

The Deutsche Bank and the Nazi Economic War Against the Jews

Harold James

UNCORRECTED PAGE PROOF

Publication date: March 15, 2001

Hardcover, \$27.95, ISBN 0-521-80329-2

254 pp.

Contact: Alan Young, 212-924-3900 x 310

email: ayoung@cup.org

CAMBRIDGE
UNIVERSITY PRESS

40 W 20th St.
New York, NY 10011

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Princeton University



CAMBRIDGE
UNIVERSITY PRESS

PUBLISHED BY THE PRESS SYNDICATE OF THE UNIVERSITY OF CAMBRIDGE
The Pitt Building, Trumpington Street, Cambridge, United Kingdom

CAMBRIDGE UNIVERSITY PRESS
The Edinburgh Building, Cambridge CB2 2RU, UK
40 West 20th Street, New York, NY 10011-4211, USA
10 Stamford Road, Oakleigh, VIC 3166, Australia
Ruiz de Alarcón 13, 28014, Madrid, Spain
Dock House, The Waterfront, Cape Town 8001, South Africa
<http://www.cambridge.org>

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First published 2001

Printed in the United States of America

Typeface Caslon 224 10/13.5pt System QuarkXPress™ [HT]

A catalogue record for this book is available from the British Library

Library of Congress Cataloging in Publication Data

James, Harold.

The Deutsche Bank and the Nazi economic war against the Jews/Harold James.
p. cm.

Includes bibliographical references and index.

ISBN 0-521-80329-2

1. Deutsche Bank (1957-) – Political activity. 2. World War, 1939–1945 –
Economic aspects – Germany. 3. World War, 1939–1945 – Jews – Germany.

HG3058 D4 J36 2001

940.53'1—dc21

00-048651

ISBN 0 521 80329 2 hardback

Princeton University professor Harold James' new exposé, *THE DEUTSCHE BANK AND THE NAZI ECONOMIC WAR AGAINST THE JEWS*, (March, 2001, \$27.95) reveals how the largest financial institution in Germany – the biggest bank in all of Europe – worked hand-in-hand with the Nazis. As an advisor to the Independent Commission of Experts currently investigating the Swiss role in the theft of Jewish assets during the Holocaust, and author of a history of Deutsche Bank which won the *FINANCIAL TIMES'* Global Business Award, James was able to obtain unlimited access to Deutsche Bank's own internal archives from the most infamous era in the history of international finance. His inevitable conclusion: of the thousands of German clerks, trustees and bureaucrats employed by Deutsche Bank and other similar firms, an overwhelming number of them had blood on their hands.

This new book first draws on previously unpublished, confidential corporate records from the key period 1930–35, when Deutsche Bank fired its Jewish employees. Following a worldwide trail of theft and a systematic program of “aryanization” (the forced sale or liquidation of Jewish business and cash assets), James reveals how some of the strongest commercial institutions in Germany were destroyed forever, with predictably devastating results for both German Jews and their non-Jewish employees, creditors, customers and business partners. He then examines the notorious role of German bankers in World War II, as they raced to establish a presence in countries overrun during the Blitzkrieg, where Nazi troops were frequently paid with stolen Jewish assets.

THE DEUTSCHE BANK AND THE NAZI ECONOMIC WAR AGAINST THE JEWS underscores the fact that Jews everywhere were tangibly and financially harmed by the Holocaust even if they were not physically assaulted or killed. This case study of a single business during the Holocaust – unparalleled in depth and scope – serves as a grim reminder that no matter how much official red tape obscures the fact, in the end the Holocaust's bottom line must be calculated not in stolen money but in stolen lives.

The Deutsche Bank and the Nazi Economic War Against the Jews

This book examines the role of the Deutsche Bank, Germany's largest financial institution, in the expropriation of Jewish-owned enterprises during the Nazi dictatorship, both in the existing territories of Germany and in the area seized by the German army during World War II. The author uses new and previously unavailable materials, many from the bank's own archives, to examine policies that led to the eventual genocide of European Jews. How far did the realization of the vicious and destructive Nazi ideology depend on the acquiescence, the complicity, and the cupidity of existing economic institutions and to individuals? In response to the traditional argument that business cooperation with the Nazi regime was motivated by profit, this book closely examines the behavior of the bank and its individuals to suggest other motivations. No comparable study exists of a single company's involvement in the economic persecution of the Jews in Nazi Germany.

Harold James is Professor of History at Princeton University and the author of several books on German economy and society. His earlier work on the Deutsche Bank was awarded the Financial Times/Booz-Allen Book Award and the Hamilton Global Business Book of the Year Award in 1996.

Preface of the Historical Commission Appointed to Examine the History of the Deutsche Bank in the Period of National Socialism

The studies of the Historical Commission of the Deutsche Bank, in contrast to the studies of various governmental and some other commissions assigned the task of dealing with the role of business in the National Socialist period and Holocaust assets, are to be viewed as the products of the individual scholarship of its members. The ultimate responsibility for what is said in our studies rests with the author of each work produced under the auspices of the commission. Although it certainly is to be expected that historians sharing the same basic moral and political values and confronted with a certain basic set of facts can and should reach a reasonable level of agreement or consensus about their basic significance and interpretation, it would be unnatural and unreasonable to expect that each of us would tell the same story in exactly the same way and that there would not be differences of nuance and of emphasis in the way we would present our material and findings. The commission has and continues to see as its task the careful reading and detailed discussion of the studies completed by its members to ensure that the works in question meet the highest standards of scholarship and that they reflect a defensible and responsible presentation of evidence and conclusions. In discussing the Gold report and this study, we have vigorously debated the person and role of Hermann Josef Abs, and each of us has and will interpret that complex and important individual in a slightly different way. Similarly, in the case of this study, we have all thought long and hard and have discussed at considerable length what might and might not be said about the level of profits made by the bank from Aryanization

on the basis of the available information. We achieved a consensus that it was impossible to present a convincing total bank profit from "aryanization," and Professor James has refrained from doing so. We were less of accord when it came to coming to conclusions about the probable significance of those profits for the bank on the basis of the available evidence, and each of us reserves the right to come to different conclusions if the evidence seems so to warrant. Indeed, the pace of research and new findings in this field being what it is, we are duty bound to adjust our interpretations if new information so demands. This said in order to clarify and make transparent our procedure, the commission is very pleased to have the previous work by Professor Steinberg and the present work by Professor James appear under its auspices.

