

In response, during the 1920s, German big business fixated on restoring sales and profitability through cutting costs, both those imposed upon it and those generated internally. The attack on the former category led to increasingly intense clashes with the democratic regime established in 1918–19 because the corporate world's desire to reduce tax payments and labor costs collided with two key government policies. The first of these was the defense of the Central Work Community (Zentralarbeitsgemeinschaft or ZAG) and Stinnes–Legien Agreement of late 1918 by which business had accepted the eight-hour day and the negotiation of contracts governing wage and working conditions between unions and management on an industry-wide basis. The second was the practice of paying the war reparations mandated the following June by the Treaty of Versailles while trying at the same time to get them reduced, that is, the "fulfillment" program. Most leaders of German big business had accepted the concessions to labor and the Treaty terms under duress, seeing them as necessary to head off domestic revolution and foreign occupation. Backsliding began quickly in 1921, when the Allies finally revealed how much they expected in reparations (nominally 132 billion gold marks, but really a still formidable 50 billion or US$12.5 billion). The size of the bill prompted some of the nation's most prominent corporate leaders to advocate defiance. Led by Hugo Stinnes, probably the nation's wealthiest person at the time, and consisting largely of colleagues in so-called heavy industry, that is, coal, iron, and steel firms, but also including Franz Urbig, a prominent figure in the Deutsche Bank, they insisted not only that the sums involved were beyond what Germany could pay, but also that even raising lesser amounts would require repealing, in Urbig's words, "the so-called social, but in reality purely socialist achievements of the revolution."[2]

By 1922, the leaders of the newly formed National Association of German Industry (Reichsverband der Deutschen Industrie or RDI) were echoing the arguments that the burdens of both reparations and the ZAG were unsupportable and in need of revision.[3] This became the fixed and retrograde position of German corporate leaders throughout the history of the Weimar Republic: Only a return to pre-1918 conditions could restore profitability and rates of productivity per worker. Leading entrepreneurs differed recurrently about tactics and tone, however, with one group of executives and trade associations favoring open confrontation with the Allies and the unions and expressing increasing antagonism toward the German parliamentary regime, and another arguing for conciliation to persuade foreigners and labor of the reasonableness of industry's positions and its acceptance of the existing constitution and thus of the need to abandon reparations and the ZAG. The more intransigent bloc centered around heavy industrial leaders in the Ruhr region – Stinnes until he died in 1924, Fritz Thyssen, Ernst Borsig, sometimes Albert Vögler and Paul Reusch – but did not comprise all of them – Gustav Krupp von Bohlen und Halbach and Peter Klöckner were prominent exceptions – and drew additional support from the regional business association of the state of Saxony. The more temperate group consistently predominated in the presidium of the RDI, and its main protagonists were IG Farben's Carl Duisberg, the organization's president from 1925 to 1931; Krupp von Bohlen, Duisberg's successor at the RDI; Carl Friedrich von Siemens of his family's electrical firm; and, less consistently, Paul Silverberg of the brown coal industry.[4]

As these affiliations and cleavages suggest, the groups did not divide according to the conventional image of export- versus domestic-market-oriented firms or older/heavy versus newer/chemical-electrical firms.[5] Before and during the 1920s, such lines became blurred, as changing sales interests and product portfolios pulled enterprises and their leaders in multiple directions. In consequence, membership in each group was unstable, at least at the margins. Individual executives often shifted affiliations, depending on the issue at hand or perceived circumstances or simple vacillation.[6] Stinnes agreed with Duisberg in opposing both the right-wing, militarist Kapp Putsch of 1920 and the Allies' London Ultimatum on reparations a year later but their respective allies diverged over accepting the Dawes and Young plans of 1924 and 1929 that revised the reparations terms; Krupp reluctantly joined in management's lockout of striking iron workers of 1928 but otherwise rejected a hardline approach to the unions; Silverberg grew less outwardly compromising toward labor as time passed; and Hermann Bücher of Siemens' rival General Electric (Allgemeine Elektricitäts Gesellschaft or AEG) stood with the moderates on reparations but with the hardliners toward labor.[7] Heavy industry split sharply after 1928 between supporters and opponents of the mulish, autocratic, and protectionist Alfred Hugenberg as leader of the German National People's Party (DNVP).[8]

Such fluctuating divisions should not obscure some common political trends within the corporate world. For one thing, its leaders shifted gradually rightward during the 1920s as many who had enrolled in the left-liberal German Democratic Party (DDP) in 1919 moved to the right-liberal German People's Party (DVP) or from it to the nationalist DNVP. Simultaneously, fewer corporate leaders took a direct role in politics, including seats in the parliament, after the mid 1920s, opting instead for indirect representation through favored, subsidized representatives.[9] Neither should tactical or personal differences conceal the general agreement on social and economic policy that prevailed in the upper reaches of the business world. In the course of the stabilization of the mark during 1923/24, the Republic reaffirmed the eight-hour day, albeit with a provision that employers could require up to six hours of overtime per week, and inaugurated a system of state arbitration of labor management contracts (*Schlichtungswesen*) that by 1932 had issued some 4,000 binding agreements. Industry simply hated the infringement on its autonomy and bargaining power that these policies represented, and corporate animosity reached fever pitch in the late 1920s, when the arbitration system's decisions seemed partial to labor's demands.[10]

Opposition to the eight-hour day and compulsory arbitration now became the centerpieces of business's collective claim that government policy made profitability next to impossible.[11] From executives' point of view, their rational and objective economic calculations of optimal shift lengths and affordable wage rates had been usurped by emotionally and politically driven "dictates" that bore no relation to measures of profitability or even the cost of living.[12] The only ways to restore reliable levels of employment and prosperity were to expel the government from economic life and to reduce public expenditures to make room for increased private investment. From the RDI's first announced public program of December 1925 to its nearly apocalyptic statement entitled "Rise or Downfall" (*Aufstieg oder Niedergang*) in late 1929, this was the common lament of corporate leaders, most specialized trade associations, and nearly all prominent financiers, including such tactically and rhetorically cautious figures as Duisberg and Silverberg. Only "a return to a state-free economy" could save Germany, they chorused.[13]

This is not to say that German industry externalized all responsibility for dealing with market constraints and reacted entirely passively during the 1920s. On the contrary, large German firms developed – and mixed and matched – multiple coping strategies that stimulated a great deal of intramural activity. One such, an expansion on prewar practice, was the effort to contain the destructive effects of slackened demand through engaging in countless domestic and international market-sharing, price-fixing, and profit-pooling agreements. The 1920s may well have been the apogee of cartelization of this sort, both at home and abroad, and the largest German enterprises, especially in mining, steel, chemicals, and electrical apparatus, were deeply enmeshed.[14] As defensive measures in the short run, cartels could and did prove effective in sustaining some firms and giving all participants a degree of predictability about receipts. But the deals suppressed the sort of market and price signals that prompt adaptation to changing conditions, and thus short-circuited competition that otherwise would have produced the "creative destruction" characteristic of thriving economies.[15] Meanwhile, by setting prices at levels tolerable to the least efficient signatory, cartels hampered efforts to increase demand, that is, to address the central problem German business faced.

A second common response was also less effective than it seemed in dealing with Germany's immediate economic crisis. The 1920s were also the most intense period of concentration – of consolidation of multiple enterprises into gigantic firms through mergers and acquisitions – in the German economy during the first half of the twentieth century. Although not unique to Germany, the trend there was quite pronounced.[16] It transformed the cigarette industry into a virtual monopoly of the Reemtsma organization by the end of the decade.[17] In banking, a takeover wave turned the Commerzbank into a national presence, with the densest branch network of any large Berlin-based bank.[18] The Deutsche Bank not only followed suit with numerous provincial acquisitions, but also participated in by far the largest banking merger prior to the Depression, the fusion with the Disconto-Gesellschaft in October 1929.[19] Among the most famous products of the penchant for combination were the still extant Daimler-Benz and Lufthansa companies, along with two mammoth enterprises that lasted only from 1925 to 1945, the United Steelworks (Vereinigte Stahlwerke or VS) and the IG Farben corporations, by most indices Germany's first- and second-largest private enterprises.[20] By the late 1920s, the former firm controlled 50% of German raw iron output and 43% of that of crude steel, while the latter held 48% of the invested capital in the German chemical industry, dominated the output of dyes, synthetic nitrogen, and explosives, and was nearly as strong in pharmaceuticals and synthetic fibers.[21]

In every instance, the purpose of consolidation was to reduce duplication and staff, and thus to lower costs and prices and thus increase demand and profits. Yet, in almost every case, the acquirers failed to pursue the objective with sufficient urgency during the brief boom of the late 1920s that followed the currency stabilization, so overlapping or uncoordinated operations declined too slowly.[22] Meanwhile, the newly formed entities carried the costs of their formation: interest on any necessary loans to fund the transactions, fees for expanded boards of directors, severance payments to redundant employees, and long waits in disposing of surplus offices and plants. Even large staff reductions made disappointing inroads on wage and salary bills because of the tendency to keep on the most experienced personnel. The Deutsche–Disconto merger probably was representative of the overall pattern. Its most recent students conclude that at 3.5 million Reichsmark, "the costs of integration were well above the short-term savings."[23] Banking, in fact, provided a strong demonstration of the inefficacy of consolidation, since its breadth did not reverse the relative decline of the big banks' standing among Germany's largest corporations during the great inflation, nor remedy their subsequent undercapitalization.[24]

Still a third corporate reaction to the gap between output and demand became a buzzword of the age: rationalization, by which practitioners meant modernization and mechanization of production processes, increased standardization of components and models, and simplification and centralization of administrative procedures. In the late 1920s, mining firms in the Ruhr closed more than 100 uneconomical pits and raised the proportion of coal cut by machines to 90%, while VS shut down multiple operations, specialized others around a limited product range, and invested nearly 300 million Reichsmark in new facilities and machinery.[25] Krupp poured tens of millions of Reichsmark into new iron and steel makers at Borbeck and Rheinhausen.[26] Across the country in Silesia, the Kokswerke corporation built 33 million Reichsmark-worth of new coal-mining and coke-making operations.[27] Unlike many German firms that resisted assembly-line processes and held to more traditional notions of handicraft, Siemens introduced flow manufacturing extensively and successfully.[28] But even among producers that might have most easily adapted to such methods, notably automobile makers, change was laggard.[29] Because of the expense involved and many producers' suspicion of too much standardization à la Henry Ford, rationalization in Germany remained more talked about than carried out, more a matter for the largest enterprises than many others. Moreover, where practiced, the resulting gains in output only aggravated industry's problems. Rationalization was expensive; it had to be paid for out of receipts that were not rising because demand was not; it ate the savings in unit costs that it achieved, especially if, as frequently was the case, the modernization expenses were booked, in whole or in substantial part, as operating costs rather than mostly depreciated over time; and the new installations that appeared usually could make profits only if operated at close to capacity, which current levels of demand seldom permitted.[30]

Perhaps the only genuinely effective intramural strategy that emerged from the demand crisis of the 1920s was diversification – the pursuit of new sales through new products – usually through buying up their makers, and even that often did not work. Among its most visible exponents were the Haniel family's Gutehoffnungshütte (GHH), which Paul Reusch led throughout the decade and transformed from a Ruhr coal-mining firm into a mixed-mining, machinery, and shipping operation through a chain of acquisitions mostly in and around Nuremberg and Augsburg.[31] But the metals firms failed to develop into large consumers of GHH's coal or offsetting earners; in fact, they drained money from mining operations.[32] Across the country in Upper Silesia, Kokswerke's failure to capitalize wisely on diversification proved even more extreme, though the flow of funds ran in the opposite direction. Beginning in the early 1920s, the mining company bought up a potash producer, a dye and lacquer firm, two chemical enterprises, and, through one of the last named, a series of providers to the photographic industry. The parent company then showed little interest in turning these into buyers of its coal. Neither did Kokswerke work to integrate or synergize the other operations. Instead, in the late 1920s Kokswerke merely milked them as cash cows to fund its expanding, and increasingly superfluous, coal and coke output.[33]

An atypical case of corporate success with diversification occurred in conscious response to marketing issues, rather than ones of overcapacity. Ernst Busemann headed the German Gold and Silver Separation Institute (Deutsche Gold- und Silber-Scheideanstalt or Degussa), an inorganic chemicals firm in Frankfurt that specialized in refining precious metals, chemicals derived from wood distillation, and sodium compounds including cyanide and perborate, the active ingredient in the bestselling German detergent Persil. In the mid 1920s, he concluded that none of these product lines offered reliable prospects of future growth and began searching for new sorts of business. His program blossomed during the Depression and, coupled with vigorous rationalization of existing production units, allowed Degussa to emerge from the economic crisis almost unscathed.[34]

Busemann's venturesomeness was rare, and the demand shortage of the 1920s provoked remarkably little innovation or imagination on the part of the nation's corporate magnates. "Because of their backward-looking orientation," as Toni Pierenkemper puts it, executives exhibited much more path dependence and repetition than eagerness to pursue new undertakings for new markets.[35] This automatism characterized even one of the outwardly most ambitious undertakings of the age, IG Farben's massively costly (426 million Reichsmark from 1924 to 1932) pursuit of manufacturing motor fuel from coal via hydrogenation. The effort reflected a desire to duplicate two different, but interrelated pasts: the synthesis of indigo dye from coal at the dawn of the twentieth century, and the extraction of nitrogen from the air under enormously high pressures on the eve of World War I. Now marrying the traditional feedstock to the new process to make gasoline was supposed to offset declining proceeds from both these previous breakthroughs and to generate a new, lucrative, and similarly time-bound monopoly that would not only replace the fading returns, but also solve the problem of overcapacity at the nitrogen works. As crude oil prices fell faster than production costs, however, IG's vision retreated like the horizon, which only made chasing it more expensive, to the point that the chief reason the project survived a review in 1932 is that shutting it down by then seemed likely to cost more than letting it limp along.[36] Sales of pharmaceuticals and other consumer goods enabled Farben to survive the Depression, but the firm, like Kokswerke, devoted greater attention to "investing in value-destroying businesses" than recognizing and developing genuinely new earnings sources, and skepticism about the prospects of international trade reinforced this course.[37]

Since the 1980s, discussions of the late Weimar economy have been dominated by Knut Borchardt's thesis that the German economy suffered at the macroeconomic level from restricted access to credit, which prevented countercyclical spending in response to the Depression, and at the microeconomic level from inadequate investment that resulted from a profit squeeze caused by wages, social expenditures, and taxes that had risen faster than productivity gains.[38] The microeconomic side of this argument suffers from at least two major problems. The first is that the profitability figures on which Borchardt and subsequent analysts have relied are, in fact, not reliable. As Mary Nolan pointed out decades ago, standard accounting practices in the 1920s scarcely existed, so firms booked and reported items on published balance sheets as they wished and to their own advantage, and considerable inconsistency and deception resulted.[39] Recent research has shown that many of the balance sheets submitted to tax authorities also reflected considerable manipulation, with the result that they, too, understated corporate profits.[40]

In fact, industrial investment in Germany in the late 1920s was quite high – as a percentage of gross domestic product, the volume approached or exceeded the level of 1913 in every year from 1925 to 1929.[41] That firms paid for much of this with borrowed foreign funds that later were withdrawn abruptly proved debilitating in subsequent years, but loans were not the sole source of the investments and their overall supply was not insufficient. Neither does the record suggest that more capital would have been better spent, precisely because the path-dependent and backward-looking groupthink in the upper reaches of German big business barred any more imaginative course than trying to do what firms already had been doing, only more cheaply. "The problem," in the words of three distinguished economic historians, "was not that the supply of capital in Weimar Germany was deficient; it was rather that the demand for investment was skewed toward 'unproductive' purposes."[42]

In short, the principal economic problem of the late 1920s was a widespread corporate failure to think in effective strategic terms and a tendency instead to throw good money after bad. Rationalization chased its own tail, and so did concentration. Faced with this, as the late Christopher Kobrak astutely and gently summarized, "It was hard for business to see itself as part of the problem .... Many business leaders ... had difficulty ... resisting the temptation to deflect self-criticism by attributing their difficulties solely to a combination of government ... and worker attitudes."[43] No matter that Ruhr miners were, in fact, underpaid in comparison to their counterparts in Great Britain and Belgium, or that in companies like Schering, which made chemicals and pharmaceuticals, the rising labor costs stemmed from the need for new and more sophisticated kinds of workers, not wage hikes to factory personnel.[44] Industry had its own numbers, and its own mantra.

In 1930, even Duisberg joined in lamenting the triumph of "politics" over "objectivity" and declaring that business must "progress from the sphere of warning and admonishing to that of self-defense and active deeds."[45] The Ruhrlade, a group of twelve leading figures of diverse political inclinations in heavy industrial firms of the Ruhr and Rhineland, called in June 1931 for the Cabinet to "take the chains off of business" and allow it to function "according to the eternally valid economic laws."[46] The following September, a "Unified Declaration of German Economic Associations" ("Gemeinsame Erklärung deutscher Wirtschaftsverbände") attacked the government of Chancellor Brüning for following a "politically dictated economic system" and called on it to "openly and without reserve" stand up for an "individualist" alternative by ending compulsory arbitration and reducing public expenditures, wages, and salaries.[47] As they uniformly demanded emancipation from the heavy hand of the state, few industrialists or financiers appreciated the irony that they also increasingly sought and obtained the state's help in the form of tariffs and import quotas, subsidies, special rates for railroad transport and postage, and even government bailouts of Friedrich Flick's Gelsenkirchener Bergwerks AG and the Dresdner and Commerz banks in 1932.[48] But voters saw the contradiction, and it reinforced the fact that the economic program to which German business stubbornly wedded itself had no hope of commanding even a plurality of support from a democratic electorate, let alone a majority.

Although in general agreement upon a self-serving account of the nation's ills and best remedies, German big business could not unite during the Depression around a suitable political force to follow through on the diagnosis.[49] The intransigents, clustered mostly in Ruhr heavy industry, clung to Alfred Hugenberg as their spokesperson, though his agrarian protectionist views alienated many other industrialists; to the goal of driving the Social Democratic Party (SPD) out of influence over government policy; and to a vision of authoritarian rule by President von Hindenburg of the sort that Paul Reusch had called for as early as 1925.[50] As support for Adolf Hitler's National Socialists increased at the polls, some of these executives entertained the idea of including him or his party in the governing Cabinet and thus coopting Nazism's broad following. Always a minority sentiment, this flirtation peaked around the middle of 1932 and generally came with an awareness of playing with fire. For example, Hermann Röchling, a steel magnate from the Saar region that was still under French administration, advised the recently appointed Chancellor Franz von Papen to name Hitler vice chancellor "in order to direct the danger of National Socialism into normal channels" or even chancellor if necessary, "because in the final analysis the experiment has to be made under the leadership of the present President so that nothing can happen that could be dangerous."[51] The moderates, who maintained the upper hand in the RDI, meanwhile sought to form a "bourgeois bloc" (*Bürgerblock*) of parties to sustain Heinrich Brüning's Cabinet of 1930–32, to maintain dialogue with the unions and the Social Democrats to reelect Hindenburg and defeat Hitler in the presidential voting of March and April 1932, and to avoid the unpredictable consequences of his or his rather plebeian Party's inclusion in the government. Appreciable financial support for the National Socialists was not forthcoming, except from Fritz Thyssen, virtually the only major industrial figure to back them openly.[52] But neither was an outspoken defense of democracy.

Briefly, in the fall of 1932 most of German big business appeared to come together in support of the Papen Cabinet, not just because of broad agreement with its economic policies, but also because the Nazi Party program for the upcoming parliamentary elections included repellant elements that smacked of socialism. But Papen's fall in December and subsequent intrigues to return to power, coupled with conflicting corporate evaluations of his successor, General Kurt von Schleicher, returned political disarray to business's upper ranks. Uncertainty and discord assured that in January 1933 opposition from large landowners, not industry or finance, undermined Schleicher's position with the president and opened the way for Papen to persuade Hindenburg to appoint Hitler chancellor.

Although German big business's direct role in Hitler's appointment was negligible, its part in the collapse of both Germany's economy and its democracy between 1930 and 1933 – and therefore in the Nazi Führer's rise to power – was considerable. The implacable and furious intransigence of the hardcore Ruhr magnates throughout the period from 1925 to 1932 suggests that profitability calculations and "objective" considerations were not their sole drivers. An equally powerful motivation for these executives was their offended sense of status and the deference due to it, which they nursed continuously after 1918. They therefore waged class warfare just as much as they alleged the Social Democrats did. They wanted to force acceptance of a hierarchy in which their education and expertise entitled them to acquiescence. Offended by the claims of labor representatives to equal standing in negotiations and to equal consideration in the distribution of proceeds, heavy industry's exponents were determined to put their "inferiors" back in their place. Most leaders of other industrial sectors did not experience this vindictiveness as acutely or intensely – hence their greater patience and practicality – but were not immune to it either. Wounded vanity, combined with an uncomfortable sense of helplessness in the face of the persistent economic downturn, reinforced the consoling corporate consensus that blame for Germany's afflictions rested exclusively on others.

Knut Borchardt touched on the heart of the matter when he wrote,

> The political rejection of a particular German responsibility for the First World War (and the exoneration of the politics of the *Kaiserreich* [the German Empire]) corresponded in economic discussions with heaping the burdens of the postwar period onto the Weimar Republic. These were not understood as the (inevitable) heritage of the war.[53]

More precisely, the burdens were the heritage of defeat to which the nation needed to adapt creatively, above all through a government–business–labor partnership to shift resources toward industries with growth potential and away from those that cost-cutting could not sustain. Though the obstacles to such an undertaking were enormous, German big business demonstrated little or no appreciable initiative in this direction, preferring to blame the Allies and the homegrown political left for Germany's miseries and to demand an unachievable rollback to pre-defeat conditions. For the German corporate world, the ironic result was a Nazi regime determined to create an economy more politicized than ever before.

2 AMBIVALENCE

Of the many issues on which the worldviews of the German business elite and the Nazi movement overlapped to varying degrees, antisemitism was among the most fraught, but the corporate world's relative decency on the subject offered German Jews only limited prospects of defense or protection. On the one hand, by and large during Hitler's rise to power, German big businessmen did not yearn to drive their Jewish colleagues out of economic life or regard them as foreign or accept Nazi claims that the country's guiding economic positions and policies had become "jewified" (*verjudet*). Most leading entrepreneurs and executives regarded vulgar propaganda about Jews and acts of violence against them as embarrassments to the nation and counterproductive to its interests. Yet in the 1920s, on the other hand, many major business figures harbored increasing animosity toward Jews prominent in journalism and culture and became receptive to reining in their "influence." The resulting ambivalence in corporate circles about the place of Jews in German society contributed to the weakness of anti-antisemitism in the country that helped paved the way for Hitler's ascent and the Holocaust.[1]

By 1932, the days were long gone when a prominent industrialist could speak for more than a handful of extreme nationalist executives in attributing the country's failure to defy the Allies over reparations to the dominance of an "alien spirit" in high places, as Hugo Stinnes had done in 1920.[2] By the early 1930s, the Dawes and

Young Plans had been adopted under the auspices of non-Jewish pragmatists named Gustav Stresemann, Carl Duisberg, Hermann Bücher, and Gustav Krupp, not just Jews such as Walther Rathenau, Carl Melchior, and Max Warburg. Although many corporate tycoons grew more eager under the impact of the Depression to shift the blame for the downturn onto others, the victors in World War I and the Weimar social welfare state seemed quite serviceable enough – and far more appropriate.

Within the business world itself, moreover, events had eroded the perception of Jewish colleagues as "alien." The leaders of Germany's major enterprises on the eve of Hitler's appointment as chancellor often had served with Jews in numerous wartime capacities, had frequent contact with them in daily life, found them loyal and cooperative in cartels and interest groups, and long since, if necessary, worked out mutually satisfactory arrangements demarcating the business relationships of their respective firms. In the context of the "organized capitalism" of the Weimar era, the battle that pitted Paul Silverberg against Friedrich Flick, Jew against non-Jew, for control of Harpener Bergbau in 1932 was an almost unique occurrence. At the personal level, many Gentile chief executives also had first- or second-hand experiences with intermarriage and recognized that the ranking members of many of the most prominent "Jewish" commercial families were, in fact, second- to third-generation Christians.[3]

Furthermore, by any statistical measure, the prominence of Jews in the German economy – which was a result of their earlier exclusion from many other walks of life and confinement to such activities as moneylending, peddling, cattle trading, and leather processing, as well as of the relatively high premium their religious practices placed on literacy and learning – was palpably waning by the early 1930s. Between 1907 and 1927, according to one study, the share of Germany's ninety most heavily capitalized firms in which Jews were decisively or strongly represented on the managing and supervisory boards fell from 36.5% to 31% and that on which they were modestly represented from 33.5% to 18%; conversely, the proportion of these firms with no discernable Jewish presence in governance rose from 30% to 50%.[4] Applying these categories to the country's 300 largest non-financial firms, another study concludes that in 1927 the respective distributions were 25%, 25%, and 50%, but by 1932 the first two groups together totaled only 35% and the share of enterprises with no significant Jewish presence had risen to 65%.[5] Meanwhile, the incidence of Jews among the senior employees of the great joint stock banks, which are included in neither of these tabulations, fell from 11% to 7% in just the short span of 1928–30.[6] Incomplete evidence suggests that this share continued to fall during the early 1930s, although it remained higher in the most senior ranks.[7] In 1933, Jews bulked scarcely larger among the independent or leading personnel in German business as a whole (2–2.5%) or in industry in particular (1.3%) than in the national population (0.76%).[8]

Mortality, mergers, and mismanagement were the chief causes of the declining number of Jews in the upper reaches of German corporate life, and the effects became unmistakable after 1925. The death of Felix Deutsch in 1928 signaled not only the end of Jewish leadership at the great AEG that the Rathenau family had built, but also the passing of an entire generation of similar figures: Sally Segal at the Rütgerswerke (1925), Emil Guggenheimer at MAN (Maschinenfabrik Augsburg Nürnberg; 1925), Siegmund Seligmann at Continental (1925), Viktor Zuckerhandl at Oberschlesische Eisenindustrie (1927), Henry Nathan at the Dresdner Bank (1932), and Louis Hagen of the private banks in Cologne that financed much of Ruhr industry, A. Levy/Sal. Oppenheim (1932). Old age also removed Aaron Hirsch in the late 1920s from the management of the brass and copper giant that bore his family name.[9]

As for the merger wave, the most striking illustration of its impact is provided by the chemical industry. With the formation of the giant IG Farben combine in 1925 came the eclipse of the Gans, von Weinberg, Mendelssohn-Bartholdy, Oppenheim, and von Simson families that had dominated the Leopold Casella and Agfa firms, as well as of Julius Flechtheim, who had helped create and had managed the Köln-Rottweiler Pulverfabriken. Although he became a legal consultant to Farben, and the senior members of the other clans ascended immediately to its supervisory board, all of these men rapidly lost influence. The only one of their offspring initially allotted an important managerial role in the new colossus soon followed them into gilded marginality in 1931.[10]

The mismanagement that brought down fortunes and families sometimes reflected generational change at the top of firms. Unfortunate successions in the late 1920s led the Bleichroeder Bank to sell out to Gebr. Arnhold of Dresden and Hirsch Kupferwerke to come under the control of AEG.[11] Hans Lachmann-Mosse, the dilettantish son-in-law who inherited the great advertising and publishing empire that Rudolf Mosse had built, so frittered it away during the 1920s that the Depression simply finished off the process: The illiquid concern filed for bankruptcy protection months before the Nazis took power.[12] Sometimes, however, the origins of trouble lay in insufficient or excessive imagination on the part of veteran figures. A stubborn refusal to adjust to changing market conditions produced the Sonnemann-Simon family's troubles with the *Frankfurter Zeitung*, arguably Germany's most respected daily newspaper of the era. Nine months prior to the crash of 1929, the owners finally responded to long-falling revenues by seeking a bailout from IG Farben, which thus soon acquired 49.5% of the stock outright and a claim against another 10%.[13] The beginning of the end of Ottmar Strauss' role in Otto Wolff & Co. and the many supervisory boards on which he represented it lay in his accumulation of enormous personal debts through stock market speculation that came to light in 1931.[14] In the most spectacular collapse of a Jewish fortune and reputation of the period, that of Ludwig Katzenellenbogen, the cause was blatant fraud. His complex of giant enterprises (Portland Cement, Schultheiss-Patzenhofer, and the Ostwerke AG) crumbled in 1931, when the banks that had financed it discovered that he had used the same collateral to borrow from each of them, without disclosing the previous debts.[15]

Much of the damage done to Jews' wealth and careers stemmed, however, from a widely duplicated mistake, rather than individual failings. By the late 1920s, almost all of Germany's leading enterprises were dangerously overextended financially because virtually none of their leaders had seen the Depression coming.[16] Once it set in, Jewish executives hitherto acclaimed for ambition and daring found themselves removed for extravagance and foolhardiness. Such was the fate in 1931 of Heinrich Schöndorf at the Gentile-owned Karstadt department store chain and of Eugen Gutmann, Jakob Goldschmidt, and Curt Sobernheim, the chairmen of the Dresdner, Darmstädter, and Commerz banks, respectively. Indeed, by then the economic crisis was dislodging property as well as personnel, as the major Jewish-owned department stores (Hertie, Wertheim, Leonard Tietz) were forced to sell or mortgage most of their shares to the big banks and these, in turn, had to hand over many of theirs to the government in return for protection against their creditors.[17]

While all these developments were thinning the ranks of Jewish chief executives, Chancellor Heinrich Brüning's government issued an austerity decree in September 1931 that hastened the process. By ordering all corporations to shrink their supervisory boards to no more than thirty members and by restricting the number of supervisory board seats a person could occupy to twenty-five, the Cabinet sweepingly reduced the presence of Jews in corporate governance.[18] Their relatively high average age meant that they were disproportionately forced into retirement during 1932, while those who remained found the range of their corporate activity greatly circumscribed.

Of course, time and fate affected non-Jewish corporate leaders as well, but the smaller base number of Jews made the statistical impact on them relatively large between 1925 and 1932. And, of course, hundreds of Jews continued to play significant ownership, managerial, and advisory roles in Germany's largest enterprises. More than a few outstanding family fortunes, such as those of the Schottländers and the Blumensteins, remained intact. But anything like a distinctly Jewish economic sector virtually had ceased to exist by the early 1930s in Germany, except perhaps in Upper Silesia. Even in the commercial fields where Jews remained notably "overrepresented," for example, banking, chain store retailing, and metal and grain wholesaling, the general trends toward diversified or anonymous ownership and toward the interpenetration of Jewish and Gentile management continued.[19] This fading distinctness, in fact, mirrored what was happening in German society as a whole. In the waning years of the Weimar Republic, Jews still constituted larger shares of Germany's doctors, lawyers, bankers, stock and grain brokers, and corporate executives than of the nation's populace. But the degree of Jews' "overrepresentation" in German professional life had been declining, more or less parallel to the drop in their birth rate and total number, since before World War I, along with the gap between the average wealth of Germany's Jews and that of its Catholics and Protestants.[20] Although these trends did little to stem envy and resentment toward Jews among shopkeepers and clerks, especially after the Depression struck, the pattern was conspicuous and well recognized within the Reich's corporate elite.[21]

For these and other reasons, most contemporaneous and retrospective accounts venture the generalization that social acceptance and professional advancement within the German big business world were encumbered by discrimination only episodically by the late 1920s.[22]

Thanks to the influence of events and personal ties, the endurance of traditional standards of courtesy, the force of respect for individual merit within what professed to be a performance-oriented economic system, and the self-interest of shareholders and fellow directors in the success of their enterprises, prejudice could operate in coded and indirect fashion against the ascent of individuals at one time or another, but not find systematic expression. The reach of antisemitism did not quite stop at the office door, but its grasp did grow weaker inside the threshold.

An exceptional case, significant as a harbinger of much of what would happen after 1933, is that of IG Farben's managerial elite. After the National Socialists began denouncing that concern as "jewified" in 1927, and Robert Ley, a chemist at the Leverkusen plant who was also the Nazi Gauleiter of Rhineland South, refused to desist, the firm fired him.[23] The dozen or so Jews on the supervisory board remained undisturbed, as did the Jewish occupants of important staff positions, notably Ernst Schwarz, the chief assistant for social policy to Carl Bosch, the managing chairman of the concern, and Edmund Pietrkowski, Bosch's representative at the head of the chemical industry's main interest group and on the Presidium of the National Association of German Industry. Nonetheless, a quiet purge of Farben's managing board seems to have ensued. Whereas six Jews were serving on that body in January 1926, none remained seven years later after Kurt Meyer resigned to accept a professorship at the University of Geneva just before Hitler took power. Two of the Jews left upon reaching retirement age, and one was "kicked upstairs" to the supervisory board for failing to manage his division of the firm effectively. But the other three departed in the prime of life, including Meyer, who apparently left after a falling out with the chairman of the firm's supervisory board and after senior colleagues advised him that the rise of the Nazis boded ill for his professional future.[24] The rise of the Nazis may have made similar instances of discrimination possible at other corporations under the guise of prudence, but several recent analyses of personnel policies toward Jews at the largest German banks reveal no pattern of discrimination prior to Hitler's accession, and to date no examples of other firms behaving like Farben have turned up[25]

Non-Jewish big businessmen nonetheless often shared, albeit to varying degrees, some of the antisemitic attitudes that pervaded German society. As the German Jewish population shrank during the 1920s, the share within it of immigrants from Eastern Europe rose to one-fifth, largely as a result of lax border controls between 1916 and 1920. This demographic shift generated a backlash against the supposed "inundation" of Germany by the backward traditions and practices of the shtetl.[26] Habitual German anxieties about the unwashed East waxed as a result of losses of territory to Poland at the end of World War I and the memory of the leftist risings of 1918–19 in Russia, Hungary, and Germany – in all of which Jews had figured prominently, though not nearly so decisively as right-wing propaganda claimed. "The image of the Jew as Bolshevik" imparted a new, panicky element to the insecurities that plagued the German corporate world in the 1920s and that flared anew with each economic crisis.[27]

The result among the leaders of German big business was the prevalence of a particular mix of antisemitic aversions. It thrived, not on animosity or rivalry toward Jews one knew, but on distaste and resentment toward Jews one perceived from a distance. It focused, not on Nazism's racist emphasis on the supposed immutable genetic defects and hatefulness of Jewry, but on the bourgeoisie's discomfort with the "primitiveness" of newcomers from the East and sensitivity to criticism in the aftermath of the upheavals of 1918–19. From the point of view of the corporate oligarchy, the threat that "Jews" posed to "Germans" lodged neither in the economy nor primarily even in domestic politics. After 1923, only one Jew served in a Cabinet of the Republic and none in the cabinets of Prussia or the smaller states; even the German Communist Party pushed its Jewish members into the background after 1928.[28] As Germany's crisis peaked in 1932, leading Jewish executives, including Oscar Wassermann and Georg Solmssen of the Deutsche Bank and the coal magnate Paul Silverberg, stood just as solidly behind President von Hindenburg and the economic policies of the Papen Cabinet as most of their non-Jewish colleagues, and proved almost as pragmatic about enlisting Nazi Party members in a national coalition government.[29]

The menace Jews seemed to present was cultural, carried by the high representation of Jews in the fields from which attacks on traditional and national "values" and on capitalism and its standard-bearers seemed most stinging: the stage and journalism.[30] At the beginning of the 1930s, half the theater directors in Germany (80% of them in Berlin), three-fourths of the playwrights whose works were being produced, and a plurality of the editors of the major daily newspapers were Jews.[31] Among business leaders determined to disclaim responsibility for the nation's woeful condition, the urge to marginalize those who often portrayed capitalism and commerce unfavorably ran very strong – especially because these messengers had more cachet than communist cadres and were more likely to influence executives' acquaintances and offspring.

Thus, corporate antisemitism during the final years of the Weimar Republic bore the stamps of revulsion at the changing demography of German Jewry and of a recurrent quarrel in modern industrial societies between executives proud of their capacity "to meet a payroll" and the sort of people they like to deride as "the chattering classes." Believing themselves on the losing side of a contest for public respect, Weimar corporate magnates often countered by resorting to ethnic condescension. Because Jewry frequently produced *both* estimable colleagues and annoying disturbers of the deference business leaders thought they deserved and the cultural stability they prized, such a people, executives concluded, "is to be enjoyed with caution" (*ist mit Vorsicht zu genießen*), which was to say, kept small in number and dispersed in influence until acculturation did its work of refining and sorting.

Although attitudes of this sort seldom found written, let alone articulate expression, the private papers of Fritz Roessler, the chairman of the supervisory board of Degussa, offer a revealing exception. An erstwhile left liberal who, like many executives, drifted rightward to the DVP during the 1920s, Roessler was on friendly terms with not only the six Jews on his board, but also the members of Frankfurt's first Jewish families, his fellow patrons of multiple cultural and philanthropic organizations. But he was simultaneously capable of snobbishly tracing his disaffection with the DDP, at least in part, to the high complement of "ambitious Jews" among its local members, and of dismissing one colleague as "a clever, somewhat Jewishly and unscrupulously talented salesman." Like many Gentile big businessmen, he overlooked or downplayed the heritage of people whose behavior and status conformed to his standards, but reflexively tied what he perceived as brashness, boorishness, or shrewdness to ethnicity. On the basis of this common upper bourgeois ascription of a mix of crudity and agility to Jews, he concluded "that their influence grew to a frightening degree after 1918 and became a cultural danger," hence "scarcely anyone ... had any objections to pushing the Jews back strongly, to limiting or even prohibiting access to certain professions." And yet he could not believe in even the existence of pure races, not to mention their supposed essences, destinies, missions, and qualitative rankings. He therefore rejected talk of Aryan supremacy as "absolutely without scientific basis" and ridiculed as "a fixation" the Nazi image of "a horrible conspiracy of international Jewry with Marxism."[32]

Roessler did not speak for every member of the German corporate elite in the years leading up to 1933, but his was assuredly the plurality, probably the majority, point of view.[33] Prejudice toward and limitations on some Jews might be considered advisable, but blanket persecution, exclusion, and infringements on legal rights were not. This position reconciled the conflicts that most big business leaders experienced concerning the "Jewish question." Caught between the convenient generalizations of racism and the humanizing effects of personal contacts, between the veterinary politics (peoples = breeds) that was a commonplace of the times and the individualist precepts of entrepreneurial ideology, most executives arrived at a fateful ambivalence toward Jews in German society. That stance conceded the existence of a "Jewish problem," but located it in a supposed inclination to specific views or behaviors. Uneasy with attacks on decent and accomplished Jews like themselves, but reluctant to defend Jews as a group, corporate leaders like Roessler often gravitated toward a speciously reasonable middle ground in public policy, one that balked at racist mysticism, but bowed to supposed reality. They thus coupled expressions of principled opposition to infringements on the livelihoods and legal status of a category of fellow citizens with acceptance of measures that would "push back" Jews' cultural influence and hasten the convergence of their and other Germans' income and occupational distributions, especially admissions quotas for schools and professions.[34]

Beyond this, however, few German corporate magnates would go – not least because their snobbishness toward some Jews was duplicated by that toward rabble-rousers, whether on the left or the right, who played "on lower instincts."[35] Whatever these executives thought privately of Jews, few leaders of large firms considered a debate of the Jewish place in national life worthy of a cultivated nation or likely to contribute meaningfully to solving its most pressing problems. There were exceptions, of course, notably Gottfried Dierig, the textile magnate, who later recalled welcoming the Nazis' "declaration of war on the destructive Jewish spirit, to which I also assigned the main guilt for all our misery."[36] As of yet, however, few corporate elders embraced the "redemptive" strain of antisemitism that envisioned German renewal through the elimination of Jews.[37] On the contrary, many of these figures continued to fear that anti-Jewish agitation "threatened to release forces that one day could turn against bourgeois society."[38]

That big businessmen were more repelled than attracted by the antisemitism of the Nazi movement is perhaps best indicated by Hitler's scrupulous avoidance of that theme while seeking their support. His experience with Emil Kirdorf, a retired coal magnate with long-standing and warm ties to the Salomonsohn family of bankers, may have convinced the Führer of the need for reticence in this respect. When Kirdorf joined the Party in 1927, he told Hitler personally that he had done so only despite the Nazis' antisemitism, and several of the fourteen industrialists whom Kirdorf assembled to speak with the Führer a few months later also explicitly challenged him on this point.[39] By the time Hitler met with Wilhelm Cuno, the head of the Hamburg-America Shipping Line, in September 1930, the Nazi had learned his lesson. He went out of his way to sanitize the Party's racial program, promising that once in power he would proceed against the "Jewish predominance in the state," not Jewish persons as such, and that there would be no violent persecution of Jews in Germany. Just over two months later, Hitler addressed the elite Hamburg National Club and ducked the subject of the Jews altogether, thus setting a pattern characteristic of his speeches to industrial audiences from then until even several months after his accession in 1933.[40] Nonetheless, the issue remained touchy between the Nazi leader and the men he was trying to win over. Early in 1932, Albert Vögler of the nation's largest steel company made so bold as to reproach both Hitler and Hermann Göring on the subject, and a few months later, Paul Reusch of the GHH combine ordered his newspaper in Nuremberg to editorialize against Nazi race-baiting.[41]

Narrow-minded by the standards of later eras, the leaders of German big business in 1930–33 were generally moderate, sometimes even liberal, by the standards of their own. But almost none of the non-Jews among them – Robert Bosch and Hans Walz in Stuttgart being notable exceptions – were active anti-antisemites.[42] The predominant views on the "Jewish question" among executives both deluded and disarmed them when confronted with Nazi racism. In the first place, because they were generally unable to take racism seriously as a remedy for complicated problems, many executives were inclined to believe that the Nazis were not serious about it. The muting of antisemitic themes in Party propaganda after 1930 and in Hitler's speeches to industrial audiences reinforced hopes that a more "rational" attitude toward the role of Jews in national life would prevail, especially because the National Socialist German Workers' Party (Nationalsozialistische Deutsche Arbeiterpartei, NSDAP) was unlikely to come to power except in a coalition with forces that would restrain it in this regard.[43] In the second place, the point at which corporate leaders drew lines between excessive and warranted discrimination against Jews had retreated far enough by 1932 to make the sturdiness of Kirdorf, Vögler, and Reusch seem a bit archaic. Because they harbored enduring anxieties about Jews as a group, however tepid by Nazi standards, most big businessmen, particularly those in the generation-in-waiting at many firms, were prepared to decry intolerance only in their own sphere of action and against particular individuals, but not to stand up against the general practice.

Such people found reassurance in the Party's own formulations of its intentions toward Jews in Germany's economy. To be sure, few executives had read *Mein Kampf*. But those who had been briefed on it knew that the Nazi Führer regarded economic activity as merely the most ancient means by which Jews supposedly had corrupted Germans and as far less important to contain than their influence in politics and culture.[44] The same scale of priorities characterized the Nazi Twenty-Five-Point Program of 1920, Göring's and Hitler's public pronouncements during the early 1930s, and the principal internal Party documents on the Jewish question prepared prior to January 1933, which called for numerous limitations on the rights of Jews but said scarcely anything of commercial curbs.[45]

On the eve of the Third Reich, then, most German big business leaders rejected some forms of antisemitism, but not all. Ambivalence about the rights and roles of Jews in German society was not a promising basis for resisting an assault upon them.

Part II

AUTARKY AND ARMAMENT, 1933–1939/41

3 COMPLIANCE

Between Hitler's appointment as Chancellor of Germany in January 1933 and President von Hindenburg's death in August 1934, Germany became a one-party, almost one-man dictatorship, and German big business was, as the Nazi terminology went, "coordinated" or "synchronized" (*gleichgeschaltet*) with state policy. Intimidated by both the groundswell of popular enthusiasm and, in some cases, by direct threats to their safety or firms, business leaders acquiesced in the Nazification of factory councils and national organizations and in the widespread removal of Jews from workforces and governing boards. By the summer of 1934, business's familiar pleas for liberation from state dictates had given way to recognition that a profitable future lay in serving them.

During the first weeks of Hitler's rule, many eminent bankers and industrialists, including Ernst Brandi and Karl Haniel from the Ruhr region, shared Franz von Papen's confidence that the conservatives who occupied three-quarters of the seats in the new Cabinet would "tame" or "frame in" Hitler. But other executives, such as Otto Wolff of the metals industry and Hermann Bücher of AEG, remained concerned about the potential for economic harm in the Führer's expressed dedication to antisemitism, autarky, agricultural tariffs, and the "primacy of politics."[1] The appointment of the DNVP's similarly minded and imperious Alfred Hugenberg as both Economics and Agriculture Minister also aroused deep misgivings in some commercial quarters. Accordingly, the first reaction of the presidium of the RDI to the new government was a call for clarification of its economic program and proof that "disturbances of domestic order and social peace would be avoided." Paul Reusch's guideline for the editorial stance of the newspapers controlled by his GHH conglomerate captured the prevailing attitude of watchful waiting: "Goodwill, but not too much enthusiasm."[2]

Events soon made clear that German big business was in no position to demand explanations from the new government or to negotiate with it over policy. In the run-up to the parliamentary elections set for March 5, the executives got a foretaste of the "revolution running amok" that the rest of the first half of 1933 would bring.[3] Euphoric at the rise of their Führer, emboldened Nazis "of whom no one had known anything," as Fritz Roessler of Degussa reported, "popped up on all sides."[4] Many of these zealots began insisting on wearing their Party uniforms to and from work and in offices, getting Jews and "double earners" (women with employed husbands) fired and unemployed Nazis hired instead, replacing previously elected workers' representatives with exponents of the "National Revolution," obtaining corporate funds for various Party projects and organizations, and generally infusing plants and workplaces with the NSDAP's militant spirit.

Along with these grassroots encroachments on managerial authority and efficient operations, Germany's leading industrialists quickly encountered greatly reduced deference to their power and status at the top level of the state. The emblematic occasion was a meeting at the Reichstag President's palace in Berlin on February 20, 1933, to which Hermann Göring attracted two dozen commercial leaders with the promise that "the Reich Chancellor will explain his policies." After keeping the invitees waiting for about half an hour, Hitler delivered a ninety-minute monologue that depicted the impending election as the culmination of the long Manichean struggle for the soul of Germany between his movement and the "decomposing forces" of communism and reminded the executives of his and their shared antipathy to the political left and trade unions. He concluded with the blunt warning that "if the election does not decide, the decision simply will have to be brought about by other means."

