The Deutsche Bank and the Nazi Economic War Against the Jews

The Expropriation of Jewish-Owned Property

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1

Business and Politics: Banks and Companies in Nazi Germany

Recently there has been a remarkable increase in interest in the business history of Germany in the Nazi era, and especially in the economic history of the Holocaust – the analysis of the economics behind discriminatory measures that prepared the way for the mass murder of Jews and other racially or biologically defined groups who lived in Germany or in the areas conquered by German soldiers. For a long time, there was relatively scant academic interest in the story of the expropriation of German Jews and its function in German economic life.

There is certainly an extensive literature on the relationship of big business and National Socialism; consequently, the revival of interest in this theme in the 1990s may appear quite puzzling. Much of the older literature, from the 1930s on, concentrated on the extent to which the support – especially the financial support – of business facilitated Adolf Hitler's rise to power. The analysis that emphasized the antidemocratic consequences of large concentrations of economic power underlay Allied wartime and postwar plans for the restructuring and democratization of Germany. For the United States, the problem lay in cartels, trusts, and big banks, and the occupation authorities consequently embarked on decartellization, detrustification, and a regionalization of banking along U.S. lines (where banks were restricted to one state). This view was reflected in the reports compiled for the Office of the Military Government of the United States (OMGUS). For the Soviet Union, a parallel interpretation involved the transfer of large corporations and agricultural estates to state control.

In the 1960s and 1970s, a substantial literature was devoted to an analysis of the origins of "fascism" and tried to suggest that fascism was the final outcome of a general crisis of capitalism, in which business used the most radical and destructive means in its attempt to defeat a challenge from labor and the left. This approach took up many of the themes from the older critical literature of the 1930s.

A great deal of the discussion of business took for granted that the major motive of business was a search – relentless and ruthless – for profit. Robert Brady, for instance, in 1937 explained in *The Spirit and Structure of German Fascism* that the ostensibly hostile Nazi rhetoric about business was merely a camouflage for the real interests of business. "The objective, in short, is profits. If in an organized economy the community must be made to believe that service comes first, it can be argued that profits are no more than the just reward for success in this labor of public love. But for the initiated there can be no confusion; the single, sole, and dominating purpose is necessarily profits."[1] Such discussion largely ignored the ways in which the government of Nazi Germany tried to limit profits (by restrictions on dividend, by tax measures, etc.). It also forgot that managers in a large corporate hierarchy may not have the same interest as shareholders in profit and may find size, power, and prestige more attractive and more compelling incentives for action. Peter Hayes's groundbreaking study of IG Farben rightly pointed out that "the dynamics of capitalism do not entirely explain the Farben case."[2] One of the aims of this study is to attempt to assess the nature of the motivation for actions that appear morally dubious.

The older literature emphasized violence and terror as the hallmarks of a new aggressive imperialism, in which business was fully complicit. It devoted little attention to the victims of National Socialism. To be sure, not all analysts were as naïve as Cambridge economist Claude Guillebaud, who in his book *The Economic Recovery of Germany,* published in 1939, wrote of the new prosperity of the German business elite: "The present writer was told early in 1938 that there had latterly been an enormous increase in the sale of pictures, old furniture, objets d' art etc. in Berlin, and that this was a sure sign of great prosperity in the business community; it might of course also be interpreted as a sign of fear of future inflation (though there was no evidence of this in other directions), or of a desire to

escape future taxation."[3] Guillebaud did not think that the sales might be a product of the regime's persecution of Jews.

Only in the 1990s did an approach that put victims at the center of historical writing about National Socialism change the perspective. In large part this change is a consequence of a shift in historical sensitivities, in which power and the powerful are no longer seen as the core of the historical process, but in which empathy for victims is a part of restoring morality and compensating for past injustices. There is also a geopolitical element to this development, in that the many victims of Nazi injustice and persecution who lived behind the Iron Curtain of the Cold War era – by the 1990s, of course, quite elderly people – had never received restitution or compensation for the evils perpetrated against them.

One of the most important impetuses to a new assessment of company history was provided by the class-action lawsuits launched on behalf of victims of persecution and brought before U.S. courts.