*Avraham Barkai, Gerald D. Feldman,
Lothar Gall, Harold James, Jonathan Steinberg*

Author's Preface

This book has had a long gestation. I began thinking about the theme in the late 1980s, when the Deutsche bank invited me to write one chapter in a history to be published on its one hundred twenty-fifth anniversary, in 1995. The aim at that time was – from the point of view of the bank – a very courageous one, in that it was prepared to allow an outside team of scholars to write an uncontrolled, uncensored, and unexpurgated history of the bank. In the course of the later 1990s, after the book was published, a great deal of public interest and attention focused on the role and behavior of corporations in the Nazi period in the wake of class actions in U.S. courts. Much new material became available at the same time: in central Europe and Russia, as a consequence of the end of the Cold War; in the United States, as records relevant to the Second World War and its aftermath were declassified; and in Germany, as (at least some) corporations tried to assemble all the documentation relevant to their history.

In 1998, the Deutsche Bank invited five historians (the other four were Avraham Barkai, Lothar Gall, Gerald D. Feldman, and Jonathan Steinberg) to form a commission to examine the history of the bank in the Nazi era and to assess the new documentation that was becoming available. Jonathan Steinberg prepared an initial report, on gold transactions during the Second World War. This is the second study produced in the context of this commission. The other members of the commission offered very helpful comments on the draft manuscript, but – as is usual with academic manuscripts – they are not responsible for the contents.

AUTHOR'S PREFACE

The Deutsche Bank documents used in this study are all available for consultation by scholars.

The staff of the Deutsche Bank's Historical Institute, under the direction of Professor Manfred Pohl, provided much help, without intervening in any way in the investigation or the writing of the study. Angelika Raab-Rebentisch helped greatly with the overall logistics of the project. Jutta Heibel worked very hard, with enormous integrity and perseverance and with imagination and intelligence, in assembling archival material not only from the bank's own archive but also from many other archives. Dr. Monika Dickhaus, Thorsten Maentel, and Dr. Martin Müller also helped me greatly in the Deutsche Bank archive.

I am grateful to many archivists. Věra Pospíšilová in the Finance Ministry of the Czech Republic was extremely helpful in very difficult circumstances in Prague. In Poland, Senator Władysław Bartoszewski and Professor Daria Nałęcz, the director of the State Archives, greatly helped in obtaining access to a wide range of documentation. Dr. Marzenna Kowalik James and Marion Milo assisted me with interpreting and translations. The research expenses for this book were paid by Deutsche Bank.

Harold James
Princeton, New Jersey
November 2000

Selected Abbreviations Used in the Text

AG	<i>Aktiengesellschaft</i> , joint-stock company
ANN	New archive, Warsaw
BA	Bundesarchiv
BAB	Bundesarchiv Berlin
BAK	Bundesarchiv Koblenz
BDB	Bundesverband Deutscher Banken archive
BDC	Berlin Document Center
BUB	Böhmische Union-Bank (Union Bank of Bohemia)
CFM	Finance Ministry of the Czech Republic, Prague
DAF	Deutsche Arbeitsfront (German Labor Front)
DAIB	Deutsche Agrar- und Industriebank (German Bank of Agriculture and Industry)
GmbH	<i>Gesellschaft mit beschränkter Haftung</i> (limited-liability company)
HADB	Historisches Archiv der Deutschen Bank, Frankfurt
HITO	Haupttreuhandstelle Ost, the major administrative agency responsible for the reordering of industry in the East
NA	U.S. National Archives and Record Administration, Washington D.C.
NBS	Archive of the National Bank of Slovakia, Bratislava
ÖstA	Austrian State Archive, Vienna
RHG	Reichswerke "Hermann Göring"
SAM	Special Archive (Captured German Documents), Moscow
StA	State Archive, Leipzig
UBB	Union Bank Bratislava (Union Bank of Bratislava)

Contents

<i>Preface of the Historical Commission Appointed to Examine the History of the Deutsche Bank in the Period of National Socialism</i>	page vii
<i>Author's Preface</i>	ix
<i>Selected Abbreviations Used in the Text</i>	xi
1 Business and Politics: Banks and Companies in Nazi Germany	1
2 The Structure, Organization, and Economic Environment of Deutsche Bank	11
3 National Socialism and Banks	21
4 The Problem of "Aryanization"	36
5 Deutsche Bank and "Aryanization" in the Pre-1938 Boundaries of Germany	43
6 Deutsche Bank Abroad: "Aryanization", Territorial Expansion, and Economic Reordering	127
7 Jewish-Owned Bank Accounts	196

CONTENTS

8	The Profits of the Deutsche Bank	204
9	Some Concluding Reflections	211
	<i>Notes</i>	219
	<i>Bibliography</i>	245
	<i>Index</i>	255

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-