Apparently taken aback by this filibuster culminating in a threat of civil war, Krupp von Bohlen, the head of the RDI, discreetly pocketed his prepared (and predictable) statement calling for a clear "demarcation line between the state and the economy" and briefly and politely thanked Hitler. Göring then seized the opportunity to promise that the upcoming vote would make no difference to the composition of the current Cabinet. It would continue in office indefinitely, since "the election of 5 March would certainly be the last one for the next ten years, probably even for the next hundred years." Having offered the assembled executives no reassurances regarding policy but only the peremptory demand that they choose sides, the two Nazi leaders then abruptly departed, leaving Hjalmar Schacht, the former and future head of the Reichsbank, behind to conduct a shakedown for campaign contributions. He extracted pledges of three million marks for the Nazis and their electoral allies from the ambushed and browbeaten attendees.[5]

The importuning of business leaders by low- and high-ranking Nazis only grew more insistent in the aftermath of their qualified victory on March 5. Claiming a mandate by virtue of the Nazis' 44%share of the popular vote and the 8% for their allies in the so-called Papen Bloc, but frustrated by Hitler's failure to win an outright majority, Party activists redoubled their efforts to bring corporate policies into line with Nazi ideology. The usual spearheads of these efforts were chapters of the 260,000-member-strong National Socialist Factory Cell Organization (Nationalsozialistische Betriebszellenorganisation or NSBO), known as "the SA of the factories."[6] In many instances, their demands had the backing of newly (or even self-) appointed Nazi government officials or of state agencies. Thus, the arrest and dispatch to a concentration camp of the non-Nazi works council members at the Robert Bosch plant in Stuttgart cleared the way for the installation of more politically palatable workforce representatives.[7] At the main offices of the Allianz insurance company and its affiliated Allianz Leben, NSBO, SA, and SS men simply barged into meetings of the works councils on March 30, compelled the resignations of non-Nazis, and announced a list of their replacements.[8] So extensive were disruptions of this and other sorts that Hitler felt compelled to declare as early as March 10 that "harassment of individual persons, obstructions of cars or disturbances of business categorically must cease," words that the harried managers of the Economics Policy Section (Wirtschaftspolitische Abteilung or Wipo) of IG Farben passed on to the concern's factories and offices.[9]

The sincerity of Hitler's calls for restraint is doubtful, however, in view of his decree of April 4 retroactively legalizing the Nazi takeovers of factory councils and his simultaneous connivance in a putsch directed at the leadership of the RDI.[10] After Paul Reusch and other magnates quashed an effort by the Führer's principal industrial backer, Fritz Thyssen, to undermine Krupp's position atop that organization in late March, the Nazis turned on his closest advisors. Just as Carl Friedrich von Siemens and Krupp were calling on the chancellor on the morning of April 1, Otto Wagener, at the time the leader of the NSDAP's economic policy section, appeared at the RDI headquarters in Berlin and demanded the immediate dismissal of two of the three principal business managers, their replacement by one representative of the NSDAP and another of the DNVP, and the removal of all Jews from the presidium. Accounts vary as to whether Wagener arrived in the company of storm troopers or merely threatened to do so later, but the effect was the same either way. Once Krupp learned two days later that Hitler would not rescind or disavow his follower's demands, the RDI chief concluded on his own authority and without consulting his organization's board members that he had to comply. The personnel changes occurred on April 5, and Krupp silenced several outraged colleagues, who urged him to reconsider at a meeting of the presidium the following day, by threatening to resign.[11] In solidarity with the Jews thus ousted from that body, several non-Jewish dissenters from Krupp's course also withdrew. One of them, Georg Müller-Oerlinghausen of the textile industry, penned a fervent dissent to Krupp on April 13 that laid out industry's options with eloquence and courage, but in vain:

> Too many positions already have been abandoned unnecessarily and their previous occupants brought scorn upon themselves by running after the ruling party. No one has less respect for lack of courage than the decisive figures of the new regime.... As long as the way forward is as unclear as it is today ... we cannot and must not take sides, if we want to preserve even a spark of self-respect.... Political opposition would be sheer madness for a business association, but blandly falling in behind the economic utopia of the dominant party would be suicide. We [i.e., the RDI] exist to preserve freedom of opinion and to persuade the authorities of its necessity.... The RDI can and must never be drawn into agreement with the unheard of penalizing and oppression of German Jewry if it still wants to claim any moral standing. Should this attitude mean that the

> RDI loses the possibility, temporarily or for a longer period, of gaining a hearing from key political leaders, then we will have to endure that fate, sure in the knowledge that we tried to do what was best.[12]

Krupp chose pragmatism over principle, and so did most other corporate leaders as similar events took place across Germany at the local level. Representative of the trend was the takeover by Nazi activists of the Chamber of Industry and Trade (Industrie- und Handelskammer or IHK) in Frankfurt on April 1. They expelled the elected executive committee and installed Dr. Carl Lüer, a Party member since 1927 and at the time a vigorous proponent of the "aryanization" of the Frankfurt stock exchange, as the IHK president. Local corporate leaders, including Ernst Busemann of Degussa, promptly formed an electoral committee to ratify these changes and complete the expulsion of Jews from the organization.[13] The phrases "in order to avoid worse" and "in response to the given conditions" became the standard oft-invoked justifications for compliance with Nazi demands to "coordinate" organizations and their personnel with the new regime's ideology. Adaptive impulses also propelled an influx of business leaders into the NSDAP by the time it declared a moratorium on new applications in early May, though the Party's anti-bourgeois rhetoric prevented this from turning, as yet, into a stampede.[14]

The first week of April 1933 has gone down in German history as the date of the infamous Nazi boycott of Jewish businesses and professional offices, but historians often fail to note that it was also a signal moment in the capitulation of German industry to Nazi power. Equally often forgotten is the extent to which legal harassment of business leaders supplemented political agitation in bringing about that capitulation. Peter Langer believes that the regime's strong-arm tactics transformed Paul Reusch from a confidently outspoken to a compliant industrialist between March and May of 1933. The display of force began with the arrests of the editors of the GHH's newspapers in Munich, the appointment of Nazi commissars as replacements, and the dismissal of Jewish employees, followed by the confiscation of GHH's stock in its publishing company and the detention of its lawyers, whereupon Reusch meekly agreed not to contest the takeover in order to obtain their release.[15] Intimidating Robert Bosch, the aged head of the eponymous firm in Stuttgart, was more difficult, but the regime made that effort in April with the office search and arrest of Paul Distelbarth, one of the old industrialist's confidants.[16] At the Vereinigte Glanzstoff-Fabriken, the nation's largest maker of synthetic fibers, whose Dutch ownership stake aroused suspicion among Nazis, allegations of tax evasion led to searches of the homes of three leading executives, Fritz Blüthgen of the supervisory board and Carl Benrath and Willy Springorum of the managing board, the arrest of the latter two, and the resignations of all three by early May, after which more Party-friendly figures were appointed.[17]

Simultaneously, two highly visible figures – Philipp Reemtsma, the cigarette magnate whom the Nazis disliked for both his willingness to work with the SPD in local government during the Weimar Republic and his competition with Nazi-owned smoking products, and Günther Quandt, the owner of Accumulatoren-Fabrik AG, a major battery producer and the former husband of Joseph Goebbels' wife Magda – got caught up in the campaign that Hanns Kerrl, the new Prussian Justice Minister, launched against alleged instances of corruption and bribery under the "Weimar System." Reemtsma's holdings began appearing in newspaper accounts of suspected firms in April, arrest orders for five of his managers went out in June, raids followed on his offices, and the Gauleiter of Schleswig-Holstein called for his replacement with a commissar. Though Reemtsma was not taken into custody, the investigation hung over his head for months, and he could get it resolved ultimately only by bribing Hermann Göring to quash the proceedings in return for three million Reichsmark.[18] Quandt and his principal managers, on the other hand, were arrested, interrogated by Kerrl's delegates, and held for weeks, while a veteran Nazi named Heinrich Stahmer took over as Commissar of Accumulatoren-Fabrik. The case attracted such attention that, when Quandt paid a bail of over one million US dollars in June, the *New York Times* ran a headline to that effect. He remained under house arrest until September, when he resumed his corporate functions, but legal proceedings did not come to a close for another two years.[19]

In short, genuine personal vulnerability, combined with Krupp's pragmatic calculations, made most industrial leaders eager to express solidarity with the new regime by the time it inaugurated May 1 as the Day of National Labor in celebration of the emergent "people's community." In the run-up to the festivities, the head of IG Farben's Leverkusen works called on "all colleagues and associates to join the rally on this day of demonstration and thus prove our will to cooperate."[20] At the combine's Hoechst site, the plant leader invoked the spirit of national unity of August 1914 and closed his May Day speech with three shouts of "Heil" to Hindenburg and Hitler.[21] But at the concern's headquarters in Frankfurt, the managing board member responsible for personnel issues, Erwin Selck, sounded a more cautionary note. After reminding his listeners of the delicacy of social and economic structures, of "how easily they can be torn by inexperienced hands," he emphasized that "the success or failure of this beautiful movement depends considerably on whether upright men or petty spirits lead it.... We must hope that in all the vital positions the right men gradually will appear. On that depends everything."[22] Remarks of this sort indicate that a somewhat condescending and naïve sense of duty prompted high-ranking executives to make common cause with Nazism in the spring of 1933, as do Fritz Roessler's writings later that year, in which he told himself that "one should not stand grumbling on the sidelines, even if one feels momentarily superfluous, but should recognize the good in the [Nazi] movement, ignore the human deficiencies associated with every revolution, and do one's bit so that this wild-grown juice becomes wine."[23]

Placating the new regime at both the national and local levels was the predominant business policy by the late spring of 1933, but it could take various forms. In the face of insistent agitation to hire "old fighters" and dismiss politically unacceptable employees and board members, some firms and employers were more pliable than others. The Karstadt department store purged its boards and workforces of Jews even before the April 1 boycott, as a means of being exempted from it, and its competitor, Leonard Tietz, did the same two weeks later.[24] In Berlin, AEG and a subsidiary that it co-owned, Osram GmbH, the principal German manufacturer of lightbulbs, sought to relieve Party pressure by voluntarily applying to their workforces the Hitler government's decrees of April that removed certain categories of non-Aryans from the civil service and capped the Jewish proportion of students in *Gymnasien* and universities at 1.5%.[25] But Carl Friedrich von Siemens initially stood his ground against Party demands, telling their bearer that "the staffing of senior positions was his responsibility as head of the firm, in which he would let no one interfere."[26] Even within the same company, conduct varied: Ludwig Hermann at IG Farben's Hoechst plant seems to have acceded enthusiastically to Party pressure to fire communists and less eagerly to removing Jews, but to have put up more resistance on economic grounds to taking on additional Party members.[27] Fritz Gajewski at the Wolfen factory, on the other hand, showed flexibility about hiring Nazis, but not about firing Jews, and he deflected NSBO demands to that effect by having one of his aides adroitly reply that "if the parliamentary system is going to be abolished in the Reich, it cannot be the purpose of National Socialism to introduce it into our factory." He even resolutely defended a senior manager he did not like, Eduard Curschmann, from Party attacks on political and what turned out to be spurious "racial" grounds.[28] As late as May, both Carl Bosch of IG Farben and Hans Walz of Robert Bosch tried to convince Hitler and his economic advisor Wilhelm Keppler, respectively, that "aryanization" would have disastrous consequences for Germany's economic welfare, international standing, and scientific progress, but both men were rebuffed.[29]

By June of 1933, the month that Germany became a one-party dictatorship, the country's business elite had been as thoroughly outmaneuvered as its political parties and other once-independent institutions. All autonomous business associations had disappeared into the new Reich Estate of German Industry (Reichsstand der Deutschen Industrie, or RSI) nominally headed by Krupp, and the new Adolf Hitler Donation of the German Economy (Adolf-Hitler-Spende der Deutschen Wirtschaft, or AHS) had institutionalized the regular flow of corporate donations, pegged at 0.5% of a firm's labor costs, to the NSDAP. But these changes also had upsides. Despite its name, the RSI actually seemed to have blocked the vague desire of some Nazi factions to establish an "estate-based" (*ständisch*) economic order, and the AHS provided an excuse to reject constant supplications from Party subunits. Moreover, the almost simultaneous downfalls of Hugenberg at the Economic Ministry and Wagener in the NSDAP, followed by the appointment of Kurt Schmitt of Allianz as Economics Minister, appeared to herald a return to more orderly commercial conditions.

At least that was the impression that IG Farben's leaders sought to make on the representatives of the US DuPont corporation, who visited Frankfurt in July, apparently to explore divesting their shares in the German conglomerate. Carl Bosch reassured the American executives that things were looking up: "In the beginning, Hitler did not consult industrial leaders, but in recent weeks he has shown his stability by curbing the more extreme element of the party and bringing the industrial leaders into consultation." Several other members of Farben's boards seconded Bosch's judgment that "in the end sane views will prevail" and offered upbeat assessments of even the regime's Jewish policy.[30] Whether feigned or genuine, the optimism of Farben's leaders was not universally shared. An American diplomat reported at almost the same time: "The owners of large factories are thoroughly unnerved as to the durability of their present position in firms. They fear measures that make a mockery of any form of legality and that will rob them of control over their businesses."[31] But Paul Reusch echoed Bosch's view in a letter to Hans Luther during July, and that evaluation became more widespread during the summer of 1933.[32] In early September, Eduard Hilgard of Allianz told a meeting in Berlin: "For the private economy, which appeared strongly endangered in the first period of the revolution, there are no more grounds for fear today."[33]

Satisfied that industry had been brought into line and concerned to generate an economic revival that alone could guarantee the Nazi regime's continuation, the Party relaxed its pressure on business during the latter half of 1933 in many respects.[34] But not in all, and business leaders increasingly recognized that, in the new Reich, their own security and that of their firms depended on not only political conformity and economic cooperation, but also on deference to the regime's antisemitism. As a result, the modus vivendi that gradually developed between the corporate world and the Nazi regime came at considerable cost to the Jewish owners, board members, executives, and employees of the nation's leading firms and banks. One indication of their rate of attrition is Martin Münzel's study of the managing and supervisory boards of the top 20 companies in each of 15 economic sectors, 300 firms in all. He calculates that more than one-third of the Jews in the managerial group and one-quarter of the supervisory directors lost their positions during the first six months of Nazi rule, and that the proportions rose to 57% and 50% respectively by mid-1934.[35] In Berlin-based firms, by the same author's calculations, the toll was even higher, affecting fully two-thirds of the Jews on managing boards, as well as one-half of those on supervisory bodies by mid-1934.[36] Hit particularly hard were Jews in the commercial fields on which Nazi propaganda long had fixated: department and chain stores, newspaper and book publishing, state-owned industries and utilities, and suppliers to the military, government offices, and the national railroad.[37]

Such results attest not only to the breadth of Nazi Party pressure, but also to the half-hearted defense of Jews put up by even sympathetic corporate leaders. Two cases in point stand out: the conduct of the Deutsche Bank toward Jews on its own boards and those of companies in which the bank had a major stake; and the development and fate of discussions among prominent industrialists during the summer of 1933 regarding ways of mitigating the regime's antisemitic policies. The Dresdner Bank removed a Jew, Wilhelm Kleemann, from its managing board shortly after Hitler took office. A few months later the same board added Erich Niemann, an old flying mate of Hermann Göring, who then specialized in harassing Jewish clients of the bank into selling their assets. And by the end of the year, the Dresdner had fired half of its 540 Jewish employees. But aggressive actions on the part of that institution were predictable, given the fact that the state had acquired the majority of the bank's shares during the Depression.[38] Conversely, the Commerzbank probably could afford to move slowly in shedding its smaller number of Jewish directors and employees because its financial dependence on the state was less direct and perhaps because its managing and supervisory board chairs had been among the few leading executives who publicly advocated Hitler's appointment as chancellor before it happened.[39] Neither under government control nor politically protected in 1933, the Deutsche Bank chose to exhibit "anticipatory obedience" and sacrifice most of its high-ranking Jews.

The non-Jewish members of the Deutsche Bank's managing board told Hjalmar Schacht, the new Reichsbank president, early in April 1933 that they were prepared to remove their two observant Jewish colleagues, even though Schacht assured them that the matter could wait, and then peremptorily announced these executives' departures without the usual simultaneous promotion to the supervisory board. Dismissals of Jewish directors and senior staff followed at the bank's branches in Breslau and Essen. Even though bank records include a few expressions of regret over individual's fates, the usual purpose of such remarks was to preserve an appearance of decency. As one managing board member wrote to another in January 1934: "Times may someday change, and we must for the sake of the bank make sure that no one can ever offer the reproach that the highest administrative bodies contributed to the fact that the non-Aryans had to leave the shop."[40]

The behavior of the Deutsche Bank's representatives in or at the head of the supervisory boards of other enterprises in 1933 reflected the same concern, along with the assignment of absolute priority to protecting sales against threats of commercial boycotts by Party members or government agencies. Representative of Deutsche Bank policy was its response to pressures applied to three construction firms during 1933, Johannes Jeserich AG, Hochtief AG, and Philipp Holzmann AG. In each case, potential or actual exclusion from the right to bid on government contracts was the lever used to compel the dismissal of Jews, and in each case the Deutsche Bank's delegate mounted rearguard defenses of the ousted figures, but also drove hard severance bargains with many of them in order, as one bank executive noted in July 1933, "to cover my own back," presumably with regard to suspicious and hostile Party or government observers.[41]

In view of the array of formal and covert pressures banks and firms confronted, the fact that no common front against persecution developed is disappointing in retrospect, but not surprising. Moreover, those few voices raised in defense of Jews once more betrayed notable ambivalence, attesting to the fateful weakness of anti-antisemitism in Germany in early 1933. Even business leaders who opposed blanket discrimination, such as Fritz Roessler of Degussa and Kurt Schmitt of Allianz, expressed dislike of some supposed Jewish traits or types and believed that Jews had acquired such prominence in Germany that they needed to "be pushed back."[42] Indicative of the partial acceptance of bigotry even among its would-be opponents is a letter that Carl Friedrich von Siemens circulated to his aides in April. Though written in compliance with the regime's request for business leaders to counteract supposedly "sensational" foreign accounts of the situation of Jews in Germany, the text tallied closely with views the author expressed in private during the following months.

On the one hand, Siemens' text requested understanding for two ugly aspects of what was happening in Germany, thus more or less endorsing them: the incarceration of numerous intellectual and cultured communists (*Edelbolschewisten*), including "a very large percentage of Jews … primarily newly immigrated ones"; and the desire of "popular feeling" to reduce the number of Jews in the legal and medical professions, which "had grown quite extraordinarily in the postwar years under socialist influence, to a healthy proportion that approximates the population mix." On the other hand, Siemens condemned the drive to oust Jews from the private economy as a "deplorable movement … traceable largely to selfish motives," and regretted that "partially justified efforts … had degenerated into excesses and caused emotional suffering to the German Jews who are deeply rooted in our Fatherland and have served in war like the best other Germans." Extending "the sincerest sympathy" to these countrymen, Siemens concluded by observing that "all right-thinking people hope that this period of exaggerated antisemitism will soon belong to history."[43]

Siemens no doubt thought that his willingness to meet Nazi antisemitism halfway by conceding that some Jews had gone too far in Germany would make his reservations more persuasive. But to National Socialist ears, his position amounted to nothing more than sentimental and squeamish special pleading on behalf of people like him. The effect of Siemens' consciously defiant description of Jews as "other Germans," to take a telling instance, was undone by his references to "partially justified efforts" and "exaggerated antisemitism." Nor was that the end of Siemens' compromising vocabulary. In another passage that remarked on the failure of upright German Jews to distance themselves adequately in previous years from the leftist activities of "their racial comrades [*ihrer Rassengenossen*]," he chose a multiply loaded phrase that gave still more of the argument away.[44]

Similar temporizing by a group of prominent Jewish bankers and lawyers and several of the nation's front-rank corporate leaders, including Krupp, Siemens, and Carl Bosch, undercut an initiative to stem the tide of Nazi antisemitism that took shape between May and August of 1933. At their first meeting on May 23, they discussed a nineteen-page draft proposal that Max Warburg of the eponymous bank in Hamburg had prepared on the "race question." By the time they reconvened on June 28, that document had been pared to fewer than five full pages. The participants were divided about the efficacy of submitting it to anyone in the government but nevertheless asked two of the lawyers to present a presumably final text, which circulated in early August. From the beginning, the discussions and drafts had an almost unworldly quality. Each iteration concentrated on two unrealistic goals: correcting the inflated figures in circulation (some of them spread by the RDI) about the "overrepresentation" of Jews in various walks of German economic life, and persuading the regime to leave the livelihood of each "patriotic non-Aryan" undisturbed for the present in return for a "regrouping" (*Umschichtung*) of the professional distribution of German Jews in the future through greater agricultural and manual training of the next generation. To be sure, the authors challenged the regime by portraying the prevailing concentration of Jews in commerce and the professions as the product of history and culture, not race and conspiracy, and by arguing that attacks on the economic rights of "non-Aryans" were bound to have adverse consequences for "Aryans" as well. But the expressed goal "of bringing the views of the national government to fulfillment" just over time rather than immediately was obsequious and an extension of the behavior that Müller-Oerlinghausen had condemned so resoundingly in April. Whether the authors ever submitted the final version to Economics Minister Kurt Schmitt is unclear; it had a negligible effect on events in any case.[45]

As these examples show, throughout 1933 German big business followed a strategy of ingratiation – what one scholar has characterized as "Krupp's *Anbiederungskurs*" – that increasingly entailed abandoning Jewish colleagues in order to achieve the commercial or personal priorities of their non-Jewish peers.[46] Some executives complied with Nazi antisemitism reluctantly, as Carl Bosch did when he transferred two close and valued Jewish aides to posts in the United States and Switzerland.[47] Others acted more opportunistically, choosing to "howl with the wolves." Günther Quandt, for example, became active in driving Jews from professional groups in Berlin and in firing them from his enterprises and from those to which he was tied.[48] Most non-Jewish corporate magnates simply abdicated responsibility for their Jewish confreres, arranging quiet demotions or departures when possible, and precipitate ones when pressured.[49] This practice also generally prevailed at German branches or subsidiaries with foreign owners.[50] Carl Friedrich von Siemens expressed the governing philosophy when he embarrassedly confessed to a departing Jewish employee, "if I pursued opposition for the sake of a few, I would place the existence of the entire firm as risk."[51] By the end of the year, even Paul Reusch, who thought the persecution of the Jews disastrous for Germany's reputation abroad, was resigned to the failure of "influential circles" to bring about a change of policy, despite the appearance of several official decrees that purported to shield Jews in commerce from restrictions on their activities.[52]

Besides, pressure on Jewish business owners was beginning to create attractive opportunities for other corporations at a time when even non-Jewish executives reluctant to take advantage of would-be sellers could let the prevailing market conditions do that for them. Thus, Degussa paid 9.3 million marks in two stages during 1933–34 for the stock that Alfred Koppel, a Protestant of Jewish heritage, held in the Degea AG (also known as the Auergesellschaft); much of Koppel's business was with the German Defense Ministry, which no longer wished to deal with him. The purchase price came to approximately 133% of the stock's face value, yet by virtue of the owner's eagerness to sell at a time when asset values were still depressed, Degussa obtained property that it considered worth some 14 million marks.[53] During 1933, the Freudenberg leather concern did almost as well in acquiring Conrad Tack & Cie., one of the principal shoe manufacturers and retailers in Germany, for 75% of the nominal value of its stock, payable in scarce foreign exchange to the emigrating Jewish owners with the Reich's approval.[54] In short, Nazi persecution of Jewish executives and Jewish-owned commercial operations not only proved impervious to counterarguments, but also presented temptation to some of the same people who tried to make them.

Various surviving sources suggest that around the turn of 1933–34, the rollercoaster ride of Party–business relations took still another dip. After the tumultuous and anxious initial months, followed by senses of relief and resignation as political pressures grew more manageable and appeasable and the economy appeared to improve, business leaders expressed renewed worries about the durability of those trends. Fritz Roessler gave voice to one sort of concern in December 1933 when he wrote that

> the government has tackled work creation with wonderful energy and optimism and without consideration of the costs. But is it not ... constructing ... highways and administrative buildings ... that are unproductive for the present and likely to have value only in the remote future and without thinking where the money will come from when the bills are due? Are we not entering a publicly indebted economy of the worst sort? The present forced relief through road and canal construction can be sustained financially for only a few years. Then the hundreds of thousands thus employed will be without jobs once more, probably at a time when business still cannot take them on.[55]

Similarly, in early February, Swiss Vice-Consul Franz-Rudolf von Weiss told his minister at home that "among influential economic personages … the stormy tempo of development arouses concern" and then quoted the misgivings of both Peter Klöckner, a steel manufacturer in Duisburg, and Georg Zapf, the head of the supervisory board of Felten & Guilleaume, a major producer of cables and electrical equipment in Cologne. Zapf apparently likened the emergent Nazi economy to "a mockup" or "a sham" (*eine Atrappe*), adding that "the exterior makes an excellent impression, but the interior leaves a lot to be desired."[56] And in April 1934, Reusch referred in a note to a subordinate to "the false boom [*Scheinkonjunktur*] … that we are presently living through" and expressed doubt that it would last.[57] An equivalent political sobering-up is evident in a report sent home by the Danish Envoy to Berlin, Herluf Zahle, on January 17, 1934, which included this passage: "In propertied circles, large land owners and big businessmen, the general enthusiasm for National Socialism is beginning to cool off. They believed that they could lead the movement if they joined it, but they did not succeed."[58] An apt illustration of how badly they had failed at taming the Party, at least at the rhetorical level, is the remark of Gauleiter Adolf Wagner that the *Frankfurter Zeitung* quoted on January 19, 1934: "in the banks still sit today the same cutthroats as before … I admit openly that I would rather see a not too limited selection of these gentlemen in Dachau than thousands of lesser people."[59]

During the first half of 1934, a series of new decrees codified the terms of business–state relations in the emerging Third Reich. Employers acquired the upper hand in determining wages, working conditions, and employee representation in the factories, albeit subject to the approval of thirteen regional trustees of labor, nearly all of whom were longtime committed National Socialists. Schmitt carried out a reorganization of economic interest groups that replaced the RSI with the Reichsgruppe Industrie (RGI) and shunted Krupp aside in favor of a new leader, Philipp Kessler of the electrical industry, who was responsible to the Economics Minister alone.[60] As consolation for these changes, which in Krupp's opinion marked "the transition from a free and private association system to a sort of economic administrative apparatus with a compulsory character," firms' obligatory contributions to the AHS decreased from 0.5 to 0.3% of labor costs.[61]

By the time the dust settled, Krupp had failed to achieve any of the three objectives that Werner Abelshauser believes underlay his *Anbiederungskurs*. He had not maintained a unified business stance on economic policy; he had not prevented the growth of government interventionism in the economy; and he had not managed to moderate Nazi racial policy.[62] Recognizing his defeat, Krupp tried to resign from his remaining national position as head of an economic group in the new organizational structure and, though rebuffed, became increasingly inactive.[63] Late in 1934, he lamented to a Swiss banker that, as a result of the new decrees, the regime's perceived favoritism toward small business, and the arbitrary actions of Party figures, "we [big businessmen] are worse off here than the natives in Timbuctoo."[64]

Krupp's self-pitying assessment was obviously one-sided, however. He failed to note that – despite the pessimistic comments of Roessler, Klöckner, Zapf, and Reusch – Nazi economic policy already had begun to deliver on the consoling prediction that Wagener presented to Krupp in that fateful first week of April 1933: that industry's profits from the regime's promotion of rearmament and autarky would more than offset forgone proceeds from more traditional commercial sources.[65] The process of weaning the German corporate world from its fantasy of a politics-free economy began, as Reinhard Neebe long ago remarked, with a dose of "terroristic consensus-building," but any harm done to corporate leaders' sense of amour-propre was on its way to being "compensated almost smoothly."[66]

4 MONOPSONY

In January 1937, ten months before he died, Degussa's Fritz Roessler penned a remarkably astute assessment of business–state relations in the Third Reich:

> Socialization of industry is rejected. The initiative of individual entrepreneurs is not to be restricted and leading people are to be well paid, but the profits of firms themselves will be ever more limited. Via taxes and cartel controls state officials are looking ever deeper into the books of industry. Over half of the difference between gross receipts and payment to stockholders is already taxed away.... The level of dividends has been restricted by law.... The executive will work in the future in the truest sense "for the King of Prussia," only now one says: for the people's community.[1]

Roessler's analysis captures in a single paragraph the upsides and downsides for the corporate world of the working arrangement with the Nazi state that developed early in Hitler's rule and then intensified until its very end. Capitalist achievements and rewards remained available to executives and their enterprises but only through submission to guidelines and goals set by government officials. This fundamental, enduring, yet sometimes blurred division of responsibility between means and ends explains why Gustav Krupp and the other downcast executives of early 1934 proved to be both right and wrong about their status under the new regime. They were right about the scant difference they henceforth could make to their nation's and often even to their firms' overall directions, but wrong about the sizable leverage they retained over the implementation of economic priorities and the division of the proceeds.

This modus vivendi and the German economic resurgence that undergirded it became established facts well before Roessler wrote, because the new regime both capitalized on its inheritances and turned them in desired directions. Hitler entered office without a specific plan to reduce unemployment and generate an economic revival beyond massive expenditures on rearmament that would reinvigorate industry and ultimately enable him to overcome Germany's shortages of land and resources through conquest. In the first years of his rule he took advantage of the upturn in the business cycle that had begun before he came to power and the work-creation initiatives and funding established by his predecessors. But he also insisted on laying the basis for territorial expansion by immediately injecting what amounted to ten billion Reichsmark in spending on arms and arms-related projects into the German economy, much of it financed off the government's books.[2] By 1935, unemployment had fallen by more than two-thirds and the share of German national income spent on the military had multiplied tenfold.[3] Moreover, the signs of a fundamental reorientation of the German economy already had become apparent: Whereas the nation's real gross national product had rebounded to approximately its level of 1928, private consumption and investment remained 7% and 22% lower, respectively, while expenditures by the public sector had risen by 70%.[4] The state's economic role had not only started to swell, but also begun, in Adam Tooze's words, "to split the German economy in two." While direct and indirect government funds flowed to producers of military-related goods and the equipment that generated them, Economics Minister Schacht tackled Germany's balance-of-payments problems by favoring such industries in allocations of imports and foreign exchange and withholding these from providers of civilian consumer goods. Accordingly, the output of the former group surged, that of the latter stagnated.[5]

As with the Depression, the Nazi regime mastered big business by grasping existing opportunities and building upon them, in part surreptitiously. In the waning years of the Weimar Republic, mass deprivation had eroded faith in free enterprise and the hidden hand of the market and led to a proliferation of regulations that "expanded the state's possibilities to interfere in business."[6] Hitler's government embraced the trend and dressed it in a new driving purpose: the creation of a fresh, pervasive, and nationalist economic "attitude" (*Gesinnung*) that would put the Common Good Before Private Interest (*Gemeinnutz vor Eigennutz*), subordinate commercial calculations to the Primacy of Politics (*Primat der Politik*), and free Germany from import dependence through Autarky (*Autarkie*), that is, economic self-sufficiency. The practical day-to-day policies and procedures that would follow from pursuing these "shining goals," proclaimed Otto Wagener, the leading Nazi economic spokesperson in the early days of Nazi rule, would "grow organically in the course of practice."[7] Nazi policy, like that of the New Deal in the United States, presented itself as vibrantly experimental, but aimed to bridle capitalist production, not just to spur it. The most effective initiative to this end became the comprehensive addition to government regulations of language requiring business activity to accord with the "public interest" (*Gemeinwohl*) or the concept of community (*Gemeinschaftsbegriff*).[8] Thus, for example, a decree of 1934 empowering officials to suspend offending clauses in current insurance contracts gave the state, in effect, "the right to interfere in every aspect of the industry."[9]

Business leaders acquiesced in the Reich's growing economic power for numerous reasons. Of course, the political intimidation of 1933 left a lasting imprint. It deepened and widened as aging and aryanization assured a continuing turnover in senior corporate ranks.[10] Just as the NSDAP placed emphasis on getting loyalists appointed to the second-tier posts responsible for personnel in pivotal Reich ministries, for example, Fritz Reinhardt in Finance and Heinrich Hassmann in Economics, veteran or new Party members on managerial boards often acquired the portfolio governing employees, including their advancement or dismissal.[11] This happened quickly at IG Farben, Bosch, and the Deutsche and Dresdner banks and spread steadily to other major enterprises.[12] Adopted in self-defense as a signal of political conformity, the practice reinforced it, especially among up-and-coming younger figures eager to make their mark in the new economic context. If occasional owners or senior managers could afford a reputation for reservations about the course of events or even dissent, ambitious junior people understood that they could not. When the Nazi Party began accepting new members in May 1937 after a hiatus of four years, the surge of applicants from corporate boards almost equaled the initial influx.[13]

German big business also welcomed the in-house (*innerbetriebliche*) changes ushered in by the Nazi regime, above all the dismantling of the trade unions, the prohibition of strikes, the termination of the Weimar system of compulsory labor–management arbitration, and the designation of executives as plant leaders (*Betriebsführer*) with wide-ranging power over operations and wage and salary earners, now grouped as followers (*Gefolgschaften*).[14] To be sure, the new national labor organization, the German Labor Front (Deutsche Arbeitsfront or DAF), evolved from a promising means of containing worker's demands in the early years of Nazi rule into an insistent advocate of these later, and twelve of the thirteen trustees of labor appointed the regime in March 1934 with supervisory authority over managerial decisions were veteran National Socialists.[15] But these were not yet sources of irritation, and the "taming" of the workforce, including the largely cosmetic and rhetorical "overcoming of class warfare," remained one of the strongest bonds between corporate executives and the new economic order.[16]

Another facilitator of business's "synchronization" (*Gleichschaltung*) into the new regime was resurgent profitability. As demand recovered and the government curtailed foreign competition, prices rose modestly, production and sales more so, and earnings flowed in. Numerous examples confirm the general pattern. Returns on the production of raw iron rose by as much as one-third in the first years of Hitler's rule.[17] At GHH, crude steel output went up by 70% between the fiscal years 1932/33 and 1933/34, and total sales receipts by 40%.[18] Krupp's loss of 3 million Reichsmark in 1932/33 turned into profits of 6.6 million in 1933/34, 9.6 million in 1934/35, and 14.6 million in 1935/36, by which time the army and navy accounted for more than 20% of the firm's sales.[19] At Siemens-Schuckert, the trend was identical, the gain even greater, though the military's role less pronounced.[20] Robert Bosch AG's turnover rose by 25% and its net profit by 50% in 1933 alone; by 1934, the Bosch group's sales were at twice the level of 1932.[21] Daimler-Benz receipts more than doubled in 1933 to 1935, and its gross profits more than tripled.[22] By 1935, Continental AG's rubber sales had erased almost half of their decline during the Depression, helped by a tenfold increase in military purchases since 1933.[23] While IG Farben's sales and gross profits rose sharply in 1933 and roughly doubled by 1936, those of its explosives subsidiary, the Dynamit AG Troisdorf, more than quadrupled.[24] Although consumer industries did not grow nearly as fast or far, they still did well initially: Dr. Oetker's sales of puddings and banking powders rose by about 15% between 1933 and 1935, and Freudenberg's domestic proceeds by the same amount in 1933 alone, before reduced leather imports began to bite.[25] Beiersdorf's cosmetics sales increased by almost 20% from 1934 to 1936.[26]

Just as the role of military spending in the economic recovery was, at first, both partially masked and compatible with existing production capacities and palettes, the regime's promotion of products that substituted for imports often blended easily into existing corporate strategies. By 1933, IG Farben was desperate to turn a profit on its massive effort to make gasoline from German coal, and then to limit the extent of future involvement with the product by licensing its manufacturing process to new partners. The new regime was willing to facilitate both goals to reduce its bill for imported fuel. In the resulting Benzin-Vertrag of December 1933, the Reich guaranteed sales at a wholesale price that paid IG's production costs, depreciation of the plant within ten years, and a 5% return on invested capital annually, but laid claim to any additional revenue. So insured against risk, Farben committed in return to tripling the volume of output to reach existing plant capacity and accepted the profit ceiling. The arrangement became the prototype for many subsequent deals between the government and German producers. Meanwhile, it achieved both sides' purposes: The state obtained an expansion of domestic output and ended up making money from sales growth, while the firm recovered its enormous investments, capped its exposure, and reaped fees from eager new licensees.[27] In late 1934, the compulsory formation of Braunkohle Benzin AG (Brabag), a government-led enterprise funded by lignite mining companies to turn that raw material into gasoline, provided a fateful precedent for assertive state intervention in economic life, while satisfying the same complementary objectives of Farben and the regime.[28]

In the cases of the Degussa and Wintershall corporations, the regime's aspirations dovetailed with diversification programs that the firms had developed before 1933. Degussa sought to escape dependence on stagnant or declining markets in precious metals and inorganic chemicals, Wintershall in potash. For Wintershall, the Nazi regime's economic policies exerted both push and pull effects: away from concentration on fertilizers, for which the Reich reduced prices to help farmers in 1934 and 1937, and toward extraction of German crude oil, production of fuel from coal, gasoline refining and retailing, and the manufacture of magnesium, all underwritten by government funds in one form or another. As a result, Wintershall became one of the principal boom riders (*Konjukturritter*) of the Nazi economy, and August Rosterg – an early backer of Hitler who led the concern – one of the regime's preferred industrialists.[29] Degussa's reorientation around the Reich's new economic priorities was less enthusiastic and somewhat more gradual but went almost as far. It involved expanding output of a key material the regime desired, carbon black (*Ruß*), a form of soot that increases the durability of rubber tires, as well as managing declining supplies of gold and silver, whose importation the regime greatly reduced. The first service began as a potentially lucrative extension of existing operations, the second as an inescapable defense of them.[30]

These examples indicate how governmental actions simultaneously began to alter supply-and-demand relationships in the German economy and to enlist firms' skills in service to the regime's goals. The formation of five regional synthetic fiber companies (*Fasergesellschaften*) in 1935–36 went a step farther. Now, the Reich created not only new producers of substitutes for imported cotton and wool, each financially backed by textile firms induced to buy shares, but also new buyers, since all domestically manufactured clothing henceforth had to consist of at least 20% synthetic material.[31] Having thus established that the state could both stimulate demand and then prompt investors to supply it, the regime soon made sure that the necessary capital would be amassed and available for further projects. Caps on stock emissions and annual dividend payments guaranteed rising corporate reserves; a new corporation law gave managing directors more autonomy from supervisory boards in using such funds and removed "duty to stockholders" as grounds for rejecting official requests; and expansive definitions of economic sabotage subjected executives to legal penalties for stymieing government desires.[32] By coupling offers of a range of direct or indirect subsidies with steadily widening government controls over inputs – not only foreign exchange, imports, and capital, but also building materials, labor, and construction authorizations – the regime applied to German big business "the carrot and stick principle that was the de facto constitutional premise of the Third Reich." The practice increasingly channeled economic activity toward projects that served arms and autarky and away from others.[33]

One reason why business leaders expressed little objection to the onset of this cumulative "statification" of the German economy was that some of them considered the regime's course the only currently realistic road to prosperity, while others thought the trend could not last. As early as mid-1934, an internal market analysis at IG Farben concluded, in Stephan Lindner's words, that "both self-sufficiency and armaments offered real and possibly the only opportunities for growth."[34] In September 1936, Gottfried Dierig, the head of the eponymous textile giant, explicitly endorsed Fritz Nonnenbruch's description of "the dynamic economy" that Nazism had created, accepting it as a new and developing "community of fate" (*Schicksalgemeinschaft*).[35] This amounted to embracing a key passage in which the economics editor of the Party's *Völkischer Beobachter* described business–state relations in the Third Reich: "National Socialist economic policy corresponds to the technical age. It lets capitalism run as the motor, uses its dynamic energies, but shifts the gears."[36]

More cautious executives generally assumed that the pursuits of arms and autarky had ceilings of both affordability and intention. After all, Hitler repeatedly insisted that Germany's goals were merely military parity and equal international standing with other great powers, achieved through the revision of the Versailles Treaty.[37] Schacht and other regime spokesmen recurrently claimed that import restrictions, bilateral trading deals, subsidized domestic production, and the "interventionist spiral" that increasingly characterized German economic policy were expedients forced on the Reich by other nations that devalued their currencies, which Hitler refused to do on prestige grounds, and formed closed trading blocs.[38] Such statements encouraged the widespread expectation that rearmament would peak and "normal" business conditions return before government spending ignited inflation or smothered business's ability to generate wealth. Some of IG Farben's leaders joined most of their peers in hoping this would happen, even as arms spending (open as well as concealed) rose by billions of Reichsmark annually and began to account for almost half of annual growth in total national output, and even as the formations of Brabag and the synthetic fiber companies signaled the determination of the regime not only to push economic self-sufficiency beyond the level that private enterprise found commercially appealing, but also to make private enterprise pay for it.[39]

Of course, in dealing with firms whose cooperation it sought, the Nazi state preferred inducements to coercion, since these were likely to prove more efficient and productive. Thus, proffered profit margins for makers of arms or import substitutes, as in the Benzin-Vertrag, were generally wide enough to offset corporations' fears of adding excess productive capacity; when this did not suffice, the regime allowed firms to choose among varying loan and leasing arrangements that limited firms' liabilities for new plant. Meanwhile, enterprises retained some wiggle room within tightening official wage and price controls.[40] The prices that resulted were manageable because, lacking alternatives, consumers would pay what they had to, and the state could recover a hefty portion of its purchasing outlays from rising corporate tax receipts. These also refunded a portion of the costs of direct and interest-free government loans to add new plant, such as the ones that paid 83% of the expenses for expanded arms output at Krupp's Essen factory after 1934.[41] The regime's flexibility preserved the illusion that Germany remained a market economy in which firms could continue to make corporate decisions according to profit/loss calculations and to negotiate with the state on more or less equal terms most of the time.[42] But, coercion was an ever-present possibility, as the dispossession of Hugo Junkers from his eponymous airplane firm in 1933–34 and the subsequent examples of Brabag and, to a somewhat lesser extent, the fiber companies illustrated.[43] The Reich also had less drastic methods at its disposal, including the right to reassign patents and production processes detailed in the reports firms had to submit to government agencies.[44] As almost always in Nazi Germany, what mattered in shaping behavior was what the regime could do; only a few reminders or demonstrations of that sufficed "*pour encourager les autres*."[45]

Most business leaders, and even Schacht, grasped only slowly that the Nazi regime's appetite for arms and import substitutes had no logical or intended stopping point. Even the acquisition of a vast "living space" sufficient to support German power would be only the prelude to an ultimate "war of the continents."[46] The increasing dominance of the state in German economic life reflected a relentlessly expansionist program of conflict to achieve conquest, and preparation for continuous war was the Nazi regime's desired normal condition.[47]

Long before Hitler's memorandum of late August 1936 launched a Four-Year Plan to make his army "operational" and his economy "capable of war" within that time frame, the Nazi state had begun molding private enterprise to serve, in the words of Ludolf Herbst, "a modern Sparta ..., in which everything would have to be measured by its usefulness to war."[48] Not everyone missed the point, at least regarding the short term. The wording of Hitler's memo remained secret, but the British Consul in Dresden wrote home on November 2, 1936, that "Germans with whom one can discuss such matters ... admit that the four-year plan is nothing else but the attempt to develop the country's resources to the limit and to mobilize them for war."[49] In industrial circles, all misapprehensions should have disappeared after Hermann Göring, the newly designated head of the Four-Year Plan organization, addressed two hundred industrial representatives in Berlin six weeks later. On December 17, he told them, "No end of rearmament is in sight.... It is a case of only victory or destruction.... We are already ... at war, only the guns are not yet firing."[50] But many industrialists, recoiling at the implications of this pronouncement, apparently dismissed it as boisterous saber-rattling.[51]

Once more, money fostered wishful thinking. By the beginning of 1937, German industry was well into a "profits explosion" that left the initial resurgence of 1933–35 in the shade.[52] Although the push for self-sufficiency seemed unsustainable and futile to many corporate executives, it had, in conjunction with arms spending, stimulating short-term effects.[53] Between 1936 and 1940, "industrial corporations' nominal returns on equity averaged 15%, with the armaments industry registering particularly high incomes," along with the other "branches that produced what the National Socialist state needed especially badly."[54] Thus, that average figure for makers of machinery, vehicles, ships, fine mechanics, and optical and electrical equipment in the late 1930s was 19% and for firms in the metals industry more than 22%.[55] To be sure, taxes were rising, too, and the increases fell disproportionately on corporations that were benefitting from the state's priorities.[56] But those firms were still coming out ahead thanks to the "deformed" and "lopsided" nature of German economic development. By 1938, primary goods, armaments, and related, supposedly civilian, products, such as the People's Car (Volkswagen or VW), and construction of new factories for import substitutes accounted for 53% of net industrial production in Germany and consumer goods only 31%, with an appreciable chunk of the latter also serving the state market.[57] Since 1933, employment in predominantly civilian fields (e.g., food supply, textiles, trade, health and social work) had fallen by 1.5 million but risen by 2.1 million in sectors useful to arms and autarky.[58] At Degussa, the big gainer was the organic chemicals sector that figured vitally in making gas masks, munitions, industrial solvents, metal hardeners, synthetic resins, and many other intermediate products essential to turning out construction materials, military equipment, and lubricating greases; it caught up with the firm's former profit leaders.[59] Even within the relatively constant overall output of the German steel industry, a massive redistribution took place toward the production of specialist high-quality electrically smelted steel suitable for armaments.[60]

This unbalanced pattern of gains and growth attested to the increasing role of state expenditure in the German economy, and to the regime's prioritizing of arms and autarky in that expenditure. As the Reich budget and government indebtedness skyrocketed from 1933 to 1938, and the military portion of each did as well, public spending climbed to 55% of national income.[61] Almost half of all growth in the German economy between 1935 and 1938 stemmed from increased military spending; counting investments in projects related to arms and autarky, "the share rises to two-thirds (67%)," while that of private consumption provided only one-quarter.[62]

Exporting offered most large manufacturing firms no real escape from getting caught up in the state-led boom (*Staatskonjunktur*). To be sure, the regime sought to maintain earnings of foreign exchange by constructing a mechanism that allowed exporters to price their goods abroad cheaply enough to offset the overvaluation of the German mark. This Export Promotion System (Zusatzausfuhrverfahren or ZAV) compensated enterprises for the deficit that opened between their production costs and their foreign proceeds. But the system had two principal drawbacks: It was funded by a tax on the domestic sales of the affected firms, and it seldom produced revenue equal to what the firms could make by selling the same goods within the Reich.[63] Since the sellers generally had to surrender their foreign exchange earnings to the Reichsbank in return for Reichsmark equivalents, their financial incentive to export was limited to recovering their tax assessment. An interest in pleasing the regime and a desire to preserve market positions and sales relationships supplemented this motive and persuaded many major corporations to labor to maintain the volume of their usual exports, but these nonetheless fell as a share of most enterprises' swelling total outputs and sales throughout the 1930s.[64]

Even the large investment banks, where both doubt about the sustainability of Nazi economic policy and the consequent delusion of an eventual return to normality were strong and persistent, became dependent on the state.[65] With the stock emissions that the banks historically handled largely forbidden in order to direct money into government bonds and with corporate bond issues and grants of credit contingent on government approval, commission and lending income from anything other than state projects tumbled.[66] Conversely, the new state-funded firms that supported autarky offered new and virtually risk-free financing possibilities that the Dresdner Bank pursued with particular, but hardly exclusive zeal, always aware that the government's Reichs-Kredit-Gesellschaft lurked in the background.[67] The profitability of the big banks in the 1930s could not keep pace with that of industry, and they lost relative ground to savings banks and regional institutions, but their reserves grew nonetheless, and so did the share of them invested in government-issued paper. By 1939, a contemporary noted, the banking giants had become "cash stashing places" (*Geldanlagestellen*) that "invested money but no longer made loans," instead primarily collecting frustrated purchasing power and putting it to the Reich's use by buying its bonds.[68]

By the final prewar years, the German economy had become a monopsony – an economy dominated by one demanding, impatient, fractious, and intermittently changeable buyer, the German state – and most major producers had become addicted to the state market and its ripple effects.[69] As a result, the business sector was not only government-directed (*gelenkt*), but government-driven (*getrieben*), and the principle of capitalist competition had come to work to the regime's advantage, as firms vied for shares of the government market and for the favor of government agencies and, while doing so, had to compete with government-controlled enterprises. Public priorities increasingly conditioned the pursuit of private ones because private firms' self-interested analyses of likely profit or loss increasingly told them that what the state wanted was most likely to be profitable.[70] Firms increasingly competed to serve state priorities lest competitors, including the state-owned or state-financed ones, reap the benefits. And the competition was so intense precisely because Germany's was an economy ruled by scarcity (*eine*

Mangelwirtschaft) in which almost nothing was in ample supply, almost everything had to be robbed from one purpose to pay another.[71]

This was the dynamic that drove business–state relations in the Third Reich: The regime set economic parameters (for example, no devaluation, increased production for arms and autarky) that aggravated shortages, which it then sought to manage through expanding regulations and the bureaucracy to administer them, to which enterprises continuously adapted while government spending force-fed certain forms of growth that exposed new bottlenecks or aggravated existing ones, which led to more state intrusion, and so on. The merry-go-round kept turning and indeed gathered speed so long as the Reich spent more and more to power the process – annual public expenditure doubled in Germany from 1932/33 to 1938/39, and the total for that period came to 166.6 billion Reichsmark; annual government investment in physical plant alone more than quadrupled from 1933 to 1938 and totaled almost 42.5 billion Reichsmark – and funneled corporate activity and funds in the same direction.[72]

In 1937–38, the rate of economic spinning increased markedly, and the German business world's illusion of an eventual return to "normality" began to crumble. A business–state collision over expanding the smelting of relatively low-grade German iron ore to replace Swedish imports heralded both developments in the summer of 1937. When the leading iron and steel magnates who owned the ore fields resisted Göring's plans to this effect on grounds of cost, he played them and their interests off against each other and threatened to charge some of them with sabotage. He then used his sweeping powers to call into being a state-funded iron- and steel-making entity called the Reichswerke AG "Hermann Göring" and to award it the owners' mineral rights in return for minor shareholdings in the new enterprise.[73] Recognizing defeat in his attempts to keep the arms and autarky drives within economically defensible bounds, Schacht tendered his resignation as Economics Minister as this crisis was coming to a head. Hitler accepted it a few months later, after announcing at the now infamous Hossbach Conference that his window of opportunity for defeating his likely opponents and conquering living space appeared to be closing, so had to be seized as soon as conditions permitted. He promptly gave Göring Schacht's portfolio, albeit on an acting basis, and removed Schacht's appointee as head of the Reichsgruppe Industrie, Gottfried Dierig.[74] These and several other personnel changes underlined the regime's determination to act as if, in Göring's words of the preceding December, "We are already … at war."