In the rewriting in the 1990s of the history of persecution, the experience of victims has been more central. For heavy industry, where attention had previously concentrated on the contributions of industry to the armaments economy and Germany's military push, this meant a concentration above all on the exploitation of slave labor. Older accounts had been more interested in the oppression of the German working class and its experience of suffering. The pioneering work of Ulrich Herbert raised the general issue.[4] Until the end of the 1980s, many business histories simply omitted the question of forced labor. The most egregious example was Hans Pohl's work on Daimler-Benz, but Pohl was not alone.[5] There were also some positive examples, notably Peter Hayes's account of IG Farben, which dealt extensively with the firm's employment of forced foreign workers.[6] Subsequently, business histories, often commissioned now in the hope of presenting a complete and accurate picture of business involvement, devoted considerable space to this issue. Hans Mommsen's history of Volkswagen devotes 215 pages; Wilfried Feldenkirchen's history of Siemens, 10 pages; and Manfred Pohl's account of Philipp Holzmann, 14 pages.[7] Since the mid-1990s, there has been a proliferation of work on this subject.[8]

What was the participation of business in the process of exploitation and destruction? This question arose especially in the case of the large German chemical company IG Farben. Peter Hayes devoted a sub-

stantial part of his history to explaining the background of Farben's decision to build a plant at Auschwitz.

These stories had much to do with the barbarization and systematic destruction of human life but less to do with the earlier phases of discrimination, marginalization, and victimization. There had been some work on so-called "aryanization", the takeover of Jewish businesses, but with a few exceptions, this work rarely connected with the general history of persecution and genocide. The first systematic study was that of Helmut Genschel (1966), and there followed in 1987 Avraham Barkai's book on the economic struggle of German Jews. The story of the dispossession of small-scale assets, furniture and household goods, was told in detail for the first time by Frank Bajohr as late as 1997.[9]

Yet this process of despoliation was a crucial link in the cumulative radicalization of a process of discrimination that ultimately led to genocide. Restricting occupational activity and stripping property was a way of stripping dignity and converting citizens into surplus people whose welfare and even existence could be a matter of passive indifference for the population at large. Hans Safrian has made this point very clearly in relation to the brutal expropriation of Austrian Jews (which proceeded much more quickly than the analogous process in Germany). He quoted a 1938 memorandum by "Reichskommissar" Bürckel of Vienna: "We must never forget that, if we wish to aryanize and to deprive the Jew of his livelihood, the Jewish question needs to be solved as a whole."[10] Violation of property rights was a major element in the violation of human rights.

For heavy industry, or automobiles, the issue of "aryanization" played a comparatively small role. There was little Jewish ownership of German heavy industry, with the exception of the substantial holdings of coal fields by the Czech–German industrial dynasty of the Petscheks (see discussion), so that the expansion of industrial activity in Germany did not rest substantially on the takeover or seizure of Jewish businesses. For textiles, printing, tobacco, and the retail sector, the story is very different: Few postwar German companies have reached the size or dominance to make this a major focus of analysis.

Banks, on the other hand, are historically a central part of the German corporate landscape. They figured prominently in postwar American investigations of the corporate origins of National Socialism.

Their power had already been a topic of intense political debate at the end of the nineteenth century.

They did not produce anything. In that sense, the slave labor discussion is an issue that usually concerns banking only indirectly, insofar as particular bank managers or directors sat on the supervisory boards of companies that employed slave labor and in this sense bore an indirect responsibility for the policies of companies. They did, however, employ relatively small numbers of forced laborers in clerical jobs and sometimes also in construction of bank buildings.

On the other hand, banks administered accounts of business and personal customers. In this way, they were inevitably involved in shifts of assets and transfers of property. In the currency-exchange legislation of the 1930s, they took over some public functions: Foreign exchange, gold, and foreign securities were required to be registered with a *Devisenbank,* a bank (which could be a commercial bank) licensed to deal in foreign exchange. Even the way bank officials referred to themselves in Germany gave some indication of their public role: the counter clerk was a *Schalterbeamte,* with *Beamte* carrying a civil-service connotation. Periodically, such officials were reminded in the 1930s that it was their duty to give a positive impression of the legislation brought in by the new state. In addition, banks had traditionally in Germany been heavily involved in the financing of industry and in industrial restructuring.