In their zeal, Göring and his subservient ally Walther Funk, who became Economics Minister in March 1938, tended henceforth to command the economy to do everything they wanted at once – increase munitions production, build more ships and planes, mechanize the army, absorb Austria and the Sudetenland, dispossess the remaining Jews, build the Westwall fortifications against France, replace imports, and expand exports – or to shift rapidly from one priority to another and back. Either way, the principal effect was to exacerbate Germany's many input shortages. To obtain maximum cooperation, government spokesmen ratcheted up pressure on producers. Already in September 1937, the *Frankfurter Zeitung* quoted Hitler declaring, "If private enterprise does not carry through the Four-Year Plan, the state will assume full control of business."[75] The following July, in another impassioned speech to industrialists, Göring reminded them of his role in the Reichswerke conflict and his readiness to repeat it when faced with any other self-centered entrepreneur: "Gentlemen … not for a second and I mean a second, would I hesitate – as I proved with regard to another matter – to intervene at once to confiscate … the whole business.… That fellow must go. By a stroke of my pen, he would lose his business and his property."[76] Ten weeks later, officials of the Price Commissar's Office reminded Jacob Reichert, the business manager of the Association of German Iron and Steel Industrialists (Verein Deutscher Eisen- und Stahlindustrieller) and Ernst Poensgen, the managing board chair of United Steelworks (Vereinigte Stahlwerke) that socialization of their industry remained a possibility.[77] Meanwhile, as if to demonstrate the sweep of the state's powers, the Todt Organization ordered Philipp Holzmann to take the lead role in constructing the Westwall and directed approximately one thousand other enterprises to provide workers and equipment for the task.[78]

The intimidation reached a crescendo in October 1938. Early in the month, Göring threatened a MAN motor factory with subjection to a state commissar and told officers at the Air Ministry that "now is the moment for private industry to show whether it still has a justification for being. If it fails, then it will be turned ruthlessly into a state economy."[79] A few weeks later, he presented Wilhelm Zangen, the managing board chairman of Mannesmann and new head of the Reichsgruppe Industrie, with the prospect of "a state commissar for the direction of industry" empowered to "seize sectors of the economy" that failed to accomplish "what the state must require of them." One steel magnate who heard Zangen's alarmed report of this conversation concluded, "I, too, am of the opinion that ... if we give the state cause to call our performance unsatisfactory, an expropriation will not be avoidable.... I can certainly vividly imagine that in such a case the socialization of the mines would be ordered and conducted from on high.... Business, especially the mining industry, had never been in such danger."[80] Finally, a few days after these words were written, Rudolf Brinkmann, a recently appointed State Secretary in the Economics Ministry, addressed representatives of the banking and insurance businesses in Berlin. After conceding several corporate grievances against the Reich's economic policies, including having to make investments "that out of private motives would not be undertaken" and to pay the "dead costs" of dealing with the government's ever-expanding oversight, Brinkmann reminded his audience that "we do not want a material but rather a mental nationalization of the economy," and then warned, "Please do not forget, however, that a strong and energetic state has at all times been inclined to shift the boundaries between public and private economies in the direction of commercial activity by the state.... Further, do not underestimate the possibility of the state managing wherever business cannot produce to an adequate degree or perform creatively."[81]

A continuous theme in government officials' addresses to corporate executives in 1938–39 was that they had to prove the worth of private enterprise and thus justify its existence or else the government would step in and take over. As a result, Paul Erker rightly notes, "from the point of view of the industrial elite – and the regime did everything to strengthen this attitude – the danger that the National Socialist economic order would tip into a state economy was constant. The threatened removal of the remainder of the private enterprise system worked, as it were, as permanent blackmail."[82] Over and over again in this and subsequent years, executives invoked the specter of state action to justify measures of doubtful appeal on purely commercial grounds.[83] Sometimes buttressed with specific references to Brabag or the Reichswerke, the new fears regarding the state reached broadly across corporate decision-making, enjoining not just participation in particular developments but also general service to the regime's goals.

The forced pace of German macroeconomic policy in 1937–39 set off both a national liquidity crisis and numerous microeconomic counterparts. According to the Economics Ministry's estimates, the gap between projected government spending and investment and available sources of funding grew from 3.7 billion Reichsmark in 1936 to 8.1 billion in 1938, all of which had to be funded by short-term borrowing or money creation. The regime responded by clamping down on private construction projects, forcing banks and insurance companies to invest their balances in state securities, thus inaugurating a system of "noiseless" (*geräuschlos*) public finance, and augmenting the successful bond issue of October 1938 by more than 20%. But after the next bond issue failed to sell completely, and the Reichsbank directorate recommended curtailing government expenditure, Hitler responded by firing the bank's leadership, maintaining the military budget, and displacing the liquidity problem onto state contractors by ordering that henceforth 40% of payments to them would take the form of tax credits usable at a future date.[84]

Even before the regime shifted its cash-flow problems onto its corporate suppliers, several of the firms most deeply implicated in the arms and autarky drives realized that they had committed to investments that greatly exceeded rates of depreciation and threatened to wipe out cash reserves. Accordingly, in late 1938, the managing board chairs of both Degussa and IG Farben ordered cutbacks to more sustainable levels of expansion and expenditure, only to find that the development of each firm had slipped out of the internal hierarchy's control.[85] The top leaders simply could not overcome the enthusiasm of their technical directors and personnel, many of whom had formed extramural alliances with military and civilian officials on the basis of a common interest in solving engineering problems, building plant, and realizing organizational dreams, regardless of costs.[86] Those executives kept the merry-go-round spinning by making plans with government agencies and essentially daring their more financially minded colleagues to balk and thus goad the state into seizing the patents, production processes, and personnel that the projects required. Also faced with steeply declining profit margins, Krupp managed to avoid a similar internal split in 1938–39 only by using its unique importance to rearmament to persuade the regime to grant the firm an enhanced depreciation rate that would sustain earnings and production.[87] Still, enough of a gap remained between the firm's commercial calculations and the regime's appetite for arms to provoke the navy's "virtual seizure" (*praktische Beschlagnahme*) of Krupp's Germaniawerft shipbuilding subsidiary.[88]

Throughout the escalation of the regime's drives for arms and autarky, firms periodically complained about the diversion of capital from existing, more lastingly lucrative lines of business. As early as October 1935, the members of the managing board of Phoenix rubber recorded their displeasure at being forced into a partnership with Degussa to make carbon black, telling the supervisory board that "we are unhappy to see ... a part of our ... capital drawn away from our own business operation ... but could not evade participation under the pressure of circumstances without risking substantial troubles."[89] Krupp's business report for the year 1937/38 regretted that the firm saw itself "forced to postpone matters important to our overall development because of political necessities."[90] Although Degussa told the Reich Office for Economic Expansion (Reichsstelle für Wirtschaftsausbau) within the Four-Year Plan organization that the expansion of its hydrogen peroxide plant at Rheinfelden had "commercial priority ... ahead of *all* our other current building projects," the Office's priorities were elsewhere, and it also refused to allocate building materials for a sodium factory the firm urgently sought. As a result, Degussa lost its leading position in the German market for each chemical, in both cases to better politically connected firms.[91] One retrospective study of another enterprise closely tied to the arms and autarky programs, namely IG Farben, has concluded that attention to the regime's goals cost it money in the long run by cutting into more promising lines of research and profitability.[92] By 1939, however, these companies had passed the point of no return. Their ability to pursue coherent, independent economic strategies had been undermined from without and within, by state distortion of markets and internal atomization of decision-making. As Harold James astutely notes, "What drove decisions increasingly was ... the ambitions of individual functionaries in the corporate hierarchy."[93]

Escape from the state's transformation of German business life had become impossible because market competition had become political competition. Firms contended for the favor of often rival state agencies and representatives much more than for that of consumers.[94] In the absence of practical commercial alternatives at home and abroad, the deals the state offered were just profitable enough to be irresistible, so they became the main objects of competitive energy. Most executives had come to recognize that the regime played favorites and offered a form of crony capitalism, in which connections opened the way to revenues. Friedrich Flick and Paul Reusch of heavy industry illustrated the divergent fates of those who cultivated or crossed Göring during the iron ore controversy: The former figure emerged with compensatory business as a reward for his support, the latter got nothing as a penalty for his opposition.[95] No wonder that, to cite only a few conspicuous and representative examples of Flick's imitators, Philipp Reemtsma courted the Reichsmarschall and Gauleiter Kaufmann of Hamburg, Bernhard Pfotenhauer of Merck pharmaceuticals treated the loutish Gauleiter Sprenger of Hessen-Nassau with deference, Rudolf Siedersleben placed the Otto Wolff group of companies at the service of the Four-Year Plan and defended the state's right to steer German business, and Richard Kaselowsky of Dr. Oetker sought and welcomed membership in what became known as Heinrich Himmler's Circle of Friends, a group of industrialists privileged to meet with top-ranking Nazi figures and to contribute to the Reichsführer-SS.[96]

Proceeding without a plan, but in service to an iron purpose – German expansion through victorious conflict – the Nazi regime improvised a polycratic economy, in which the relative power of different officeholders and state agencies set productive priorities, resolved conflicts, and determined winners and losers.[97] By trial and error and through a medley of market mechanisms and state directives, incentives and instructions, opportunities and obstructions, and rewards and reprisals, German big business was coaxed and cowed into government service. The result by the late 1930s was the sort of "mixed" economy that Hitler long had desired, in which the state determined the ends of production, but individuals' ambitions and energies powered the means.[98] Less efficient than a true market economy would have been in allocating resources, the framework the Nazi regime built was nonetheless highly effective in turning those it had to the purpose it sought.[99]

Scholars have had difficulty settling on an appropriate label or name for this unusual hybrid of state direction and entrepreneurial initiative, yet few would dispute Gerald Ambrosius' conclusion that by the time World War II began in 1939, the German economic system "had little in common with that of 1929 or even that of 1913."[100] To an unprecedented degree, most of the nation's leading corporations – including all the suppliers to and producers in the biggest growth sectors of cement, chemicals, aircraft, vehicles, engines, and mechanical components – already had become clients of the German state. They relied on its orders and purchases for not only substantial proportions of their revenues but also the operation at capacity of their manufacturing facilities.[101] Their leaders, even when they were also the owners, depended on the favor of the Reich's most prominent officeholders and most pivotal bureaucrats.

Although executives sometimes still could marshal their specialized expertise to rein in the most grandiose objectives, moderate the timetable for achieving them, or obtain generous pricing and funding arrangements, as the development of IG Farben's synthetic rubber program showed, corporate leaders had become irrelevant to setting the main lines and directions of national policy.[102] Far from having obtained under Nazism their Weimar dream of an economy emancipated from the state, German big business magnates now primarily strove to serve its requirements, which they had scant role in defining. The British consul general in Frankfurt understood the realities in February 1938 when he remarked that whatever executives' apprehensions about the condition of the economy or any other aspect of the regime and its conduct, "Their views count for little and will not divert the course of events."[103]

The corporate world that adjusted this completely to Nazi economics was unlikely to behave differently toward Nazi racism.

5 DEJEWIFICATION

Hitler came to power determined to reduce "Jewish influence" over German society but purging Jews from political and cultural life proved easier, hence swifter, than from the economy of a country still dealing with substantial unemployment and heavy foreign debts. As a result, for just over three years between the appointment of Hjalmar Schacht as Minister of Economics in August 1934 and his dismissal in November 1937, the Nazi regime followed a two-tier policy to achieve the "dejewification" (*Entjudung*) of German commerce and finance, a process to which the euphemism "aryanization" (*Arisierung*) was applied.[1] At the level of national policymaking in Berlin, officials discouraged infringements on the economic activities of Jews who possessed strong international connections and who directed or owned enterprises important to sustaining exports and jobs.[2] Schacht understood this course as a temporary holding action and favored it on the pragmatic grounds that forbearance toward major Jewish entrepreneurs would avoid disruption to Germany's trade relations, balance of payments, stock market, and overall economic recovery.[3] Meanwhile, at the regional and municipal levels, relentless harassment and discrimination by Party and state agencies squeezed Jewish proprietors of less significant businesses, particularly in rural or small-town settings.[4] The principal threats to Jews' livelihoods and possessions came from virulent antisemites and their fellow travelers within companies, trade associations, and local governments. By the end of 1937, they achieved considerable success: About one-third of Germany's Jews, as of 1933, had fled the country.[5]

Schacht's arguments exerted a restraining influence on Hitler until his priorities shifted from consolidating his regime to expanding it. Convinced that this goal would require war and that the presence of Jews within German lines would lead to the same sort of sabotage on which he blamed the Reich's defeat in 1918, Hitler embarked on a program of forcible dispossession and impoverishment of the Jews of Germany, the annexed territories of Austria and the Sudetenland, and the occupied Czech provinces. As this drive gathered force, its objective gradually shifted from inducing Jews to emigrate to expelling them by force to places not yet determined. From an accessory to persecution during the Schachtian phase of dejewification, German big business developed into an indispensable agent of the process thereafter.

As in 1933–34, the susceptibility to pressure of German big business made it an unreliable defender of Jewish colleagues and employees in the years that followed. The pace of Jews' resignations, dismissals, and asset sales in the upper stratum of the German corporate world became more gradual in 1935–37 compared to the initial onslaught, but they accumulated, nonetheless. As a result, by early 1938, 92% of Jewish managing board members (as of 1933) and about 83% of supervisory board ones had left those positions, even though almost half the firms in which Jews had a significant presence at the beginning of Nazi rule still did at the later date.[6] These apparently discrepant trends reflect that fact that a handful of important Jewish directors and or board members remained prominent at, for instance, Mannesmann, Rheinstahl, AEG, Zellstofffabrik Waldhof, Feldmühle, Schering, and the Berliner Handels-Gesellschaft, even as the number of Jews in these posts declined.[7] But those who hung on did so almost always because of an exceptional, personal, and diminishing asset – for example, a strong shareholding, indispensable expertise, or stubbornness coupled with the ability to cause a fuss abroad. As such individuals became increasingly isolated, anomalous developments fostered the misleading impression that some Jewish magnates might continue doing business as usual. Richard Merton, a man with four Jewish grandparents, succeeded his brother Alfred as both head of the Metallgesellschaft in Frankfurt in 1935 and a member of the supervisory boards of IG Farben and Degussa.[8] Attrition proceeded, nonetheless, albeit more quietly than earlier and less overtly as a result of political or governmental pressure than because the remaining Jewish board members reached retirement age or their terms expired and were not renewed. When this happened, prudent firms increasingly muted or refrained from the customary public and even private expressions of gratitude for services rendered.[9]

At lower levels of corporate staffing, a similar pattern took shape. Following the initial round of extensive but uneven purges in 1933–34, many large firms selectively tried to retain their most valuable Jewish employees as long as possible.[10] While personal sympathy played a role in these actions, their usual justification was practical. Employers argued that they could not dispense with irreplaceable expertise in a tightening labor market. Fervent Nazis in upper management positions, such as Georg Kränzlein at IG Farben's Hoechst plant, still could and did get even highly regarded Jewish personnel dismissed, but not invariably, and at other Farben works executives fended off at least some such demands successfully.[11] At Linde's Eismaschine, the Jews who headed the Assembly Department and a chemical laboratory held their posts until 1938, as did the head of Degussa's Patents Department and several scientists at the firm's main office and three of its subsidiaries.[12]

Even firms inclined to comply with Nazi pressure to remove all Jewish employees encountered difficulty doing so. The three largest joint stock banks agreed, following the announcement of the Nürnberg Laws in 1935, to proceed in tandem toward a complete purge of their workforces by the beginning of 1937, but all missed the target by more than a year. Irreplaceable skills explained some retentions, competitive considerations the others: No bank branch wanted to be the first to become "*judenrein*" in some urban locations, lest Jewish clients desert it for a rival.[13] The buyers of several retail firms whose Jewish owners had sold part or all of their shares under threat of customer boycotts in 1933–34, such as the Salamander and Tack shoe chains, found that replacing experienced Jewish branch managers and purchasing agents took longer than expected.[14]

Corporate self-interest in damage control (*Schadenbegrenzung*) also helps explain why the share of small Jewish-owned firms, especially retailers, that changed hands or ceased to exist by the end of 1937 exceeded the proportion of large ones.[15] The banks that were needed to loan money for substantial purchases and related transitional costs disliked losing the deposits and interest payments of the

Jews who were selling and emigrating and worried about the creditworthiness of potentially inexperienced new owners.[16] Such worries did not arise regarding acquisitions by the nation's largest corporations, but the Nazi regime frowned on takeovers that led to increasing concentrations of economic power (*Konzernbildung*), so such buyers and their financiers trod carefully.[17]

Nonetheless, in solely economic terms, one might wonder that more takeovers by large firms in Germany did not occur in 1935–37. As persecution increased Jewish owners' readiness to sell, the restored profitability of other businesses raised their incentive to buy in order to shelter proceeds from taxation through acquisition costs and greater depreciation. When Henkel GmbH of Düsseldorf and the principal German subsidiary of Dutch-owned Unilever paid more than market value for blocks of stock Jews sold in 1934 and 1935, respectively, both the Nazi and the business press ascribed their actions to this motive.[18] The inability of foreign-owned companies to repatriate profits earned in Germany created further impulses to buy, prompting Unilever to purchase two textile makers from German Jews in 1935–36 and the C&A clothing chain, also Dutch-owned, to acquire numerous buildings from Jews, mostly in Berlin.[19]

The induced flight of Jewish owners presented firms with attractive chances not only to obtain tax breaks and new office space, but also to expand market shares, diversify, and vertically or horizontally integrate. Among those who acted on the possibilities was Degussa, which picked up real estate adjoining its headquarters in Frankfurt, moved into carbide production, bought a major consumer of its cyanides in the form of a scrap metals processer, and strengthened its existing positions in the acetic acid cartel and the manufacture of carbon black.[20] The Oetker combine of pudding and baking powder makers also spread out through the addition of packaging firms, substantial shares in a brewery and a distillery, and even a modest participation in Salamander shoes.[21] Via the Tack sales subsidiary that it had acquired in 1933, Freudenberg purchased at least twelve new shoe outlets in 1937 alone.[22] In Berlin, both Siemens and AEG, which already had divided formerly Jewish-owned shares in the Osram GmbH lightbulb maker during 1934, seized opportunities to extend their roles in telephone and wireless communications. Siemens bought up Cassirer & Co. and the Aronwerke Electrizitäts-Gesellschaft and AEG took control of Gesfürel/Ludwig Loewe in a complicated exchange of shares, in both cases with the help of the Deutsche Bank.[23] The only two major transfers of ownership in heavy industrial firms – the acquisition by Mannesmann of Kronprinz AG, including its recently absorbed Coppel rolling works, and by Vereinigte Stahlwerke of Hirsch & Co. iron wholesalers – turned minority shareholdings into majorities.[24]

That these transactions stand out shows how cautious much of big business remained about scooping up Jewish-owned firms, and this was particularly apparent in the behavior of the Deutsche, Dresdner, and Commerz banks. Willing to serve as brokers when approached by some would-be sellers, even eager to instigate sales where their own investments or loans seemed threatened, the nation's big three joint stock banks swallowed only one significant Jewish-owned private bank in the period 1935–37. That was the Dresdner Bank's absorption into its Hardy & Co. affiliate of the operations of Gebr. Arnhold in Dresden, but not those in Berlin, an episode largely driven by the antisemitic resentments of the Nazi Gauleiter of Saxony, Martin Mutschmann.[25]

Yet the large banks' hesitations regarding aryanization were eroding. As regional government offices elaborated new means of harassing Jewish company owners, such as investigations for suspected violations of tax and foreign exchange regulations, the banks' interest in protecting themselves tipped from a reason to avoid aryanizations into a reason to accelerate them.[26] Fear of losses following the sale of Jews' firms turned into fear of losses if those firms remained Jewish-owned. More and more often, the banks' branch offices promoted or facilitated sales as a way of collecting outstanding loans from (and holding onto future borrowing by) firms that seemed destined to change hands eventually and perhaps to lose money in the meantime. Alert branch managers also increasingly saw opportunities to poach their rivals' clients through preemptive brokering.[27] Still another incentive to help Jewish proprietors sell out was a desire to attract the Nazi Party's business, for which the price was often severing relations with Jews.[28] Finally, at the top of the big banks, board members increasingly identified the proceeds from arranging and funding sales of Jews' companies or buying and reselling Jews' shareholdings as some of the few available offsets of lost income from stock emissions and bond issues that the regime largely blocked in order to funnel investment capital toward armaments and autarky.[29]

The Dresdner Bank was marginally quicker than its peers to recognize "the requirements of the times" regarding Jews and consequently to exploit them. Its partnership with unscrupulous insiders in carrying out several rapacious aryanizations in 1933–34, notably of the Engelhardt brewing concern demonstrated this.[30] So did the bank's duplicitous "good cop/bad cop" role in the takeover of Gebr. Arnhold. After winning a signed contract by offering more attractive terms to the namesake family than the Commerzbank, the Dresdner then disputed various valuations, took them to arbitration, and got its payment obligations whittled from 4 million to 3.35 million Reichsmark, or by almost 20%.[31] Part of the Dresdner's relative aggressiveness stemmed from the appointment of Emil Meyer and Karl Rasche to the managing board in 1934–35. Both came recommended by Hitler's deputy for economic matters, Wilhelm Keppler; Meyer was his cousin and protégé.[32] But the bank's zeal also reflected its financial trajectory in the 1930s. Until 1937, when the enterprise reverted from state to private ownership, the watchwords were consolidation and recovery from the collapse and government bailout during the Depression. But with that achieved, the Dresdner embarked on an expansionist course.[33] A sign of the shift was the decision early in the year to set up a central aryanization bureau in Berlin tasked with compiling a national list of saleable client firms and alerting potential buyers to these opportunities.[34] At the same time, the bank "went over to an openly anti-Jewish personnel policy," using the regime's mounting antisemitism as a means of offloading severance and pension obligations to remaining and former non-Aryan employees.[35]

In industry as well as banking, the imbalance of power between Jewish property owners and potential buyers became steadily more tempting to the latter in the mid-1930s, both with regard to making acquisitions and setting the terms. Given the pressures that the Nazi regime and its devotees could exert, sellers necessarily felt greater urgency than purchasers, with the only countervailing pressure being fear of losing out to a competitor's better offer. That fear increasingly overcame earlier reservations about acquisitions. Property transactions therefore continued steadily, and on terms that tipped inexorably toward the buyers.[36] But sales of companies still were, at least nominally and despite increasing interference by Nazi Party regional economic advisors (*Gauwirtschaftsberater*), matters of private commercial negotiation between the parties.[37] In most instances, corporate buyers sought to avoid the appearance of exploitation, if not always the reality, which provided some protection against rapacity.

By late 1937, the Jewish population in Germany had fallen by about one-third since 1933; most remaining Jews had been reduced to working for themselves or each other or to unemployment; even those who held on to jobs in large corporations had no hope of advancement; the presence of Jews in the board rooms of big business and the importance of those who lingered had declined considerably; and the number of Jewish company owners ready to abandon the work of their lives, to sell out, and to leave the country had increased slowly but surely. Meanwhile, most German corporate magnates had welcomed, accepted, or resigned themselves to Nazi antisemitism, expressing any discomfort they felt through, at most, attempts to alleviate the effects on individuals. Virtually all chief executives agreed with Degussa's Ernst Busemann, who declared in July 1937, as he weighed a response to Nazi pressure to remove two Jews he respected from one of his firm's subsidiaries, "It is pointless to swim against the stream."[38]

But to Adolf Hitler at the end of his fifth year in power, the stream was not running strong or fast enough. Convinced that a war for German living space had to come soon and that it could not be won so long as Jewish "profiteers" and "saboteurs" remained within the Reich, he cast off all pragmatic restraints in November 1937. After dismissing Schacht as Economics Minister, Hitler began sanctioning a series of decrees that defined "Jewish" firms as those more than 25% owned by Jews or with a single Jewish board member or senior manager and stripped such enterprises of access to rationed raw materials, foreign exchange, and business with any government agency.[39] The dictator's goal was the maximum possible impoverishment and expulsion of the Jewish population and, to these ends, a government that hitherto had encouraged aryanization became one that enforced it. But not overnight.

The virtual extinction of Jews' place in German economic life took a little more than a year and a half. First, the prospect of lost ability to produce via curtailment of raw materials or to import via deprivation of foreign exchange functioned even more powerfully than the threat of Party boycotts had earlier to induce a wave of resignations and sales and to prompt bankers to expedite both.[40] Then, beginning in April 1938, the requirements that all property transfers be approved by the relevant Nazi Party regional economic advisor and exclude any allowance for "goodwill" exerted additional downward pressure on sales prices. Beleaguered sellers increasingly settled for whatever they could get in order to pay emigration taxes and fees, while buyers strove to avoid the politically perilous appearance of generosity.[41] Finally, in the aftermath of the Kristallnacht pogrom, government decrees permitted, which is to say directed, the dismissal of all remaining Jewish employees of German commercial organizations, including people employed abroad; mandated the sale of Jewish-owned enterprises by officially appointed trustees; and set in motion procedures for the confiscation, sooner or later, of the proceeds of such sales, along with virtually all precious metals that Jews owned, the monetary value of their insurance policies, and other assets.[42]

This onslaught on the Jews achieved the impoverishment Hitler sought, and much of German big business was instrumental, indeed indispensable, to that result. Individual Jewish managers lucky enough to escape Germany or already abroad sometimes got financial help from former employers, aid in finding new positions, or both, but such support was far from universal.[43] Given the extent of control over the economy that the regime had acquired, the only aid non-Aryan firm owners could expect from their Aryan counterparts was succession by a well-intentioned former associate, coupled with an informal, necessarily concealed promise to exercise authority as a sort of trustee for the eventual return of the dispossessed person. This is what happened with regard to the Oppenheim Bank in Cologne, M. M. Warburg & Co. in Hamburg, and the Schocken department store chain of Leipzig, as well as, in a somewhat different way, to Richard Merton's position in the Metallgesellschaft.[44]

Otherwise, the nation's largest industrial and financial corporations hastened to provide the capital needed to annex, often at rapacious prices, the biggest remaining Jewish-owned firms. The Dresdner Bank now swallowed the merged Arnhold and Bleichröder banking houses of Berlin on larcenous terms, and the Deutsche Bank absorbed Hirschland of Essen and Mendelssohn in Berlin on somewhat less dubious ones.[45] Further afield, the big banks chased substantial commissions for arranging industrial takeovers. For example, the Berliner Handels-Gesellschaft and the Deutsche Bank divided 800,000 Reichsmark while executing Mannesmann's takeover of the Hahnsche Werke in April 1938. Markups on the resale of acquired stock and possibly increased income on business with the new employers also could be quite remunerative. In one instance, the Deutsche bought up and merged two textile companies and sold the new shares at a profit of 50%, meanwhile pocketing a fivefold gain in interest and fees from the companies between the second half of 1938 and the first half of 1939. In the protracted case of the Deutsche's transformation of Adler & Oppenheimer into Norddeutsche Lederwerke AG, the operation yielded both sorts of returns.[46] By the end of 1938, the Deutsche Bank had mediated or financed some 363 aryanizations of firms, including approximately 75 major takeovers, and the Dresdner probably had facilitated more, since it was readier to bend the normal requirements of creditworthiness on the part of buyers.[47]

Some industrial buyers made killings in this context, while others pursued their interests with more ambiguous results. Aided by the Deutsche Bank, Zellstoff Waldhof AG succeeded in acquiring many of the highly profitable remaining synthetic fiber and paper holdings of the Hartmann Group, a network of firms in Germany, Austria, Poland, and the Balkans, in September 1938 for less than half the buyer's own estimate of what they were worth.[48] Even companies, such as Robert Bosch and GHH/MAN, that had shunned takeovers of allied firms wholly or partially owned by Jews now jettisoned their scruples about both the end and sometimes the means, and generally profited as a result.[49] On occasion, the aryanization drive cost major firms both business relationships and money, as Jewish-owned client enterprises slipped into less friendly hands; such was the case with Philipp Reemtsma's cigarette empire and the Garbáty tobacco firm.[50]

One of the largest and later most notorious aryanizations of 1938 demonstrated how politicized and corrupt the process had become and, as a result, how widely the gains of the beneficiaries could diverge. At issue was the Julius Petschek family's significant share of German brown coal output, which several of its most important customers, notably the IG Farben and Wintershall corporations, already had shown interest in acquiring. But the family had vested ownership of its German producers in an Anglo-American holding company, thus complicating the Reich's ability to intimidate the prospective sellers and giving them leverage to demand at least partial payment in internationally transferable funds, that is, foreign exchange, which the Reich chronically lacked and therefore refused to release. With the negotiations stalemated at the turn of 1937/38, however, Friedrich Flick recognized a chance to obtain a firm raw materials base for his growing steel-making combine. He successfully mobilized his political connections to persuade Hermann Göring, as head of the Four-Year

Plan organization, to grant him exclusive authority to negotiate with the Petscheks' representatives (and implicitly to dispose of their holdings) and then to assemble a consortium of purchasers that could supply sufficient dollar proceeds from their exports to close the sale. The Petscheks thus lost their ability to play off competing offers, and the German aspirants faced a choice between funding Flick's purchase in return for obtaining pieces of the Petschek mines or alienating Göring while possibly getting none. In the end, the Petschek family accepted $6,325,000 for the properties, about 40% of its initial asking price, and the consortium paid the Reichsbank and Four-Year Plan administration another $4.1 million in transfer and permission fees. While IG Farben, Wintershall, and Salzdetfurth AG contributed $2–3 million each to gain title to relatively small and dispersed coal pits, the state skimmed off more than one-third of the total purchase sum collected and the Friedrich Flick AG came away with most of the booty at almost no cost.[51] In the scramble of 1938, corporate aryanizers almost always cheated the sellers, but sometimes each other as well, and the regime always took its cut.

Most aryanizations did not involve major banks or big businesses, however. Only 10–15% of the net assets that German and Austrian Jews had been made to declare in April 1938 consisted of industrial capital; reflecting this, the major banks played a role in only about 15% of the aryanizations in the Frankfurt region. On average nationally, only 20–30% of Jewish-owned banks or businesses were large enough to attract a buyer, who was more often an individual than another firm, while 70–80% simply dissolved.[52] But even liquidations provided some benefits to larger enterprises. The big banks gained through distributions of the continuing business, property, stock deposits, and other accounts held by the financial institutions that disappeared.[53] In certain industries with a disproportionally high number of Jewish-owned firms, notably leather and textiles, the biggest producers won through both acquisitions and liquidations: Each led to annexation or redistribution of raw material or foreign exchange quotas, and the government's interest in sustaining employment and output somewhat reduced official resistance to buy ups by large firms.[54]

German big business proved vital to other aspects of "dejewification" and dispossession, notably in helping the government monetize and control Jews' assets. Insurance companies, especially Allianz, expedited the cashing in of Jews' insurance policies so that their owners could pay emigration fees and/or required contributions to the fine of one billion Reichsmark that the regime imposed on the Jewish community as a whole following the pogrom of November 1938.[55] Degussa smelted on commission the precious metals-bearing possessions that Jews were required to turn in for nominal compensation at German pawn shops in early 1939.[56] The big banks carried out the general blocking of Jews' bank accounts and the restriction of withdrawals from them in 1939, and bought from the government the stockholdings that some Jews used to pay parts of the collective fine and then paced resales so as not to depress share prices. None of these activities brought much profit; in fact, insurance monetization cost companies future premiums, Degussa managers grumbled about the low return on their efforts, and the fees banks collected from Jews for managing their accounts just covered the costs.[57] Even the brokering of property transfers turned out to be a low-margin business for banks; the accounts lost through liquidation were too numerous and the high-commission sales too few.[58] That the enterprises nonetheless facilitated the dispossession as requested highlights a central point about "dejewification": Companies and their executives were competing against each other not only for a share of the assets that the regime threw up for grabs, but also, and sometimes primarily, for political favor and the future preferences or rewards that it might bring.[59]

The corruption and cynicism bred by this situation produced many scandalous actions, but perhaps none quite equaled the stance taken by Eduard Hilgard, leader of Allianz insurance in the aftermath of the Kristallnacht pogrom. He perpetrated a form of property theft that went beyond underpaying for Jews' assets; it consisted of reneging on paying for services Jews had bought from his company. Faced with enormous claims for reimbursement of insured damage that Nazi rioters had caused on November 9–10, 1938, and with Hermann Göring's determination to confiscate any sums that policyholders were due to receive, Hilgard insisted that his industry owed the Jews among them nothing. He echoed Party propaganda to the effect that their agitation against Germany was the real cause of the destructive but justified outbreak of popular anger against them, and thus that they deserved no compensation. And he argued that paying it would result in higher premiums for Aryans and thus force them to bear the costs. In the end, while Jewish property owners had to "restore the appearance of the streets" at their own expense, the German insurance industry succeeded in avoiding 97% of its contractual liabilities, honoring only 1.3 million Reichsmark of claims that came to 46.1 million.[60]

Though unusually brazen, Hilgard's chicanery was hardly unique. His single-minded focus on his firm's interests and callous indifference to the consequences for persecuted Jews had many parallels. Precisely this sort of selfishness allowed the Dresdner Bank arbitrarily to curtail pensions to non-Aryan employees by 5–30% in September 1938.[61] Allianz went even further. When it dismissed its last Jewish employees in June 1939, they got only 40% of the normal severance.[62] In the realm of acquisitions, more and more firms showed no qualms about taking ownership of what was essentially state-stolen property, that is, paying purchase prices dictated by the regional *Gauleitung*, as Degussa did while dividing the stock of Kulzer & Co., a maker of dental prostheses, and buying shares in the Metallgesellschaft that had been extorted from Richard Merton, in both cases at well below market value.[63] Members of wealthy industrialist families, notably the Oetkers, Quandts, and Reemtsmas, similarly showed little compunction about personally acquiring Jews' real property, stocks, and paintings.[64]

The momentum that propelled aryanization within Germany's borders in 1938 turned into a veritable gold rush in the territories annexed that year (Austria and the Sudetenland) and subjugated in 1939 (Bohemia and Moravia). In these places, the drive to "dejewify" commercial life drew added impetus from the Reich's determination to align their economies with Germany's quickly. That goal, combined with the fact that these lands contained numerous past partners and/or potential competitors precisely because they previously had been protected by customs borders, helps explain why German big business seemed to bulk larger among aryanizations here than it had in Germany proper (the Altreich). Even though the most voracious consumer of assets in these regions was a state-owned firm, the Reichswerke "Hermann Göring," many of Germany's largest and best-known private enterprises joined impatiently in the purge of Jews and the pursuit of their property.[65]

The Deutsche and Dresdner banks were in the vanguard, not least because they expanded and/or acquired financial affiliates that already possessed wide-ranging shareholdings in firms that were to be "cleansed" of Jewish managers and owners. As at home, the Dresdner exhibited a greater appetite and fewer scruples and, at least initially, took the lion's share of the spoils. Karl Rasche proved instrumental in the expansion of the Reichswerke, especially by using the possibility of Louis de Rothschild's imprisonment in Vienna for foreign exchange violations to blackmail the British and French members of de Rothschild's family into selling their holdings of the Witkowitzer Hüttenwerke for about one-third of their book value.[66] Capitalizing on Emil Meyer's family ties to Wilhelm Keppler, whom Hitler put in charge of integrating the German and Austrian economies, the Dresdner swiftly merged its existing Viennese subsidiary, the Mercurbank, with a formerly French-owned financial institute and the local branch of a Czech one to form the Länderbank Wien AG, and then completed an already ongoing process of ousting numerous Jewish personnel.[67] The new entity promptly began terminating lines of credit and calling in loans to Jewish-owned enterprises, thus driving some into liquidation and getting possession of the mortgaged assets of others, and became a significant facilitator of property transfers from Jews and an instrument of state control over their assets.[68] Meanwhile, the Deutsche Bank had to settle for obtaining a 25% shareholding in the largest Austrian bank, the state-owned Creditanstalt-Wiener Bankverein, whose industrial assets were, during 1938, both stripped by the Reichswerke and augmented through aryanization.[69]

In first the Sudetenland and then the Protectorate, the Dresdner started out with even greater advantages over the Deutsche, coupled with zeal to exploit these. Thanks to preferential treatment by the currency authorities in Berlin, the Dresdner took over first the branches in the Sudetenland and then the headquarters offices in Prague of the second-strongest bank in the former Czechoslovakia, the Böhmische Escompte-Bank (BEB), along with its substantial industrial shareholdings. After a thorough purge of the BEB's Jewish personnel, the Dresdner played a pivotal role in the massive aryanization of chemical, textile, and mining operations in the Sudetenland, including those of Ignaz Petschek's sons, and then in connecting buyers to available properties in the Protectorate.[70] Within a year, the BEB cemented its position as indisputably the leading German bank in Bohemia-Moravia.[71] Meanwhile, the Deutsche used the proceeds from its takeover of the Mendelssohn bank of Berlin to underpay for the Sudeten branches and later the Prague central offices of a much weaker institution, the Böhmische Union Bank (BUB). It then absorbed the Deutsche Industrie- und Agrarbank that the Deutsche had acquired in the same two steps. Despite trimming the payroll by hundreds of Jewish employees, facilitating numerous aryanizations, and collecting management fees for many Jews' blocked accounts, the BUB did not turn a profit until 1941.[72]

As in the Altreich, the most aggressive corporate aryanizers in the newer parts of Greater Germany were often relative newcomers to the upper tier of their commercial sectors, for example, in heavy industry Mannesmann AG, the Reichswerke, and the concern built up by Friedrich Flick, almost one-quarter of whose largest components in 1939 had been obtained from Jews since 1937.[73] But long-established leading firms felt compelled to engage in aryanizations, not so much for expansionist reasons as for defensive ones.[74] Jewish-owned firms that formerly had been outside the Reich's borders were now within them and thus potential competitors for market share if owned by anyone else. The threat, coupled with the regime's increasing willingness to confiscate and dispose of Jewish-owned assets, led to a noticeable readiness of firms to take advantage of extortion, even to encourage it. Schering, for example, was not above protecting its position in pharmaceuticals by accepting first trusteeship and then ownership of drug-making plants in the Sudetenland that officials simply seized from the Petschek family.[75] Degussa, which controlled 74% of the stock in an Austrian maker of hydrogen peroxide, obtained the remaining shares owned by a Jewish family, as well as their mansion in Vienna, by simply waiting for the authorities to impound these assets and then buying them at a discount.[76] While trying to get control over Aurora Nasch & Co. of Brno in Moravia and its inventory of precious metals shortly thereafter, Degussa went a step farther. Rather than waiting for the confiscation, the chief manager of the firm's Vienna branch instructed the relevant Gestapo office on how it legally could take immediate possession.[77]

The German Reich was the principal beneficiary of the assets that German and Austrian Jews were forced to sell, monetize, and hand over in 1938–39. About 40% of the net wealth that the owners had been forced to declare in April 1938 turned into approximately 5% of the state's budget outlays during the following fiscal year.[78] Most of this sum came from the possessions of the minority who managed to escape Greater Germany during the same time period, some 240,000 people, whom the state fleeced so thoroughly as they departed that most left nearly penniless. The other 60% of Jews' wealth sustained the majority who did not escape before the war began – roughly 350,000 people, including the Jews of the Protectorate – on a hand-to-mouth basis until what remained became government property following their deportation a few years later. This second round of revenue collection, like the one of 1938–39, depended especially heavily on banks and insurance companies serving as government instruments, despite the small profits involved.[79]

By providing much of the capital, in the form of purchase prices, that turned factories and offices into taxable cash, German big business thus played a significant role in financing the Nazi regime's expansionist ambitions. In return, the corporate buyers expected to profit substantially and usually did. Though only a small minority of the enterprises Jews sold under duress went to large German firms, the ones that did were virtually by definition the largest and most profitable. Many paid for themselves before the Nazi regime came to an end; those located after the war in West Germany often continued to yield income for years, sometimes for decades, and these proceeds more than covered not only acquisition costs but restitution payments – if these became necessary.[80]

Meanwhile, the acquiring firms regarded it as, literally, none of their business that the former owners were likely to retain very little of the sales proceeds, however meager, after they left the country one way or another. As was the case throughout the escalation of persecution from 1933 to 1939, most enterprises reacted defensively, trying to protect themselves from losing ground to competitors or other collateral damage. In the context created by confiscatory government policy, maneuvering in self-defense easily elided into actions that seemed – and were – cruel and rapacious to the victims. Corporate decision-makers insulated themselves from these consequences by adhering to "a strict orientation of business rationality."[81] That they thus made themselves into agents of persecution fell outside their field of responsibility or even vision.

Yet, for Hitler, a problem remained even in the first years of World War II. He could take everything the Jews had, but he could not yet rid the Reich of them. On the contrary, as the loot increased with expansion into Austria, the Sudetenland, and Bohemia-Moravia, the Jewish population also grew, offsetting part of the emigration in earlier years. Achieving a "Jew-free" Reich eventually would require even more extreme measures than those that produced aryanization, and German big business would become just as implicated in their implementation. By 1939, the Nazi regime had succeeded, as Werner Plumpe has written, in altering the decision-making environment (*Entscheidungsmilieu*) of major firms so profoundly that their continued existence (*Bestandserhaltung*) had come to seem dependent on conforming to the regime's expectations. Given this, corporations, like virtually all other German institutions, were by now virtually preprogrammed to participate in the Reich's next round of crimes.[82] What Neil Gregor has called "the normalization of barbarism" had advanced so far that corporate collaboration in it had become irreversible.[83]

Ironically, one of the few captains of German industry who recognized what had happened and drew the conclusions was Fritz Thyssen, one of Hitler's earliest backers among big businessmen. A devout Catholic, Thyssen had become increasingly appalled by the regime's contempt for the Ten Commandments. Immediately after the pogrom of November 1938, he resigned his honorary position of Prussian State Counselor (*Preußischer Staatsrat*) in disgust. Nine months later, as Hitler plunged Europe into war, Thyssen exiled himself to Switzerland.[84] Far from recognizing his action as a moral example, most of his peers dismissed that act as *Fahnenflucht*, deserting the flag. Whatever compunction they felt earlier about dejewification long since had dissipated under the pressures of competitive and national duty.

Part III

TOTAL WAR, 1939/41–1945

6 MOBILIZATION

Long before February 18, 1943, when Joseph Goebbels drove his audience in the Berlin Sportpalast to hysterics with the rhetorical question, "Do you want total war? [*Wollt ihr den totalen Krieg?*]," Germany was engaged in one.[1] Indeed, that was already so a year earlier when Hitler named Albert Speer as Minister for Armament and War Production (Speer then and later vastly exaggerated his role in intensifying the country's mobilization), and even two years before that, when Fritz Todt became the Reich's first Minister for Weapons and Ammunition.[2] The conflict the nation launched in 1939 quickly had become all-consuming because of the two central conditions that determined German economic policies even more completely than before fighting began: the Reich's deficiencies in comparison to its projected and then real enemies, and the regime's reflexive dirigisme in response. The former posed intractable material challenges while the latter dictated ever-more sweeping state management.

As before the war, the Nazi regime lured and lashed German business with a mix of improvised incentives and intimidation, and corporations and their leaders adapted, cooperated, lent their expertise, sought advantages for themselves and their firms, suggested alternative courses of action in muted terms, and by doing their best under the prevailing circumstances generally made these worse for millions of people, including their fellow citizens as well as the Third Reich's many victims. Only a few leading executives resisted or undercut the regime, but in its death throes during 1943–45, it accused many of them of doing so. Charges of disloyalty, plus the effects of exhaustion with relentless demands to do the economically impossible, generated within the corporate elite a highly selective memory of its earlier contributions to the Nazi regime's destructive capabilities and of the returns German big business had expected to reap.

An already militarized German economy became steadily more so from the moment the fighting began. To be sure, the war did not take over every dimension of German economic life immediately. The rapidity of the victory over Poland, the interlude of inactivity during the "phony war" (*Sitzkrieg*) in the West, the influx of booty from the conquests there and in Scandinavia, and the inflow of supplies from the initially neutral Soviet Union all masked the fact that the Reich had set hostilities in motion before it was ready for them and still lacked the capacity, even at the high point of its triumphs, to defeat a British Empire that was standing alone.[3] Nonetheless, economic mobilization, planning for which long antedated the war at both the national and corporate levels, unfolded for the most part smoothly and comprehensively.[4] In the very first year of fighting, the proportion of the nation's workforce devoted to producing military goods shot up from 22% to 50%; in 1941, it reached 60%.[5] German arms output doubled in the first six months of 1940, growing at a faster rate than it ever subsequently achieved.[6] Between 1939 and 1941, the Reich's average *monthly* completion rate rose by 15 for submarines, 300 for aircraft, and 325 for tanks.[7] The regime even swiftly relaxed long-restricted private capital markets, so the volume of authorized bond emissions more than doubled between 1938 and 1939 and then more than doubled again by 1940.[8] As a result of this funding surge, the conclusion of numerous construction projects launched in the last hectic prewar years, and accelerated government investments through the Montan scheme of state-financed plants leased to private firms, the value of German industry's capital stock rose steeply in 1939–41.[9]

Conversely, an already constricted civilian economy contracted perceptibly. Domestic consumption of gasoline and diesel dropped more sharply in the first months of 1940 than at any later point in the war. Already in November 1939, the government issued rationing cards for clothing to reserve textiles for uniforms. This was a harbinger of a general trend: By late 1940, 40–50% of nominally consumer goods were going to the military even as per capita output and sales of such items were falling abruptly.[10] Meanwhile, generics produced and packaged under state formulations began replacing familiar brand-name civilian goods; in the case of Persil, the once ubiquitous laundry detergent, because the sodium in its key active ingredient had more pressing military applications.[11] By February 1941, the Economics Ministry had issued long lists to discourage manufacture of "forbidden" and "dispensable" household items, backed by threats to fine or withdraw labor from violators.[12] Already in the first two years of conflict, the conversion of the German economy to a wartime footing was far advanced.

All of this occurred with remarkably little friction between the German corporate world and its political taskmasters. Attempts to conceal the ownership of some German firms' subsidiaries abroad against eventual blacklisting or confiscation aroused objections from the Party's touchy Foreign Organization (Auslandsorganisation or AO), but these could be neutralized, usually by the willingness of firms to put their foreign earnings and their overseas personnel's eyes and ears to the service of the Reich's diplomats.[13] Some external corporate connections even suddenly proved surprisingly beneficial to both the German state and the relevant firm. Otto Wolff's previously disappointing trading relationship with the Soviet Union generated a windfall following the signing of the Ribbentrop–Molotov Pact.[14] While a few firms, such as Daimler-Benz, briefly hesitated before committing to heavy investments in the expanded military market, more acted like Quandt's battery and weapons producers, which immediately began borrowing massively in order to meet its needs.[15] A subsidiary of Linde's and a company in which one of the Merck brothers held a significant stake abruptly stepped up their financial involvement in constructing facilities to produce a substance with a newfound military use: highly concentrated hydrogen peroxide to propel torpedoes and rockets.[16]

Yet even in the flush of success in 1940–41, the Reich's leadership sensed that the country's economic deficiencies remained potentially fatal, and it therefore needed to expand both the war and the reach of state control. Two problems stood out. First were the precarious supplies of food and fuel, which propelled the clandestine decision in July 1940 to begin preparations to invade the Soviet Union rather than to remain dependent on its willingness to provide these key commodities in return for German machinery and industrial know-how.[17]

Second was the inelasticity of the German labor force, a consequence of the induction of 85% of German men between the ages of 20 and 40 into the military, the enrollment of a higher percentage of age-eligible German women in the workforce already before the war than was ever achieved in the USA or the UK during it, and the Party's and Wehrmacht's shared concern about the effect on morale of driving that number up.[18] Some firms nonetheless made strenuous efforts to recruit women and achieved modest success, but the regime's reflex in 1940 was instead to encourage enterprises to deploy captured Polish and French prisoners of war (POWs), albeit under cumbersome conditions that limited the effectiveness of the initiative.[19]

While officials in Berlin anticipated problems on the horizon, the major captains of German industry were preoccupied for much of 1940 with the heady prospects for expansion that victory on the battlefield aroused. The annexed territories – West Prussia, Posen, and East Upper Silesia from Poland, Alsace-Lorraine from France, and Luxembourg – offered tempting opportunities that the relevant government authorities were frequently willing to indulge or even encourage. Thus, a good deal of property bought or allocated after its expropriation from the Polish state or purchased from exiting foreign owners passed quickly to the German corporations that dominated the corresponding fields of production within the Reich. (Takeovers of property owned by Jews are discussed separately in Chapter 8.) In the city of Posen, by June 1940 Quandt's German Weapons and Munitions Factories (Deutsche Waffen und Munitionsfabriken or DWM) had obtained the Cegielski weapons manufacturer and Continental the Stomil rubber factory – both of which had been government-owned – for much less than they were worth.[20] IG Farben picked up multiple properties in the same city and the Warthegau region surrounding it, including a nitrogen producer and all or part ownership of two oxygen plants and of two dye makers; the latter, however, only through protracted negotiations with German officials who forced the giant combine to overpay. Through a partnership with the explosives firms Dynamit AG Troisdorf and Westfälisch-Anhaltische Sprengstoff (WASAG), both of which Farben controlled, it also added a munitions firm at Ober Lazisk in Upper Silesia that had belonged to Swiss investors, and then independently acquired a formerly French-owned coal mine near the city of Auschwitz.[21] Most of the other mines in that region went to the state-owned Reichswerke, but the giants of German heavy industry came away with major smelteries: Krupp took control of the Bismarckhütte and Röchling of the Königs-Laura-Hütte through trusteeships.[22]

Seizures of property occurred less frequently in Alsace-Lorraine, unless the owners had fled (or were Jews, as discussed in Chapter 8), so most acquisitions had to happen through purchase from often resistant sellers or less securely in the form of Reich-authorized "godparent companies" (*Patengesellschaften*), a kind of leasing arrangement pending the conclusion of a peace treaty with France.[23] Some factories of immediate military value were quickly confiscated, however, and redistributed: a machinery maker near Mulhouse to Bosch, three munitions firms to Quandt's DWM, and a maker of airplane engines in Colmar to Daimler-Benz, which rapidly stocked the site with machinery plundered from elsewhere in France.[24] But even in this respect, the looters did not have free rein. Daimler-Benz failed to obtain a nearby Bugatti plant and lost out to other claimants for several sites useful in making truck components.[25] IG Farben succeeded in taking over two dye manufacturers and an electrolysis facility, and a subsidiary that it co-owned with Linde's got a trusteeship over an oxygen maker that once belonged to a firm that had merged into Farben. But the lease for a second oxygen maker encountered political obstacles because the chief of the German civil administration feared being "accused of favoring the large concerns," therefore delayed the deal, then refused to sanction a forced sale.[26]

Further complications resulted from the fact that Alsace-Lorraine's coal and iron deposits were more valuable than those of Upper Silesia, while sharing with them the peculiar status of often having been German property before the boundary changes that followed World War I. Competition for assets among large mining and metals firms thus became more intense, more consequential, and sometimes more bitter than in the annexed parts of Poland. As head of the Four-Year Plan, Hermann Göring was decisive in distributing the spoils, along with his associate Paul Pleiger, the general director of the Reichswerke. They opted for a self-interested, but still somewhat more cautious course than Göring's usual freebooting attitude toward German takeovers of companies in occupied or allied states. The Aciéries Réunies de Burbach-Eich-Dudelange (ARBED) combine of steel and iron producers based in Luxemburg retained its nominal independence, and while several of the traditional German giants in the field – Vereinigte Stahlwerke, Klöckner, Wolff, and Röchling – got back some of or all their prewar property, other significant German claimants – Krupp, Mannesmann, and GHH – came away with nothing. The big winners were, of course, the Reichswerke and Friedrich Flick, who cultivated Pleiger's favoritism; only they pocketed property to which they had no historical ties. Flick's acquisition of the substantial Rombacher Hüttenwerke vaulted him ahead of Krupp as the third-largest producer of steel in the Reich, behind only VS and the Reichswerke.[27] Hermann Röchling, as the preeminent heavy industrial figure in the neighboring Saarland, felt deeply disrespected and protested angrily but futilely against the preference shown to a man he disparaged as a profiteer and upstart.[28] Another disappointed corporate chaser of lost assets was more circumspect. After Göring declined to restitute eleven Alsatian potash works to Wintershall and allocated them instead to the state-controlled Preussag firm, the former's disappointed board members resolved "in consideration of the present political situation, to handle in strict confidence" any reference to their unsuccessful effort.[29]

Both Wintershall's caution and Röchling's fury reflected their firms' dependence on political authorities for expansion into occupied Europe. Enterprises' gains in the annexed regions required official sanction, as did the more tentative and scattered ones by Röchling, WASAG, Daimler-Benz, and Quandt in the so-called General Government (GG), the nonannexed but German-occupied part of prewar Poland. This fact underlined the need for good relations with sometimes competing military, governmental, and Party decision-makers.[30] Ambitious firms' sensitivity to pleasing key offices was especially great after the Economics Ministry asked industries in the summer of 1940 to submit their objectives for a New Order (*Neuordnung*) of the European economy in anticipation of a peace conference to ratify the Reich's triumphs. Many enterprises understood this as an opportunity not only to outline prospective tariff and market-dividing policies, but also to draw up "shopping lists" of possible takeovers.[31] In this respect, the documents corporations and business associations prepared soon proved dead letters, since the prospects for a quick peace disappeared in the fall of 1940 with Germany's failure in the aerial Battle of Britain. The Reich's need to enlist the collaboration of industries in allied and occupied states thereafter became an argument with which German authorities, the relevant governments, and the owners of those industries could postpone attempts at "Germanization" until the war's end.[32]

The New Order documents expressed not only corporations' soon mostly frustrated aspirations in occupied Western Europe, but also firms' increasing acceptance of Nazi economics. Gone was talk of an eventual return to unfettered international trade or normal peacetime conditions or a separation of the state and the economy. In effect, the supplicants conceded that the future belonged to a continent-wide form of the regime's self-sufficient, militarized, and "mixed" economy in which the fortunes of a private enterprise depended on proving its value to the collective.[33] And this recognition was not mere eyewash designed to disarm the recipients. It mirrored the expectations that executives outlined to each other at the time. In July 1940, Hermann Schlosser described the emergent Great European Economic Sphere (Grosswirtschaftsraum Europa) to his colleagues at Degussa as follows:

> [T]he foundation of autarky will … be extended to the whole Sphere … with the maintenance of a very strong military.… [F]urther accelerated expansion is to be expected in the vast majority of fields.… If, rightly or wrongly, the initiative and tempo of expansion on a private economic basis become viewed as inadequate, then the danger of not only a planned but also a state-imposed system will be strengthened.… [T]he tendency expressed by the Hermann-Göring-Werke will be reinforced yet again if business does not exploit its chances sufficiently.[34]

In the world Nazi aggression had created, the state could disappoint German firms regarding commercial arrangements and acquisitions, at least for the present, but an enterprise had to think twice before disappointing the state. The best a corporation could hope for was respect for its expertise and a reasonable rate of return as it operated within the mixed system. That this seemed enough to most leading German executives in 1940 attested to the effects of military victories in vindicating the system and the persistent belief that it could be made to work to at least sufficient advantage. That belief drew strength from the receptivity of Fritz Todt, the new Weapons Minister, to corporate recommendations designed to simplify and rationalize the most routine irritants that accompanied manufacturing for the Nazi state, namely its manifold regulations, intrusive price controls, and ill-coordinated and perfectionist procurement processes.[35]

Arguably, the period from mid 1940 to mid 1941 marked the high point in business–state relations during the Third Reich, the interval in which private and public purposes worked most in harmony. One sign that optimism and identification with the regime prevailed in corporate circles may have been the upward bump in executives' enrollment in the NSDAP during 1940, though members' recorded sign-up dates are not always reliable, and less affirming motives may have played a part.[36] Such attitudes may also have underlain, and were certainly buoyed by, the enormous "investment boom, the like of which had never before been seen by German industry" that now took place.[37] The scale of what happened was epochal enough, including: (1) massive commitments in early 1941 to constructing a triangle of synthetic fuel and rubber plants at Blechhammer, Heydebreck, and Monowitz in Upper Silesia, the former a subsidiary of the Reichswerke, the latter two offshoots of IG Farben, altogether costing some 1.3 billion Reichsmark;[38] (2) huge expansions of aluminum output in Norway and at home, planned in 1940–41 at an estimated cost of 1.5 billion Reichsmark, along with outlays authorized by the Air Ministry for vast new manufacturing facilities for planes and aircraft engines that came to 763 million Reichsmark between December 1940 and March 1941 alone;[39] (3) gigantic extensions of tank assembly lines at Genshagen and Berlin (Daimler-Benz), Kassel (Henschel), and Sankt Valentin (Reichswerke) that cost hundreds of millions more Reichsmark;[40] and (4) even substantial corporate commitments to projects of only marginal or remote military value, such as Oetker's expansion into a large new factory complex in Hamburg and Degussa's decision to build a giant Concern Works (Konzernwerk) to consolidate and update its scattered and often outmoded facilities, for some 23 million Reichsmark, at a time that the firm was expending other millions to increase output at just those candidates for replacement.[41] Private enterprises did not have carte blanche, but Germany's armaments industries, even some arms-adjacent ones, seemed to have arrived in what Werner Abelshauser calls the "financial version of the legendary land of abundance (*finanzielles Schlaraffenland*)" – so much and so long as they could unite their goals with those of the regime."[42]

Not only was much of German industry awash in money, to the delight of many executives principally concerned with plants and production, but also the sources of that funding and the places it was being spent were undergoing significant shifts.[43] The state was becoming the predominant provider of capital. It flowed directly through the burgeoning Montan scheme, ministerial grants and other subsidies, and the setting of commodity prices and tax policies that subsidized special construction sites, notably Farben's synthetic rubber factory at Monowitz, and indirectly via loans from various publicly owned entities, especially the Bank der Deutschen Luftfahrt, colloquially known as the Aero-Bank, the Bank der Deutschen Arbeit, and the Reichs-Kredit-Gesellschaft.[44] The state's interests also increasingly dictated the eastern locations of new factories, among them Farben's rubber plant and the other parts of the synthetics triangle in Upper Silesia, Krupp's impending choice of Breslau for its large and ill-fated Bertha Works (Berthawerk) to make artillery, and even Degussa's Concern Works at Fürstenberg an der Oder, chosen as much for its centrality to the Reich's expanded *Lebensraum* as for its proximity to supplies of coal.[45] In short, the center of gravity of German industry was moving, both financially and geographically.

These trends outlasted the addition of the USSR and the USA to the list of Germany's enemies, but the relatively harmonious nature of business–state relations under Nazism did not. For one thing, developments regarding the occupied Soviet Union suggested that even Schlosser's depiction of the role of private enterprise in the future Reich was too optimistic. In the conquered East, private enterprise would not be able "to exploit its chances" on its own. Instead, during the last half of 1941, the Reich entrusted all captured productive facilities in the USSR to one or another of seventeen new Eastern or monopoly companies (*Ost-* or *Monopolgesellschaften*), consortia of private firms and government entities in which the state had a majority of voting rights and/or board seats. The prototype, designed to have "a model character for the future relationship between the state and business," was Kontinentale Öl, organized as a permanent holding company for not only all captured Soviet petroleum operations, but also those elsewhere in Europe currently owned by nationals of German-occupied or enemy countries.[46] Although the other *Ostgesellschaften* were promoted as mere umbrella structures to assure orderly distribution of operating trusteeships in each industry to suitable German enterprises for the duration, IG Farben's analysts saw through that billing almost immediately, advising the managing board in January 1942 that "reserve is advisable" because large German firms would be needed only for a while, after which "it is deemed desirable that ... the plants in question will not be directed by employees reporting to Germany, but by plant leaders who, in each case, will become independent and take root there."[47] As if to confirm that suspicion, four months later a decree confirmed that a right to acquire did not come with a trusteeship.[48] When German officialdom began allocating trusteeships in the latter half of 1942, it slighted Farben and made sure, at Pleiger's direction, that the major Ruhr mining and steel firms each took charge of individual plants. But the Reichswerke and Flick came out well ahead, notably through another public–private blending, their jointly formed Dnieper Steel (Dnjepr Stahl), which controlled the concentration of steel mills at that river's bend.[49]

Uncertainty about their place in the economic development of a German East contributed to the subsequently limited involvement of German big business there, along with the brevity of German rule and corporate short-handedness. Of course, several large enterprises delegated specialist teams to serve the occupation's purposes, notably Philipp Holzmann at numerous locations, including the effort with Siemens-Bauunion to restore electric power output to the Dnieper steelworks and the Donetsk Basin.[50] But the only real base (*Stützpunkt*) for eventual corporate penetration of the East became Riga in Latvia, where numerous firms set up commercial bridgeheads of one form or another.[51] Even these were generally relatively modest, with the ever-opportunistic Friedrich Flick providing a very partial exception to the rule. As part of his effort to vertically integrate his steel operations with the construction of railroad cars, he pursued the formerly state-owned Vairogs wagon-building company in Riga and beat out Krupp by promising also to manufacture gun mounts for the military, but then barely got by making nails, horseshoes, and miscellaneous iron goods at a small profit.[52]

More disconcerting to large corporations than trepidations about the conquered East were the multiple signs that in late 1941, as Adam Tooze memorably remarks, "the German war economy began to come apart at the seams."[53] Growing awareness of the situation set off two reactions in Berlin that continued for the rest of the war: frantic attempts to reverse the mounting material advantages of Germany's enemies and determined efforts to place blame elsewhere. The problems that now seemed to arise on all sides did not stem from inadequate economic mobilization on the part of the Reich in the preceding two years, as the first postwar generations of historians thought, thanks to self-promoting accounts by General Georg Thomas of the army's War Economy Office (Wehrwirtschaftsamt) and the man who later pushed him aside, Albert Speer. Inputs had been adequately activated, but the Reich had too few of them, and their ratio to outputs was suboptimal, largely because many German firms clung to quasi-artisanal production processes and the Reich's military procurement offices proliferated requests for redesigns and refinements. These mutually reinforcing circumstances worked against serial mass production.[54] Despite big gains in German output of military hardware since 1939, Britain still outpaced the Reich in most categories, even though both countries were spending approximately the same share of net national income on the effort.[55]

By the second half of 1941, ceilings in German supplies of key raw materials, especially coal, iron, and the resulting steel, but hardly limited to them, already had led to extended backlogs in deliveries of armaments, essential equipment, and building supplies. The waiting period for a completed locomotive, for example, came late in the year to fourteen months; for a freight car it was eight months.[56] Shortages and bottlenecks turned into further delays in plant construction – Ewald Löser of Krupp noted that he had more money than he could invest productively – and into something more immediately debilitating to the German war effort: the need to trade off one form of output against another – for example, ammunition against armor, tanks against planes, submarines against rockets – because the Reich simply lacked the materials from which to make adequate amounts of more than one or two of these categories at a time.[57] To put the matter differently, German arms production expressed a sort of hydraulic process, going up for products to which rather inelastic supplies of steel and somewhat looser ones of labor flowed, and down for products from which they ebbed.[58] After the war, one of IG Farben's executives invoked a different metaphor, comparing manufacturers in wartime Germany to "people who have to cover themselves with too short a blanket: the more one succeeds in attempts to be well covered, the more the other must suffer."[59] Having begun the war before the country was sufficiently provisioned, the Reich not only had failed to make good on its deficiencies by 1941, but actually deepened them by attacking enemies much better resourced than the territories brought under its sway, whose productive capacities it tended, in any case, to pillage rather than effectively harness.[60]

A harbinger of the crises and clashes that now began spreading had appeared during 1940 in the form of gathering antagonism between the Reich Air Ministry and the makers of German aircraft and their engines.[61] The leaders of these companies – Franz Josef Popp at BMW, Ernst Heinkel and Willy Messerschmitt at the companies that bore their family names, and Heinrich Koppenberg at Junkers – struck impatient procurement officers, above all Erhard Milch of the air force, as more interested in the technical quality of their products than their scalability to mass production in the near term. Repeated delays in delivering serviceable versions of much heralded engine and plane models, coupled with the clear inferiority of both those sorts of Germany's current equipment in the Battle of Britain, brought the tensions out in the open in February 1941, when the Ministry commissioned a report that raised the possibility of ousting Popp. By the spring of 1942, Milch had disempowered and/or removed all four of these executives, as well as the head of Focke-Wulf, in part by threatening their boards with government commissars to run the plants or even with a court martial (*Kriegsgerichtsverfahren*).[62] His victory cleared the way for greater reliance on assembly line production of a limited range of aircraft models, but also discouraged innovation, resulting in a policy of "procurement instead of development" (*Beschaffung staat Entwicklung*), that is, quantity over quality.[63] Already inferior to Allied aircraft, Germany's air fleet grew steadily more so.[64]

Milch's sort of official bullying became increasingly common during 1942, and it proliferated against a backdrop of government actions designed to fend off inflation by clawing back at least some of the regime's profligate spending from businesses that had benefitted. In rapid succession, the Reich raised the corporate tax rate from 40% to 50% to 55%, cut the officially permitted profit rate on government contracts for 1940–41 by one-fifth, applied the new figure retroactively to income in 1939–40, imposed a complicated excess profits tax that set corporate earnings in 1938 as a baseline, and introduced a new pricing system for state purchases that transferred the rewards of reducing production costs from firms to the state. Wilhelm Zangen, the infuriated head of the Reichsgruppe Industrie, threatened to resign, but then backed down, perhaps because the effects proved more irritating than crushing.[65] To be sure, in tandem with constant pressure from government and military buyers for special rates and rebates, these measures drove down profit rates. Merck's fell as a share of capital from 12.5% in 1936 to 6.8% in 1943, Oetker's as a share of sales from 15% before the war to 4.5% in 1940, after the retroactive provisions kicked in.[66] Makers of airframes maintained relatively constant average earnings, but the return on sales of the most profitable among them dropped from 10% in 1939 to 7% in 1942.[67] The state taxed away about 75% of Flick's sales of armored vehicles and shell casings, and Continental Rubber had to refund almost 13.4 million Reichsmark to the Wehrmacht in assessed overcharges for 1940–42.[68]

But the curtailments proved bearable because the remaining returns were more than adequate and because state-owned banks advanced copious funds to such overleveraged arms firms as Quandt's DWM and Heinkel.[69] Moreover, revised regulations in mid 1941 regarding caps on corporate dividends permitted firms to issue considerable blocks of new stock, which translated in later years into payouts that escaped increased corporate taxes.[70] What stung was the implicit charge of profiteering and the accompanying, seemingly endless haggling over who owed whom how much. Firms complained about being subjected to repetitive, time-consuming examinations of their cost calculations by multiple agencies applying different standards, and thus to a veritable "competition of the price controllers" (*Konkurrenz der Preisprüfer*).[71]

Along with such annoyances came the Party's steadily rising pressure on corporate leaders and the regime's increasing insistence on controlling firms' strategic decisions. Despite such measures as presenting lavish birthday presents to Hermann Göring, Allianz insurance could obtain little relief from continuous agitation by the Gauleiter of Pomerania for the nationalization of their industry, even though the matter had been officially put off until after the war.[72] The postponement may have made at least one group of businessmen wonder whether victory would be entirely preferable to defeat. In 1941–42, Gauleiter Jakob Sprenger of Hessen-Nassau, which included the important commercial center of Frankfurt am Main, not only stepped up the Party's longstanding efforts to expand its presence on the managing and supervisory boards of firms in his region, but also conducted investigations of the political reliability of current members.[73] Sprenger already had maneuvered his economic adviser Wilhelm Avieny into the chairmanship of the managing board at the aryanized Metallgesellschaft at the end of 1940 and used indiscreet remarks by the wife of the business manager of a Degussa subsidiary, Heerdt-Lingler GmbH, both to force him out of office and to block Degussa's choice of successor in mid 1941, with the result that the post went to a veteran Party member.[74]

The Gauleiter's reach extended even into the middle ranks of executives at the nearby Hoechst plant of IG Farben, where a protégé became head of the health insurance fund earlier that year and promptly drove out the leader of the legal department on grounds that he was "opposed to the Reich, the Fatherland, and the Party."[75] Early in 1942, Sprenger took the side of Bernhard Pfotenhauer, the chief manager of the Merck chemicals and pharmaceuticals firm in Darmstadt, in a dispute with two of the four brothers who owned most of its shares. They agreed to withdraw to the status of silent partners after Sprenger threatened to impose a commissar to run the enterprise.[76]

At the national level, disputes with Party officials or agencies resulted in a wave of prominent business leaders being ousted in 1942: Paul Reusch atop MAN in February and his son Hermann that June in reprisal for the older man's treatment of a politically connected subordinate; Ernst Poensgen at the head of VS in June after he objected to the exclusion of industrial leaders from the staffing of the new Reich Iron Association (Reichsvereinigung Eisen); Otto Hoppe from the managing board of Daimler-Benz in September as the price for accepting Wilhelm Haspel, a man with a Jewish wife, as that body's new chair; and then, in the aftermath of Martin Bormann's largely abortive drive to get prominent Nazis named to leading positions at the major joint stock banks, the appointment of Karl Rasche of the Dresdner Bank managing board in December as speaker for the bank in place of the supervisory board chair, Carl Goetz.[77] Though these personnel changes were not widely publicized, they were whispered about in business circles and they made an impression, especially in the context of other forms of pressure that prompted the addition of National Socialists to assorted corporate boards, including that of Alfred Teves KG, which was tied to Continental Rubber.[78] At the end of the year, the increasing readiness of Party spokesmen to question the loyalty of business leaders caused the Freudenberg brothers, who owned and ran their eponymous shoe concern, to fear subjection to a trustee and thus to abandon their longstanding reserve and enroll in the NSDAP.[79]

Party pressure on business leaders attested to a mounting sense of urgency, not to say desperation, about the German war effort, as did the simultaneously increasingly dictatorial stances of government officials. When Milch issued a decree in April 1942 that no firm working in the aircraft industry could pursue development projects without his knowledge and agreement, he took a major step toward, in effect, nationalizing the producers, and he followed it up with a clear threat: "Anyone who offends against this order will be put before a special court. The profits of at least a year will be stripped from the relevant plants as additional punishment."[80] An almost as significant figure in Milch's mold was Johannes Eckell, the head of the chemicals sector in the Office of German Raw Materials within the Four-Year Plan. Employed by IG Farben until 1936, he had long since become a civil servant and transferred his loyalties to the state and his considerable dedication and energy to fulfilling its needs, which made him a thorn in the side of Germany's producers of synthetics and their derivatives.[81] One such substance was carbon black (*Ruß*), and Eckell had driven expansion of its output and the facilities that made it faster and farther than Continental Rubber and Degussa, the co-owners of the principal manufacturer, thought warranted.[82] This pattern continued after 1939, especially as applied to the location of a new carbon black factory at Gleiwitz in Silesia, where the installation would be safe from air raids.[83] Conversely, he used his virtually unchecked authority to block development or expansion plans that Degussa believed had greater commercial potential.[84] Accustomed to successfully browbeating Continental's managers, Eckell often summoned them to meetings in Berlin at which he reduced them to "compliant recipients of orders and executors of instructions (*willfährige Befehlsempfänger und Anweisungsexekutoren*)".[85]

Treatment of this sort underlies Paul Erker's judgment that "the year 1942 marked the beginning of a process of disillusionment and distancing on the part of large segments of the business leadership."[86] As yet, the process was incipient and incomplete, partly because the system of rings and committees that Speer took over from Todt and expanded gave corporate executives greater authority over the realization (though not the setting) of production targets, and these leaders deployed what they had learned since 1939 to bring greater degrees of coordination, rationalization, specialization, and standardization to industrial operations.[87] Moreover, these trends had welcome market-clearing effects, favoring the largest and most efficient producers and increasing their dominance of their fields. Merck benefitted from the reduction of the number of medications produced in Germany from 37,000 to 1,200 during the war, its sales rising by 47%.[88] Oetker and its subsidiaries sold more by volume and income during the war than before, not least because they monopolized baking-powder output from January 1942 on, and their position insulated them from labor drafts.[89] One of the clearest beneficiaries was Degussa's precious metals division, whose gross and net profits rose steadily until 1944, even though the quantities of precious metals passing through its hands fell. The militarization of its output virtually eliminated marketing costs and focused output on a limited range of products that could be made by few workers. While the types of silver solder compounds fabricated dropped from 120 to 15, nineteen of the firm's thirty competitors had to close.[90] Finally, as still another inducement to loyalty, many executives realized that they were fighting on two fronts, not only against the prospect of defeat by the Allies but also against the possibility of defeat at home if firms were found wanting. As Hermann Röchling reminded members of the Reichsvereinigung Eisen shortly after his appointment as its head in June 1942, "Unheard of achievements will have to be completed for private enterprise to demonstrate its justification for existence.... In the end, this is about whether private enterprise can deliver the successes that we need, or other organizational forms will be required."[91]

These motivations – along with the pull of patriotism in a time of obvious national emergency and the application of massive waves of compulsory labor and short-lived bursts of coal or steel supplies to specific key industries – account for the surge of German war production in 1942 and early 1943 until massive Allied air raids in the spring of the latter year stopped the increase dead in its tracks for the next nine months.[92] Once the Allies acquired air superiority over Germany and the inexorable retreats from Stalingrad and North Africa began, many of the executives drawn into the rings and committees and charged with the supposed "self-administration/self-responsibility of the economy" (*Selbstverwaltung/Selbstverantwortung der Wirtschaft*) increasingly grasped that they were engaged, at best, in triage and, at worst, in cannibalization. Tasked with the most efficient achievement of politically determined production priorities, corporate leaders labored to squeeze ever-more output out of quantitatively and qualitatively constant or diminishing inputs while acquiescing or participating in the diversion of some of these to the development of supposed "miracle weapons" (*Wunderwaffen*) that were unlikely to alter the course of the war.[93] While obtaining an overview of the Reich's condition was difficult, managers knew the contradictions and impasses that they were contending with, and some sensed the mythification behind Speer's claims of an "armaments boom" and the regime's promises of a war-changing arsenal. By late summer 1943, the SS Security Service (Sicherheitsdienst; SD) reported that "among senior industrial leaders ... there was no longer anyone who believed in the possibility of a German victory."[94]

Albert Speer, however, was a faithful practitioner of Nazi economics, a true believer in the triumph of the will. Refusing to accept that Germany could not win, he redoubled his efforts to make the business world serve the Nazi regime's purposes. One expression of his persistence was the increasing (and increasingly barbaric and futile) use of forced and slave labor in the German economy described in Chapter 7 of this book. Another was his willingness to replace industrial magnates who did not meet his production targets, such as Rudolf Blohm at the head of the Main Committee for Shipbuilding in June 1943, and to threaten firms' economic futures.[95] That March, Speer coupled his instructions to Bosch to expand its production of radio equipment and other military electronics and to locate "a considerable portion of the new capacities in the East of the Reich" with the warning that in the event of noncompliance he would assign the firm's relevant patents to other producers. Within months, Bosch established a new subsidiary, the Siling-Werke GmbH, to fulfill Speer's wishes, and it commenced operations in several vacated textile factory sites in Lower Silesia.[96] Still a third sign of Speer's determination was his increasing insistence on closing consumer goods factories in order to claim their workforces and infrastructure for arms production.[97]

Speer's demands were all the more difficult to resist because, as Tim Schanetzky writes, "in the raw materials field and industry, a civilian market scarcely still existed."[98] By 1943, military expenditures came to 70% of the Reich's total national income, and more than 100,000 enterprises delivered all or most of their output to the war effort.[99] Sales to the German state and/or military accounted for 95% of WASAG's business, 80% of Continental Rubber's, 85–90% of Quandt's battery makers', 69% of IG Farben's, and about 70% of Degussa's, including its Auer subsidiary.[100] Even the Dresdner Bank thought at about the same time that almost 70% of its business was with "public" rather than "commercial" entities, above all with the SS, while half of the Commerzbank's ten largest borrowers were government-owned.[101]

As Speer and other officials escalated demands for the shifting (*Verlagerung*) of productive capacities toward locations that Allied aircraft could not detect or reach, the increasingly "dictatorial character" of economic "self-administration" became apparent.[102] The rise of Hans Kehrl and his Central Planning Office (Zentralplanungsamt) in Speer's apparatus and the accompanying eclipse of Carl Krauch of IG Farben testified to this general direction in government policy, though wartime conditions hindered the fulfillment of Kehrl's aspirations.[103] To ensure corporate pliability, the regime not only engineered the appointments of more and more trusted Party members to managing and supervisory boards – for example, at the Deutsche, Dresdner, and Commerz banks in the fall of 1943 – but also moved vigorously to punish executives accused of "undermining [the] fighting spirit" (*Wehrkraftzersetzung*).[104] Two directors of Deutsche Bank branches paid the ultimate price for outspokenness that autumn. After coworkers turned in Georg Miethe of Hindenburg in Upper Silesia in August for calling Goebbels an "ape" and a "shit," Göring a "stuffed belly," and Hitler a "swindler," the regime not only executed him on September 21, but also made a public example of him in an article in the Nazi Party's national newspaper, the *Völkischer Beobachter*. The turn of Stuttgart's Hermann Köhler at the guillotine came in November because he had been overheard on a train predicting the quick demise of National Socialism, which "was in any case nothing more than a fart."[105] In the meantime, Wilhelm Ricken, the general director of the Rheinisch-Westfälische Elektrizitätswerke, was arrested for telling his directors in September 1943 that "the war will end already in this year, and as it did in 1918." Not condemned to death by the infamous People's Court (Volksgerichtshof) until March 1944, his execution followed that May.[106] As yet, those punished were held responsible for political criticisms, not economic failings, but the distinction may not have been clear to executives at the time. Henceforth, in the words of Ludolf Herbst, much of the Nazi regime's popular support, especially in business circles, "never again rose above an apathetic willingness to hold out.... One followed the regime because no other course remained, because one could not escape, and because its leadership still showed sufficient resolve to prevent that with naked force."[107]

The slow "decoupling" of big business and the Nazi regime that took place during the last two years of World War II was partially concealed and overlaid by the frantic government-mandated program of burying manufacturing operations underground or in bunkers. Many business leaders opposed the drive as both counterproductive to the war effort and futile but ultimately took part for the sake of asset preservation (*Substanzsicherung*) and hid their reservations behind speeches larded with "perseverance phrases" (*Durchhalteparolen*).[108] Conveying how simultaneously massive, consuming, frenzied, and chaotic the regime's efforts to sustain industrial output were is difficult in retrospect. That Siemens alone had almost four hundred scattered "war transfer workplaces" (*Kriegsverlagerungswerkstätten*) by the end of 1944 suggests something of the scale involved.[109] Only a few blinkered and/or fanatical executives, such as Ferdinand Porsche and his son Ferry, embraced the program enthusiastically, but everywhere it "acquired a life of its own and swallowed the last remnants of productivity" as "arms production exhausted itself in mere preparation" and "an extreme disproportion between gigantic production plans and actual results" unfolded.[110] The same disproportion characterized the surges in arms output that Speer touted in 1944, which were not nearly what they seemed because the statistics were doctored and the equipment produced often obsolete, defective, or bombed out in transit.[111]

To the effects of Allied bombing, which the Arms Ministry estimated reduced potential tank production by 35%, aircraft output by 31%, and truck completion by 42% during 1944, were now added those of "the scattering of production processes, accompanied by absurd wanderings of men and machines."[112] Many of the caves in which factories were crammed proved scarcely suitable to manufacturing; numerous transferred installations barely had time to get set up before having to move again because of other occupants with higher priority or enemy advances; machinery frequently arrived before raw materials or vice versa; and Allied aerial spotters proved adept at locating and striking bunker sites, as well as smashing the transportation network on which dispersal depended.[113] Erich Zipprich, the production director at BMW, estimated in late 1944 that the shifting of production back and forth from the main plant at Allach to a tunnel in Alsace over the preceding eight months had both cost a fortune and cut output of airplane motors by 2,000 to 3,000 units.[114] Yet a "transfer euphoria" (*Verlagerungseuphorie*) akin to the faith in "miracle weapons" drove policymakers, while executives went along in the spirit of a remark in April 1944 by Wilhelm Haspel, Daimler-Benz's managing board chair, that "one thing is clear: whoever manages to maneuver his productive capacity beyond the end of the war will be in the strongest position."[115]

In other words, the dedication to corporate interests that once had made industrialists adapt to National Socialism now made them intent on outlasting it, once again with scant regard to collateral damage. Self-centered pragmatism now argued for cautious, creeping detachment, at least in some quarters. Of course, one had to be circumspect – hence the involvement of key business figures throughout 1944 in assorted "peace-planning" groups, ranging from Ludwig Erhard's small free-market-oriented Institute for Industrial Research (Institut für Industrieforschung) to the Economic Ministry's own Working Group for Foreign Trade Questions (Arbeitskreis für Außenwirtschaftsfragen) supervised by Otto Ohlendorf of the SS, which assumed the continuation of the Third Reich.[116] Günther Quandt and Friedrich Flick made only modest moves to insulate themselves or their holdings in anticipation of defeat.[117] August Rosterg, the head of Wintershall, saved his own skin by taking up residence in Sweden, but did nothing to alter the inheritance provisions he had laid down in 1941 for his controlling shares in the enterprise.[118]

But the first overt signs of stronger efforts to "save what is savable" already had emerged in 1943 among the leaders of Daimler-Benz and Degussa, who began discouraging further investment, first in military production and then in repairing bomb damage, as a means of husbanding resources "for a perhaps one day to be expected, rapidly occurring peace."[119] Their first round of reticence proved brief, but in October 1944, after a Degussa executive seconded to the Armaments Ministry charged that the firm "lacks enthusiasm for action," he got an answer from Hermann Schlosser that adamantly refused henceforth to "use the property of others, namely the money of Degussa's stockholders, to finance things that clearly are tasks of the state."[120] The firm's chief executive thus asserted a distinction between private and public obligations that defied Nazi ideology. His finance director already had redeemed all of enterprise's accumulated tax rebate certificates and sold its 28 million Reichsmark in "government bonds and … investments in purely war industries" for cash, while the operating divisions had begun disentangling Degussa from military development projects and issuing instructions against destroying factories as German forces retreated.[121] Other companies pursued different forms of self-preservation. Between mid 1943 and mid 1944, WASAG split itself into two corporations, one for primarily civilian uses, the other for military ones.[122] IG Farben made tentative steps in the same direction but then held back.[123] Even the Dresdner Bank simultaneously sold off most of its stocks and reduced the state share of its paper assets to 60% in 1944 as part of an effort to raise its liquidity in preparation for unpredictable needs, that is, defeat.[124]

These signs of widening divided loyalties, along with the involvement of several people with corporate ties at the fringes of the German Resistance – Carl Wentzel of the Dresdner Bank's supervisory board and Erwin Planck of Otto Wolff, both of whom were executed, plus Carl Goetz of the Dresdner Bank and several affiliates of Bosch with connections to Carl Goerdeler, all of whom survived him – occasioned furious attacks on "reactionaries" and "saboteurs" by Party and state officials in the final phase of the war.[125] Rumors spread of threats by Martin Bormann of the Party Chancellery, Ernst Kaltenbrunner of the SS, and Goebbels to round up prominent business leaders, threats that seemed all the more credible in the context of a pledge by Karl Otto Saur of the Arms Ministry in early 1944 "to break the conceit of the concerns" (*Konzerndünkel zu brechen*) and Erhard Milch's warning shortly afterward that "whoever asks today what will become after the war of my plant should be hanged immediately in front of it."[126] While things do not seem to have come to that, arrests and prosecutions for perceived derelictions of economic duty proliferated. No less a figure than Rudolf Blohm of his family's shipbuilding firm was convicted at the end of 1944, along with one of his managers, of negligence in preparing a site's air defenses and reprieved only by the intervention of Hamburg's Gauleiter with Göring.[127] Lower down the corporate hierarchy, Zipprich of BMW was accused by Milch of the same offense, reproached by Saur for "sabotage behavior" (*Sabotagehandlung*) in connection with a plant transfer, arrested in mid 1944, and held until February 1945.[128] In September, Speer's ministry charged Wilhelm Scholz, the chair of the managing board of the GHH's Deutsche Werft, with sabotage because of delays in delivering submarines, and the Gestapo took Franz Stapelfeldt of Krupp's Deutsche Schiff- und Maschinenbau into custody in October 1944 for the same reason.[129]

During the Reich's apocalyptic collapse, while simultaneously skirting such dangers and fending off the Führer's commands to lay waste to factories in the paths of the oncoming Allied armies, executives like Hermann Schlosser of Degussa, Karl Winnacker at IG Farben's Hoechst plant, and Hans Constantin Paulssen of the

Aluminium-Walzwerke Singen constantly felt torn between their self-images as soldiers and their senses of corporate obligation.[130] Impulses that had once argued jointly for serving the Nazi regime now diverged. For Schlosser, Rosterg, Karl Merck, Philipp Reemtsma, and many others, recent deaths of loved ones increased the strain, as did the collective shame of impending defeat, flickering feelings of guilt or regret for having cooperated with a regime that had brought about such catastrophe, and foreboding about the future.[131] Some escaped through suicide, notably Albert Vögler of VS, the textile magnates Gottfried and Wolfgang Dierig, Fritz Lüschen and Gustav Leifer of Siemens, Emil Meyer of the Dresdner Bank, and Bernhard Pfotenhauer of Merck.[132] But most already had begun mentally rewriting their pasts in anticipation of a different future. The new versions downplayed business's readiness to adapt to and derive advantage from Nazi economics and expansionism and foregrounded instead corporations' wartime wrangling with unrealistic military officers and the zealous young technocrats who staffed what executives derided as "Speer's kindergarten."[133]

7 EXPLOITATION

During World War II, the Third Reich developed one of the most extensive programs of conscripted labor in world history. All told, it encompassed almost fifteen million people, some thirteen million of them civilians, drawn increasingly involuntarily from occupied countries, and another approximately one and a half million pulled from concentration camps. Faced with a shortage of domestic civilian laborers and reluctant to transfer production on a large scale to Axis-controlled territories, the Nazi regime and German big business jointly exploited this workforce, increasingly treating it as a factor of production to be used up like any other or, especially in the final year of the war, as an expendable means of achieving survival. With the death toll mounting, most of the relevant corporate executives demonstrated their willingness – as the German equivalent of the phrase "to stop at nothing" goes – literally "to walk over corpses."

To understand how this system came to be and became accepted, one should recall that Germans became accustomed to the presence of large numbers of compulsory and/or foreign laborers virtually from the start of the Third Reich. During the recovery from the Depression, many German males had to enroll in the construction projects of the National Labor Service (Reichsarbeitsdienst), which mostly involved land reclamation, and municipalities routed many unemployed men into the poorly paid, fed, and housed units that built the new intercity highways (*Autobahnen*). Later in the decade, obligatory short-term drafts diverted hundreds of thousands of otherwise employed personnel into the newly formed Organisation Todt (OT) to build the Westwall, Hitler's Rhenish counterpart to the Maginot Line.[1] In April 1939, manual labor became required of German Jewish men between the ages of 16 and 65, most of whom had lost or were in the process of losing their jobs. While many were assigned to communal agencies for tasks such as street cleaning and snow removal, others went to work for private industry, including the largest single contingent at the giant Siemens factory in Berlin.[2] On the eve of World War II, there were also hundreds of thousands of non-Germans performing seasonal, mostly farm work within the Reich's borders.[3]

After the victorious campaigns in Poland and France, battalions of POWs assigned to agricultural and non-arms-related industrial tasks became familiar sights in Germany. Soon, they were joined by large contingents of civilians from occupied countries, pushed out by depressed labor demand at home and pulled in by the Reich's intensifying worker shortage, a consequence of the Wehrmacht's simultaneously voracious appetites for men and materiel. Though initially recruited on an outwardly voluntary basis and mostly from Western Europe, such laborers came in 1942 and after predominantly under duress and from Germany's eastern domains. Whatever their origins, the increasingly convergent categories of foreign and forced workers (*Fremd- und Zwangsarbeiter*) were subjected to a descending hierarchy of payment and treatment according to the Nazi appraisal of the "racial value" of their nationality.[4]

This pattern of resorting to conscripted, increasingly non-German labor stemmed from ad hoc, state-driven policy choices, but the leaders of German big business contributed significantly, albeit indirectly, to the vast expansion of the practice during the war. Most of them flatly rejected one of the few feasible other ways to sustain current production while simultaneously increasing arms output – namely, by shifting some civilian fabrication to underutilized factories and workforces in allied or occupied states, thus freeing up German plants and personnel for military needs – on the selfish grounds that such transfers might lead to loss of trade secrets and know-how.[5] Such concerns were not the only reason that the Reich concentrated production at home, but corporations' reluctance to export manufacturing strengthened the arguments for importing labor.[6] Worse, as the terms of importation grew crueler, dedication to corporate self-interest enabled that trend. Even when aware that deficient housing and provisioning of foreign employees detracted from their usefulness, enterprises generally deferred to the responsibility of Nazi Party or governmental organizations, such as the DAF or the OT, for such matters. Firms intentionally turned a blind eye to ill treatment in order to avoid expending time, money, and political capital on remedies.[7]

By early 1942, even industries like hard coal mining that initially balked at employing drafted labor had changed their minds.[8] Before that year was out, almost five million foreigners, already a majority of them conscripts, were at work in every economic sector of the Reich, and German big business had incurred considerable blame for the extent and callousness of the system under which they toiled.[9] Yet their number, even as it swelled to some 6.8 million at the end of 1944, could not keep up with the Reich's burgeoning needs, and mounting desperation opened the way to further barbarism. This took the form of a steady deterioration in the living and working conditions of forced laborers, especially those from Eastern and Southern Europe. Their treatment came to approach that meted out to a different, still more abused category of more than 700,000 other participants in the Nazi workforce by early 1945: the slave laborers, most but not all of them Jews, drawn from Nazi concentration camps.[10]

As German industry rapidly adapted to, indeed helped accelerate, the expansion and degradation of the forced labor system, the corporate world's implication in the parallel program of slave labor – that is, the rental of unpaid camp and ghetto inmates from the SS in return for daily fees pegged to gender and level of skills – developed more haltingly. The laggard pace owed more to the cross-cutting ambitions of Heinrich Himmler than to principled objections on the part of executives. The Reichsführer-SS long remained dedicated to immiserating his charges, keeping them apart from the "healthy people's community" and using them as a captive labor force for his organization's own economic operations, primarily stone quarrying, brickmaking, and furniture production.[11] Insofar as he was willing to share the labor of his disparate, often unskilled and debilitated prisoners with other producers, he would do so in the early years of the war only at factories within or alongside his concentration camps and/or where the laborers toiled in "close application" (*geschlossener Einsatz*), which is to say, together in segregated blocks. For most enterprises, the deficient quality of the prospective workers combined with the inflexibility of these stipulations to negate any inclination to contract with the SS. Thus, when the Navy High Command (Oberkommando Marine or OKM) suggested to Quandt's battery maker in Hanover in January 1941 that it take on prisoners from Neuengamme, the company cited these problems as grounds for calling the idea impractical.[12] In general, major firms were seldom willing to engage camp labor and then only in small contingents that could be managed as a unit, as with the thirty to forty-five inmates of Sachsenhausen who worked at Flick's Hennigsdorf steel plant near Berlin from May 1940 to mid 1942.[13]

The few early industrial adopters of slave labor on even a modest scale were firms inclined for idiosyncratic reasons to grasp at an unconventional labor source. That situation certainly undergirded the breakthrough agreement of March 1941 by which IG Farben pledged to provide the SS with per diem payments and building materials for the Auschwitz concentration camp in return for bricks, gravel, and inmates to help build the enterprise's giant factory for synthetic chemicals, especially Buna rubber, at nearby Monowitz.[14] Intent on preserving their monopoly on this militarily vital product, Farben's planners had bowed to the insistence of Nazi authorities on an Upper Silesian location for the new plant, and then chosen a site there that seemed to offer the most favorable topography and access to raw materials, although the spot, like all the other candidates in the region, lacked a sufficient local labor reservoir. However, the firm's plan to solve that problem by bringing in German workers from elsewhere struck impatient officials in Berlin as bound to delay the construction process unacceptably. They therefore urged Himmler to hurry the building along by providing some of his nearby prisoners, and the company quickly concluded the barter arrangement involving up to 1,500 skilled inmates in 1941 and at least twice that many in 1942. Farben thus conveyed the sense of urgency necessary to secure its hold on the Monowitz project. In the process, the firm obtained short-term help with its labor problem while continuing to plan on an anticipated construction force of 12,000 local and imported civilians, followed by a normal operating staff of 15,000 regular employees.