If we take a narrowly defined view of what banking involved, the "aryanization" of businesses in Germany in the 1930s and the large-scale looting and expropriations undertaken in occupied Europe were merely particular instances of such industrial restructuring.

The focus on the economic side of persecution is quite novel: For instance, when the United States Holocaust Memorial Museum in Washington, D.C. decided in the mid-1990s to microfilm large parts of the captured German documents held in the Moscow Special Archive, it did not think the files of the Reich Economics Ministry or the Four-Year Plan sufficiently central to the analysis of the genocide to be worth including in the copy order. Only a few years later, such themes were central, largely as a consequence of the intense public debate that began in 1996 about the wartime role of Swiss banks, their holdings of the "heirless assets" of the victims of persecution, and their role in gold transactions and other measures that allowed the continu-

ance of the German war economy. In December 1997, an international conference, held in London and organized by the U.S. Department of State and the British Foreign Office, examined the question of "Nazi gold." But at the conference, there was almost no discussion of the German policies and institutions that had caused the whole problem. Instead, the focus was on other countries, often but not always Germany's trade partners: Switzerland, Sweden, Spain, Portugal, Argentina, but also the Vatican.

Inevitably, however, these discussions eventually focused attention back on the behavior of German corporations and on the extent to which they had been accomplices, beneficiaries, or profiteers of state and party measures. The voluminous documentation that was then released, in Russia and the United States as well as Switzerland and Germany, produced some new surprises. In the course of the investigation of German gold transactions with Switzerland, microfilm copies of some of the Reichsbank's gold ledgers were rediscovered in the National Archives and Records Administration in Washington, D.C. They revealed that the two largest German commercial banks, Deutsche and Dresdner, had purchased gold from the Reichsbank. Tracing the destiny of individual gold bars demonstrated in addition that a large share of this gold was derived directly from the victims of persecution. In response to the new revelations, both banks asked commissions of independent historians to produce analyses of these gold transactions. The studies by Jonathan Steinberg on Deutsche Bank and Johannes Bähr on Dresdner Bank were published as books within a few weeks of each other at the beginning of 1999. (The Deutsche Bank report had been available for longer on the World Wide Web.)[11] Deutsche Bank invited a commission of five historians, three of whom had already been involved in the preparation of a comprehensive history of the bank published in 1995, to produce a number of specific studies of its history in the Nazi period. They are Professors Avraham Barkai, Gerald D. Feldman, Lothar Gall, Harold James, and Jonathan Steinberg. The extent of public concern made it crucial to undertake the expensive task of locating and centralizing all historical records, including those previously held by bank branches in more or less forgotten record depositories, back rooms, and cellars. The first such study was Jonathan Steinberg's gold report.

The second study prepared under the auspices of Deutsche Bank's historical commission is unlike the first. The bank's participation in the process of so-called "aryanization" was neither a forgotten secret nor a minor and obscure part of the bank's history. The author of the current report, Harold James, had already tackled this question at some length in the chapter he prepared for the history of the bank published in 1995.[12] There are now more documents available for the study, with the consequence that the present report represents a comprehensive overview of all currently available evidence:

1. The papers of branches of Deutsche Bank were collected, inventoried, and analyzed in Eschborn, on the outskirts of Frankfurt, from 1998. Credit files and general correspondence provide a detailed picture of the activities of the bank's branches, which were largely responsible for handling most of the cases of "aryanization." These branch files give some information about some of the profits derived by Deutsche Bank from "aryanization". They are not, however, uniformly comprehensive. The papers of branches from southwestern Germany are relatively complete, but there is much less from the industrial heartland of Rhineland-Westphalia. Files from former branches of Deutsche Bank in eastern Germany were preserved in the public archives of the German Democratic Republic (GDR). Regional and city archives in Poland, however, appear not to contain Deutsche Bank material. Neither was it possible to locate papers from Sudeten-German branches of the bank in archives in the Czech Republic or Slovakia.
2. In connection with the analysis of the gold transactions, Deutsche Bank Controlling discovered preliminary material for the preparation of annual accounts, material that had previously been unknown to Deutsche Bank's own historical archive.
3. The papers of Hermann Josef Abs were not available to Harold James when he prepared his chapter in the 1995 history. The material in his office subsequently turned out to include some Deutsche Bank files, evacuated from Berlin to Hamburg in 1945, which Abs had used in the early 1970s in preparing his court case against the historian Eberhard Czichon.[13] There is