Dependence on the SS to fulfill an exceptional corporate priority also accounted for VW's engagement with slave labor at the beginning of 1942. VW's leaders were determined to vertically integrate by erecting an aluminum smelter but had been checked by Albert Speer's belief that Germany's existing supply of the metal was sufficient and better allocated to aircraft production. They therefore deployed their connections to Hitler and prompted him to authorize Himmler to make prisoners at Neuengamme available for the project. The end run paid off, but only in the short run: Following completion of the plant later that year and the departure of the inmates, Speer made sure the installation never operated.[15] But the deal quickened Himmler's interest in such possibilities. In March 1942, the SS established an Economics and Administration Main Office (Wirtschafts- und Verwaltungs-Hauptamt or WVHA), which heralded a decision to grow the camp prisoner population almost tenfold over the next three years as a means of fattening the income and economic influence of the SS.[16]

The aircraft industry – much of it state-owned and the rest of it state-dominated; staffed, thanks to the exponential growth of the 1930s, by a relatively young workforce that was disproportionately exposed to wartime induction; and dependent on factories often located for security reasons in remote and underpopulated regions – played a pioneering role in the fulfillment of Himmler's hopes.[17] As early as mid 1941, a director of Steyr-Daimler-Puch (SDP) had used his political connections to obtain 300 male inmates from Mauthausen to help build an airplane works in Austria.[18] Later that summer, until engineering problems got in the way, Luftwaffe leaders and BMW executives explored using camp inmates to make aircraft engines at the company's Allach plant.[19] But in 1942, the partnership between the SS and the aircraft industry surged. By midyear, after a rocky start involving inmates too weakened to work, Heinkel was using camp prisoners from Sachsenhausen at its Oranienburg plant.[20] Between March and August, Siemens established a prisoner-built and staffed plant at Ravensbrück whose intended output was electrical equipment for fighters, and Dachau began supplying inmates for the BMW engine factory at Allach. Within a few more months, Sachsenhausen was doing the same for Daimler's airplane motor plant at Genshagen.[21]

These early partnerships between the SS and specific firms remained anomalous until the fall of 1942, when Himmler relaxed his preference for locating major firms' factories in or near his camps, accepted Speer's arguments for the reverse practice, and loosened other terms for leasing his prisoners. Firms that had resisted contracting for inmate labor on the usual per diem basis, notably Krupp and Quandt, began reversing themselves within weeks.[22] In the course of 1943, while the population of SS concentration camps exploded, the number working for private enterprises, especially in the armaments industry, grew much more slowly, but it grew.[23] Improved relations even gave rise to a new form of corporate–camp arrangement in 1943, one by which Messerschmitt provided designs and materials to the SS-owned German Earth and Stone Works (Deutsche Erd- und Steinwerke or DESt) workshops and inmate laborers within Flossenbürg and later Mauthausen, delegated component production to them, and agreed to purchase the output, a system that proved profitable to both parties.[24]

While big business's use of camp inmates began to spread in Germany in 1942–43, this did not yet have much to do with Jews. Most of them had been purged from domestic concentration camps during 1941 under the 14f13 program, which sanctioned the murder of infirm Jewish inmates that spring, and then of the rest in the fall.[25] The male German Jewish civilians compelled to work in German industry during 1939–42 were not, strictly speaking, slave workers, since they were paid as individuals, albeit at discriminatory rates. Jews from ghettos in annexed and occupied Poland constituted a transitional category since they were paid for collectively. Their compensation went usually to the Jewish Councils that nominally administered those communities and purchased food and raw materials with the proceeds, though individuals sometimes also received a small amount of personal "pocket money."[26] By the end of 1941, such personnel were at work at the airplane motor plant at Rzeszow in occupied Poland that Daimler-Benz had taken over, and their number there and at parallel installations in Mielec and Budzyn swelled to 2,100 by mid 1942.[27] But the vast majority of the Jews subjected to compulsory labor in the ghettos of annexed or occupied Poland did not work at this time for major German firms, but for the military, the SS, and ambitious small enterprises. None of the last named were prominent at the time, though at least one of them, namely Josef Neckermann's textile firm of Würzburg, became the springboard to a postwar commercial empire.[28]

To be sure, the forcible use of non-German Jews had begun to spread into Germany proper (the Altreich) on a small scale via ghetto labor, despite Hitler's expressed opposition to the practice because it contradicted his determination to rid the Reich of Jews. The most frequent point of entry was via the ghetto in the city of Lodz, renamed Litzmannstadt by the Germans and annexed in November 1940. Jewish labor columns from there went to work for Philip Holzmann that fall on highways to connect Berlin with Posen and Lodz, and by the spring of 1941 the practice had spread to the use of Upper Silesian Jews on the road from Breslau to Kattowitz.[29] In a similar example of geographical creep, by February 1942 Degussa was relying on some 150 Jews from the Lodz ghetto to help build the new Concern Works that the firm envisioned at Fürstenberg an der Oder, and the German Carbon Black Works (Deutsche Gasrußwerke), a jointly owned subsidiary of Degussa and Continental Rubber, had agreed to include 200 Jews from Upper Silesia as part of the construction force for a new factory at Gleiwitz.[30] July 1942 saw 200 Jews from the Lodz ghetto added to AEG's workforce at Hennigsdorf outside Berlin.[31] At IG Farben's Monowitz plant, also now nominally within Germany after the annexation of Eastern Upper Silesia, the workforce drawn from Auschwitz and its new extension at Birkenau belatedly had started to include Jews. Their number probably came to about half of the fewer than 2,000 inmates at work on the site in the first half of the year.[32]

Later in 1942, the regime's determination to murder Eastern Europe's Jews took precedence over most plans to exploit them, so the already sporadic recourse to Jewish slave labor by large firms in the occupied East generally declined. Big enterprises like Daimler-Benz that staffed vehicle repair shops with ghetto inmates in Riga and Minsk saw their numbers dwindle.[33] Berthold Beitz, the manager of a drilling firm in the southeast of the GG owned by a consortium of large German fuel providers, fought a desperate rearguard action against SS roundups and deportations of his Jewish laborers throughout that year and into 1943. The losing battle ended with him warning what was left of his Jewish workforce to go into hiding.[34] Such heroism was rare, not just because few corporate executives displayed Beitz's revulsion in the face of persecution, but because few of them became implicated in Jewish slave labor at all. Most of the work carried out in the occupied East by German big business took place through consortia (*Arbeitsgemeinschaften* or Arge) in which firms provided expertise and the OT collected, assigned, and usually paid for the compulsory labor forces applied. Sometimes the workers included Jews, as in the case of roadbuilding projects such as Thoroughfare IV (Durchgangstrasse IV) in Galicia and Ukraine involving Philip Holzmann and other construction firms. More often Jews were almost or completely absent, as in the massive effort to restore the giant power plant for the Donets Basin in Saporoschje in which both Siemens and Holzmann took part.[35]

While the massacre of European Jewry was at its peak in 1942–43, the implication of German big business in Jewish slave labor remained limited because few Jews within Nazi reach were left alive, and of those, few were working for the nation's historically large private firms. As late as September 1943, most camp inmates with labor assignments toiled for the SS and within the camps where they were held.[36] That was still true even at Auschwitz, the SS's "flagship in the east," where the prisoner population had grown from approximately 12,000 to some 74,000 thus far that year and become more than one-third of the total inmates registered in the entire SS camp system.[37]

This situation began to change radically as 1943 gave way to 1944, the roundups of forced laborers in occupied Europe reached the point of diminishing returns, and Allied air raids reined in German output of arms and especially fuel.[38] Speer's delusional insistence that the war could still be won led him to insist on throwing tens of thousands more forced and slave laborers at the production problem.[39] Once the Reich embarked on the crazed Fighter Staff (Jägerstab), Geilenberg, and Giant (Riese) programs to bury aircraft, rocket, fuel, and arms manufacturing installations underground, the cost in agony and death exceeded all precedents, as did the complicity of Germany's leading corporations.[40] A *sauve qui peut* mentality took hold of both the regime and private enterprise that heeded neither the economic nor the human costs. Along with the Auschwitz complex, Dachau, Neuengamme, Sachsenhausen, Ravensbrück, and Mauthausen burgeoned into manufacturing hubs. Their satellite prisoner facilities also spread across the German landscape wherever improvised assembly lines needed concealment, construction, or both, or wherever military interests required, as with the construction of the pillboxes and gun emplacements of the Atlantic Wall. As at Auschwitz, though to a lesser degree, the Jewish share of the enslaved inmate population rose, especially after the massive deportations from Hungary between May 15 and July 9, 1944.[41] At the end of that year, the number of recorded camp inmates was almost triple the level of September 1943; roughly 200,000 were too debilitated or sick to work, 140,000 were engaged in subterranean projects, 130,000 labored elsewhere for the government's OT, and some 230,000 figured in some fashion on the rosters of private enterprises.[42]

At every stop on this slide into depravity, corporate executives participated out of a combination of self-interest (*Eigennutz*) and the force of circumstance (*Sachzwang*).[43] Self-interest urged them to sustain production at maximum possible capacity, protect their equipment, and thus avoid arrest, reproach, or induction in the short term and loss of livelihood or employer later. Circumstance presented them with an inelastic, nearly exhausted labor market and thus no other source of sufficient staffing to satisfy their self-interest. The interaction of these perceived compulsions not only caused business leaders' complicity in "annihilation through labor," but also legitimated it in their eyes; indeed, made any other course unthinkable to most of them.

In other words, as much of German industry competed to use up human beings like any other expendable factor of production, a shortage of other workers, not calculations of cost or profit, was the driving force.[44] For most firms, especially producers for the war effort, desperation overcame the numerous inconveniences that went with using weakened, unskilled, intimidated, and closely guarded personnel for unfamiliar tasks, not to mention the restrictions on productivity that one could expect from such workers. Pace and quantity of construction and output became top priorities, rentability and quality secondary considerations. While increasingly exploited foreign, mostly forced laborers came to constitute about one-quarter of the total German workforce, an average of one-third of that in industries related to armaments and one-half in agriculture, more and more firms not only made the requests for inmate laborers that were generally a prerequisite for their allocation, but also began sending representatives to choose prisoners from among camp populations.[45] Flick executives took their pick from multiple SS holding pens, as did Daimler-Benz managers; Robert Pross, the head of Degussa and Continental's carbon black subsidiary in Gleiwitz, went back and forth to Auschwitz several times for that purpose.[46]

All of Germany's major firms did not participate equally in the slave labor system – indeed, even among the firms that did take part, their plants did so quite variably – but virtually no major firm opted out in principle, and no major corporate leader or board left a record of nonconformity on other than practical grounds that the regime could and did sweep aside as it considered necessary.[47] Some big enterprises compiled worse records than others – along with IG Farben, Siemens stands out – while some firms became slightly less implicated than their infamous reputations suggest – for example, Krupp backed away from two projects at Auschwitz.[48] But naming a leading German goods producer that did not become complicit in the slave system is difficult; only the holdings of the Metallgesellschaft and the coal and steel operations of Hermann Röchling appear to qualify.[49] Some prominent firms, for example, Opel and Linde's Eismaschine, did not exploit camp inmates at their core plants but surely or probably did elsewhere, including in the latter case as a subcontractor for IG Farben at Monowitz, where Holzmann also was involved.[50] The parent company of the GHH concern also made no use of Jews or inmates, but more by accident than design, since it had accepted an allocation that was cancelled when a fortuitous new shipment of forced laborers arrived. Meanwhile, two of the GHH's subsidiaries, Cable and Metal Works Neumeyer (Kabel- und Metallwerke Neumeyer) of Nürnberg and German Shipyards (Deutsche Werft) of Hamburg drew hundreds of laborers each from Flossenbürg and Neuengamme, respectively.[51] Similarly, Bosch GmbH did not take advantage of Jews, but its Blaupunkt and Siling-Werke holdings did (including camp inmates), while its Dreilinden plant used prisoners from Ravensbrück, though apparently not Jews.[52] Even a company that actively sought to avoid using camp inmates, such as Drägerwerke of Lübeck, ultimately gave in after its main competitor, in this case Degussa's Auergesellschaft, accepted 2,000 of them. Again, the source was Ravensbrück, and the victims included few, if any, Jews.[53]

As these examples suggest, military suppliers had preference in the distribution of camp inmates and, among them, state-owned firms had priority. Probably the largest single private exploiter was HASAG, a small maker of oil lamps turned giant munitions producer that enjoyed the liberal financial support of the Dresdner Bank.[54] The United Industrial Enterprises Corporation (Vereinigte Industrie-Unternehmen AG or VIAG), the holding company for most state-owned or dominated firms, also benefitted disproportionately, as did Steyr-Daimler-Puch, then part of the equally favored Reichswerke and, after World War II, a component of GHH.[55] Within IG Farben, in addition to the thousands of prisoners allocated to the Monowitz installation, hundreds more went to the synthetic fuel plant at Leuna, the reconnaissance film factories at Wolfen and Munich, and the poison gas makers at Dyhernfurth and Falkenhagen, yet the giant Hoechst plant may have received none, even after it requested 300 Hungarian Jews.[56] A sad truth about German big business and Nazi slave labor is that demand outstripped supply.

Fittingly, since profit was a secondary goal, profit was not always or necessarily the result, at least not immediately or traceably. To be sure, the German state made money on the slave labor system – some 600–700 million Reichsmark in proceeds from renting inmates out – and so did concentration camps – Auschwitz alone received 60 million Reichsmark, roughly one-third of that total from IG Farben alone.[57] But, for private enterprises, the calculus was more complicated.[58] Foreign forced labor surely paid in the early stages because of the high skill level of those initially enlisted, their exclusion from some social benefit payments, and the reduction of manufacturing unit costs through wartime rationalization and standardization of production. IG Farben's core operations, for example, generated 1,000 Reichsmark more in sales income per worker in 1942–43 than in 1939; the gains were even greater at BMW.[59] Matters were quite different later, however, especially concerning slave laborers. Some groups, notably women put to work on assembly lines, cost much less to miserably feed, house, and guard than the value of what they produced – and than free German laborers, if available, would have cost. Others, such as male construction workers, generally did not, but were regarded by their exploiters as simply better than nothing.[60] Though firms at the time and historians since have spilled much ink estimating whether firms made or lost money on this vicious system, such calculations generally rest on uncertain sources: Corporations had an interest in overestimating the costs and underestimating the productivity of inmates.[61] Moreover, the current state of evidence is unclear as to whether firms succeeded in pocketing any possible cost advantage of using slave labor or lost some or all of such gains through required price reductions and/or tax payments.[62]

Too much attempted precision about the microeconomic profits derived from human exploitation risks distracting from the more important macroeconomic pattern. On the one hand, few companies earned any profits in 1944, let alone 1945, and much of what slave laborers were made to do generated more outlay than income. The factories they built in Upper Silesia, including Farben's at Monowitz and Degussa's at Gleiwitz, scarcely had commenced production before the Red Army appeared, and certainly had not begun to yield net returns.[63] Lost after 1945, they proved worthless to their owners, as did most of the useless subterranean halls constructed at the cost of so much suffering all over the Reich. Some German enterprises commenced participating in slave labor in hopes of ultimate profits, for example, IG Farben at Monowitz, but most took part for the sake of self-preservation – and that is the main thing that most achieved in the end. This proved just as true for firms that got the costs of inmates' labor covered by the state – such as those involved in the Geilenberg program, or for IG Farben at Monowitz, which charged subcontractors more for prisoners than it paid the SS, thus earning a momentary windfall – as it did for enterprises that claimed to have found prisoners relatively costly.[64] On the other hand, both the territories that became the (West) German Federal Republic and most of its large surviving corporate pillars were nonetheless richer in 1946 than they had been ten years earlier, and these gains are inseparable from the massive system of labor exploitation in which the regime and the firms had joined.[65]

Together, the Nazi regime and German business created the atrocity that was the Third Reich's labor policy. To be sure, the Nazi state imposed the restrictions on compensation, feeding, housing, and working conditions that governed forced and slave labor, but private employers accepted and aggravated all these constraints because the commercial reflex to hold down costs remained active.[66] Even worse, the knowledge that most compulsory laborers, especially the ones building plants and digging underground, were valuable only temporarily fostered a sense that using them up would serve two corporate purposes at once: production soon and release from responsibility later. These murderous motivations clearly had freer rein in large bureaucratic enterprises than in smaller, more personal ones, and clearly were tempered in exceptional cases by the presence of humane midlevel managers and shop captains.[67] At the biggest undertakings – Giant in the Owl Mountains and the V-weapon and airplane complex around Dora-Mittelbau in the Harz Mountains, which involved multiple firms, including Siemens, AEG, Rheinmetall-Borsig, Dynamit, Krupp, and Thyssen – the lines between state and entrepreneurial responsibility became hopelessly blurred and the carnage particularly horrendous.[68] No conclusive tally of the death tolls of forced or slave labor exists. Adam Tooze estimates the number of foreign forced laborers who perished at more than 2.4 million, and the number of slave laborers killed at more than 1.2 million, of whom about 800,000 were Jews. But the statistical records contain numerous gaps, especially for the former group, so these numbers must be regarded as minimums.[69]

Force of circumstance contributed to these ghastly results, but cannot excuse the executives who bowed to it, especially when one recalls the comparative pettiness of the self-interest that generally motivated them. This is not to say that evading or even reducing a firm's involvement in the slave labor system would have been safe or easy. Failing to meet production targets was a punishable offense in the Third Reich, as indicated by the cases of Zipprich, Scholz, and Stapelfeldt discussed earlier. Nor were the risks confined to the final, convulsive year of Nazi rule. As early as 1940, one IG Farben executive had warned another about a third party's arrest for noncompliance with official wishes.[70] But room for imagination, however risky, remained. A manager could underestimate a company's or plant's need for slave laborers or argue that they were unsuitable for specific tasks.[71] The painful truth is that few businessmen made the effort to devise such stratagems; generally, they played it safe (for themselves).

Consider the example of IG Farben's use of slave labor at Monowitz, where the responsible executive on site was Walter Dürrfeld. He knew that the inmates obtained from Auschwitz were costing more per head than civilian workers in the region would have, had they been available, yet not accomplishing a meaningful portion of the work on the factory site. He nonetheless clung to his agreements with the camp administration, ignoring their economic irrationality, avoiding risk to himself, and covering his timidity in fervid outbursts of ideological conformity. The fates of thousands counted for nothing compared to his job security and advancement.[72] The same could be said of Robert Pross a few miles away in Gleiwitz and of the leaders of Daimler-Benz farther afield.[73] In this callous and cowardly attitude, these men were far more typical of the leaders of the German business world than not.

8 ANNIHILATION

As Nazi Germany extended its persecution of Jews to most of Europe after 1939, the involvement of German big business expanded from facilitating dispossession to enabling murder. Corporate complicity thus tracked and kept pace with the radicalization of national policy. So long as the regime concentrated on confiscating Jews' assets in newly annexed or occupied regions and preparing to send Jews elsewhere, many large German firms replicated their ongoing amoral role in "aryanizing" the Reich.[1] In pursuit of commercial self-interest and political favor, they frequently competed to administer, broker, and buy Jews' property, and thus to expedite their impoverishment, though with greater fervor in some regions than others and often in the face of state-imposed constraints. Once Hitler's regime resolved in late 1941 to start killing all Jews within its reach, corporate indifference to their fate had even more criminal consequences. Numerous firms furnished essential goods and services to the organizations and installations that carried out the Final Solution, thus becoming participants in and profiteers from genocide, as well as accessories to the murder of some of their own former executives, employees, and business associates. Even as and after the carnage stopped, there were corporate leaders who continued to see it as having been forced on Germany.

Faced with explaining and assessing this appalling trajectory, historians of German big business in the Nazi era have homed in repeatedly on two questions: How much did Germany's corporate leaders know about the horror they were abetting? And how much room to maneuver (*Handlungsspielraum*) did they have about their degree of involvement? The consensus answers are dispiriting: First, whatever the extent of decision-makers' demonstrable knowledge about the fate of Europe's Jews, little evidence suggests that more complete information would have led the firms to behave differently.[2] Second, although most of these firms had specialized skills that put them "in a position ..., so to speak, to pour sand or oil in the gears" of persecution, corporate leaders hardly ever considered the options.[3] Reflexive conformity, compliance, and consent prevailed among the captains of German finance and industry at every stage of the Holocaust.

Why? The principal answer does not seem to lie in intensified or expanded antisemitism among corporate leaders, although its incidence did increase because the political environment favored the rise of bigots. Carl Lautenschläger's virulent antipathy toward Jews did not cause his appointment as head manager (*Werksleiter*) of IG Farben's Hoechst plant from 1938 to 1945, but his hatefulness hardly stood in his way and he is unlikely to have been an isolated example.[4] Moreover, despising Jews became a tempting rationalization for participating in persecuting them at a time when doing so seemed increasingly convenient or unavoidable. Nonetheless, practical rather than ideological considerations appear to have predominated. The hard truth was that enterprises and their directors had only one earthly thing to gain from not performing the tasks or providing the services that their persecuting government requested – honor, and that only in the eyes of foreigners or later generations if Germany lost the war – but much to lose in the highly politicized economy of the Third Reich. Nazi agencies could almost always find willing alternative suppliers of needed commercial products or skills and thus make acting on moral principle both futile and costly.

To most firms that became instrumental in the Holocaust, the switches had been thrown on the route to complicity before systematic slaughter began in 1941, and they could not be thrown back without attracting suspicion and/or punishment. Having agreed to smelt the precious metals the Reich extorted from German Jews in 1939, how could Degussa refuse to do the like for the precious metals German bureaucrats squeezed from the Jews of Lodz in 1940, or even express reservations about purifying the metals that the SS delivered to the Reichsbank from camps and shooting sites in occupied Poland and further east later on?[5] Having brokered and been party to numerous aryanizations in Germany and served as "transmission belts" that collected, monetized, and steadily transferred Jews' wealth to the German state or to the accounts of the National Association of Jews in Germany that the Gestapo controlled in 1938–41, on what basis would the Deutsche, Dresdner, and Commerz banks and their affiliates in occupied countries shun similar activities or cease to perform them once deportations began?[6] Having pursued Jewish-owned enterprises in Austria, the Sudetenland, and the Czech provinces, especially prospective competitors and/or former business partners, why would leading German manufacturers refrain from tempting acquisitions in the expanding German sphere?[7] Having begun insuring SS-owned factories at Dachau and supplying Sachsenhausen with Zyklon to fumigate clothing in 1940, why would Allianz and Degussa's Degesch subsidiary withhold these services from new camps farther east later?[8] With the power and wealth of Himmler's SS obviously on the rise, the benefits of good working relations with its leadership were too great to forgo for firms or individual executives jockeying for advantage, and the risks of poor ties too great to assume.[9]

As a result, while first German rhetoric and then German actions turned toward "annihilation" as the Final Solution to the Jewish question, the extent of German corporate participation in the escalating criminality became largely a function of Nazi government policy.[10] When and where it permitted or called for significant corporate involvement, the competitive ambitions of senior executives and their enterprises generally guaranteed its availability. When and where the regime saw reason to restrain these ambitions, the role of German big business in the Holocaust proved less than many large firms wished. A consequence of this pattern was that German big businesses took over an even smaller share of Jewish-owned firms outside the Reich than they had within it, but nonetheless profited indirectly from their disappearance and, in some cases, directly from the dispossession and ultimately the destruction of the Jews themselves.

Aryanization of Jews' firms in the annexed regions – northwest Poland, Danzig, East Upper Silesia, Luxemburg, and Alsace-Lorraine – partially resembled the earlier process in the Old Reich, Austria, and the Czech lands and offered corresponding opportunities to German big business, but also developed distinguishing features. Once more, large banks and firms were keen to maintain their share of expanded domestic markets by absorbing and purging Jewish-owned enterprises. But in Alsace-Lorraine, the Nazi administration showed a decided preference for handing over Jewish-owned enterprises to local businesses and rebuffed, for example, Freudenberg's efforts to take over several shoe-sellers.[11] In the regions taken from Poland, the process of acquisition was even more centralized under state control, involving the seizure and monetization by the Main Trusteeship Office East (Haupttreuhandstelle Ost or HTO) of all property belonging to Jews or any level of Polish government.[12] This procedure narrowed the possibilities of, for example, the Dresdner Bank's subsidiary in Lodz/Litzmannstadt and Posen (the Ostbank) playing an intermediary role in transferring assets, though not in liquidating them.[13] While the regime's authorities preferred to let the Labor Front's Bank der Deutschen Arbeit swallow up local financial institutions, the predominantly agricultural character of the surrounding areas presented few tempting acquisitions to big German manufacturers.[14] To be sure, Lodz was home to extensive Jewish-owned textile operations, but they lagged technically so far behind the large German potential purchasers that these showed no interest in acquisitions there.[15] East Upper Silesia offered a few more prospects to producers because of its coal mines, but not to the big banks, which soon found themselves administering, on behalf of the HTO, confiscated properties whose assets came to only 58% of their liabilities.[16]

In German-occupied territories, this sort of Aryanization proceeded unevenly in both pace and extent, and the resulting opportunities for large German firms generally proved limited. Even in lands earmarked for eventual annexation – such as the GG, the Baltic States, Ukraine, the Netherlands, and perhaps Flanders – German authorities tended to restrain corporate acquisitiveness. They exerted the same limiting effect on the Dresdner Bank's subsidiary in Krakow (the Kommerzialbank) as on its affiliates in the annexed Warthegau. Farther east in the Reich Commissariats East and Ukraine, the Soviet state already had confiscated most significant Jewish-owned property, and Eastern Monopoly Companies (Ostmonopolgesellschaften) – consortia of large enterprises in partnership with the German state – consolidated factories by industry and effectively excluded the Dresdner Bank's subsidiary in Riga (the Handels- und Kreditbank), as well as the Commerzbank's firm there (the Hansabank), from brokering significant takeovers.[17]

In the Netherlands, the Commerzbank managed to swallow the Hugo Kaufmann & Co. Bank in 1941, and the large German banks and their Dutch affiliates – the Dresdner's Handelstrust West, the Deutsche's H. Albert de Bary & Co., and the CoBank's Kaufmann and Rijnsche Handelsmaatschappij – could play an intermediate role akin to what they did in Germany, but the extent of the business done was modest. The occupation authorities opted to liquidate or transfer to new Dutch managers roughly 90% of the 21,000 Dutch firms identified as Jewish, to sell more of the remainder to new Dutch owners than German ones, and to unload Jews' confiscated shareholdings on the Dutch exchanges mostly to Dutch citizens.[18] A few major acquisitions by German big business occurred, notably Mannesmann Röhrenwerke's takeover of the metal-packaging enterprises owned by Bernard Van Leer, not only in the Netherlands, but also in Germany, Belgium, and France.[19] But most aryanized properties that large German firms obtained were their prewar affiliates or business partners; the rest were reserved for preferred categories of eventual recipients, for example, smaller German enterprises, war veterans, and Dutch collaborators, in whose favor the takeover bids of German big businesses often were rejected.[20]

Mounting frustration with its allotment of aryanization business in the Netherlands actually drove the Deutsche Bank's Dutch affiliate to provoke the occupation authorities into administering one of the Nazi regime's characteristic reminders of who was horse and who was rider in the economy of the Third Reich. In June 1942, hoping to obtain redress for what it perceived as official favoritism toward other financial institutions, the de Bary bank declined to take part in monetizing some American shareholdings that had been taken from Jews. Infuriated at such impertinence, Reichskommissar Arthur Seyß-Inquart immediately dissolved all his administration's accounts at the bank, transferred them to the Dresdner's local affiliates, and rejected all pleas from the Deutsche's managing board in Berlin to relent.[21]

German officials were generally politic regarding the treatment of Jewish-owned firms in regions likely to retain some degree of independence in the future, especially Vichy France and the German-allied states of Italy, Slovakia, Croatia, Hungary, Romania, and Bulgaria. While the Nazi regime insisted on the removal of Jews from prominent corporate positions in all of these states and on the impoverishment of their Jewish populations, transferring their property to large German firms was another matter. In exchange for French economic collaboration, for instance, the Reich largely accepted the Vichy regime's determination to route aryanized property to French recipients; only 4–5% of the larger firms taken from Jews ended up in German hands, and some vigorously attempted takeovers, such as Salamander's and Freudenberg's successive bids for the Chaussures André group, failed completely.[22] Günther Quandt targeted seven Jewish-owned firms, but acquired only two, one of which was in Alsace.[23] For the most part, Germany's allies sought to limit German capital penetration to buying up the foreign stockholdings of Belgian, British, and French owners, some of them Jews, meanwhile keeping the proceeds of persecuting Jews at home, and these efforts largely succeeded.[24] Exceptional cases probably resulted from the absence of an appropriate indigenous contender, as in Mannesmann's acquisition of M. Graber & Sohn AG in Bratislava, Slovakia, and IG Farben's purchase of half ownership in the Kostolany chemicals firm in the same country.[25]

Though disappointed with regard to takeovers and capital penetration of aryanized enterprises, especially in Western Europe, large German firms derived some financial benefits – and hoped for future political ones – from providing services to some of the most brutal agencies and installations that plundered, tortured, and murdered Jews. Among the worst offenders were the leading commercial banks and their subsidiaries outside the Reich. They cultivated ties to the SS Headquarters (Reichsleitung), the WVHA that acquired overall responsibility for disposing of booty taken from Jews, many offices of the GG, and multiple German ghetto administrations. The financial institutions reaped interest on numerous lines of credit to these persecuting agencies. They, in turn, augmented the banks' balance sheets and lending capacities by depositing massive sums extracted from Jewish communities in the accounts of Nazi organizations or puppet Jewish community bodies.[26]

Both the Deutsche and the Dresdner banks routed much of this sort of business through their respective subsidiaries in Prague, the BUB and the BEB. The BEB successfully strove to become the principal bank for the SS and its operations in the Protectorate, including for the Central Office for the Regulation of the Jewish Question (Zentralstelle bzw. das Zentralamt für die Regelung der Judenfrage) and the Central Office for Jewish Emigration (Zentralstelle für jüdische Auswanderung), and thus became "an important component of the persecution of the Jews."[27] By the beginning of 1942, shortly after the onset of both the concentration of Czech Jews at Terezin/Theresienstadt and their subsequent deportation to their deaths, the Emigration Office was the single biggest depositor at the BEB, its account of 535 million Czech crowns consisting entirely of sums forcibly collected from these doomed people.[28] But the BUB was not far behind later that year, holding 364.5 million crowns of emigration and resettlement funds. Together with the account of the Jewish Autonomous Administration of Theresienstadt, the total assets of Jews on deposit at the BUB reached 908 million crowns in November 1943, equivalent to almost 91 million Reichsmark, and remained at almost that level until February 1945.[29]

Although these were the largest bloodstained deposits held by offshoots of the German big banks, the accounts in Prague had counterparts elsewhere. In annexed Poland, the Dresdner's Ostbank became the preferred bank of the Nazi leaders and the SS, while in Cracow, the capital of the occupied GG, the Dresdner's Kommerzialbank attracted the business of the commanders of the security police and the SS.[30] By 1944, the latter set of deposits amounted to 87 million Reichsmark, most of which probably were proceeds from the so-called Aktion Reinhard, the systematic murder of Polish Jewry.[31] Before that slaughter commenced, the CoBank branch in Sosnowitz became the principal repository of the funds extorted from the Jews of East Upper Silesia and held in the name of Moshe Merin, the Leader of the Councils of Elders of the Jewish Community (Leiter der Ältestenräte der jüdischen Kultusgemeinden) of the region. But the usual dominance of the Dresdner branch in this field soon reasserted itself, and its branch in Sosnowitz poached Merin's account the following year, when it joined the deposits of the Schmelt Organization, which collected fees for the labor of Jewish ghetto inmates in Upper Silesia. By September 1942, these deposits came to 11.5 million Reichsmark.[32] Late in the war, an account in the name of the Ostindustrie GmbH, consisting largely of funds plundered from Polish Jews, even appeared on the books of the Dresdner Bank's main office in Berlin.[33]

The surviving documentary record provides only slight indication of bankers' reservations about working for perpetrators of mass murder and rather more evidence that some bank leaders saw their account services to the SS and other agencies as a form of compensation for the relative paucity of aryanization opportunities in the Protectorate and Poland.[34] Only in carrying out their assigned functions to transfer assets to the German state under the terms of the Eleventh and

Thirteenth Supplementary Decrees to the Reich Citizenship Law did enough of a conflict of interest arise between the big German banks and the Reich to leave a paper trail. These ordnances declared the property of Jews "forfeited to the Reich" if they were: (1) "stateless" German Jews currently abroad (that is, they had not acquired foreign citizenship); or (2) German Jewish "subjects" who later exited the country (that is, were deported); or (3) deceased. Ascertaining the citizenship status of earlier emigrants or even their "racial" classification often proved difficult; deportees to Auschwitz, Lodz, and Theresienstadt had not actually left Germany, as the first two locations had been annexed and the third counted as domestic territory; and assuming that deportees to these places had died violated the government's camouflage efforts. So, banks took pains to protect themselves against possible later claims for refunds, which led to occasional friction with Nazi authorities over whether to hand over specific accounts, safe deposit boxes, and even pension payments.[35] But very little was left of German Jews' wealth by late 1941, probably less than 10% of the total in early 1938, so the banks' real exposure was not great.[36]

Throughout the Holocaust, Germany's biggest banks acted, in the argot of the American gangster world, as "bagmen" for SS killers and "fences" for stolen goods, especially stocks and bonds. In 1942–44, the Deutsche and Dresdner Banks took the latter activity a step farther by transferring gold derived from pillaging in occupied countries – some of it taken from Jews by the SS in Poland and at Auschwitz, even from the mouths of their corpses – to branch offices in Istanbul and selling it to private citizens eager to hedge against the inflation of their currency. The quantities involved were not huge – the Dresdner sold just over 5 metric tons and the Deutsche just under that amount – but the profits were tidy for both the Reich and the banks because they bought gold from the Reichsbank at the prevailing international price, which was one-quarter higher than the German domestic one, and then sold the gold at a markup of almost 100% over what they had paid.[37] Moreover, although the banks' leaders may not have known this at the time, the gold they bought made up about 40% of the total credited to the SS in the account books of the Reichsbank, so the banks played a disproportionally large role in "laundering" this especially heinous form of plunder.[38]

While turning Jews' possessions primarily to the Nazi state's use and partially to their own, Germany's big banks had ample company and support from other sectors of German big business. The gold and silver stripped from Jews had to be refined and purified before it became fungible, a task that the Degussa firm carried out. Between 1941 and 1945, its smelteries processed about two metric tons of gold from Operation Reinhard, one-half a metric ton of gold from Auschwitz, large but indeterminate additional amounts of both gold and silver from the Lodz and Warsaw ghettos and assorted pillaging sites in Eastern Europe, and almost two metric tons of gold and silver from Lippmann, Rosenthal Sarphatistraat (Liro), the front bank that the SS set up in Amsterdam to collect the assets of Dutch Jews. The steepest rise in the company's output of fine gold occurred between October 1942 and August 1943, just slightly lagging behind the most murderous phase of the Holocaust.[39] Otto Wolff's concern also acquired gold, as well as securities and even stamp collections that had been seized from Jews, and then sold them in neutral countries on behalf of Göring's Four-Year Plan.[40] The companies of the Allianz group insured not only the banks' shipments of gold to Istanbul, but also the Liro's to the Reichsbank. The insurance giant also covered supplies for the workshops of the Lodz ghetto, sites and employees of the Haupttreuhandstelle Ost, and the entire Plaszow labor camp from 1942 until its conversion into a concentration camp in mid-1944, after which protection extended only to the productive shops but excluded the barracks.[41]

If German big business was generally more than willing to be an accomplice to the Nazi state's and especially the SS's thievery, the perpetrators were not initially very interested in corporate assistance with the actual killing. By early February 1943, 75% of the Jews murdered in the Holocaust already had perished, almost all of them in low-tech fashion at widely scattered sites with which the German corporate world had little or nothing to do: by starvation in Polish ghettos; by shooting in countless villages and forests across the occupied East, in the forts surrounding Kovno, in the pits the Soviets had dug to store fuel in the Ponary Forest near Vilnius, in the ravines at Babi Yar at Kiev, and into the mass graves at Maly Trostinets near Minsk; and by carbon monoxide gas generated from truck motors or captured tank engines at four makeshift installations built of material scavenged from their environs and destined for only short-term operation. Chelmno, Belzec, Sobibor, and Treblinka were temporary, improvised, and gory slaughterhouses, not anything as substantial, well-planned, and smoothly functioning as "factories" of death.[42]

But Auschwitz, the killing complex that superseded all the others to become "the capital of the Holocaust," was different in conception and design, and thus came to require the substantial participation of German big business.[43] The SS installations in and around the namesake village neither began as a death camp, nor remained confined to that role, as the carbon monoxide camps did. Founded in the spring of 1940 around a cluster of disused barracks, the original Auschwitz concentration camp held Polish political prisoners destined for forced labor, at first in Germany, but then in nearby sand and gravel pits useful for making cement. By the end of the following year, with the addition of a larger campsite in the adjacent village of Birkenau, the projected number of inmates had risen from 10,000 to 30,000 Poles and over 100,000 mostly captured Soviet soldiers, who were to provide a labor reservoir for Himmler's agricultural experiment station in the vicinity, local coal mines, new factories attracted to a region then beyond the range of Allied bombers, and roadbuilding projects to connect the Reich with the conquered East. The scale and scope of these plans made the involvement of German big business imperative, and that involvement merged with the Holocaust in early 1942, when the sky-high mortality rate among Soviet POWs prompted their replacement by Jews as the principal projected labor force. Plans for weeding out weakened or ill laborers by gassing them had been tested on Soviet prisoners in the original camp in September 1941 and a powder magazine refitted for this purpose. But the prospect of large numbers of elderly, juvenile, and "unfit" Jewish civilians arriving in deportation trains led to the successive conversion of two peasant houses at Birkenau into gas chambers in March and June of 1942 and of Auschwitz-Birkenau into a death camp, where plans were drawn up for four large brick buildings containing gas chambers and crematoria capable of murdering and disposing of thousands of people per day.[44]

Precisely because Auschwitz-Birkenau began as a punitive site that exploited inmate labor and thus resembled concentration camps in Germany with which many firms already had commercial relationships, many such enterprises saw nothing remarkable about extending those ties, which had become business as usual, and later readily dismissed rumors or reports of the camp's grisly metastasis. Allianz thus insured the workshops of SS-owned companies in the main plant beginning in May 1941 and joined a consortium with several other large insurance companies to provide coverage of the considerably expanded factory sites in October 1942.[45] AEG contracted to provide the electrical systems for at least two of the new killing installations at Birkenau.[46] Already linked by millions of Reichsmark in deposits and loans to the SS and the four major companies it owned that depended on inmate labor – the German Equipment Works (Deutsche Ausrüstungswerke or DAW), the German Earth and Stone Works (Deutsche Erd- und Steinwerke or DESt), Klinker Cement (Klinker-Zement), and the German Testing Institute for Food and Provisions (Deutsche Versuchsanstalt für Ernährung und Verpflegung) – the leadership of the Dresdner Bank's headquarters and its branches near Auschwitz were beyond questioning contracts with these partners.[47] As early as February 1941, Emil Meyer of the Dresdner managing board instructed the bank's Kommerzialbank subsidiary in Cracow to handle the financial needs of DESt's gravel digs at Auschwitz.[48] Once plans crystallized for the four new crematoria at Birkenau the following year, and the contract to build them went to Hoch- und Tiefbau AG of Breslau (Huta), the Dresdner Bank took no notice, despite being Huta's biggest (26%) shareholder and largest lender.[49]

Although particularly egregious, the Dresdner Bank's services to the transformation of Auschwitz-Birkenau were not unique. Its former client, Topf & Söhne of Erfurt had transferred its banking business to the Commerzbank before receiving the commission to design and build the Birkenau crematoria, and that bank and the Deutsche were the likely source of any credits Topf needed to accomplish that task.[50] The Deutsche Bank's branches in Beuthen, Bielitz, and Kattowitz, though unwilling to deal directly with the SS-owned companies, also were pleased to provide banking services to other private contractors that worked on the Auschwitz camp complex.[51] The Kattowitz branch alone lent the SS two million Reichsmark for construction work, as well as an equal sum to IG Farben for digging canals and drains and erecting pipes and bridges at a mammoth factory that the firm decided in early 1941 to locate at Monowitz, just three miles east of the main camp.[52] Allianz soon became the principal insurer of that site and the MAN plant at Gustavsburg and Philipp Holzmann two of its main builders.[53] Many other large German firms subcontracted to construct particular parts of the site, including Mannesmann Röhrenwerke for tube installation and AEG for electrical equipment.[54]

Unlike the firms mentioned in the preceding paragraphs, IG Farben's involvement with Auschwitz happened not as an extension of previous practice, but rather as a departure from it. The giant chemicals combine had not already sought or done business with the SS. IG came to do so now because of governmental pressure on the firm to build a new factory to manufacture synthetic rubber, a product the Reich desperately needed and Farben wished to continue to monopolize, and to put the plant in Silesia, most of which was out of reach of Allied aircraft. IG complied by selecting the Monowitz site, primarily for its geographical advantages: the availability of a broad, elevated plain suitable for the dimensions of the intended plant alongside water and rail supply routes and with adequate supplies close by of key raw materials, namely coal, lime, and water. But the possibility of obtaining inmate laborers for construction quickly became important to the firm.

The resulting agreement between the SS and Farben may have played a pivotal role in focusing Heinrich Himmler's attention and ambitions on the fledgling camp, giving him reason to believe in its future as a labor reservoir, and thus helping prompt his decisions during 1941 to expand the original site and add the Birkenau extension.[55] More certainly, the agreement overcame the principal limitation on the camp's early development, namely inability to obtain sufficient building materials to add an additional story to each of the preexisting barracks and thus to increase inmate capacity. IG's factory construction project possessed large allocations of rationed iron and steel, and in March 1941, the camp and the giant company agreed to an exchange: The DESt operations in the camp would furnish IG all the bricks and gravel that the Monowitz building site required and at least 1,000 inmate laborers per day in 1941, rising to 3,000 by 1942, in return for per diem payments per head from Farben and two million Reichsmark worth of building materials.[56] Without this deal, Auschwitz might never have become what it was; without the subsequent growth of nearby industrial activity that IG Farben's arrival heralded, Birkenau might not have either.

Having helped bring Auschwitz-Birkenau to life, IG Farben was also connected to the camp's principal product: death. In 1930, the giant concern had agreed to sell all of its output of vaporizing pesticides at cost to a competitor, the German Pest Control Company (Deutsche Gesellschaft für Schädlingsbekämpfung, or Degesch) in return for 42.5% of the stock in that company. A third firm, Th. Goldschmidt, made a similar deal in exchange for another 15% of the shares. The previous sole owner, the Degussa corporation, retained not only the remaining stock, but effective managerial control of Degesch, whose product palette had now broadened beyond its previous mainstay, a preparation of liquid hydrocyanic acid (*Blausäure*) soaked in absorbent pellets, packed in vacuum tins, and marketed as Zyklon. When exposed in appropriate quantity to oxygen at 79°F (26°C) or above, the acid quickly evaporated into an imperceptible gas that killed all insects, rodents, and unprotected people within a designated space in a matter of minutes. In the 1920s and early 1930s, the principal markets for Zyklon were ships, barns, granaries, schools, and hospitals; in the 1930s military purchases rose sharply for disinfesting barracks, rolling stock, uniforms, and naval vessels; at the beginning of the 1940s, the burgeoning concentration camp system became a customer, at first for the fumigation of the guards' and inmates' clothing and quarters, and then in 1941 for killing Jewish deportees and camp prisoners, principally at Auschwitz-Birkenau, but also on a smaller scale at Majdanek, Mauthausen, Stutthof, Neuengamme, Natzweiler, and possibly Dachau and Sachsenhausen.[57] The relevant personnel at Auschwitz-Birkenau opted for Zyklon as a murder weapon, rather than the carbon monoxide used at most other death camps, apparently on grounds of cost and simplicity. The substance was cheap (eventually, the price of the Zyklon used to gas about 900,000 people at this site from 1942 to 1944 worked out to about two German pennies (*Pfennig*) or one US cent per corpse at the time), the supply lines already existed, and applying the gas did not require building piping and pumping systems to deliver it, as employing carbon gas did.[58]

No evidence suggests that any of the members of Degesch's Administrative Committee, which comprised representatives of the owning firms, knew of the murderous use to which Zyklon was put, since the group last met in July 1941 before the gassings began, but two lower-ranking executives surely did. One was Bruno Tesch, the leader of Tesch & Stabenow (Testa) of Hamburg, the company that had exclusive rights to sell Zyklon east of the Elbe River and thus to Auschwitz-Birkenau directly and to the SS Main Hygiene Park at Sachsenhausen as an intermediary. The second was Gerhard Peters, the Degussa employee who doubled as the business manager of Degesch. SS personnel apparently consulted Tesch about the relative effectiveness of Zyklon on insects and humans sometime in the late spring of 1942, and he deduced why. But he had no desire to imperil the support that Heinrich Himmler and the Gauleiter of Hamburg were providing in

Tesch's ongoing struggle to free his firm from the control of its majority stockholder, which was Degesch. After he achieved that goal in June 1942, his gratitude assured his continuing cooperation.[59] Almost exactly a year later, Kurt Gerstein, an SS man on the staff of the organization's chief sanitation officer, met with Peters to arrange deliveries of special batches of Zyklon that Gerstein revealed were to be used – on Himmler's authority, backed by Hitler – to kill various categories of human "inferiors." Peters agreed to the resulting shipments and later deflected coworkers' questions about them, partly because he was a dedicated Nazi, partly because he wanted to make Degesch "into the leading enterprise in its field," and partly because he dared not jeopardize his firm's control of Zyklon production, which brought in 65% and 70% of Degesch's sales and gross profits respectively in 1943.[60]

If Farben's link to killing with Zyklon occurred, so to speak, at one remove because of Degussa's control of Degesch, the giant concern's connection with other inmate deaths was more direct. Its pharmaceuticals division encompassed the Hoechst plant, two Bayer factories at Leverkusen and Elberfeld, and the serum production lines in Marburg of the Behringwerke, a wholly owned subsidiary, several of which long had benefitted from testing preparations on unwitting patients in hospitals and mental institutions.[61] Once war broke out, the idea of transferring that practice to Jews in the occupied East and camp inmates appears to have occurred rather quickly to multiple people in and out of the company. As early as November 1939, the Behringwerke and the Buchenwald concentration camp were in correspondence about test results for a vaccine against dysentery.[62] Between May to September 1940, the head of the Hamburg Tropical Institute's Typhus Research Agency branch in Warsaw forced a Jewish hospital in Czyste, an industrial suburb, to test the efficacy of sulfonamides from IG on patients.[63] By the eve of the invasion of the Soviet Union, the Hoechst plant had instigated contacts between it and the Behringwerke with the SS Main Hygiene Institute's leader, Joachim Mrugowsky, and the parties had begun exchanging possible typhus vaccines and test results.[64]

After that, IG's testing possibilities multiplied. The most long-lasting was the program developed with Dr. Helmuth Vetter, an SS man who had been hired as a researcher at IG's Leverkusen factory in 1938 and gone on, while being paid a retainer by Farben, to become camp doctor at Wolfsburg, and then Dachau in mid-1941, Auschwitz in October 1942, and Gusen in early 1943. From his last posting, he continued to direct testing at his immediately preceding one until 1945 and to provide IG with the results of applying its drugs to untold numbers of prisoners infected with multiple diseases – including gonorrhea, tuberculosis, and typhus – at least half of whom, probably more, did not survive.[65] A shorter-lived relationship in 1942–43 with Dr. Erwin Ding involved treatments for typhus on Buchenwald inmates and was terminated by Farben, not on ethical grounds, but because of doubts about the doctor's abilities.[66] IG's sulpha drugs also were administered to inmates at Mauthausen and Ravensbrück.[67] In their interactions with all these sites, IG's researchers and leaders showed no unease with the use of nonconsenting test subjects, many of whom perished, but rather appeared preoccupied with vindicating the firm's investments in certain drugs and the inventors' technical virtuosity.[68]

Among large German firms, Farben was not alone in exploiting camp inmates for self-serving reasons. Virtually every German shoe manufacturer knew of and supplied the shoe-testing track (*Schuhprüfstrecke*) created at Sachsenhausen concentration camp in mid-1940. The enterprises paid the SS for the ten hours of marching up to 48 kilometers per day that prisoners in a punishment unit (*Strafkommando*) put in to measure the durability of different components and materials, and then incorporated the results in production programs. IG and Continental Rubber also sent products to be tested, and the relevant personnel in all of these firms were aware of the injuries and exhaustion suffered by the inmates, few of whom survived the ordeal.[69] Continental also partnered with the SS in multiple companies organized to develop production and processing of rubber derived from the Kok-Sagys plant, some of it cultivated by female inmates at Raisko, a satellite camp of Auschwitz.[70]

A number of myths surround the subject of German big business and the Holocaust. One minor one of relatively recent vintage is that IBM, the American multinational, and its European branches and subsidiaries, including the Deutsche Hollerith-Maschinen Gesellschaft, were instrumental in helped the Third Reich locate, round up, and deport the Jews of Europe to their deaths. This is incorrect. In Germany, in occupied Western Europe, and in the largest ghettos of Poland, the SS relied on intimidated Jewish community organizations to compile and constantly update the names and addresses of Jewish inhabitants and regarded these registries as more reliable than public records, such as census information, which dated rapidly.[71] When deportation trains were planned, the SS usually informed these organizations of the number of people required and delegated to them the tasks of designating and delivering individuals for the transports; sometimes the Nazi authorities simply identified the inhabitants of particular buildings or ghetto neighborhoods for roundup.[72] No mechanized tabulating machines were required. The Romanian census of April 1941, which IBM machines counted, was irrelevant to the fate of most of the Jews massacred in that country because they inhabited provinces occupied at the time by the Soviet Union and thus were not included in the tally.[73] Nor did these machines have a role to play in the slaughter of Soviet Jewry by the Einsatzgruppen or the clearing of Jews from the Lublin district in 1942, which proceeded village by village.[74] Finally, the only consequential connection between IBM machines used by the German railroad system and deportation trains may have been in shunting them aside to make way for higher-priority traffic, and even that is highly uncertain.[75]

Far more significant is an older and persistent myth that greed was the driving force behind corporate complicity in the Holocaust. To be sure, money was seldom irrelevant as a motive or rationale, but rarely was it predominant, for the simple reason that not much of it was usually involved, at least as a portion of the cooperating corporations' income. As a whole, the Dresdner Bank probably profited most – its loans to the SS and its economic enterprises brought in seven to eight million Reichsmark in interest and fees during the war, an amount equal to about half the annual earnings from its loan business or roughly 10% of the total from 1940–44.[76] Degussa also did relatively well from its smelting and sale of gold and silver plundered from Jews, amassing gross profits of at least two million Reichsmark from this business in 1941–44.[77] But the returns on complicity were generally small. Crematoria-building for Auschwitz-Birkenau made up only 1.58% of Topf & Söhne's revenues in 1942–44, and that firm provided a negligible portion of the Commerzbank's income during the same period. Only about 3% of the Zyklon produced in this period went to sites where it was used to kill and the income on the portion employed in actual gassing was roughly 30,000 Reichsmark, which came to less than 1% of Testa's gross profits in 1942–44. The SS never even paid for most of the Zyklon Peters had agreed to provide from Degesch.[78]

Personal or professional ambition was a far more important propellant of corporate participation in the Holocaust, and the form it took was generally mundane and myopic, as the descriptions of Bruno Tesch's and Gerhard Peters' actions indicate.[79] Emil Mayer and Karl Rasche, the directors of the Dresdner Bank most closely tied to the SS, saw the relationship as a way to maximize their political and commercial standing, and their less political colleagues saw the connection less as a profit center than an entrée to later opportunities.[80] Hans Schneider, the chief of Degussa's metals sector, did the Nazi state's bidding with regard to plundered metals in order to maintain his company's ability to influence how those goods were rationed.[81] Curt Prüfer, the chief engineer at Topf & Söhne, knew as he designed the crematoria at Birkenau what they would be used for and made pertinent suggestions to increase their efficacy. He was interested, above all, in raising his status within his firm and demonstrating his technical talent.[82]

All of these men exemplified the sort of "thoughtlessness" – an inability to consider the consequences of one's actions to others – that Hannah Arendt defined in the early 1960s as "the banality of evil." Sixty years later, historians generally agree that she applied that term to the right category, "desk murderers," but to the wrong person, Adolf Eichmann. The consensus view now sees Eichmann and the SS men who conceived of the Holocaust and carried it out as dedicated ideologues who knew exactly what they were doing, felt fully committed to it, and regarded it as beneficial. The solipsism and emotional distance that she erroneously ascribed to them did predominate, however, among most middle- and upper-level German corporate managers, including the IG Farben managing board members who eagerly sought pharmaceutical test results from human guinea pigs. Virtually throughout German big business in the course of the Holocaust, as Raul Hilberg wrote, "normal procedures were employed ... as if extreme decisions were not being made," and the main impetus behind that pretense was a focus on oneself and one's own blinkered priorities.[83]

This is not to say that corporate leaders uniformly abandoned all their colleagues and all moral standards. Eduard Schulte, the managing director of the metals and mining firm Georg von Giesches Erben of Breslau, found the actions of the Nazi regime so repellant that he famously leaked information about Nazi plans for the Holocaust and German troop movements on the Eastern Front to Allied intelligence agents in Switzerland during 1942–43, before fear of arrest led him to flee the country.[84] Disgust with Nazi antisemitism contributed to the emergence and endurance of an opposition circle comprising various officers of Robert Bosch.[85] Readers will recall the account of Berthold Beitz's acts of humanity in Chapter 7. Even the Dresdner Bank had limits. In 1943, the central office in Berlin rejected a request from the Strassburg Company, a maker of women's coats and dresses, for a special line of credit in order to make damaged old clothing saleable to firms as outfits for forced laborers from Eastern Europe (*Ostarbeiter*), after bank representatives inspected the firm's premises and saw "blood-stained pieces of clothing with bullet holes."[86] But denying a loan to a small firm was not the same as standing up to the SS. Large firms also sometimes tried and succeeded in protecting individual Jews and people of part-Jewish ancestry, though the number of these cases pales in comparison of the number of former employees – about 200 from the Dresdner Bank alone – and even board members who perished in the ghettos and camps.[87]

If thoughtlessness prevailed, hatefulness also was present. Before he killed his wife, a daughter, and four grandchildren, and then committed suicide as the war was ending, Merck's Bernhard Pfotenhauer disgraced them and himself with the parting observation that he could not bear the thought of "possibly from tomorrow on having to shine the shoes of an American Jew."[88] Others who lived on carried Nazi racism with them. Under interrogation in 1947, Otto Ambros of IG Farben described himself unabashedly as a "racial man" (*Rassenmensch*).[89] Hermann Röchling, who in 1932 had mocked Hitler's Jew-baiting, emerged from the war convinced that a Jewish–Bolshevik plutocratic conspiracy had crushed Germany and that "the guilt of the Jewish people" helped bring about the Holocaust.[90] Such attitudes, which were by no means isolated, long outlasted the regime that had encouraged them.

Part IV

AFTERMATH, 1945–2024

9 OUTCOMES

Contrary to popular belief, defeat and occupation had a powerful impact on German corporate executives, though not always in ways the victorious Allies intended. By holding German industry and finance responsible, at least in part, for Nazi crimes during the early postwar years, Allied policymakers humbled leading corporate executives and threatened their social status, but also unwittingly provoked the development of a self-serving counternarrative that held sway in West Germany, especially in corporate circles, not only until unification with communist East Germany in 1990, but even beyond. For nearly all major West German enterprises, protecting that counternarrative became the unacknowledged justification for blocking scholars' access to large collections of in-house source material that presented a more complicated and ambiguous picture. Only in the years surrounding the turn of this century did the stonewalling largely cease and the writing of a book like this one become possible.

The humbling of the German corporate elite began with numerous, miserable deaths as or after the war ended. In addition to the suicides of managing board chairs or members from United Steel, Merck, Siemens, the Dresdner Bank, and the Dierig textile group noted at the close of Chapter 6, eight more leading figures had either perished or simply vanished by the end of 1945 alone. The first four were captured by the Soviets in Berlin and dead by their own or their captors' hands before May was out: Karl Sippell of the Deutsche

Bank managing board; Otto Christian Fischer of the Reichs-Kredit-Gesellschaft's; Rudolf Bingel, the managing board chair of Siemens-Schuckertwerke; and Heinrich von Buol, who had held the same position atop Siemens & Halske.[1] Two more prominent figures had passed by the end of the year: Ernst Drumm, the supervisory board chair of Bayerische Rückversicherung, by suicide in August for fear of arrest by the Americans, and Paul Goerens of Krupp's managing board by suicide in October, six weeks after the British incarcerated him.[2] A few additional casualties followed. Rudolf Siedersleben, the head of Otto Wolff, died of multiple ailments in July 1946, eight months after the British had taken him into custody.[3] Otto Fitzner, the chief technical director of Georg von Giesches Erben in Silesia, who had been captured by the Soviets when Breslau fell, perished at hard labor in Poland in late 1946.[4] Alfred Busch of the Dresdner Bank managing board endured a series of Soviet and East German prisons and trials before succumbing to the effects in 1952.[5]

Many more business leaders had reason to wonder between 1945 and the early 1950s whether they might experience similar fates. As the Allies swept into Germany, they carried lists of senior corporate officials that intelligence agencies had slated for automatic arrest. Among the most prominent such individuals were Alfried Krupp von Bohlen und Halbach, taken from his villa in Essen on April 11, 1945; Philipp Reemtsma, captured on May 26, shortly after the British turned his mansion outside Hamburg into an officers club; Friedrich Flick, nabbed at his country estate in Bavaria on June 13; and numerous prominent bankers caught in Berlin by the Soviets.[6] The communist occupiers of eastern Germany showed surprisingly little interest in hunting down capitalists after their first sweep, but also little ambivalence about how to deal with the ones they already had. These executives were subjected to abysmal conditions for extended periods, often in the repurposed concentration camps at Buchenwald and Sachsenhausen. Robert Frowein of the Deutsche Bank's managing board was freed on health grounds in a first wave of Soviet amnesties in 1948, but his colleagues Karl Ritter von Halt and Oswald Rösler were held until the second one in 1950, along with two members of the managing board of the Berliner Handels-Gesellschaft, Herbert von Breska and Eduard von Schwartzkoppen. Herbert Rohrer of Schering's managing board had to wait for release until 1952, and Fritz Rudorf, the former managing board chair of the Aero-Bank, until the final amnesty of 1954.[7]

In the western zones of occupation, uncertainty about executives' futures prevailed for several years, a reflection of the unsettled nature of the respective governments' policies, which vacillated between the sometimes apparently competing objectives of remaking the country and reviving it.[8] Agreement about the need to expel dedicated Nazis from responsible positions masked considerable discord over measuring individuals' degrees of dedication. Widespread dismissals of board members and other leading managers at the behest of Allied commanders or intramural workers' councils took place in 1945–46 at virtually all major enterprises, including Daimler-Benz, Bosch, and Degussa, but then the western occupiers began delegating the task of political scrutiny to indigenous, overburdened, lenient, and easily gamed denazification courts. In consequence, most managing board members of the Nazi era recovered their former positions or equally prominent ones between 1947 and 1950, although the rate of attrition among Ruhr heavy industrial firms proved exceptionally high.[9] Slowly but surely, the chastening effects of defeat and deaths on much of the German corporate elite gave way to increasing cynicism about Allied intentions and self-confidence about individuals' futures.

While the postwar status of many executives in the western zones gradually stabilized, a subset of businesspeople experienced heightened vulnerability as the targets of Allied judicial proceedings. Well before the end of the war, the Allies had contemplated prosecuting not only the major fomenters of Nazi aggression and atrocity, as happened in 1945–46 before the International Military Tribunal (IMT) at Nuremberg, but also representative leaders of the main functional elites that had enabled those crimes: the military, big business, the Nazi Party, and the state bureaucracy. The goal – heavily influenced by Franz Neumann's pioneering wartime book *Behemoth*, which had depicted the Nazi regime as an uneasy but mutually beneficial coalition of these four expansionist power blocs – was to show Germans that their society, not just Hitler and his henchmen, had produced the evils of the Third Reich and therefore had to be reformed to prevent their repetition.[10] The British were consistently skeptical about both this objective and the judicial approach to achieving it, and the French proved less interested in institutional change than in justifying their claims to the Saar region by hauling its leading industrialist before an exemplary court. But in the first years of the occupation, most American policymakers clung to the trial program, not least as an alternative to more draconian proposals for Germany's future, such as the Morgenthau Plan to deindustrialize the country.[11]

As a result, for more than a year following Germany's surrender and the initial round of automatic arrests, high-ranking German business leaders underwent waves of detention, generally accompanied by the freezing of prisoners' financial assets and attendant hardship for their families. In early September 1945, the British arrested forty-four coal magnates, followed by all managing and supervisory board members of the Krupp concern who had not been interned already.[12] Nearly three months later, His Majesty's forces rounded up seventy-six leading executives in the steel industry.[13] Between then and March of the following year, American and British units collected more than forty managing and supervisory board members of the six biggest German banks, including their principal target, the Deutsche's Hermann Josef Abs.[14] Having previously placed Ferdinand Porsche and Anton Piëch, leading figures at VW, under house arrest, the French jailed them in May 1946.[15] These prisoners experienced internments ranging from wretched to comfortable, erratic interrogations, extended uncertainty about their futures, and then often abrupt and unexplained releases, sometimes followed by reapprehensions, as the number of executives in Allied, especially American, judicial crosshairs first ballooned, then began to shrink in the face of logistical and staffing challenges.[16]

By late 1946, a variety of circumstances, including the emergent Cold War, led the Allies to jettison the idea of a second IMT in favor of delegating subsequent trials to the discretion of the individual occupying powers in their respective zones of occupation.[17] The upshots in 1947–49 were a series of twelve so-called successor proceedings before the Nuremberg Military Tribunals (NMT) composed of judges mostly drawn from American state appellate courts, as well as a major French prosecution. Five of these trials concerned corporate magnates and their associates – the namesakes and/or chief managers of the Flick, Krupp, and IG Farben concerns, plus a grab bag "Ministries Case," whose defendants included Karl Rasche of the Dresdner Bank and Paul Pleiger of the Reichswerke, and the French case against the heavy industrial titan Hermann Röchling. Altogether forty-eight prominent executives stood in the docks. The British, having carried out military trials that in May 1946 resulted in the execution of the two relatively small fry, the leaders of the little firm most responsible for sales of Zyklon to the SS, declined to take any further part in corporate prosecutions beyond transferring Alfried Krupp to the custody of the Americans.[18]

Everything about these trials – from the charges pursued and the arguments presented, to the procedures followed and the verdicts rendered – aroused bitter criticism at the time and has remained controversial ever since. The indictments largely followed IMT precedents by accusing defendants of participation in not only well-defined crimes under international law (offenses against humanity and the laws of war, such as mistreatment of civilians, plunder, and spoliation, except such actions against German nationals prior to the outbreak of hostilities in 1939), but also hitherto uncodified crimes against peace (preparing and waging aggressive war), conspiracy to commit these crimes, and membership in criminal organizations (especially the SS). In each trial, the mix of these charges varied somewhat by defendant. Only the Flick case deviated significantly by omitting the aggressive war charge altogether.[19]

Central to each case was the conspiracy allegation, which required proof that defendants had been knowing parts of a common purpose of aggressive expansion and exploitation. In taking this approach, the American legal staff wedded itself to a charge (and a theory of the case) that already had failed against a majority of the IMT defendants, including the only major economic actor, Hjalmar Schacht. As a result, before the NMT proceedings opened, War Department personnel warned Telford Taylor, Justice Robert Jackson's successor as the head of the American prosecution program, that focusing on corporate atrocities would win more convictions than emphasizing the conspiratorial machinations of greedy concerns and cartels.[20] Later, midway through the laborious presentation of the prosecution's case in the Farben trial, one of its team members conceded the point when he lamented, "We should have started with Auschwitz on the first day."[21]

But Taylor insisted that firms' vicious acts were merely expressions of the common plan that gave rise to them, and that demonstrating this plan's existence was the essential didactic purpose of the trial, a prerequisite for curing the society that had perpetrated the crimes.[22] The prosecution thus strove to prove more than its evidence would bear, since the conspiracy Neumann had adduced always was implicit rather than explicit, more the result of continuous, dialectical alignment of interests than agreed-upon intentions. The leaders of German industry and finance had collaborated with the regime, served it, and sought to benefit from its actions, but not demonstrably anticipated, shaped, or even necessarily shared its imperial and genocidal ends. In acts of opportunism and malleability, the prosecutors discerned foresight and collective purpose; from the sheer extent of Nazi crimes, the charges inferred executives' knowledge and concurrence, and contended that the courts should, too.

If the accusations overshot the evidence, the defenses made a mockery of it.[23] In view of the historical record laid bare in previous chapters, the only truthful rationale available to the accused was force of circumstance (*Sachzwang*), but their attorneys rejected it for two principal reasons. First, they probably sensed that it was inadequate to the enormity of the crimes charged. Second, their clients balked at presenting themselves as amoral reactors to events, which offended their self-image.[24] The rebuttals in court therefore degenerated into fanciful depictions of the defendants as twice victimized heroes, first by a collectivist dictatorship they feared to cross and then by vengeful Allies who had no idea of what living in the Third Reich entailed (or of how dependent Germany's recovery would be on the defendants' skills).[25] Genuine pressures on executives to demonstrate loyalty and produce what the regime wanted were inflated into threats so life-threatening as to excuse all actions taken in self-defense. Disagreement with specific government directives became indications of overall opposition to the regime. Rapacious corporate takeovers were presented as undertaken for the victim's own good.[26] While highlighting limits on corporations' ability to improve working conditions for forced and slave laborers, defense lawyers insisted that accused executives knew nothing about these conditions and therefore had not acquiesced in them, then turned around and cited repeated, sometimes supposedly successful efforts to improve matters.[27] Cloaked in ignorance and motivated by patriotism, apolitical business leaders, their advocates asserted, had behaved no differently than their counterparts in Allied states by producing for their country. In support of this mix of evasions, half-truths, inconsistencies, lies, and moral obtuseness, defendants' attorneys deployed a blizzard of affidavits that reflected rampant collusion among the authors and coaching by the lawyers. Very few defense exhibits consisted of relevant corporate records; most were testimonials to the character and decency of the defendants and labored explanations by corporate employees or the defendants themselves as to why top executives had little awareness of or responsibility for the most damning matters being held against them.[28]

The judges' preoccupation with demonstrating the fairness of American courts played recurrently into the hands of the accused.[29] Defendants were allowed to confer in ways that eased the formulation of collective lines of testimony and the bullying of dissenters into conformity.[30] In the courtrooms, a similarly indulgent attitude prevailed toward extended defense presentations and sometimes abusive cross-examinations.[31] Tribunals repeatedly invoked the principle that, under American law, the presumption of innocence requires that uncertainty about facts and motives be resolved in favor of the accused, which aided individuals who, later research has shown, did not deserve the benefit of the doubt. These circumstances added to the advantage of numbers and experience that the defense attorney teams, many of them veterans of the IMT proceedings, had over the American lawyers, most of whom had been recruited *de novo* following the end of that round of trials.[32]

Given the natures of the indictment, the evidence marshalled, and the court procedures, neither the verdicts nor the punishments imposed were likely to win the admiration and assent of contemporary observers, let alone of historians. Both then and since, the number of the accused convicted and the sentences meted out have satisfied almost no one, striking some critics as too many and too harsh and others as too few and too soft. Although most of the defendants in the US trials (twenty-nine of forty-three) and in the French proceeding (three out of five) were found guilty on one or more counts, all the convictions (aside from stray punishments for links to the SS) came on the traditional charges and none on the more novel ones. Not a single defendant in these proceedings (or in the other seven American successor trials that did not involve business figures) ultimately was sentenced for conspiracy to prepare aggressive war, and in the Krupp, Farben, and Röchling trials, the courts dismissed these charges as unproven well before arriving at final judgments. Moreover, the penalties for participation in plunder and spoliation or exploitation of involuntary labor peaked at fifteen years for Paul Pleiger, then descended steeply to twelve for Alfried Krupp, ten for Hermann Röchling, eight for Otto Ambros and Walter Dürrfeld of IG Farben (the two executives most closely involved in its Monowitz factory), seven for Friedrich Flick and Karl Rasche, an average of less than five for their convicted associates, and on one occasion to time already served, which was credited to all the sentences.[33] At least at the high end, these sentences were not what a disappointed prosecutor decried as "light enough to please to a chicken thief," but neither were they the acquittals that corporate defenders felt were warranted.[34]

Many crosscurrents influenced the verdicts and sentences. The freezing of the Cold War and related changes in American official and public opinion about the advisability of punishing German economic leaders surely were among these, though direct political pressures do not appear to have played any role.[35] Another input was the obvious irritation of many of the judges with the approach taken by the prosecution staffs. One of the Farben judges later called the case against that company's directors "poorly prepared and … haphazardly presented."[36] Judges' annoyance with the foregrounding of the unprovable (both then and now) and comparatively abstract conspiracy charge in all but the Flick case may have offset some of their disgust with corporate crimes related to the Holocaust and thus tempered the penalties imposed.[37] Certainly skittishness about setting precedents inhibited the tribunals from accepting the less well-codified charges. Another Farben judge later told an American journalist that he and his colleagues took care "to interpret international law in the terms that might justly be applied to our own countrymen, if we should be so unfortunate as to lose some future war."[38] Finally, personalities made a difference, especially to the relatively severe terms allotted to Krupp and Röchling. The latter's reliance on patriotism as his principal defense left his French judges cold; the former's final statement in court, utterly bereft of regret, remorse, or humility of any sort, alienated his tribunal, just as the self-centered tone of his appeal for clemency put off the American military commander in Germany.[39]

Above all, the trial outcomes, like the controversies that have swirled around them ever since, reflected divergent opinions regarding agency and duress (How much freedom of action did business leaders possess?) and intentions and effects (Which mattered more in assessing liability?). These differences emerged strikingly in the contrasting judgments regarding firms' use of slave and forced labor. For the corporate defendants, the most sympathetic ruling came in the Flick case, the one decided first, when the judges concluded in December 1947 that compulsory labor was a state-imposed and governed program, whose existence and terms the executives could neither affect nor evade without prosecution for sabotage. All but two defendants (Flick and Bernhard Weiss), who had actively pursued government contracts to increase output of a war-related product (freight cars) and Soviet POWs to do the work, therefore were protected by the defense of necessity or duress. At the end of July 1948, the judgment in the IG Farben case largely accepted this precedent, freeing all the defendants on the slave labor charge except those most closely associated with the Monowitz plant, an undertaking that, the court emphasized, the firm privately financed and pursued for its own profit. In short, these courts granted deference to pressures on business in the Third Reich unless corporate figures were caught demonstrably seeking to benefit from its persecutory policies.[40]

One day after the Farben decision, the judges in the Krupp case offered a very different assessment of the duress defense and the balance between industrialists' intentions and effects. After dwelling on the often-dreadful working conditions at Krupp plants and the roles of Krupp employees in aggravating them, the Krupp judgment detailed the firm's active pursuit of inmate laborers, including at and from Auschwitz, underlining that these unfortunates were not forced upon the company. Under the defense of necessity or duress, the tribunal then noted, life may be taken only to save life, that is, the harms inflicted and deterred may not be "disproportioned." Yet the most Krupp and his associates realistically had to fear, the court believed, was the loss of their jobs or property, which hardly justified

> employing thousands of civilian deportees, prisoners of war, and concentration camp inmates; keeping them in a state of involuntary servitude; exposing them daily to death or great bodily harm, under conditions which did in fact result in the deaths of many of them; and working them in an undernourished condition in the production of armament intended for use against the people who would liberate them and indeed even against the people of their homelands.

Even in the unlikely event of being sent to a concentration camp, the defendants

> would not have been in a worse plight than the thousands of helpless victims whom they daily exposed to danger of death, great bodily harm from starvation, and the relentless air raids

> upon the armament plants; to say nothing of involuntary servitude and the other indignities which they suffered. The disparity in the number of the actual and potential victims is also thought provoking.

In short, the Krupp tribunal drew attention to the incommensurability between what defendants claimed as their motive and the effects of what they had done, and therefore convicted eleven of the twelve accused on the labor charge.[41]

How one assesses the successor trials of German industrialists depends heavily on which of these points of view one finds most persuasive. Bismarck's remark that "motive does not change effect" is the epigraph to this book, but judges, as those in the NMT proceedings were explicitly authorized to do, consider motives mitigating. The prosecutions in the corporate cases concentrated on the dreadful effects of executives' conduct, deduced intent or at least liability from them, and argued for stiff penalties; the defenses highlighted the scant evidence of malicious intent, deduced innocence or ignorance from that, and claimed extenuation. In the Flick and Farben cases, the judges tried to split the difference, generally leaning toward the defense except where the conduct of individuals was demonstrably too greedy, and the results too gory, to overlook. The Krupp judges (and one dissenter in the Farben case) leaned the other way.[42]

Within this argument about agency and motives lurked another argument about their kind, over which the court judgments also parted ways. Faced with the prosecutions' contentions that big business leaders supported Nazi policies because of shared ideology and interests and the defenses' assertions that corporate leaders made only rational calculations about profitability and survival, the judges in the Flick and Farben cases inclined to the latter view unless the conduct at issue seemed excessively or unnecessarily grasping. This approach dodged the problem this book highlights: Under the prevailing conditions of the Third Reich, rational calculations led to ideological service.[43] It was rational to advance corporate profitability by taking over property owned by Jews that otherwise a competitor would obtain and to do so on the most economically advantageous terms available. It was rational to improve the firm's bottom line by serving the Nazi war machine and its economic underpinnings. It was rational to take whatever source of labor was on offer to meet production targets and thus to avoid possible punishments and win possible favors. All these actions were rational, at least in the short run and so long as one ignored the consequences to anyone but oneself or one's enterprise, and all advanced the regime's purposes quite independently of decision-makers' intentions or degrees of ideological fervor. Corporate rationality served Nazi criminality. If that was so, how could rationality be treated as necessity and regarded as an effective defense in court? The Krupp judges came closest to confronting the issue when they, anticipating the argument of this book, concluded that "the defendants acted not from necessity … but from what they conceived to be a sense of duty," and found that justification wanting.[44]

Comparing what German executives actually had done to what they claimed to have thought they were doing was precisely what most of them strenuously tried to avoid in the late 1940s. By the time of the Krupp and Farben decisions, the initial postwar period of abasement and confusion among corporate leaders had ended and given way, not to a willingness to reflect on their part in the Nazi past, but to a resurgent readiness to reject any responsibility for it. Emboldened by Allied backsliding on denazification and the dismantling of German industrial capacities and by the business sector's increasing importance to the Western Allies' plans to foster democracy in their zones and economic recovery in Western Europe, West Germany's corporate elite rallied around the narrative of self-defense through self-pity and self-glorification that the defense lawyers unlimbered at the NMT.[45] Satisfaction with their partial success – if one counted by charges rather than defendants, acquittals outnumbered convictions – and pride deeply offended by the guilty verdicts now redoubled business's collective effort "to discredit the very idea of punishment."[46]

As the German corporate world appealed the verdicts and pursued clemency for the sentences, its circling of the wagons tightened. Firms continued to pay not only for the defendants' attorneys – even Rasche, whom many bankers thought an embarrassment, got his legal bills covered by the Dresdner Bank – but also to subsidize a public relations campaign to influence opinion at home and abroad.[47] After the NMT ordered the sale of Krupp's industrial holdings, no German investor or enterprise stepped forward to acquire them, and the American military governor quietly let the order lapse.[48] By 1951, John McCloy, the chief American occupation authority, had succumbed to relentless lobbying and released the last of the convicted businessmen, which made the longest time served about six years. Although McCloy claimed to have acted purely on "humanitarian grounds," he appeared to have legitimated German objections to the verdicts, even to the choice of this category of defendant.[49] Few, if any, of the tried, whether convicted or not, suffered financially afterward. Those who were not reinstated were aided with consulting contracts and the like, or found positions at other companies. Two of the executives condemned at the Farben trial became supervisory board chairs at firms that emerged from that giant concern's dissolution.[50] In ensuing years, as some of those found guilty by the NMT died, colleagues and successors made a point of paying their respects at the funerals, as if the conviction of the deceased had been what Fritz ter Meer of IG Farben proclaimed in 1948: nothing but "an absolution from wild accusations (*eine Reinwaschung von wilden Anklagen*)."[51] In the meantime, Friedrich Flick and Günther Quandt and his son Herbert resumed their empire-building, capitalizing heavily on automobiles, the quintessential boom industry of the postwar German economic miracle, and making their families for a time the two richest in Europe.[52]

The one-sided, highly simplified image of the "honorable businessman" (*ehrbarer Kaufmann*) who had ridden out the Nazis' "command economy" (*Zwangswirtschaft*) and "remained decent" (*anständig geblieben*) that emerged during and after the NMT proceedings held sway in Germany, especially in corporate circles, for decades.[53] Much of the alibi's appeal stemmed from the fact that it paralleled and reinforced two wider trends. One was the desire of the West German government and populace to foster a sharp distinction between cowed ordinary Germans and hateful fervent Nazis, and to assign blame for the crimes of the Third Reich exclusively to the latter group, thus absolving the rest of German society from any role in perpetration. The second was the preoccupation of Western European and American academic circles during the early Cold War with commonalities among mobilizing dictatorships, that is, totalitarianism theory. This approach favored simplifying rubrics like "command economy" and discouraged close examination of Nazism's corrupting mix of compulsion and temptation, controls and opportunities. So prevalent was the convenient illusion of corporate innocence in West Germany by the late 1950s that most celebratory and usually self-published corporate histories (*Festschriften*) of the era took it as a given that needed little repetition and concentrated on technological achievements of the

Nazi period or glossed over it entirely. In the USA, William Shirer's *The Rise and Fall of the Third Reich* (1960) and William Manchester's *The Arms of Krupp* (1968) kept alive a negative image of German industrial leadership during the Nazi era, but neither these works, nor the propagandistic assaults on "monopoly capitalism" from East Germany, had much impact in the Federal Republic. More consequential, but in key respects counterproductive, was the reopening in West Germany of numerous questions about the past that followed from the spate of trials of concentration camp guards that began in 1958, the student rebellions of the 1960s, and the efflorescence of Marxist and marxisant historical analysis throughout the West in the 1970s.[54] These trends did not shake business leaders' faith in the received narrative but revitalized for a time their resistance to two processes that had the potential to raise doubts: restitution claims and research.

West German firms faced two primary sorts of restitution claims after 1945: (1) attempts by surviving, usually formerly German, Jews to revise the terms of aryanization sales or reductions in severance and pension provisions; and (2) efforts by usually foreign survivors of forced and slave labor to obtain compensation for unpaid wages and/or suffering and physical harm. The first category proved relatively quick and easy to dispose of via German courts, under procedures laid down as a precondition for Allied recognition of the Federal Republic. Because the pension claims at issue were usually small and the claimants to real property were seldom interested in resuming physical possession, the chief interest of the respondents was obtaining acknowledgment they had acted legally and honorably during the acquisitions, then holding down the size of the necessary amends. Settlements ratified by the courts were the most convenient way of doing so, and the readiness of most claimants to close the book on the past generally made them amenable to negotiated payouts that allowed the acquirers of real property to retain it. Although these owners usually showed little sympathy for the claimants or consciousness of guilt or shame during these proceedings, which triggered some acrimonious battles, by the mid-1950s the great bulk of this sort of restitution had taken place, entailing an outlay of some 3.5 billion Deutsche Mark from individual and corporate aryanizers to the people they had dispossessed.[55]

In response to laborers' claims, however, German firms consistently denied all liability with the support of the West German government and judicial system. They argued in unison that the German state had established the programs and conditions of forced and slave labor and was, therefore, the proper addressee for compensation claims that had to be made by the government of the country in which the claimants resided. Between the 1950s and the 1980s, public relations worries about particular enterprises' reputations abroad punched a few holes in this stance. As expressions of humanitarian generosity, not legal obligation, the corporate residue of IG Farben, along with the Krupp, Siemens, AEG, and Rheinstahl enterprises agreed to pay some 51.5 million Deutsche Mark to the Jewish Claims Conference (JCC) between 1957 and 1962 to aid roughly 15,000 former camp inmates who had toiled for these firms. The average payout came to 3,433 Deutsche Mark or US$850 at the time. In the late 1980s, again as an act of charity, not liability, the Deutsche Bank, Daimler-Benz, and VW distributed 37 million Deutsche Mark, mostly via the JCC, to the by now diminished number of surviving onetime forced or slave laborers at their firms or subsidiaries.[56] In each instance, the goal was to put an end to embarrassing publicity. Most formerly exploited workers remained uncovered by these exceptional agreements and, as residents of Eastern European communist countries that had no reparations agreements with the Federal Republic, excluded from intergovernmental transfers that West Germany paid to Israel and West European countries.[57]

Regarding research into their histories, Germany's leading firms remained for decades similarly intransigent. With the notable exceptions of the GHH in Oberhausen and Bayer in Leverkusen, their pruned but still extensive archives stayed partially or wholly inaccessible to outsiders.[58] When Ulrich Herbert did his pioneering work on foreign labor in Nazi Germany, published in 1985, thirty-eight of the forty company archives that he approached turned him away.[59] Volumes marking important corporate achievements or milestones or commemorating significant features of companies' pasts were almost always in-house or heavily subsidized and editorially controlled productions.

The approach of two significant corporate celebrations in the 1980s set in motion deviations from previous practice that turned out to be signs of sweeping changes to come.[60] The first of these events was the 100th anniversary of Carl Benz's first gasoline-powered automobile, which Daimler-Benz resolved to observe in style in 1986, including with the issuance of a corporate history that addressed the Nazi years in greater breadth and depth than theretofore. The second commemoration was of the founding in 1938 of the town and factory that became Wolfsburg and the Volkswagenwerk after World War II. In the first instance, the company broke with precedent only superficially. Initially envisioning a sober "documentation," that is, a summary and presentation of the available records on the firm's history, Daimler-Benz's board hired the recently founded (German) Society for Business History (Gesellschaft für Unternehmensgeschichte or GUG), headed by Professor Hans Pohl of the university in Bonn, to do the source gathering, selection, and commentary. But the firm's archivists, public relations staff, and managing board remained closely involved throughout the project; the GUG depended in part for its funding (not just the project's) on Daimler-Benz; and its managing board chair served on the GUG's managing board. After the resulting and, in fact, rather conventionally defensive volume appeared in 1986, it engendered considerable criticism, a highly sensationalist and attention-getting counter volume from a leftist collective, and D-B's promise to support a subsequent, fully independent, and more thorough account of the firm's use of forced and slave labor, which got a more favorable reception upon publication in 1994. Long before then, VW's leaders had decided to avoid D-B's mistakes by more completely outsourcing their anniversary project. Hans Mommsen, a celebrated and prolific historian at the university in Bochum with a reputation for standing on the political left, received the commission, along with the promise of support for an "independent research group" with "unlimited access" to VW's records and unfettered right to publish.

That D-B and VW ushered in related, almost simultaneous, but still modest breakthroughs in German corporate resistance to restitution and research stemmed from more than just a near and accidental conjunction of anniversaries. It reflected a simultaneously rising salience of issues surrounding forced and slave laborers in public consciousness, both in the Federal Republic and abroad, along with these two consumer-oriented firms' high degree of market exposure. Such pressures on major German firms spread during the 1990s with the fall of communism (which removed the Cold War as a shield against criticism of capitalist enterprise), German unification (which put reparations back on the agenda from which the London Agreements of the 1950s had taken them), the genocidal campaigns in the Balkans and Rwanda (which directed public attention to human rights issues), and the emergence of class action suits in the United States (which allowed resident survivors of forced and slave labor and other losses at the hands of German corporations to sue those operating in the United States in American courts for compensation recoverable from American assets). Firms' flexibility in response to these changes also increased considerably thanks to a simultaneous development that already had been influential at Daimler-Benz: gathering generational change in the executive suites, as people trained by and loyal to veterans of the Nazi era retired in favor of younger executives lacking personal reasons to defend their predecessors' reputations.

As a result of this larger conjunction of forces, German corporate resistance to restitution for the past and research about it crumbled during the 1990s. Of course, the collapses were not symmetrical because the threat posed by the two issues was not, either quantitatively or qualitatively. Restitution threatened to cost firms a great deal more in money and repute than research and had much more powerful political impetus, so containing the former problem was both more urgent and more complicated than dealing with the latter. By 2000, German representatives succeeded, via laborious negotiations with Jewish organizations and the US government, in obtaining an agreement that capped both the overall bill for industrial use of forced and slave labor during the Nazi era and the share that industry would have to pay in return for final legal immunity from all subsequent claims. The German parties pledged 10 billion Deutsche Mark, which shortly thereafter turned into 5.1 billion Euros, half provided by the state and half by voluntary tax-deductible corporate contributions. The funds went to a German Foundation for Remembrance, Responsibility, and the Future (Stiftung Erinnerung, Verantwortung und Zukunft), which pledged to disburse 93% of them to victims of Nazi exploitation, reserving 7% for civic and Holocaust education projects. By 2007, the Foundation had dispensed 87% of the total (about €4.5 billion) to almost 1.7 million former forced and slave laborers, along with additional compensation to people cheated out of insurance policies and victims of medical experiments, after which the compensation phase of the organization's work ended.[61]

The deal had one great virtue – the unprecedented amount of compensation it provided – and numerous shortcomings. A majority of those entitled to compensation already had died waiting for it. Many others, such as Italian military internees put to work as forced laborers, were excluded. Those included were grouped in crude categories – "slave" laborers, mostly Jewish camp or ghetto inmates, got lump sums of €7,670, but "forced" laborers only one-third as much – with no allowance for duration or type of their work. All recipients had to waive any further monetary claims.[62] At the donors' end, contributions came predominantly from some sixteen founding firms, nearly all of them government-owned or highly exposed to American lawsuits or other forms of pressure. Their payments, as well as those of later participants, generally were pegged to a percentage of current sales, not to what their enterprises had done during the Nazi era.[63] In other words, the final restitution settlement, like all of its predecessors, private or governmental, was a case of rough, negotiated justice whose aftertaste was (and is) bittersweet.[64]

On the research front, progress came both more easily and more slowly, leaving a similar residual ambivalence. The Deutsche Bank already decided early in the 1990s that a full-fledged team of independent professional historians should prepare the history to accompany the 125th anniversary of the bank's founding in 1870. Once it won a positive reception, Allianz, Degussa, and the Dresdner Bank followed suit in quick succession, and a new norm swiftly came into being. Siemens departed less sharply from past practice by having its history written by a professor closely tied to the firm. He emphasized technological change and downplayed the unadmirable aspects of the firm's conduct during the Nazi era, burying references to them for the most part in lengthy, well-nigh impenetrable footnotes.[65] But the day of historiographical self-promotion largely has ended. Johannes Bähr has been allowed to put the Siemens Archive to improved use.[66] Dozens of these professional, disinterested corporate histories by now have appeared, and more are in the pipeline. Even family-owned or dominated enterprises, which often were slower to lift the veil on their pasts, have begun to catch up, as shown by the recent about-face on the part of the long recalcitrant Henkel of Dusseldorf.

The relative swiftness of this change in attitudes owes much, of course, to a change in the balance of corporate interests: self-protection now argues for self-examination. Openness has become a more appealing market stance than concealment, and the most effective way to separate one's firm (and family name) from the past is to express shock and regret about what happened. If the new candor does not quite make up for decades of enterprises' mendacity and delusion about their leaders' conduct during the Nazi era, historians must welcome the transformation all the same. It has made grasping the place of German big business and finance in the Nazi economy and the Holocaust more possible than ever before.

10 SUMMARY

The leaders of Germany's largest industrial and financial enterprises played a key role in the catastrophes and crimes of their nation in the first half of the twentieth century. Lack of flexibility and imagination in the top corporate ranks helped make the Great Depression particularly severe in Germany and then assured that business espoused a self-serving and politically unappealing account of the origins of the crisis and the best responses to it. The nation's commercial elite thus helped open the way to Hitler's rise but stood confused and divided in the face of it, torn between the apparently promising and threatening aspects of the Nazi Party's program. This rendered the corporate world marginal to the outcome of January 30, 1933. After Hitler obtained power, ambivalences and cleavages among executives disarmed and atomized them in the face of the regime's racism and statism. Firms slid rapidly during the 1930s into first compliance with, then capitalizing on both doctrines, because the regime's adroitly improvised system of carrots and sticks made that conduct seem both unavoidable and advantageous. The same arc of corruption characterized the corporate response to expansion and genocide during the war years: First adaptation prevailed, then eager acquisition of property and labor, always in the name of survival and success within the economic world that the Third Reich was constructing, a world of competitive barbarism. Along the way, the dynamic became a kind of feedback loop: The political and the commercial actors reacted to each other in ways that made the consequences for their respective but increasingly identical victims worse. Whatever momentary misgivings or irritations developed between the actors, they were making common cause, for which they bore common responsibility.

At least, that is the argument of this book, which departs considerably from the polarizing ways this history was recounted at the Nuremberg trials, into which historical narratives largely have been locked ever since. On the one (prosecutorial) side, German big business generally favored, indeed helped shape, the Nazi goals of expansion and exploitation, and the identity of corporate and state intentions and interests signified an agreement regarding means. Though overlapping with orthodox Marxist analyses, the version presented at Nuremberg by the American attorneys sprang from homegrown preconceptions, a mélange of images of the acquisitive Hun left over from World War I and of rapacious international corporate cartels that preoccupied the staff of FDR's Treasury Department during the 1930s and several congressional inquiries during World War II. One cannot read Francis Shea's memo of July 1945 laying the basis for the NMT indictments without concurring with the recent judgment that it "rested on an assumption that largely passed the reality of the Nazi economy by."[1] Both the Treasury reports on the Deutsche and Dresdner banks published by the Office of the Military Government, United States (OMGUS) bore the stamp of these preconceptions and were riddled with errors that became part of the opening statement in the prosecution of Karl Rasche. The best student of his trial has dismissed the document's "drastically exaggerated, historically false theses."[2] Yet the caricature persists, appealing in its simplicity, neatness, and familiarity. The other side of the story, the one that presents German big business as put-upon and bossed in a "command economy" directed by a collectivist regime, has little academic standing anymore, but was preserved in the public mind for decades by a conscious and consistent corporate campaign to sell this point of view and to hide the counterevidence that firms possessed. The legacy has been an allergic reaction, especially in German academic circles, to the parts of that evidence that require recognition of the constraints operating on business during the Third Reich and of how they channeled corporate behavior.

A key sustainer of this dialogue of the deaf over many years has been resistance to recognizing the portions of truth on both sides, lest doing so impede or invite moral judgment. Critics of corporate conduct do not want to concede that business leaders operated under real pressures, for fear of seeming to relativize or justify the resulting behavior. Apologists, however, are reluctant to admit that corporate leaders eagerly maneuvered to benefit from Nazi policies and thus often made these not only work, but also worse in their effects. The way out of this dead-end argument between obedience and cupidity, however, was pointed out by Hannah Arendt many decades ago. It lies in rejecting "the naïve belief that temptation and coercion are really the same thing, that no one can be asked to resist temptation."[3] Obviously, people can be more than asked, they can be expected to do so when the stakes are high enough.

Too much ink has been spilled about entrepreneurial freedom of action (*Spielraum*) in Nazi Germany, without considering how quickly business leaders surrendered theirs. In a setting that involved high and steadily rising levels of criminality from the outset, all of Germany's elites had an obligation to imagine, pursue, and generate increased maneuvering room against the gathering dictatorship, but few of them dared this. Instead, they quickly, reflexively conformed.[4] Beyond gestures to help personal friends, efforts toward freedom of action largely consisted of bargaining with the regime. But as Thomas Weihe shrewdly remarks, business leaders already had lost their chance to offer effective challenges the moment they "began to argue pragmatically," which is to say, almost immediately upon Hitler's accession.[5] Thereafter, pragmatism assured increasing subordination to Nazi policy. As the historians commissioned to write the recent and exhaustive history of the Dresdner Bank repeatedly point out, its decisions and actions were not those of the Nazi managing board members alone, but of the entire body, acting in quest of the main commercial advantages that the Reich's policies made available.[6] This was responding to temptation, not coercion, and as the judges in Krupp's case pointed out, the risks of not succumbing to temptation were incomparably fewer and less than the harm that resulted from doing so. Moral condemnation of corporate collaboration and an accurate recounting of how the Nazi economy worked are neither contradictory nor incompatible.

Though shocking, the behavior of Germany's corporate elite during the Nazi years does not seem genuinely surprising in retrospect. Is it strange or unexpected that people who devoted their professional lives to a firm or a product or a technology fixated on and prioritized that effort? Or that these people ignored the surrounding or accompanying injustices while receiving material and personal rewards for doing so and possibly losing them for not? That Flick or Quandt or Rosterg or Röchling – workaholic empire builders all – would have put the purpose and habits of a lifetime aside for the sake of defending human rights appears rather fanciful. The very probability of German corporate behavior, its obvious practical logic in the short term, is one of the most confounding aspects of the history told by this book. Our discomfort with that likelihood probably also has much to do with the attraction of the diabolical view of German industrialists and financiers that prevailed for so long. Conversely, our sense that the leading German business figures behaved rationally in the Nazi context may help explain our acceptance of what has turned out to be the long-term practicality of some industrialists' collaboration with Nazi crimes. Today the Flicks, Quandts, Porsche-Piëchs, and Oetkers remain among the richest families in Germany.[7] They were not swept aside and dispossessed in 1948 for the same reason that the Nazis merely intimidated them in 1933: because their assets and skills were more useful than their impoverishment.

Nonetheless, as Bismarck said, "motive does not change the effect." When thinking about the conduct of corporate leaders in the Third Reich, the Allied policy of allowing their rehabilitation after 1945, and the continuing social and economic prominence of some of their descendants, we would do well to pay attention to his stern and haunting maxim.

NOTES

Preface

1. Marrus, *Lessons*, 164–71.
2. Priemel, *Betrayal*, 40–59, 196–220.
3. This now largely forgotten literature is too vast to survey here. Representative of it and of the variant that emphasized the relative power of different "monopoly groups" of capitalists to determine Nazi government policies are the numerous works of the East German historians Kurt Gossweiler and Dietrich Eichholtz.
4. See the comments of Paul Erker in Erker and Pierenkemper (eds.), *Unternehmer*, 7, and of Werner Plumpe, "Business," 129–30, and "Unternehmen," 262–63.
5. See Siegrist, "Großunternehmen," and Turner, *Big Business*, xv–xxi.