relatively little documentation in these papers from Deutsche Bank files between 1933 and 1945 that was not previously known: most of the files were taken by the Allies and used by the OMGUS in preparing preparatory reports on Deutsche Bank. On the other hand, Abs's personal papers, have been blocked for historical use until 2014. These papers relate overwhelmingly to the postwar period. But the author was able to see the most important pre-1945 source, a substantial number of note cards, detailing appointments and the contents of discussions, in Abs's own rather small and semilegible handwriting. These cards may have been weeded by Abs himself, in that for a number of Abs's most sensitive contacts, there are no note cards in the collection. Thus there are no cards for contacts that we know existed between Abs and oppositional or semioppositional figures or foreigners (Helmuth James Graf Moltke, Hjalmar Schacht, Per Jacobsson) and also not for some crucial bureaucrats (Hans Kehrl, Joachim Riehle), or for one central former Deutsche Banker who headed the Böhmische Union-Bank (hereafter referred to as the BUB) during the war (Walter Pohle).

4. It was also possible to use more files in central Europe and Russia than had been used for the 1995 history. These included most importantly the captured German documents in the Moscow Special Archive and the records of the Česká Banká Union in the Ministry of Finance of the Czech Republic.

One group of records that might reveal significantly more about the controversial issue of the level of profit involved in "aryanization," the documents of tax offices [*Finanzämter*], are blocked under the Federal Republic's archival law for eighty years after their creation.

The conclusions of the 1995 history in respect of "aryanization" require not revision but merely amplification. This is not really a new history. James's verdict then in 1995 – that the worst and most exploitative case of "aryanization" involved the takeover of a Czech bank, the Česká Banká Union, or the BUB – is amply substantiated by the surviving records in Prague of that bank. Those documents show how brutal but also how illegal were the bank's actions in occupied Europe and how intimately connected was the bank in the ter-

roristic world of military authorities, the party, the SS, and the Gestapo. As in the case of Jonathan Steinberg's gold report, some problems relate not only to actions between 1933 and 1945 but also to the post-1945 aftermath.

The reader of the following pages will notice that there existed room for maneuvering for individual bankers and that bankers behaved in different ways, which makes it difficult to generalize about the behavior of the firm as a whole. This does not mean that there is not room for other ways of presenting the same material. In particular, there is a difference between a historical way and a legal way of looking at the same problem. Both depend on a reconstruction of facts, on what actually happened. But lawyers and historians will view responsibility in a different way.

The difference will be clear if the reader reflects on the law of sexual harassment in the United States. Sexual harassment is an action of individuals, and they may be liable for criminal action. But legally, the responsibility rests with the company that permitted the inappropriate activity, and in working out financial settlements it is this responsibility that will be reflected.

A historical account, as offered here, offers an indispensable basis for working out what kind of responsibility existed. The reader will see that reconstructing the dynamics of business decisions at this period shows how rational-bureaucratic structures, such as a firm, began to break down under the weight of a pervasive and pernicious ideology.

This book begins by examining the structure of the bank and the economic environment within which it operated (Chapter 2). It then asks in what ways such an institution could be affected, and permeated with, the evil ideology of National Socialism (Chapter 3). The exclusion of Jews from German economic life is treated in general (Chapter 4), before the book examines in detail the progressive involvement of banks, and of Deutsche Bank, in the purge of Jews from German economic life in the 1930s (Chapter 5). It looks at the general political, legislative, and economic framework, then at the relationship of the bank with Jewish-owned banks, at the personalities involved in some of the very large cases of "aryanization," and at the different responses of the branches of the bank. A further chapter (6) examines the much more radical policies outside the German frontiers of 1937 but also tries to explain why very different courses were followed in

the three countries first invaded by Nazi Germany: Austria, Czechoslovakia, and Poland. Chapter 7 looks at how bank accounts were affected by the expropriation of Jews. Finally, there is an attempt (Chapter 8) to explain how far the involvement of the bank brought profits.