1 Path Dependence

1. James, "Weimar Economy," 106–07; Petzina, *Zwischenkriegszeit*, 96; Gillingham, *Industry*, 27–28.
2. Balderston, *Economics*, 21; Bormann et al. (eds.), *Unternehmer*, 112–13.
3. Hesse and Marx, *"überforderte Wirtschaft*," 502; Bähr and Kopper, *Industrie*, 61–62.
4. In general, Turner, *Big Business*, 45–46; and Neebe, *Großindustrie*, 61–62, 97; on Duisberg, Bormann et al. (eds.), *Unternehmer*, 77–88; on Siemens, Bähr, *Siemens*, 243–44; on Silverberg, Neebe, *Großindustrie*, 26–29, 37–41; on Reusch, Bähr et al., *MAN*, 251.
5. On the inadequacy of this clichéd paradigm to this and later phases of German business history, see Hayes, "Industrial Factionalism," especially 125–28.
6. Bähr and Kopper, *Industrie*, 44–45.
7. Ibid., 54, 56, 67–69, 92–93; Bormann et al. (eds.), *Unternehmer*, 186–87; Hayes, "Industrial Factionalism," 127–28.
8. Neebe, *Großindustrie*, 121–22; Leopold, *Hugenberg*, 80–81.
9. Turner, *Big Business*, 22; Hayes, *Industry*, 48–52; Hayes, "Fritz Roessler," 65–66; Bähr et al., *MAN*, 252; Blaich, "Staatsverständnis," 167.

10. Petzina, *Zwischenkriegszeit*, 90.
11. Turner, *Big Business*, 39–44.
12. Ibid., 15–20; Abelshauser, *Ruhrkohle*, 55–57.
13. Bähr and Kopper, *Industrie*, 78–80, 92–93; Neebe, *Großindustrie*, 51–53; Bähr et al., *MAN*, 258–59; Kobrak, *Schering*, 87; Bähr, *Siemens*, 201–11, 255–57; and for the quoted words, Blaich, "Staatsverständnis," 166. For an extended contemporaneous lament about the supposed unfairness of the arbitration system and its administrators, see Lindner and Müller (eds.), *Unternehmertum*.
14. For examples, see Hayes, *Industry*, 48–52; Hayes, "Fritz Roessler," 63–67; Gillingham, *Industry*, 5, 12; Blaich, "Staatsverständnis," 169–70.
15. James, "Weimar Economy," 105; Berghahn, *Americanization*, 21.
16. Kobrak, *Schering*, 82.
17. Jacobs, *Rauch*, 40, 104.
18. Paul et al., *Hundertfünfzig*, 87–97.
19. Feldman, "Deutsche," 230–35.
20. On Lufthansa, see Plumpe et al., *Deutsche*, 297–98; on Daimler-Benz, Feldman, "Deutsche," 215–22.
21. Gall (ed.), *Krupp*, 158–59; Hayes, *Industry*, 17.
22. See Hayes, *Industry*, 19–22; Kobrak, *Schering*, 84, 116, 132.
23. See Feldman, "Deutsche," 203–04; Plumpe et al., *Deutsche*, 296, 301, 315–17, including the quotation at 317.
24. Feldman, "Deutsche," 193, 199; Plumpe et al., *Deutsche*, 295.
25. Nolan, *Visions*, 138, 144–47.
26. Gall (ed.), *Krupp*, 236, 260–62.
27. Kobrak, *Schering*, 87.
28. Feldenkirchen, *Siemens*, 228–29.
29. Nolan, *Visions*, 149–53; Gregor, *Daimler-Benz*, 221–24.
30. James, "Weimar Economy," 104, 112; Nolan, *Visions*, 159; Gillingham, *Industry*, 8, 23–24; Gall (ed.), *Krupp*, 236; James, *Krupp*, 167.
31. Bähr et al., *MAN*, 232–46.
32. Ibid., 254–55, 261.
33. Kobrak, *Schering*, 107, 116, 128, 135–38, 190–91.
34. Hayes, *Cooperation*, 12–14.
35. In Gall (ed.), *Krupp*, 235.
36. Hayes, *Industry*, 37–43.
37. Kobrak, *Schering*, 184.
38. See Borchardt, *Perspectives*, 154–57.
39. Nolan, *Visions*, 158–59.
40. Flüggen, "Eigenkapitalrentabilität."
41. Spoerer and Streb, *Wirtschaftsgeschichte*, 49. See also Nolan, *Visions*, 166.
42. Charles Feinstein, Peter Temin, and Gianni Toniolo, quoted in Kobrak, *Schering*, 183.
43. Kobrak, *Schering*, 109.
44. Gillingham, *Industry*, 24; Kobrak, *Schering*, 373.
45. Neebe, *Großindustrie*, 61.
46. Ibid., 98.
47. Ibid., 102; Bähr and Kopper, *Industrie*, 105.
48. Gillingham, *Industry*, 27; and Hayes, *Industry*, 42, on the help sought to rescue Farben's synthetic fuel initiative.
49. The highly compressed account in this and the following paragraph draws upon, unless otherwise cited, Neebe, *Großindustrie*, especially 73–89, 122–39; Bähr and Kopper, *Industrie*, 107–11; and Turner, *Big Business*, 272–313.

50. Bähr et al., *MAN*, 258–59; and Neebe, *Großindustrie*, 120–22.
51. Von Hippel, *Röchling*, 371–72.
52. See, most recently, Abelshauser, *Ruhrkohle*, 7, 66; and Brakelmann, *Zwischen*, 31, 38. For background, Turner, *Big Business*, 148–52, 264–67. Some major firms paid for advertising in Nazi newspapers, notably the *Völkischer Beobachter*, but did the like in socialist organs, such as *Vorwärts*; see Turner, *Big Business*, 268–70; and Lindner, *Reemtsmas*, 388–89.
53. Borchardt, *Perspectives*, 167 (but I have smoothed a clumsy translation). See also Nolan, *Visions*, 229.

2 Ambivalence

1. For an argument that this weakness was more decisive to political outcomes in Germany in 1932–33 than the breadth of antisemitism, see Hayes, *Why?*, 65–66, 91–92.
2. Feldman, *Disorder*, 314–15; Bormann et al. (eds.), *Unternehmer*, 153.
3. Benz (ed.), *Juden … 1933–1945*, 304–05; Mosse, *German Economy*, 371–74; Mosse, *Economic Elite*, 161–85, 338–39, 342; Münzel, *Mitglieder*, 86–93, 100; and Scholtyseck, *Freudenberg*, 88–89.
4. Mosse, *German Economy*, 271–74, 355–58.
5. Fiedler, "Arisierung," 64–68.
6. Genschel, *Verdrängung*, 26.
7. Ziegler, *Juden*, 13, 24; Henke, *Dresdner*, 40; Herbst and Weihe (eds.), *Commerzbank*, 46.
8. Petzina et al., *Sozialgeschichtliches Arbeitsbuch III*, 134–35; Genschel, *Verdrängung*, 24.
9. Mosse, *German Economy*, 238–42.
10. See Hayes, "umstrittenen Geschichte," 414; Heine, *Verstand*, 198–200, 217–19, 226–28, 248–51, 255–58.
11. Mosse, *German Economy*, 299–301, 367.
12. See Eksteins, *Limits*, 105–06; de Mendelssohn, *Zeitungsstadt*, 398–402; and Kraus, *Familie*, 492–506.
13. Eksteins, *Limits*, 160–73; Wirthle, *Frankfurter*, 11, 16–18, 22–26, 29–30, and 33.
14. Danylow and Soénius (eds.), *Wolff*, 135, 496.
15. Mosse, *German Economy*, 345; Feldman, "Deutsche Bank," 273; Münzel, *Mitglieder*, 108–09.
16. James, *Slump*, 130–61.
17. Lenz, *Karstadt*, 112–32; Münzel, *Mitglieder*, 108; Kopper, *Bankiers*, 7–29.
18. *Reichsgesetzblatt*, no. 1 (1931), 493.
19. See especially Genschel, *Verdrängung*, 30–31.
20. On these demographic trends, see Petzina et al. (eds.), *Sozialgeschichtliches Arbeitsbuch III*, 135; Genschel, *Verdrängung*, 19–31, 274–87; Niewyk, *Jews*, 13–20, 41–42; Richarz (ed.), *Jüdisches Leben* 3, 14–25; Gordon, "*Jewish Question*," 9–15; Barkai, *Boycott*, 1–8; and Fischer, *Schacht*, 13–22.
21. See Barkai, *Boycott*, 9–12; Kershaw, *Popular Opinion*, 230–31; Gordon, "*Jewish Question*," 70–90; Blaich, "Staatsverständnis," 177.
22. See especially Mosse, *Economic Elite*, 339.
23. Hayes, *Industry*, 65–66; Smelser, *Ley*, 64; Chernow, *Warburgs*, 275–76.
24. Heine, *Verstand*, 49, 83–84, 95–96, 110–11, 115–17, and 122–23; Hopff, "Meyer," cxxv; and Lindner, *Inside*, 277.
25. Ziegler, "Verdrängung," 194–96; Herbst and Weihe (eds.), *Commerzbank*, 49–50.

26. See the incredulity expressed by Gustav Krupp von Bohlen und Halbach upon learning that only 30,000 Jews from Eastern Europe had become citizens of Germany in recent decades; Leo Baeck Institute Archive, New York (LBIANY), A28/7, Schäffer Diary entry for May 5, 1933, Box 3, 42. In general, see Feldman, *Disorder*, 201–03; Winkler, "Antisemitismus," 274–75; and Large, "Scheunenviertel," 127–30.
27. See Muller, *Capitalism*, 133–62.
28. Pulzer, *German State*, 344.
29. Kopper, *Zwischen*, 44–45; Gehlen, *Silverberg*, 486–508.
30. On the important of this theme, see Friedländer, *Persecution*, 107–10.
31. Fischer, *Schacht*, 19–20.
32. Hayes, *Cooperation*, 25.
33. For another example of simultaneously opposing racism and attributing "destructive" cultural influence to Jews, see the comments of Paul Moldenhauer, a Reichstag deputy for the DVP affiliated with IG Farben; Bundesarchiv, Berlin (BAB), Nachlass 19, Bd. 1, especially 123–24.
34. See Kleinewefers, *Jahrgang*, 69.
35. See Carl-Friedrich von Siemens's speeches in New York at the end of October 1931, as quoted in Turner, *Big Business*, 189, and in Feldenkirchen, *Siemens*, 557, note 161. On "anti-antisemitism" of this sort, see Levenson, *Defense*, especially 19; and Münzel, *Mitglieder*, 110.
36. Christian Dierig Archive, Augsburg (CDA), Ergänzung zur Firmensgeschichte, 29.iii.44, 2.
37. On the concept, Friedländer, *Persecution*, 73–112.
38. Winkler, "Antisemitismus," 280.
39. Mosse, *German Economy*, 343; Turner, *Big Business*, 90–91, 94.
40. Turner, *Big Business*, 129–31, 208; Hayes, *Industry*, 83–84.
41. Neebe, *Großindustrie*, 194; Turner, *Big Business*, 252; Langer, "Reusch," 206.
42. Bähr and Erker, *Bosch*, 183, and on Walz's designation as "Righteous among the Nations" by Yad Vashem after the war, 189. See also Scholtyseck, *Freudenberg*, 87–89.
43. Turner, *Big Business*, 336–37; Kershaw, *Hubris*, 330; Institut für Zeitgeschichte, *Reden*, vols. IV–V; Reuth, *Judenhass*, 257–60.
44. Hartmann et al. (eds.), *Hitler*, vol. 1, 734–859.
45. Adam, *Judenpolitik*, 24–33.

3 Compliance

1. Abelshauser, *Brandi*, 77; Turner, *Big Business*, 327. See also Langer, *Macht und Verantwortung*, 552; Overy, *War and Economy*, 124–26; Danylow and Soénius (eds.), *Wolff*, 129–32; and Pufendorf, *Plancks*, 379.
2. For further details, see Hayes, *Industry*, 83; and Langer, *Macht und Verantwortung*, 549.
3. Höhne, "*Gebt mir*," 87–124.
4. Hayes, "Fritz Roessler," 70.
5. See Hayes, *Industry*, 82–86, Abelshauser, "Gleichschaltung," 8–9; Tooze, *Wages*, 99–106; and Bähr and Kopper, *Industrie*, 115.
6. Lindner, *Inside*, 65.
7. Scholtyseck, *Bosch*, 137.
8. Feldman, *Allianz*, 61–62.
9. Lindner, *Inside*, 65.

10. On the decree, see Feldman, *Allianz*, 63. Accordingly, the attacks did not cease; in late April, for example, Nazis purged the works council at the Freudenberg shoe firm in Weinheim (Baden) and had two of the deposed members sent to concentration camps. See Scholtyseck, *Freudenberg*, 99–100.
11. On this putsch and its aftermath, see Abelshauser, *Brandi*, 42–45; Abelshauser, "Gleichschaltung," 10–16; Langer, *Macht und Verantwortung*, 568–72; Turner, *Big Business*, 335–36; Brakelmann, *Thyssen*, 43–45; Neebe, *Großindustrie*, 181–88; and Bähr and Kopper, *Industrie*, 117–24.
12. Neebe, *Großindustrie*, 187.
13. Hayes, *Cooperation*, 27–28, 52; on similar events in Berlin, see Biggeleben et al., *"Arisierung,"* 63–65.
14. See Hayes, *Industry*, 102–03; Pohl et al., *Daimler-Benz*, 19; and Windolf and Marx, *Wirtschaftselite*, 161, 188. On the Party's attacks on the bourgeoisie and its values and the lingering effects on business attitudes, see Beck, "Antibourgeois," and Rauh, "Wirtschaftsbürger."
15. Langer, *Macht und Verantwortung*, 573–77, 593, 595–618.
16. Scholtyseck, *Bosch*, 126.
17. Vaubel, *Glanzstoff*, 1:32–33, and 2:3–32.
18. Jacobs, *Rauch*, 88–93, 115–22; Lindner, *Reemtsmas*, 80–81, 91–104, 114–23.
19. Scholtyseck, *Quandts*, 253–61. Threats of legal action remained a potent form of Nazi intimidation of industrialists in subsequent months, as treason charges became the lever that prompted Hugo Junkers to sign his company over to the Reich in October 1933, and a prosecution for tax evasion that began in January 1934 was launched against Otto Wolff, who had provided former chancellor Kurt von Schleicher with a home in Berlin after he left office. See Tooze, *Wages*, 126; and Danylow and Soénius (eds.), *Wolff*, 132–35.
20. Hayes, *Industry*, 94.
21. Lindner, *Inside*, 66.
22. Hayes, *Industry*, 96.
23. Hayes, *Cooperation*, 26. Carl Duisberg of IG Farben invoked a very similar metaphor; see Plumpe, *Duisberg*, 786.
24. Lenz, *Karstadt*, 143, 154–55, 176–83; Genschel, *Verdrängung*, 74; Bähr and Köhler, *Verfolgt*, 68–69; and the contemporary account in *Jüdische Rundschau* 38, nos. 30/31 (April 13, 1933), 149.
25. LBIANY, Schäffer Papers, AR 7177, Box 1A "Einzelfälle von Maßnahmen gegen jüdische Angestellten," n.d. [May 1933], and "Zu den Akten: Osram," May 22, 1933; Landesarchiv Berlin, ehemaliges Stadtsarchiv (LAB-STA), Rep. 231: Osram GmbH KG, Akten O.424, O.449, O.1059; Feldenkirchen, *Siemens*, 361–62; Biggeleben et al., *"Arisierung,"* 124–26.
26. Feldenkirchen, *Siemens*, 557, note 162; Bähr, *Siemens*, 294.
27. Lindner, *Inside*, 68–70, 155–57.
28. Löhnert and Gill, "Agfa Filmfabrik," 130; and Karlsch, "Gajewski," 100, 107–14.
29. Scholtyseck, *Bosch*, 125; Hayes, *Industry*, 92; and LBIANY, A28/7, Box 3, Diary of Hans Schäffer, entry for June 28, 1933, 65–67.
30. Hayes, *Industry*, 100.
31. Scholtyseck, *Quandts*, 255.
32. Langer, *Macht und Verantwortung*, 592–94.
33. Feldman, *Allianz*, 81.
34. See Höhne, *"Gebt mir,"* 254–55.
35. Münzel, *Mitglieder*, 182. For similar results based on a narrower sample of firms, see Fiedler, "Arisierung," 69–71. For the slightly lower rate of attrition among Jewish private bankers, see Köhler, *Privatbanken*, 142.

36. Münzel, "Verdrängung," 101, who also notes, 97, that one-third of the 300 largest German firms had headquarters in Berlin, including one-half of the 50 largest ones.
37. Hayes, "State Policy," 199; Ziegler, *Dresdner*, 215. Cf. the overgeneralizing account in Katin, *Hostile*.
38. Henke, *Dresdner Bank*, 1:87, 90–93, and 2:13, 24, 48, 113.
39. For further details, see Herbst and Weihe (eds.), *Commerzbank*, 46–50; Kopper, *Bankiers*, 50–51; Kopper, *Zwischen*, 135–36, 221, 223; Turner, *Big Business*, 241–43, 303; Paul et al., *Hundertfünfzig*, 148–50; and Windolf and Marx, *Wirtschaftselite*, 197. Friedrich Reinhart was even politically powerful enough to get a Jewish managing board member restored to his position at a firm in Berlin after the NSBO had driven him out; see Kreutzmüller, *Final Sale*, 199.
40. Hayes, "Deutsche Bank," 75–77. See also James, "Deutsche Bank," 294–96; and Kopper, *Zwischen*, 132–35.
41. For further details, see Hayes, "Deutsche Bank," 78–79; and Pohl, *Holzmann*, 193–95, 201, 208, 212.
42. In this respect, see Hayes, *Cooperation*, 25–26; and Feldman, *Allianz*, 57–58.
43. Siemens-Archiv, Munich (SAAM), 4/Lf 676, Circular letter from Siemens, April 8, 1933, 3, 6–7.
44. Ibid., 3.
45. See BASF Unternehmensarchiv, Ludwigshafen (BASFUL), W1, Max Warburg to Carl Bosch, May 18, 1933, and the first draft by Warburg, June 19, 1933; SAAM, 4/Lf676, Krupp to Siemens, August 6, 1933, with the third draft attached; LBIANY, AR 7177, Hans Schäffer Papers, Box IA, Schäffer to Melchior, August 20, 1933, and LBIANY, A28/7, Box 3, Schäffer's diary, entries for May 12, 17, 23, and June 28, 1933, 42–49, 65–67; and Abelshauser, "Gleichschaltung," 16–19. Barkai, "Warburg," provides a broadly accurate account, but is unreliable on details because he could not consult Schäffer's diary. I disagree with several aspects of the summary in Bähr, *Siemens*, 291–93.
46. Langer, *Macht und Verantwortung*, 584. See also the behavior of a prominent German industrialist nominally outside the country in 1933, Hippel, *Röchling*, 375, 537–40.
47. Hayes, *Industry*, 93.
48. Scholtyseck, *Quandts*, 314–15.
49. A notable example can be found in the arrangements made regarding David Schnur's separation from Reemtsma in July 1934; see Klein, *Korruptionsskandale*, 441–42; and Jacobs, *Rauch*, 150. But a conspicuous exception to the pattern was the case of Walter Freudenberg of the eponymous shoe and leather firm; see Scholtyseck, *Freudenberg*, 91–92.
50. See Straumann and Wildmann, *Schweizer Chemieunternehmen*, 145–46, 171, 268; Wubs, *Unilever*, 43–44; Spoerer, *C&A*, 157; Turner, *General Motors*, 22; Doherty, *Hollywood*, 31–39; Feldman, *Allianz* (on Svea AG of Sweden), 69; and Karlsch and Stokes, *Öl*, 160–62.
51. Feldenkirchen, *Siemens*, 557, note 162.
52. Langer, *Macht und Verantwortung*, 632. See also Schleunes, *Twisted Road*, 114.
53. Hayes, *Cooperation*, 79–83.
54. Scholtyseck, *Freudenberg*, 113–39; Bräutigam, *Mittelständische*, 258–62, 307–08.
55. Hayes, *Cooperation*, 25.
56. Bajohr and Strupp, *Fremde Blicke*, 399.
57. Langer, *Macht und Verantwortung*, 633.
58. Bajohr and Strupp *Fremde Blicke*, 396.
59. Münzel, *Mitglieder*, 142.
60. Hayes, *Industry*, 120–21; Höhne, *"Gebt mir,"* 175–78.

61. See Abelshauser, "Gleichschaltung," 23; and Hayes, *Industry*, 121.
62. Abelshauser, "Gleichschaltung," 3.
63. Ibid., 24.
64. Overy, *War and Economy*, 134.
65. For the prediction, see Brakelmann, *Thyssen*, 44.
66. Neebe, *Großindustrie*, 202.

4 Monopsony

1. Hayes, *Cooperation*, 50.
2. For the figure, Tooze, *Wages*, 65; on the financing, much of it through the Mefo scheme, see Ullmann, *Steuerstaat*, 143–45; and Gosewinkel (ed.), *Wirtschaftskontrolle*, 202.
3. Schanetzky, *Kanonen*, 63; Tooze, *Wages*, 65.
4. Tooze, *Wages*, 64–65.
5. Ibid., 94–95; Schanetzky, *Kanonen*, 76–77, 92.
6. Bähr and Banken (eds.), *Wirtschaftssteuerung*, 8–9.
7. See ibid., 511–57; Hayes, *Industry*, 69–73; and the remarkable recollections of Gottfried Dierig, the textile magnate, of his conversation with Wagener in the summer of 1933, from which the quoted words come, CDA, Ergänzung zur Firmengeschichte, 29.iii.44, 2–3.
8. Ambrosius, "Regulierungsansätze," 58; Gosewinkel (ed.), *Wirtschaftskontrolle*, xvi, xxii, xxxiii; Stolleis, *Law*, 69, 107; Banken, *Steuerstaat*, 273–74.
9. According to Gerald Feldman in Gosewinkel (ed.), *Wirtschaftskontrolle*, 228. See also Banken, *Steuerstaat*, 275–76.
10. On the general pattern, Plumpe, "Unternehmen," 249–50. For an example, see IG Farben, where four out of nine members of the Vorstand's Central Committee attended their first meetings in 1933 and the leadership of both the managing and supervisory boards changed in 1935; Hayes, *Industry*, 99, 127–28.
11. Kuller, *Bürokratie*, 43–47; Boelcke, *Wirtschaft*, 89.
12. See Hayes, *Industry*, 101; Bähr and Erker, *Bosch*, 171–72; James, *Dictatorship*, 56–58; Bähr, *Dresdner*, 94–95. For later examples, Hayes, *Cooperation*, 34.
13. Windolf and Marx, *Wirtschaftselite*, 161; and Kater, *Party*, 100–03, 252. For prominent examples, Hayes, *Industry*, 100–03, 200; Hayes, *Cooperation*, 33–34. Among other noteworthy joiners in 1937 were Wilhelm Zangen of Mannesmann (Bähr and Kopper, *Industrie*, 146), Friedrich Flick and Ferdinand Porsche (de Jong, *Billionaires*, 62), Ernst Heinkel (Weiß (ed.), *Lexikon*, 193), and Hans Schippel of the Dresdner Bank and Felix Warlimont of Norddeutsche Affinerie (Windolf and Marx, *Wirtschaftselite*, 205, 215, 331, 342).
14. See, most recently, Eden, *Verwaltung*, 65–72.
15. Hayes, *Industry*, 77–78, 120; Eden, *Verwaltung*, 101–08.
16. See Rauh-Kühne, "Paulssen," 142.
17. Bera, *Lobbying*, 69.
18. Bähr et al., *MAN*, 280.
19. Gall (ed.), *Krupp*, 329.
20. Feldenkirchen, *Siemens*, 406.
21. Bähr and Erker, *Bosch*, 156, 665.
22. Gregor, *Daimler-Benz*, 38.
23. Erker, *Zulieferer*, 13, 154, 159.
24. Hayes, *Industry*, 110, 136, 158–59.
25. Finger et al., *Oetker*, 423; Scholtyseck, *Freudenberg*, 194–95.
26. Reckendrees, *Beiersdorf*, 126.

27. Hayes, *Industry*, 115–20.
28. Ibid., 133–35; Karlsch and Stokes, *Öl*, 184–86.
29. Grieger et al., *Expansion*, 54–56, 62–63, 67–69, 74–78, 94–105, 109–10, 122–23, 127–29.
30. Hayes, *Cooperation*, 114–16, 152–55.
31. Hayes, *Industry*, 145–47; Höschle, *Textilindustrie*, 198–204.
32. Hayes, *Industry*, 168; Priemel, "Big Business," 287; Bähr and Banken (eds.), *Wirtschaftssteuerung*, 225.
33. Schoenbaum, *Social Revolution*, 277. Similar mixes of policy assured that private banks would finance projects the regime favored; see Kopper, *Zwischen*, 173.
34. Lindner, *Inside*, 266; see also Hayes, *Industry*, 129–30.
35. BAB, R13XIV, 94a, his speech to the Hersfelder Tagung der Reichsbetreibssgemeinschaft Textil, September 5, 1936. On Dierig and his firm, see Lindner and Müller (eds.), *Unternehmertum*. On his enthusiastic support for the expansion of synthetic fiber production, see Bähr and Kopper, *Industrie*, 143.
36. Nonnenbruch, *Dynamische*, 42–43.
37. Evans, *Power*, 617–18.
38. Hayes, *Industry*, 75–76, 130, 166–67. On the "interventionist spiral," see especially the work of Banken, *Edelmetallwirtschaft*.
39. For the figures on arms spending, Ullmann, *Steuerstaat*, 145; Tooze, *Wages*, 206–07. On Brabag and the fiber's firms, Hayes, *Industry*, 133–35, 145–47. For the visions of a more normal future, Hayes, *Industry*, 160–61; Overy, *War*, 188, 200; Bähr, *Dresdner*, 180–81; and Höschle, *Textilindustrie*, 315.
40. Priemel, "Big Business," 289–91.
41. Gall (ed.), *Krupp*, 339–40; Schanetzky, *Kanonen*, 81.
42. On the illusory nature of this view, see Budraß, "Handlungsspielräume," especially 409–11, 426.
43. See Budraß, *Flugzeugindustrie*, 320–25; and Karlsch and Stokes, *Öl*, 199. For another example of a forced foundation of a firm to make a product that private enterprises rejected, see the case of Orgacid, Hayes, *Industry*, 137.
44. Hayes, *Industry*, 168.
45. Note the argument of a Continental rubber supervisory board member in November 1936 that "Conti cannot keep away from participation" in a project the state wanted because otherwise "it would be feared that a compulsory company on the model of Brabag will be formed," Erker, *Zulieferer*, 129.
46. See Overy, *War*, 188–89, 235–39, and the extensive literature cited there.
47. This is a key point somewhat obscured by the concept of a "*vorgezogene Kriegswirtschaft*" advanced by Streb, "Wirtschaftssytem."
48. Herbst, "Gab es," 622.
49. Bajohr and Strupp (eds.), *Fremde Blicke*, 464.
50. Tooze, *Wages*, 224; Danylow and Soénius (eds.), *Wolff*, 176; and for a slightly different rendition of Göring's words, see Kube, *Pour le mérite*, 162.
51. Overy, *War*, 99. According to one surviving and oft-quoted record of Göring's statement, some of his listeners literally laughed it off. One who did not was Rudolf Siedersleben, the effective head of the Otto Wolff group after 1934. He circulated his notes of the speech to all his plant leaders and asked for confirmation of receipt; Danylow and Soénius (eds.), *Wolff*, 176. See also Finger et al., *Dr. Oetker*, 253.
52. For the quoted words, Spoerer and Streb, *Wirtschaftsgeschichte*, 178.
53. For indications of skepticism of this sort, see Bajohr and Strupp (eds.), *Fremde Blicke*, 464–65, 476; Lindner, *Linde*, 153.
54. Priemel, "Big Business," 290; Spoerer and Streb, *Wirtschaftsgeschichte*, 178–79.
55. Schanetzky, *Kanonen*, 81–82.

56. Banken, *Steuerstaat*, 294, 416–18, 421, 424–26.
57. Tooze, *Wages*, 95; Spoerer and Streb, *Wirtschaftsgeschichte*, 140, 158. The extant literature is not very informative as to the share of consumer goods purchased by the state or even the German military before the war began, but it cannot have been insignificant; see Overy, "Four-Year Plan," 99–100; and Höschle, *Textilindustrie*, 205–19. Carl Friedrich von Siemens wrote in August 1939 that 60% of Siemens & Halske's business consisted of direct orders from the army, the remainder was with other government agencies or for export, and "fabrication for private needs will probably cease entirely as we approach 1940," Bähr, *Siemens*, 316. On the high proportions in wartime, see Overy, *War*, 247–49, 345; Jacobs, *Rauch*, 162–63; and Abelshauser, "Germany," 152. On the military considerations that from the beginning shaped the VW program, see Pyta et al., *Porsche*, 169–70.
58. Tooze, *Wages*, 263.
59. Hayes, *Cooperation*, 141. See also the massive shift in the distribution of output at the Swiss-owned Aluminum Walzwerke-Singen toward intermediate products for aircraft (Rauh-Kühne, "Paulssen," 155), and the rising importance of truck production to Opel (Turner, *General Motors*, 40–44).
60. Tooze, *Wages*, 124–25; Priemel, *Flick*, 509.
61. Schanetzky, *Kanonen*, 74; Ullmann, *Steuerstaat*, 145–46, 149.
62. Tooze, *Wages*, 206–07.
63. Hayes, *Industry*, 151–54; Hayes, *Cooperation*, 112; Hayes, "Corporate Freedom," 41.
64. Bähr and Erker, *Bosch*, 157; Bähr et al., *MAN*, 293 [*Die MAN*, 293]; Gall (ed.), *Krupp*, 330–31; Kobrak, *Schering*, 294; Feldenkirchen, *Siemens*, 264; Hayes, *Cooperation*, 112–13, 336; Hayes, *Industry*, 159, 180; and Plumpe, *Die I.G.*, 561.
65. On these views, see Kopper, *Zwischen*, 199–200; and Paul et al., *Hundertfünfzig*, 166.
66. Bähr, *Dresdner*, 184; Paul et al., *Hundertfünfzig*, 161–63; Plumpe et al., *Deutsche*, 350.
67. Bähr, *Dresdner*, 305–29, 408–13.
68. Ibid., 183, for the quotation. See also Paul et al., *Hundertfünfzig*, 164–65; and Plumpe et al., *Deutsche*, 349. On the lesser profits and the loss of relative standing, Kopper, *Zwischen*, 158–64; James, "Deutsche Bank," 279–81; and Bähr, *Dresdner*, 172, 177–78.
69. For the insight that the German economy became a "polycratically (dis)organized monopsony," see James, *Krupp*, 209. The ripple effects were pronounced, even though Erbe, *Wirtschaftspolitik*, long ago showed that only a small Keynesian multiplier occurred, because so little other growth was happening in the German economy.
70. See Ritschl, "NS-Wirtschaftsideologie," 50–51, on how corporate investment decisions mirrored this situation; Erker and Pierenkemper (eds.), *Unternehmer*, 7. Typical of the process was "the turn toward arms production" of the Sartorius firm, which formerly concentrated on scales and laboratory equipment; Grieger, *Sartorius*, 54–65, 186 (for the quoted words), 187. See also the effect of government demand in turning Hugo Schneider AG (HASAG) from a small, export-oriented maker of oil lamps into a major producer of munitions; Bähr, *Dresdner*, 373. Similarly, see the impact of raw material rationing in prompting Miele to shift radically from producing household equipment to armaments from 1937 on; Schneider-Braunberger, *Miele*, 99–134. The channeling of investments toward autarky was especially effective regarding foreign-owned firms that could not repatriate profits earned in Germany; see Wubs, *Unilever*, 53–54; Karlsch and Stokes, *Öl*, 192–97.

71. On Germany's deficiencies relative to other advanced industrial states at the time, see Overy, *War*, 264–65; and Tooze, *Wages*, xxii–xxiii. The flurry of decrees in 1936–38 promoting recycling attests to the general situation; Overy, "Four-Year Plan," 98–99; Overy, *Dictators*, 429; Evans, *Power*, 355–56.
72. See the figures on the scope and sources of investment and the explanation in Spoerer, "Demontage," 421–23, especially Table 1b; Overy, *War*, 59.
73. Overy, *War*, 93–108, remains the best short analysis; see also Kube, *Pour le mérite*, 187–94. Donges, *Vereinigte*, 224–49, highlights the military considerations behind the foundation of the Reichswerke and downplays the importance of intimidation. More recently, see Hippel, *Röchling*, 477–82.
74. See Lindner and Müller (eds.), *Unternehmertum*, 13–16.
75. Hayes, *Industry*, 169.
76. Tooze, *Wages*, 255.
77. Bera, *Lobbying*, 80.
78. Pohl, *Holzmann*, 240–42.
79. Hayes, *Industry*, 169.
80. Ibid., 171; Hayes, "Corporate Freedom," 35; Klöckner-Archiv, Bestand Peter Klöckner, Kleiner Kreis, Bd. 1, "Aktennotiz über die am 20. Oktober 1938 um 11 ½ Uhr im Büro des Herrn Dr. Ernst Poensgen unter dessen Vorsitz stattgefundene Besprechung in einem kleinen Kreise, 20. Oktober 1938, ohne Unterschrift."
81. Hayes, *Industry*, 171–72; Brinkmann, *Wirtschaftspolitik*, 193, 206–07, 223–24.
82. Erker and Pierenkemper (eds.), *Unternehmer*, 7.
83. See fear of the formation of a state firm to buy up Jewish-owned businesses as prompting major banks to step up their efforts in this regard in 1937–38, James, *Deutsche*, 57–59; the Dürener Metallwerke's diversion of production from civilian customers to the air force in 1938–39 as part of a successful effort to head off the formation of a Reich-owned plant for light metals, Scholtyseck, *Quandts*, 468; and the arguments presented to justify Degussa's participation in exploiting occupied Europe in July 1940 and IG Farben's involvement in light metals production in Norway that October; Hayes, *Cooperation*, 195; and Hayes, *Industry*, 292.
84. Tooze, *Wages*, 256–58, 295–99; and on the causes and interaction of the two sets of crisis, Banken, *Steuerstaat*, 130, 136, 138.
85. Hayes, *Industry*, 205–06; Hayes, *Cooperation*, 130–36. See also Plumpe, *Die I.G.*, 596–99, which shows that the gap between investment in plant and depreciation only narrowed somewhat from 187.6 million Reichsmark in 1938 to 137.1 in 1939 to 102.4 in 1940, before yawning wide again. See also the figures for annual costs at Farben's major productive sites in Lindner, *Inside*, 288.
86. Overy, *War*, 116; Tooze, *Wages*, 228–29; and the section entitled "The Hour of the Technical Men" [*Die Stunde der Techniker*] in Scholtyseck, *Quandts*, 442–44.
87. James, *Krupp*, 186, 199–202. At Degussa, Farben, and the much smaller Hohner AG, a maker of harmonicas, a contributor to the declining proceeds was the successive major increases in the corporation tax from 1936 on; see Berghoff, *Kleinstadt*, 404–05.
88. The quoted words are those of a Krupp director at the time; Gall (ed.), *Krupp*, 336–38. See also James, *Krupp*, 182–83.
89. Erker, *Zulieferer*, 130.
90. Gall (ed.), *Krupp*, 337.
91. Hayes, *Cooperation*, 138–41 (italics in the original); Hayes, "Corporate," 39–40.
92. Plumpe, *Die I.G.*, 609–12.
93. For the quotation, James, *Deutsche*, 214; on "atomization," see Chapter 5 in Hayes, *Industry*, 175–211.
94. Gregor, *Daimler-Benz*, 47–48; James, *Deutsche*, 214; Overy, *War*, 106.

95. Bähr et al., *MAN*, 294–95.
96. Jacobs, *Rauch*, 155–60; Burhop et al., *Merck*, 313; Danylow and Soénius (eds.), *Wolff*, 278–82; and Finger et al., *Dr. Oetker*, 192–201, 208.
97. See Herbst, "Gab es," especially 620; and Prollius, *Wirtschaftssystem*.
98. Bähr and Banken, *Wirtschaftssteuerung*, 534–35, 537–38, 543–44.
99. Herbst, "Gab es," 634–35; anticipated by Hayes, "Polycracy," 192–93, 203–04.
100. Ambrosius, "Regulierungsansätze," 56.
101. Already in late 1935, Karl Kimmich of the Deutsche Bank's managing board had remarked, "Industry cannot live without government orders," James, *Dictatorship*, 35, and that proved truer as time passed. Similarly, by the late 1930s, the Commerzbank's "destiny depended largely on the solvency of the Reich" because the state was by far the bank's biggest debtor; Paul et al., *Hundertfünfzig*, 166. On Opel's dependence, see Turner, *General Motors*, 42–44; and Erker and Pierenkemper (eds.), *Unternehmer*, 24–25. On Siemens & Halske's, see Bähr, *Siemens*, 316.
102. Hayes, *Industry*, 193.
103. Bajohr and Strupp (eds.), *Fremde Blicke*, 476.

5 Dejewification

1. Barkai, *Boycott*, 54–69.
2. Adam, *Judenpolitik*, 82–90, 145–52; Schleunes, *Twisted*, 133–58; Ziegler, *Dresdner*, 214.
3. Fischer, *Schacht*, 149–58, 161–77.
4. Gruner, *Wohlfahrt*, especially 69–113.
5. Hayes, *Why?*, 79.
6. Münzel, *Mitglieder*, 179–83; Fiedler, "Arisierung," 69–71.
7. Hayes, "State Policy," 200; Fiedler, "Arisierung," 75–77; Münzel, *Mitglieder*, 203–19.
8. Hayes, *Cooperation*, 42; Hayes, *Industry*, 127. For other examples, see Münzel, *Mitglieder*, 198.
9. For examples, see Hayes, *Cooperation*, 42; and Grieger et al., *Expansion*, 118–19.
10. For example, Kobrak, *Schering*, 268–72.
11. Lindner, *Inside*, 155–83; Karlsch, "Gajewski," 120–21.
12. Dienel, *Linde*, 163; Hayes, *Cooperation*, 42–44. For similar examples elsewhere, see Bähr et al., *MAN*, 291; and Erker, *Zulieferer*, 97–104.
13. Ziegler, *Dresdner*, 114; Herbst and Weihe (eds.), *Commerzbank*, 50, 56–57; Paul et al., *Hundertfünfzig*, 151–53.
14. Scholtyseck, *Freudenberg*, 140–41; Bräutigam, *Mittelständische*, 286.
15. Dean, *Robbing*, 47; Nietzel, *Handeln*, 161; Biggeleben et al., *"Arisierung,"* 30–31; Kreutzmüller, *Final Sale*, 213–14; Bajohr, *"Aryanization,"* 107–08; Barkai, *Boycott*, 111; and Gruner, *1933–1937*, 43, summarize the somewhat conflicting statistical evidence. Two patterns are quite clear, however: Closures were greatest in villages and smaller towns and cities and, reversing the pattern of the preceding years, among relatively small Jewish-owned private banks; Köhler, *Privatbanken*, 95.
16. Nietzel, *Handeln*, 253; James, *Dictatorship*, 65–66; Herbst and Weihe (eds.), *Commerzbank*, 132; Ziegler, *Dresdner*, 177, 191.
17. Bräutigam, *Mittelständische*, 302–03; Scholtyseck, *Freudenberg*, 127–29; Ziegler, *Dresdner*, 254.

18. Hayes, "State Policy," 203.
19. Wubs, *Unilever*, 51–53; Spoerer, *C&A*, 165–67.
20. Hayes, *Cooperation*, 83–92.
21. Finger et al., *Dr. Oetker*, 210, 213–14, 235–47.
22. Scholtyseck, *Freudenberg*, 143–45.
23. Feldenkirchen, *Siemens*, 198, 362; Hayes, "Business Professionalism," 145–46; Hayes, "State Policy," 201; and Biggeleben et al. (eds.), "*Arisierung*," 128–49.
24. Hayes, "Big Business," 264; Wessel, *Kontinuität*, 227.
25. The most recent and thorough accounts, both by Ingo Köhler, are in his *Privatbanken*, 207–25; and in Ziegler, *Dresdner*, 135–48, 254.
26. For vivid examples of such harassment, see Bajohr, "*Aryanization*," 154–74.
27. Ziegler, *Dresdner*, 177–78; Herbst and Weihe (eds.), *Commerzbank*, 107–32.
28. Herbst and Weihe (eds.), *Commerzbank*, 59–60.
29. James, "Deutsche Bank," 277–80, 286; James, *Deutsche*, 20; Bähr, *Dresdner*, 169–73; Köhler, *Privatbanken*, 206.
30. The pioneering exposure of the theft of Engelhardt was by Ludwig, *Boykott*, 15–86; the definitive treatment is Ziegler, *Dresdner*, 292–324.
31. Ziegler, *Dresdner*, 145–47, 254; Kopper, *Zwischen*, 240–41.
32. Bähr, *Dresdner*, 92–95; Kopper, *Bankiers*, 83–88, 105–06.
33. Bähr, *Dresdner*, 169–84.
34. Kopper, *Zwischen*, 278; Kopper, *Bankiers*, 129–30.
35. Ziegler, *Dresdner*, 439.
36. See Paul et al., *Hundertfünfzig*, 171–72; also Scholtyseck, *Quandts*, 393–403, on Günther Quandt's exploitative takeovers of the Berlin-Erfurter Maschinenfabrik Henry Pels & Co. (BEM) and Fritz Eisner's two electrochemical companies at the end of 1937.
37. Kratzsch, *Gauwirtshaftsapparat*, 146–63.
38. Hayes, *Cooperation*, 90.
39. See Walk, *Sonderrecht*, 207–17; Gruner, *1933–1937*, 747–48.
40. See Kobrak, *Schering*, 267, 272–75; Erker, *Zulieferer*, 82–86; Bräutigam, *Mittelständische*, 286–87, 329–31. This is also what turned Friedrich Flick's previously failed efforts to acquire Rawack & Grünfeld and part of Hochofenwerk Lübeck into successes at the turn of 1937–38; Stallbaumer, "Flick Concern," 6–8.
41. Walk, *Sonderrecht*, 223; Dean, *Robbing*, 88–89, 94–95, 116–18, 126–27, 138–44.
42. Walk, *Sonderrecht*, 254–69; Barkai, *Boycott*, 138.
43. For contrasting examples, see Hayes, *Cooperation*, 42–44; Hayes, "Deutsche," 78–79; Münzel, *Mitglieder*, 381–83; Lindner, *Reemtsmas*, 181–87; Pohl, *Holzmann*, 196–203; and Gill and Löhnert, *Dessau*, 18–48.
44. Hayes, "State Policy," 204–05, and the extensive literature cited there.
45. Biggeleben et al., "*Arisierung*," 216–23; Kopper, *Bankiers*, 106–07; James, *Deutsche*, 69–82; Ziegler, *Dresdner*, 148–63; Köhler, *Privatbanken*, 226–43, 254–55, 374–79; and Scholtyseck, *National-Bank*, 186–206.
46. See Hayes, "State Policy," 205–06; James, *Deutsche*, 90–97.
47. James, *Deutsche*, 65; Kopper, *Bankiers*, 130–33.
48. Hayes, "State Policy," 207; Keiser, "Konzentrationsprozeß," 150–51; Keiser, "Konzernbewegung," 225–26.
49. See Bähr and Erker, *Bosch*, 161–63; Bähr et al., *MAN*, 296–98; James, *Family*, 238.
50. See Biggeleben et al. (eds.), "*Arisierung*," 247–86; Lindner, *Reemtsmas*, 188–96.

51. Grieger et al., *Expansion*, 130–39; Stallbaumer, "Flick Concern," 8–10; Priemel, *Flick*, 390–409.
52. Nietzel, *Handeln*, 164, 244–45; Tooze, *Wages*, 276; Kopper, *Zwischen*, 279–80; Köhler, *Privatbanken*, 399; Kreutzmüller, *Final Sale*, 215–18; and Stallbaumer, "Flick Concern," 18, note 19.
53. Ziegler, *Dresdner*, 162–63; Paul et al., *Hundertfünfzig*, 172–73.
54. Scholtyseck, *Freudenberg*, 149–201; Keiser, "Konzentrationsprozeß," 145–46, 155; Keiser, "Konzernbewegung," 145–46; Bräutigam, *Mittelständische*, 324–29.
55. Feldman, *Allianz*, 241–51.
56. Hayes, *Cooperation*, 159–61.
57. Feldman, *Allianz*, 239–41; Hayes, *Cooperation*, 166–68; Herbst and Weihe (eds.), *Commerzbank*, 147–57; Paul et al., *Hundertfünfzig*, 173–77; Ziegler, *Dresdner*, 361–65, 389–90; James, *Deutsche*, 197–98.
58. Herbst and Weihe (eds.), *Commerzbank*, 129–30, 153; Bähr, *Dresdner*, 184; James, *Deutsche*, 205–08; Ziegler, *Dresdner*, 361–65, 383, 430–32, 435; Henke, *Dresdner*, 97–98.
59. James, *Deutsche*, 214.
60. Feldman, *Allianz*, 190–235.
61. Ziegler, *Dresdner*, 84–85.
62. Feldman, *Allianz*, 295–96.
63. Hayes, *Cooperation*, 98–100.
64. See Finger et al., *Dr. Oetker*, 224–31; Petropoulos, *Göring's*, 139.
65. On the Reichswerke's acquisitions, see Mollin, *Montankonzerne*, 115–24, 183–92; James, *Dictatorship*, 122; and Overy, *War*, 318–21.
66. Kopper, *Bankiers*, 107–12.
67. Wixforth, *Expansion*, 14–16, 36; Feldman, *Austrian Banks*, 395–439.
68. Feldman, *Austrian Banks*, 450–81.
69. James, *Dictatorship*, 116–23; Feldman, *Austrian Banks*, 55–59, 75–85, 117–55.
70. Wixforth, *Expansion*, 107–41, 177–98; Henke, *Mittäterschaft*, 129.
71. Wixforth, *Expansion*, 203–26.
72. Hayes, "Deutsche," 84, 87; James, *Deutsche*, 145–49, 162–71.
73. Bähr, "Personal Factor," 165; Keiser, "Konzentrationsprozeß," 137–38. To be sure, Flick was more energetic than successful as Germany expanded; see Bähr et al., *Flick-Konzern*, 465; Jones, *Nazi Steel*, 39–42.
74. On the prototypical cases of IG Farben's acquisitions, see Hayes, *Industry*, 223–43. See also James, *Family*, 237.
75. Kobrak, *Schering*, 345–46.
76. Hayes, *Cooperation*, 93–98.
77. Ibid., 100–02.
78. Hayes, "State Policy," 208; Tooze, *Wages*, 279; Ziegler, *Dresdner*, 389.
79. Ziegler, *Dresdner*, 368–94; Ritschl, "Wirkungen," 25.
80. For examples of the continuing proceeds that flowed from aryanization, see Hayes, *Cooperation*, 106–10.
81. Ziegler, *Dresdner*, 443.
82. Plumpe, "Business," 115–16, 130–35; and Plumpe, "Unternehmen," especially 251–52, 262–66.
83. Gregor, "Normalization," especially 10–11.
84. Brakelmann, *Thyssen*, 12–14, 84–85. Carl Bosch of IG Farben also grasped the situation but chose the route of internal emigration. Increasingly depressed about the nation's course, he took refuge in alcohol and perhaps drugs in the year preceding his death in April 1940; see Hayes, *Industry*, 201.

6 Mobilization

1. On this speech, Goebbels's ideological reasons for overestimating Germany's remaining labor resources, and the waste and death that resulted, see Longerich, *Sportspalastrede*.
2. On the "statistical juggling" by which Speer inflated his accomplishments, see Tooze, *Wages*, 556–57, 574–76; Kitchen, *Speer*, 179, 209; Streb, "im Kriege," 571–72; Spoerer and Streb, *Wirtschaftsgeschichte*, 183–84; Meyhoff, *Blohm & Voss*, 523.
3. On German unreadiness, see Geyer, "Einfluss," 247–49; Hayes, *Industry*, 206–08, 320; Tooze, *Wages*, 327–29; Hayes, "Economy," 201; and for telling microeconomic examples, Werner, *Kriegswirtschaft*, 65–66; and Mommsen and Grieger, *Volkswagenwerk*, 338.
4. See Streb, "im Kriege," 537–38; Hayes, *Cooperation*, 196; Hayes, *Industry*, 333–34; Jungbluth, *Oetkers*, 163.
5. Hayes, "Economy," 203; Overy, *War*, 293–94.
6. Tooze, *Wages*, 347.
7. Hayes, "Economy," 203. Blohm & Voss's shipyards reached their steady wartime output of one U-boat per week in January 1941; Meyhoff, *Blohm & Voss*, 250.
8. Streb, "im Kriege," 565–67.
9. Tooze, *Wages*, 441–42.
10. Streb, "im Kriege," 579, 586; Overy, *War*, 281, 345; Abelshauser, "Germany," 152–54; Militärgeschichtliches Forschungsamt (ed.), *Germany* V/1, 668; Reckendrees, *Beiersdorf*, 125; and Jungbluth, *Oetkers*, 160–63.
11. Wiesen, *Marketplace*, 203; on sodium's military uses, Hayes, *Cooperation*, 138–39; on Persil's generic replacement, Wubs, *Unilever*, 128–31.
12. Streb, "im Kriege," 577–78.
13. See, for example, Hayes, *Industry*, 334–36.
14. Danylow and Soénius (eds.), *Wolff*, 199–204.
15. Gregor, *Daimler-Benz*, 78–80, 84–85; Scholtyseck, *Quandts*, 420–22.
16. Dienel, *Linde*, 174–75; Burhop et al., *Merck*, 323–28.
17. Wegner, *Peace to War*, 119; Tooze, *Wages*, 422–23.
18. Tooze, *Wages*, 358–59; Overy, *War*, 303–11; Militärgeschichtliches Forschungsamt (ed.), *Germany* V/1, 860, 883–89.
19. Hayes, *Cooperation*, 239–41; Hayes, *Industry*, 341–44; Mommsen and Grieger, *Volkswagenwerk*, 422–23; Burhop et al., *Merck*, 307, 309; Herbert, *Hitler's*, 86–87, 95–96.
20. de Jong, *Billionaires*, 170; Scholtyseck, *Quandts*, 576–77; Erker, *Zulieferer*, 618–27.
21. Fischer, *WASAG*, 114–15; Hayes, *Industry*, 244–49.
22. Priemel, *Flick*, 438; Hippel, *Röchling*, 614–20; Sikora, *Waffenschmiede*, 97–125. But Krupp's trusteeship was short-lived; see Gall (ed.), *Krupp*, 371.
23. Ahrens, "Steel Industry's," 250–51.
24. Bähr and Erker, *Bosch*, 208–09; Scholtyseck, *Quandts*, 566–71.
25. Gregor, *Daimler-Benz*, 86.
26. Hayes, *Industry*, 250–52.
27. Ahrens, "Steel Industry's," 250–51; Priemel, *Flick*, 438–44; Frei et al., *Flick*, 346.
28. Hippel, *Röchling*, 639–57.
29. Grieger et al., *Expansion*, 147–48.
30. On corporate acquisitions in the GG, Hippel, *Röchling*, 614–20; Fischer, *WASAG*, 114–15; Gregor, *Daimler-Benz*, 89–91; and Scholtyseck, *Quandts*, 618–29.

31. See Hayes, *Industry*, 266–71; Scholtyseck, *Quandts*, 489.
32. Scholtyseck, *Quandts*, 474–79, 483–86, 491–96, 508–18; Erker, *Zulieferer*, 689–741; Grieger et al., *Expansion*, 147; Hayes, *Industry*, 271–316; Karlsch and Stokes, *Öl*, 220.
33. See especially Hayes, *Industry*, 268, 270.
34. Hayes, *Cooperation*, 195. See also the letter of July 10, 1940, to Flick on "current trends of economic and political development," reproduced in Bähr et al., *Flick-Konzern*, 825–27.
35. Tooze, *Wages*, 350–51.
36. See Windolf and Marx, *Wirtschaftselite*, 161; Lindner, *Inside*, 188–90; and Scholtyseck, *Freudenberg*, 316–18.
37. Tooze, *Wages*, 440.
38. Ibid., 443–45; Sikora, *Waffenschmiede*, 16, 101, note 69.
39. Tooze, *Wages*, 449–51; Hayes, *Industry*, 290–97.
40. Tooze, *Wages*, 441; Gregor, *Daimler-Benz*, 84–85.
41. Jungbluth, *Oetkers*, 160–61; Hayes, *Cooperation*, 199–200, 205–06.
42. In Gall (ed.), *Krupp*, 386.
43. On the enthusiasm of the engineers, Scholtyseck, *Quandts*, 444.
44. On the explosion in the value of Montan assets, Tooze, *Wages*, 444. On the increasing financial role of public sector institutions, James, *Dictatorship*, 191–92; Erker, *Zulieferer*, 403–05; Scholtyseck, *Quandts*, 421–334; Mommsen and Grieger, *Volkswagenwerk*, 603; and Burhop et al., *Merck*, 330. On the funding of Farben's rubber factory, Hayes, *Industry*, 338–39, 348–49, as well as Wagner, *IG Auschwitz*, 56–57.
45. Gall (ed.), *Krupp*, 375–78.
46. See Karlsch and Stokes, *Öl*, 209–19; Hayes, *Industry*, 256–57; Grieger, *Expansion*, 151. On the role of the large private commercial banks in supporting Kontinentale Öl, see Bähr et al., *Dresdner*, 370.
47. Quoted in Hayes, *Industry*, 261. A letter from Martin Bormann to Fritz Sauckel in February 1942 confirms the accuracy of Farben's description of Hitler's and Himmler's preferences as to the future ownership of captured factories; see ibid., 262, note 186.
48. Priemel, *Flick*, 454.
49. Hayes, *Industry*, 262; Ahrens, "Steel Industry's," 255; Frei et al., *Flick*, 318–24; Priemel, *Flick*, 462–69; Ramge, *Flicks*, 123; and Hippel, *Röchling*, 710–16.
50. Pohl, *Holzmann*, 258–59. This is one of many sensitive topics that go unmentioned in Feldenkirchen, *Siemens*. For a vigorous and appropriate critique of this book and the *Geschichtspolitik* of the Siemens firm by Paul Erker, see Heusler et al. (eds.), *Rüstung*, 139–44.
51. For example, Erker, *Zulieferer*, 639–41; Scholtyseck, *Quandts*, 621–25; Hayes, *Industry*, 262.
52. Priemel, *Flick*, 455–59; Frei et al., *Flick*, 309–10, 313–15, 362–63.
53. Tooze, *Wages*, 493.
54. Overy, *War*, 196–200, 346, 349; Tooze, *Wages*, 431.
55. Harrison, "Economics," 15–16, 21; Militärgeschichtliches Forschungsamt (ed.), *Germany* V/1, 723.
56. Mierzejewski, *Asset*, 111.
57. Tooze, *Wages*, 416–18, 435–36; Schanetzky, *Kanonen*, 218–19; Bähr et al., *KraussMaffei*, 154–58.
58. Schanetzky, *Kanonen*, 214–15; Tooze, *Wages*, 440, 577.
59. Quoted in Hayes, *Industry*, 321.

60. Compare Scherner, "Europas Beitrag," 92; and Klemann and Kudryashov, *Occupied*, 27–28, 36, 75–77, 84–87, 90–91, 104–05, 159–60, 177.
61. Tooze, *Wages*, 447–49.
62. Budraß, *Flugzeugindustrie*, 725–38; Werner, *Kriegswirtschaft*, 64–84, 112–15; Uziel, *Arming*, 72–74; Erker and Pierenkemper (eds.), *Unternehmer*, 233–36, 240–41; James, *Dictatorship*, 200–06.
63. Budraß, *Flugzeugindustrie*, 738–40.
64. Tooze, *Wages*, 579–84; Uziel, *Arming*, 143.
65. Tooze, *Wages*, 495–97, 564–66; Banken, *Steuerstaat*, 307, 311–12, 454–56.
66. Burhop et al., *Merck*, 298–99; Finger et al., *Dr. Oetker*, 273–74. See also Hayes, *Industry*, 325; Hayes, *Cooperation*, 325–28.
67. Budraß, *Flugzeugindustrie*, 757.
68. Frei et al., *Flick*, 347–48; Erker, *Zulieferer*, 324–25.
69. Scholtyseck, *Quandts*, 422–34, 461; Priemel, *Flick*, 527–32; Frei et al., *Flick*, 348–53; Budraß, *Flugzeugindustrie*, 757.
70. See Lindner, *Reichskommissariat*, 125.
71. Scholtyseck, *Quandts*, 450–55; Erker, *Zulieferer*, 417; Militärgeschichtliches Forschungsamt (ed.), *Germany* V/1, 670; Mommsen and Grieger, *Volkswagenwerk*, 646. The financial situation of contractors with the Air Ministry grew especially acute after the latter went over in March 1942 to a system of paying for equipment only upon delivery; Budraß, *Flugzeugindustrie*, 761–64.
72. See Feldman, *Allianz*, 330–44.
73. On the Party's desire to control corporate appointments, see the speech in March 1940 of Helmuth Friedrichs, head of the office of personnel on the Deputy Führer's staff, quoted in Orlow, *History*, 2:284–85, and Wilhelm Avieny's speech as Deputy for the Economy to Gauleiter Sprenger at about the same time, described in Erker, *Zulieferer*, 409. Hessisches Hauptstaatsarchiv, Wiesbaden (HHSA), Abt. 483, contains the records of Sprenger's investigation, which run to hundreds of individual personnel files headed "*politische Beurteilung*" or "*politische Überprüfung.*"
74. Hayes, *Cooperation*, 55–61. Heerdt-Lingler was one of two authorized sales firms for the fumigant Zyklon, but not the primary purveyor for the SS.
75. Lindner, *Inside*, 198–201.
76. Burhop et al., *Merck*, 313–23.
77. Bähr et al., *MAN*, 306–13; Hippel, *Röchling*, 667–68, 675; Erker, *Industrie-Eliten*, 32–33; Pohl et al., *Daimler-Benz*, 23–25; Bähr, *Dresdner*, 108–14; Windolf and Marx, *Wirtschaftselite*, 196. A year later, Hans Pilder was driven off the Dresdner Bank's managing board for obstructing the goals of the Gauleiter of Vienna; see Ahrens, *Dresdner*, 20, and Wixforth, *Expansion*, 50–52. See also the appointment of Heinrich Hunke, a veteran Nazi and the regional economic advisor (*Gauwirtschaftsberater*) to the Party in Berlin, to the Deutsche Bank's managing board for political reasons in September 1943; Holtfrerich, "Deutsche Bank," 360–63.
78. Erker, *Zulieferer*, 407–16.
79. Scholtyseck, *Freudenberg*, 316–18.
80. Erker, *Zulieferer*, 341.
81. Hayes, *Industry*, 175, 178, 348.
82. Hayes, *Cooperation*, 118–26, 135; Hayes, "Market Assessment," 62–77; Erker, *Zulieferer*, 129–33.
83. Hayes, *Cooperation*, 208–12, 257–58.
84. Ibid., 197–207; Hayes, "Corporate Freedom," 39–40.
85. Erker, *Zulieferer*, 308.
86. Erker, *Industrie-Eliten*, 25; see also Grunenberg, *Wundertäter*, 33–35.

87. Erker, *Industrie-Eliten*, 18; Abelshauser, "Germany," 156; Priemel, *Flick*, 514; Spoerer and Streb, *Wirtschaftsgeschichte*, 190–91.
88. Burhop et al., *Merck*, 298–99.
89. Finger et al., *Dr. Oetker*, 286–87, 423.
90. Hayes, *Cooperation*, 168–74.
91. Hippel, *Röchling*, 680; for a slightly different translation, Tooze, *Wages*, 571.
92. Gregor, *Daimler-Benz*, 96–99; Overy, *War*, 352–60; Schanetzky, *Kanonen*, 218–20; Tooze, *Wages*, 566–77, 596–601.
93. Priemel, *Flick*, 514–17; on the enormous opportunity costs to German arms output of the V-2 program, see O'Brien, *How*, 31, 340–41.
94. Tooze, *Wages*, 603. See also, on the general "*Vertrauenskrise*" (crisis of confidence) that beset the regime in the second half of 1943, Herbst, *Totale*, 231–41.
95. Meyhoff, *Blohm & Voss*, 519–20.
96. Bähr and Erker, *Bosch*, 211–12.
97. For example, see Lindner, *Reemtsmas*, 278–83.
98. Schanetzky, *Kanonen*, 217.
99. Harrison, "Economics," 21; Herbst, *Totale*, 255.
100. Fischer, *WASAG*, 118–19; Erker, *Zulieferer*, 328; Scholtyzeck, *Quandts*, 435; Hayes, *Industry*, 326–27; Hayes, "Chemistry," 71; Hayes, *Cooperation*, 172, 216, 221–25.
101. Bähr, *Dresdner*, 193, 498; Paul et al., *Commerzbank*, 215.
102. For the quoted words, Gall (ed.), *Krupp*, 397; see also Meyhoff, *Blohm & Voss*, 520.
103. See Fremdling, *Kriegswirtschaft*, especially 25, 132; Hayes, *Industry*, 370–74.
104. On the board appointments, Paul et al., *Commerzbank*, 209–10; Bähr, *Dresdner*, 117–18, 121; James, *Dictatorship*, 195–97.
105. James "Deutsche Bank," 350; James, *Dictatorship*, 210–12.
106. Windolf and Marx, *Wirtschaftselite*, 345.
107. Herbst, *Totale*, 237.
108. On "decoupling," Henke, *Besetzung*, 453; for examples of opposition followed by engagement, Erker, *Zulieferer*, 746–60; and Werner, *Kriegswirtschaft*, 317–30; on "asset preservation," Scholtyseck, *Freudenberg*, 390; for examples of the "perseverance phrases," Hayes, *Cooperation*, 32.
109. Feldenkirchen, *Siemens*, 201.
110. On the Porsches, Mommsen and Grieger, *Volkswagenwerk*, 803–13, and for the quoted phrases, 855, 858, and 893.
111. O'Brien, *How*, 480–81.
112. For the statistics, Overy, *War*, 373–74; for the quotation, Werner, *Kriegswirtschaft*, 374.
113. Mommsen and Grieger, *Volkswagenwerk*, 801–48, especially 805; Uziel, *Arming*, 140–42.
114. Werner, *Kriegswirtschaft*, 327. See also O'Brien, *How*, 328–29.
115. Uziel, *Arming*, 143; and for the quotation, Gregor, *Daimler-Benz*, 221.
116. See Bähr and Kopper, *Industrie*, 159–63; Hayes, *Industry*, 368–69; Herbst, *Totale*, 341–452; Henke, *Besetzung*, 451–52.
117. Scholtyseck, *Quandts*, 713–15; Priemel, *Flick*, 553–59; Ramge, *Flicks*, 134–35; Bähr et al., *Flick*, 509.
118. Grieger et al., *Expansion*, 159–63.
119. Gregor, *Daimler-Benz*, 102–04; Hayes, *Cooperation*, 305, 308.
120. Hayes, *Cooperation*, 306–07.
121. Ibid., 309–11; for similar actions by other firms, Henke, *Besetzung*, 452–53, 461–63.

122. Fischer, *WASAG*, 155–63.
123. Hayes, *Industry*, 369.
124. Bähr, *Dresdner*, 195.
125. On these figures and their fates, Bähr, *Dresdner*, 122–24; Bähr and Erker, *Bosch*, 242–43; Scholtyseck, *Bosch*, especially 500–32; Danylow and Soénius (eds.), *Wolff*, 285–86. See also Heintze, *Walter Cramer*; and the case of Wilhelm Arendts of Bayerische Versicherungsbank, Feldman, *Allianz*, 458–60.
126. On the rumors, Hayes, *Industry*, 371; for a narrowly averted example of them being carried out, Scholtyseck, *Freudenberg*, 319–20; for the quotations, Scholtyseck, *Quandts*, 711–12.
127. Meyhoff, *Blohm & Voss*, 523–24.
128. Werner, *Kriegswirtschaft*, 140, 317, 322.
129. Bähr et al., *MAN*, 338; Gall (ed.), *Krupp*, 351.
130. See Hayes, *Cooperation*, 30–32, 306–11; Lindner, *Inside*, 211; and Rauh-Kühne, "Paulssen," especially 121–23, 166–68.
131. On Schlosser's loss at the turn of 1944/45 of a daughter and grandson to a suicide pact his daughter had made with her fallen husband, Hayes, *Cooperation*, 32; on the almost simultaneous death of Rosterg's son in a POW camp, Grieger, *Expansion*, 161; on the fatal crash of Merck's son's aircraft at about the same time, Burhop et al., *Merck*, 336; and on Philipp Reemtsma's loss of a third and final son on March 1, 1945, Lindner, *Reemtsmas*, 291–92.
132. Lindner and Müller (eds.), *Unternehmertum*, 17–19; Grunenberg, *Wundertäter*, 25, 48; Feldenkirchen, *Siemens*, 214; Ahrens, *Dresdner*, 27; Burhop et al., *Merck*, 336.
133. On irritation with Speer and his entourage, see Berghahn, *Americanization*, 54.

7 Exploitation

1. See Patel, *Soldiers*, 296–306; Silverman, *Economy*, 162–72; Pohl, *Holzmann*, 240–41; Hopmann et al., *Daimler-Benz*, 36.
2. Gruner, *Jewish*, 5–22; Wiesen, *Nazi Past*, 22–23; Feldenkirchen, *Siemens*, 205. On other assignments of Jews to labor for corporations in and around Berlin, see Hayes, *Cooperation*, 236–37; Uziel, *Arming*, 162; and Scholtyseck, *Quandts*, 644–67. For an example farther afield, see Wicht, *Glanzstoff*, 170.
3. Hopmann et al., *Daimler-Benz*, 35. As early as April 1939, ninety Czech and Slovak workers joined the labor force at Krupp's steel casting plant at Essen; Gall (ed.), *Krupp*, 400.
4. The standard, authoritative work is Herbert, *Hitler's*; on Krupp's factories as exemplifying the convergence of the foreign and forced labor categories, see Gall (ed.), *Krupp*, 408.
5. Hayes, *Industry*, 343; Lorentz, *Industrieelite*, 269.
6. On other arguments for centering production in Germany, see Klemann and Kudryashov, *Occupied*, 62–63, 69.
7. Hayes, *Cooperation*, 253–54; Priemel, *Flick*, 486–87.
8. Bähr et al., *Flick*, 518–19; Frei et al., *Flick*, 338.
9. For the statistic, Herbert, *Hitler's*, 194.
10. See Hayes, *How?*, 315–30. The pervasive use and abuse of foreigners as forced labor extended even to foreign-owned companies that were enlisted in German war production; see Spoerer, *C&A*, 217–19; Rauh, *Schweizer*, 275–80, 288; Turner, *General Motors*, 145–46.

11. Kaienburg, *Wirtschaft*, 30, 434.
12. Scholtyseck, *Quandts*, 639.
13. See Frei et al., *Flick*, 358–59; Priemel, *Flick*, 492; and USHMM (ed.), *Encyclopedia*, I/B, 1315–16.
14. On the choice of site, the labor issue, and the deal between the firm and the SS, see Hayes, *Industry*, xii–xvi, 349–53; and Dwork and van Pelt, *Auschwitz*, 197–210.
15. Mommsen and Grieger, *Volkswagenwerk*, 496–515; Buggeln, *Slave Labor*, 66–67.
16. Uziel, *Arming*, 162–63; Tooze, *Wages*, 531. On the growth of the camp population from 88,000 in 1942 to 714,211 at the beginning of 1945, see Hopmann et al., *Daimler-Benz*, 352.
17. Budraß, *Flugzeugindustrie*, 767–81; Werner, *Kriegswirtschaft*, 146.
18. On SDP, see Uziel, *Arming*, 161; and Perz, *Quarz*, 82–83.
19. Uziel, *Arming*, 161–62.
20. Buggeln, *Slave Labor*, 26; Uziel, *Arming*, 166–68; Budraß, *Flugzeugindustrie*, 775–76.
21. Helm, *Ravensbrück*, 197–98, 239–41; Gregor, *Daimler-Benz*, 194; Uziel, *Arming*, 178.
22. Scholtyseck, *Quandts*, 639–40; Gall (ed.), *Krupp*, 418–19; Sikora, *Waffenschmiede*, 448–50; Dlugoborski and Piper (eds.), *Auschwitz*, II, 112–13.
23. Buggeln, *Slave Labor*, 24–25.
24. Benz and Distel (eds.), *Flossenbürg*, 234–35; Uziel, *Arming*, 180; Tooze, *Wages*, 630; Wachsmann, *Kl*, 405.
25. Burleigh, *Death*, 220–21; Wachsmann, *Kl*, 246–55.
26. See Trunk, *Lodz Ghetto*, 175; Turner, *General Motors*, 146.
27. Hopmann et al., *Daimler-Benz*, 356–58; Uziel, *Arming*, 170–71; Gregor, *Daimler-Benz*, 209–17.
28. On Neckermann as the "largest client for underwear and clothing" produced in the Lodz ghetto, see Trunk, *Lodz Ghetto*, 168; and Spoerer, *C&A*, 210–14, which also reports direct and indirect purchases by that Dutch-owned clothing retailer of garments made there. For the principal employers of ghetto Jews, see Horwitz, *Ghettostadt*, 155; Trunk, *Lodz Ghetto*, 165–69, 179; and Engelking and Leociak, *Warsaw*, 384–90, 482–89, and 490–93. In general, see Gruner, *Jewish*, 177–275. On the greater attractiveness of ghetto labor to smaller rather than larger firms, see the comparison drawn by Schneider, *Unternehmensstrategien*, 282, 338–44, 440–51. Veszelits, *Neckermanns*, 152, claims that "AEG/Telefunken had claimed the most forced laborers" in the Lodz Ghetto, and Trunk, *Lodz Ghetto*, 169, refers to a "small appliance" or "low voltage" department in the ghetto that "was principally employed with repair of outdated model telephones that a German firm shipped ... by the wagonload from the conquered eastern regions." This is probably the AEG production site referred to in Strunk, *AEG*, 57.
29. Pohl, *Holzmann*, 264; Gruner, *Jewish*, 196–206, 217; Trunk, *Lodz Ghetto*, 172–73.
30. Hayes, *Cooperation*, 251–52, 256–58.
31. USHMM (ed.), *Encyclopedia*, I/B, 1316.
32. Hayes, *Industry*, 354; Setkiewicz, *Werk Camps*, 117–18.
33. Hopmann et al., *Daimler-Benz*, 378–79; Erker, *Zulieferer*, 639–41; Gregor, *Daimler-Benz*, 212–13. See also Frei et al., *Flick*, 316–17.
34. Käppner, *Beitz*, 58–109; Karlsch and Stokes, *Öl*, 229–32.
35. Lower, *Empire-Building*, 144; Yones, *Lemberg*, 259; Angrick, "Annihilation," 201–14; Pohl, *Holzmann*, 209, 258–59, 262.

36. See Kaienburg, *Wirtschaft*, 537; Wachsmann, *Kl*, 408–11, 414–15.
37. Wachsmann, *Kl*, 306, 342, 345; Dlugoborski and Piper (eds.), *Auschwitz*, I, 103–04, 138, II, 76–77, 81, 117–20.
38. On these key transitions, see Herbert, *Hitler's*, 273–87; Homze, *Foreign Labor*, 144–52; Tooze, *Wages*, 596–601, 670–71; and Hayes, "Economy," 204–08.
39. Tooze, *Wages*, 555–57, 603–11, 619–24, 669–71; Werner, *Kriegswirtschaft*, 167–68; Hayes, "Economy," 204–05.
40. Kaienburg, *Wirtschaft*, 452–53; Scholtyseck, *Quandts*, 647–58; Mommsen and Grieger, *Volkswagenwerk*, 863–75; Werner, *Kriegswirtschaft*, 308–75; Hopmann et al., *Daimler-Benz*, 360–69, 397–412; Pohl, *Holzmann*, 269–72; Erker, *Zulieferer*, 750–60.
41. On Jews among Auschwitz inmate laborers, see Setkiewicz, *Werk Camps*, 118–19; among all camp inmates, Wachsmann, *Kl*, 447, 455–58; and Buggeln, *Slave Labor*, 54.
42. Tooze, *Wages*, 532; for very similar figures, see Hopmann et al., *Daimler-Benz*, 353; and Uziel, *Arming*, 188.
43. See the perceptive comments of Spoerer, *Zwangsarbeit*, 262.
44. This is the virtually unanimous conclusion of scholars who have examined this subject closely. See Tooze, *Wages*, 537; Hayes, *Cooperation*, 240, 262; Spoerer, *Zwangsarbeit*, 189–90; Frei et al., *Flick*, 329; Werner, *Kriegswirtschaft*, 201–02; Gregor, *Daimler-Benz*, 195–96; Lorentz, *Industrieelite*, 334–35; Feldenkirchen, *Siemens*, 211; and Wachsmann, *Kl*, 452.
45. For the overall figures, see Herbert, *Hitler's*, 297–98.
46. Frei et al., *Flick*, 359–60; Hopmann et al., *Daimler-Benz*, 94, 424–25, 436; Helm, *Ravensbrück*, 288–89; Hayes, *Cooperation*, 266. See also Bähr et al., *MAN*, 338, on the visits of Wilhelm May of Deutsche Werft to Neuengamme.
47. Buggeln, *Slave Labor*, 289.
48. Wiesen, *Nazi Past*, 23–25; Feldenkirchen, *Siemens*, 214, 285; Sikora, *Waffenschmiede*, 448–50; Dlugoborski and Piper (eds.), *Auschwitz*, II, 112–14; Gall (ed.), *Krupp*, 418.
49. Spoerer, *Zwangsarbeit*, 239; Hippel, *Röchling*, 729.
50. Turner, *General Motors*, 146; Dienel, *Linde*, 177–78, 181; Pohl, *Holzmann*, 267–68.
51. Bähr, "Personal Factor," 168; Bähr et al., *MAN*, 337–39.
52. Bähr and Erker, *Bosch*, 186, 225–26.
53. Lorentz, *Industrieelite*, 317–32; Hayes, *Cooperation*, 254–56.
54. Bähr, *Dresdner*, 371–82; Karay, *Death*, passim; and Hayes, *Why?*, 167.
55. Pohl, *VIAG*, 202–08; Bähr et al., *MAN*, 339.
56. Hayes, *Industry*, 347, 358; Lindner, *Inside*, 247–48; Schmaltz, *Kampfstoff*, 162–63.
57. Hayes, *Why?*, 131; Hayes, *Industry*, 360; Wachsmann, *Kl*, 410.
58. See especially, Rauh-Kühne, "Hehler?"
59. Hayes, *Industry*, 344; Werner, *Kriegswirtschaft*, 162.
60. See Tooze, *Wages*, 535; Spoerer, *Zwangsarbeit*, 183–90; Hayes, *Cooperation*, 262–68; and for a summary, Hayes, "Economy," 209–10.
61. See Tooze, *Wages*, 537; Feldenkirchen, *Siemens*, 210; Uziel, *Arming*, 170, 176; Gall (ed.), *Krupp*, 414–16, 430–31; Meyhoff, *Blohm & Voss*, 488; Hippel, *Röchling*, 799–800; Setkiewicz, *Werk Camps*, 177–78, 194–95; White, *IG Auschwitz*, 147–48; Wagner, *IG Auschwitz*, 265–70.
62. Tooze, *Wages*, 534–36; Werner, *Kriegswirtschaft*, 201–02.
63. Hayes, *Industry*, 367–68; Hayes, *Cooperation*, 270.

64. On Geilenberg, see Bütow and Bindernagel, *KZ*, 98; on Farben, Setkiewicz, *Werk Camps*, 7, 102.
65. Spoerer, *Zwangsarbeit*, 189–90, 240–41; Priemel, *Flick*, 505; Hayes, *Cooperation*, 268–69, 321–22; Hayes, "Economy," 212; Tooze, *Wages*, 442; Abelshauser, "Germany," 146, 166; Schanetzky, *Kanonen*, 246; Grunenberg, *Wundertäter*, 37.
66. Priemel, *Flick*, 489–91.
67. Spoerer, *Zwangsarbeit*, 235; Werner, *Kriegswirtschaft*, 221, 249, 334, 375.
68. Feldenkirchen, *Siemens*, 209 (on Dora); Hayes, *Why?*, 168–69; Pohl, *Holzmann*, 266–67. On the horrifying conditions of slave labor on the Riese project, see Debreczeni, *Cold*.
69. Tooze, *Wages*, 523. For indications of the horrendous death toll, especially in 1944–45, see Bütow and Bindernagel, *KZ*, 87, 106–10, 142–70; Scholtyseck, *Quandts*, 666–68; Meyhoff, *Blohm & Voss*, 488–90; and Werner, *Kriegswirtschaft*, 261–62.
70. Hayes, *Industry*, 306.
71. For example, Gall (ed.), *Krupp*, 420.
72. Wagner, *IG Auschwitz*, 265–75, 328.
73. Hayes, *Cooperation*, 261–62; Hopmann et al., *Daimler-Benz*, 492.

8 Annihilation

1. Which continued into the war years. See, for example, Quandt's takeover of Byk Gulden, Scholtyseck, *Quandts*, 407–16; and the real-estate acquisitions documented in Erker, *Zulieferer*, 405, 421.
2. Hayes, *Cooperation*, 193–94; Steinberg, *Goldtransaktionen*, 86; Herbst and Weihe (eds.), *Commerzbank*, 18.
3. Bähr, *Dresdner*, 595; Herbst and Weihe (eds.), *Commerzbank*, 18, 171.
4. Lindner, "Wissenschaftler," 56, 58–59; Lindner, *Inside*, 102, 107.
5. Hayes, *Cooperation*, 159–69, 181–90.
6. Ziegler, *Dresdner*, 389; Herbst and Weihe (eds.), *Commerzbank*, 170; James, *Deutsche*, 199–202.
7. See Chapter 5.
8. Feldman, *Allianz*, 409; Hayes, *Cooperation*, 283.
9. On the importance of individual ambition, see James, *Dictatorship*, 213–15, and the illustrative role of Max Beier, one of the Allianz group's most active salesmen in Berlin, in Feldman, *Allianz*, 409–11.
10. On this turn, see Hayes, *Why*?, 84–88.
11. Scholtyseck, *Freudenberg*, 301–02; see also Paul et al., *Hundertfünfzig*, 201–02.
12. See Rosenkötter, *Treuhandpolitik*, especially 158–59.
13. Wixforth, *Expansion*, 536; Herbst and Weihe (eds.), *Commerzbank*, 17, 245–47; Paul et al., *Hundertfünfzig*, 193, 202, 204. On the role of a pivotally placed once and future employee in fostering the Ostbank's business in the Warthegau, see Osterloh and Wixforth (eds.), *Unternehmer*, 279–80.
14. Hachtmann, *Wirtschaftsimperium*, 159–60. The Warthegau was more attractive as a location for expanded operations; see Scholtyseck, *Quandts*, 591–95.
15. Rosenkötter, *Treuhandpolitik*, 234.
16. Henke, *Mittäterschaft*, 139–40; Herbst and Weihe (eds.), *Commerzbank*, 243. On the distribution of East Upper Silesian coal-mining operations, see Sikora, *Waffenschmiede*, 97–125.
17. Wixforth, *Expansion*, 625, 645–47, 888; Paul et al., *Hundertfünfzig*, 196; Hayes, *Industry*, 253–62.

18. Wixforth, *Expansion*, 721–22, 725, 759–60, 790; Herbst and Weihe (eds.), *Commerzbank*, 17, 207, 210; Paul et al., *Hundertfünfzig*, 198–201; Aalders, "Organized," 180–81, 188.
19. Verheyde, "Looting," 80. On a smaller scale, the Beiersdorf personal care group obtained Pento Cosmetics in Amsterdam in early 1942; Reckendrees, *Beiersdorf*, 135–37.
20. Hayes, "State Policy," 208; see also the case of the Puddingfabriek A. J. Polak of Groningen, Finger et al., *Dr. Oetker*, 211–13.
21. Herbst and Weihe (eds.), *Commerzbank*, 214.
22. Verheyde, "Looting," 78–84; Scholtyseck, *Freudenberg*, 301–10; James, *Dictatorship*, 148–49.
23. de Jong, *Billionaires*, 140; Scholtyseck, *Quandts*, 518–37.
24. See Hayes, *Industry*, 266–317; Verheyde, "Looting," 82; Tönsmeyer, "Robbery," 86, 90–91; and Plumpe et al., *Deutsche*, 371–72.
25. James, *Deutsche*, 181; Hayes, *Industry*, 303, 314–15.
26. Meyer, *Balancing Act*, especially 117–21.
27. Wixforth, *Expansion*, 363–73, 378 (for the quotation), and 381.
28. Henke, *Mittäterschaft*, 130.
29. James, *Dictatorship*, 143–45.
30. Wixforth, *Expansion*, 536, 569.
31. James, *Dictatorship*, 167.
32. Herbst and Weihe (eds.), *Commerzbank*, 251–52.
33. Bähr, *Goldhandel*, 127.
34. Wixforth, *Expansion*, 363–82, 536, 569–70.
35. Ziegler, *Dresdner*, 371–94; Herbst and Weihe (eds.), *Commerzbank*, 160–72; James, *Deutsche*, 199–202; Bähr, *Dresdner*, 549; Henke, *Mittäterschaft*, 105–06.
36. Ziegler, *Dresdner*, 392.
37. Bähr, *Goldhandel*, 32, 40–41, 50–51, 138; Steinberg, *Goldtransaktionen*, 15, 45, 143; James, *Dictatorship*, 179–80.
38. Bähr, *Goldhandel*, 65, 140–42; Bähr, *Dresdner*, 470; James, *Dictatorship*, 181.
39. Hayes, *Cooperation*, 182–85, 187, 189; Banken, *Edelmetallmangel*, 492–525, 564–612.
40. Danylow and Soénius (eds.), *Wolff*, 233–36, 278–82.
41. Feldman, *Allianz*, 400–08, 414.
42. Hayes, "Committing," n.p. (2024).
43. Hayes, "Capital," 330–31.
44. Dwork and van Pelt, *Auschwitz*, 166–71, 174, 190, 255, 262, 275, 279–83, 291–93, 297–306, 321.
45. Feldman, *Allianz*, 411–12.
46. Dwork and van Pelt, *Auschwitz*, 330.
47. On the amounts involved and the proceeds, see Henke, *Mittäterschaft*, 163–64; Bähr, *Dresdner*, 551.
48. Henke, *Mittäterschaft*, 159.
49. Wixforth, *Expansion*, 610; Henke, *Mittäterschaft*, 157–58.
50. Herbst and Weihe (eds.), *Commerzbank*, 285–88; Wixforth, *Expansion*, 604; Plumpe et al., *Deutsche*, 368.
51. Bähr, *Dresdner*, 554, 596.
52. James, *Dictatorship*, 161–62
53. Feldman, *Allianz*, 414–15; Bähr et al., *MAN*, 317; Pohl, *Holzmann*, 267–68.
54. White, *IG Auschwitz*, 146.
55. Hayes, *Industry*, 348–52; for possible evidence to the contrary, see Hayes, "Capital," 334–35.

56. Dwork and van Pelt, *Auschwitz*, 169, 174, 207–08, 214–15.
57. Hayes, *Cooperation*, 272–73, 278–80, 283.
58. Dwork and van Pelt, *Auschwitz*, 219–22, 292–93; Hayes, *Why?*, 123.
59. Hayes, *Cooperation*, 279, 285–88.
60. Ibid., 281–82, 289–94.
61. Lindner, *Inside*, 312–14.
62. Klee, *Auschwitz*, 281–82.
63. Weindling, *Epidemics*, 337–38.
64. Lindner, *Inside*, 315; Klee, *Auschwitz*, 282–83.
65. Lindner, *Inside*, 318–21, 329–30; Klee, *Auschwitz*, 284–87, 294, 298–99, 315–17; Weindling, *Epidemics*, 359.
66. Lindner, *Inside*, 309, 321–23, 325–26; Weindling, *Epidemics*, 349, 354–55, 359; Klee, *Auschwitz*, 291–93.
67. Weindling, *Epidemics*, 359.
68. Lindner, *Inside*, 336.
69. Sudrow, *Schuh*, 519–45, 553–55, 590–91; Scholtyseck, *Freudenberg*, 351–52; Erker, *Zulieferer*, 358–63.
70. Erker, *Zulieferer*, 378–79.
71. Meyer, *Balancing Act*, 126–29; Wietog, *Volkszählungen*, 74–75, 79, 168–69, 268–70.
72. Meyer, *Balancing Act*, 110–11; Wasserstein, *Ambiguity*, 138–39, 174–76, 193, 195; Hayes, *Why?*, 187–89; Trunk, *Lodz Ghetto*, 229–48; Engelking and Leociak, *Warsaw*, 698–730.
73. Ancel, *History*, 211–12, 220–27, 229–32, 535–38, 555, 557–59.
74. Hayes, *Why?*, 181; see the remarkable work of Stone, "Quantifying."
75. See Browning et al., *Railroads*.
76. Henke, *Mittäterschaft*, 163–64.
77. Hayes, *Cooperation*, 190.
78. Schüle, *Industrie*, 229; Herbst and Weihe (eds.), *Commerzbank*, 291, 301–02; Hayes, *Cooperation*, 293, 295–97.
79. See the shrewd judgment of James, *Deutsche*, 213–15.
80. Wixforth, *Expansion*, 899; Bähr, *Dresdner*, 127, 503.
81. Hayes, *Cooperation*, 155–58.
82. Schüle, *Industrie*, 122.
83. Hayes, "What Remains?" 146–56 (154 for the quotation of Hilberg). See also Erker, *Industrie-Eliten*, 29–32.
84. Laqueur and Breitman, *Breaking*.
85. Scholtyseck, *Bosch*, especially 547–49.
86. Bähr, *Dresdner*, 548.
87. For examples in both groups, see Henke, *Mittäterschaft*, 105–06; Scholtyseck, *Freudenberg*, 94–95; Münzel, *Mitglieder*, 281–82; Bähr and Erker, *Bosch*, 185–86; Biggeleben et al. (eds), "*Arisierung*," 196; Dienel, *Linde*, 163–64; Herbst and Weihe (eds.), *Commerzbank*, 210.
88. Burhop et al., *Merck*, 336.
89. White, *IG Auschwitz*, 75.
90. Hippel, *Röchling*, 537, 553–54, 559, 858.

9 Outcomes

1. Holtfrerich, "Deutsche Bank," 357–58; Feldman, *Allianz*, 441; Wiesen, *Nazi Past*, 20–21; Grunenberg, *Wundertäter*, 48.
2. Feldman, *Allianz*, 457; Gall (ed.), *Krupp*, 465.

3. Danylow and Soénius (eds.), *Wolff*, 293.
4. Holtfrerich, "Deutsche Bank," 381.
5. Ahrens, *Dresdner*, 76–79.
6. Gall (ed.), *Krupp*, 443–45; Jacobs, *Rauch*, 165; Frei et al., *Flick*, 402.
7. In general, see Greiner, *Suppressed*, 4–5, 15–18, 65; on these individuals' fates, Ahrens, *Dresdner*, 74–80; and Holtfrerich, "Deutsche Bank," 358–60, 378–80.
8. Berghahn, *Americanization*, 72–73.
9. On the dismissals, Grunenberg, *Wundertäter*, 44–45; Holtfrerich, "Deutsche Bank," 375–76; Hayes, *Cooperation*, 314–16; Bähr and Erker, *Bosch*, 256; Paul et al., *Hundertfünfzig*, 222–23, 225; and Wiesen, *Nazi Past*, 67. On the exceptional pattern in the Ruhr, see Unger, "'Herren,'" 321–37. The literature on the degeneration of the denazification process into a "follower/fellow traveler factory" (*Mitläuferfabrik*) is too voluminous to cite. For examples of the many egregious findings regarding industrialists, see Ahrens, *Dresdner*, 60–65, 126–27; Feldman, *Allianz*, 476–77, 490; Scholtyseck, *Quandts*, 742–48; Finger et al., *Dr. Oetker*, 377–86; Grunenberg, *Wundertäter*, 49; and Lindner, *Reemtsmas*, 398–405.
10. Smith, *Road*, 51–52; Frei et al., *Flick*, 403–04; Priemel, *Betrayal*, 162–66, 169; Priemel, "Tales," 162.
11. Smith, *Road*, 249.
12. Henke, *Besetzung*, 561–62; Gall (ed.), *Krupp*, 447–48.
13. Henke, *Besetzung*, 532–33, 563–64; Bähr et al., *MAN*, 340–41.
14. Ahrens, *Dresdner*, 83–85; Holtfrerich, "Deutsche Bank," 370–77.
15. Mommsen and Grieger, *Volkswagenwerk*, 942–44.
16. Henke, *Besetzung*, 565–66; Ahrens, *Dresdner*, 86; Priemel, *Betrayal*, 166–69; Scholtyseck, *Quandts*, 728–36; Holtfrerich, "Deutsche Bank," 364–78; and Gall, *Bankier*, 128–30.
17. Priemel, *Betrayal*, 151–57; Priemel, "Tales," 167–68.
18. On the executions, Hayes, *Cooperation*, 297; on the British stance, Bloxham, *Genocide*, 33; Ahrens, *Dresdner*, 30–31.
19. Priemel, *Betrayal*, 207–09; Hippel, *Röchling*, 897–98. On the exception re German Jews, see Bloxham, *Genocide*, 63–64.
20. Bloxham, *Genocide*, 71.
21. Lindner, *AAA*, 181; Priemel, *Betrayal*, 210.
22. Bloxham, *Genocide*, 72–73; Priemel, *Betrayal*, 169; and Lindner, *AAA*, 306.
23. See the appropriate contrast drawn by Ahrens, *Dresdner*, 103–05.
24. Wiesen, *Nazi Past*, 227.
25. Ibid., 80, 86, 224; Priemel, *Flick*, 638; Frei et al., *Flick*, 422–23; Bähr et al., *Flick-Konzern*, 658–59; Osterloh and Wixforth (eds.), *Unternehmer*, 200–02.
26. For example, Ahrens, *Dresdner*, 110–11.
27. See Priemel, *Betrayal*, 226–27; Priemel, *Flick*, 630–31.
28. Priemel, *Betrayal*, 182; Frei et al., *Flick*, 410–11.
29. Priemel, *Flick*, 639–40.
30. Lindner, *AAA*, 123–27; Priemel, *Betrayal*, 221; Osterloh and Wixforth (eds.), *Unternehmer*, 194–95; Brünger, *Geschichte*, 67.
31. Priemel, *Betrayal*, 222–23.
32. Ibid., 158–61; Lindner, *AAA*, 277, 308; Osterloh and Wixforth (eds.), *Unternehmer*, 193–94. Cf. the unfortunate account by Abelshauser in Gall (ed.), *Krupp*, 468–70.
33. Priemel, *Betrayal*, 234–35, 237; Hayes, *Industry*, 377; Lindner, *AAA*, 271; Hippel, *Röchling*, 921–28; Ahrens, *Dresdner*, 112–13.
34. Lindner, *AAA*, 11; Priemel, "Tales," 182.
35. See Priemel, *Betrayal*, 354; Lindner, *AAA*, 313.

36. Lindner, *AAA*, 288; the same judge remarked during the trial on the "supreme ignorance and incompetence" of the prosecution's case; ibid., 309.
37. Bloxham, *Genocide*, 225.
38. Lindner, *AAA*, 278.
39. Priemel, *Betrayal*, 185; Hippel, *Röchling*, 921.
40. Priemel, *Betrayal*, 236; Lindner, *AAA*, 267–70.
41. For the decision, see http://werle.rewi.hu-berlin.de/KRUPP-Case%20Judgment.pdf, the passages quoted appear on 95–97. See also Priemel, *Betrayal*, 184.
42. On the dissenter, see Bloxham, *Genocide*, 70–71; Lindner, *AAA*, 270–71.
43. Priemel, *Betrayal*, 240, makes a similar case. See also Ahrens, *Dresdner*, 462–63.
44. http://werle.rewi.hu-berlin.de/KRUPP-Case%20Judgment.pdf, 95.
45. See Scholtyseck's description of the "self-centeredness" (*Selbstbezogenheit*) of Günther Quandt's memoirs, *Quandts*, 758.
46. Bloxham, *Genocide*, 180.
47. Ahrens, *Dresdner*, 106–07; Frei et al., *Flick*, 416–18; Wiesen, *Nazi Past*, 73–79, 149–55, 217–22; Brünger, *Geschichte*, 91–94.
48. Grünbacher, *Industrialists*, 95; Gall (ed.), *Krupp*, 471–72. Krupp did, however, sell off some holdings as part of the Allied break up of ties between coal and steel producers; Berghahn, *Americanization*, 110.
49. Priemel, *Betrayal*, 362–67; Priemel, *Flick*, 643. Even more deferential to German opinion was the US Army decision to backtrack on plans to publish the trial record in German; see Heller, *Nuremberg*, 373–74.
50. Lindner, *AAA*, 300; Frei et al., *Flick*, 439; Osterloh and Wixforth (eds.), *Unternehmer*, 171–75; Brünger, *Geschichte*, 101.
51. Ahrens, *Dresdner*, 118; Frei et al., *Flick*, 440; Lindner, *AAA*, 296.
52. Wiesen, *Nazi Past*, 202.
53. For this and most of the rest of this paragraph, see the excellent study by Brünger, *Geschichte*, 94–133.
54. Ibid., 134–217.
55. Hayes, "Plunder," 549; Hayes, *Cooperation*, 106–09; Ahrens, *Dresdner*, 411–19.
56. Hayes, "Plunder," 551.
57. Ibid., 549–51.
58. For an example of the pruning, though in this case frustrated, see Osterloh and Wixforth (eds.), *Unternehmer*, 152. On the deception regarding holdings, Brünger, *Geschichte*, 233. This author can attest from personal experience that Henkel and the Dresdner Bank were particularly coy about the contents and extent of their archives.
59. Herbert, *Fremdarbeiter*, 21; the two exceptions were Thyssen and Mannesmann, which conveniently had little relevant material. This information was dropped from the English translation that appeared twelve years later.
60. Unless otherwise indicated, this paragraph and those that follow rely on the findings of Brünger, *Geschichte*, 228–79.
61. Goschler (ed.), *Compensation*, xi–2, 54; Hayes, "Plunder," 552.
62. Goschler (ed.), *Compensation*, xiv, xvi, 2–3.
63. On the role of the founding firms, Spiliotis, *Verantwortung*, 182–91, 316; and Goschler (ed.), *Compensation*, 60; on the overall shortcomings, Bilsky, *Corporations*, 119–20.
64. Hayes, "Plunder," 556.
65. See Feldenkirchen, *Siemens*.
66. Bähr, *Siemens*. However, Siemens apparently has consigned a multi-volume study by an external team of historians to the firm's archive; see Niethammer (ed.), *Tengelmann*, 11.

10 Summary

1. Frei et al., *Flick*, 403.
2. Ahrens, *Dresdner*, 103. On the OMGUS reports, see my review of their reprinting in Simpson (ed.), *War Crimes*, in Hayes, *GSR*, 65–66.
3. Arendt, *Eichmann*, 295.
4. For an illuminating example from outside the business world, see Hayes, "Elite," 111–17.
5. Herbst and Weihe (eds.), *Commerzbank*, 73.
6. Bähr, *Dresdner*, 597–98; Wixforth, *Expansion*, 899–900; Henke, *Dresdner*, 222.
7. See de Jong, *Billionaires*.

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