

THE DEUTSCHE BANK and the NAZI ECONOMIC WAR AGAINST THE JEWS



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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 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.

The Deutsche Bank and the Nazi Economic War Against the Jews

**The Expropriation of
Jewish-Owned Property**

Harold James

Princeton University



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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

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.

This report focuses on the role of the Deutsche Bank in the expropriation of Jewish-owned enterprises in Germany and in the areas occupied by the German army, which was termed at the time “aryanization” (the German version of this book, which is published simultaneously by C.H. Beck Verlag, Munich, is entitled *Die Deutsche Bank und die “Arisierung”*). It does not systematically deal with the behavior in regard to the exploitation of forced and slave labor of some of the large enterprises (such as IG Farben or Daimler-Benz) to which Deutsche Bank gave credits.

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
HTO	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)

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 Böhmisches 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.

2

The Structure, Organization, and Economic Environment of Deutsche Bank

In the 1930s, as now, Deutsche Bank was the largest German bank whose economic power was the subject of debate and controversy. At that time, its full name was Deutsche Bank und Disconto-Gesellschaft.¹

Deutsche Bank had been founded in 1870, when a new law permitted the establishment of joint stock banks in Prussia. This was a few months before the unification of Germany and the creation of the German Empire. The bank's founders had a national-patriotic purpose in mind, which was indicated by the (rather ambitious) title they chose for their bank. It was supposed to challenge the preeminence of London in the financing of overseas trade.²

In the first years of its existence, it very rapidly emerged as an energetically expanding international bank. It participated first in the establishment of the "German Bank of London" in 1871, and in 1873 then created its own London agency. In 1872 and 1873, it bought into New York and Paris banks, and in 1872, founded agencies in Shanghai and Yokohama. In 1874, it participated in a South American bank, and in 1886, created its own institution for South America, the Deutsche Übersee Bank (later Deutsche Überseische Bank or Banco Alemán Transatlántico). Besides trade finance, it carried out a number of important operations for the German government – including the sale in Asia of much of the Prussian stock of silver, as the empire prepared the transition from a silver- to a gold-based currency.³

One of the first managers of the bank was Georg Siemens, who had previously worked for the electrical firm Siemens und Halske, founded by his father's cousin, Werner von Siemens. This enterprise was a

major beneficiary of the creation of the new empire and its demands for communications technology. Georg's bank rapidly became involved in industrial finance.

One founder of the new bank was a prominent liberal politician, Ludwig Bamberger. As a young man, he had been a participant in the abortive revolution of 1848 in the Palatinate, had been sentenced to death, and fled to London, where he worked in a bank owned by relatives of his mother. He later moved in the same business to Rotterdam and Paris and learned about the interconnections between economic and national development, or between money and politics. In 1868, he had been elected to the Customs Union [*Zollverein*] parliament, the predecessor of a national parliament, and after unification he became a member of the Reichstag. There, his major achievement was as rapporteur to the committee that created the legislation establishing a new central bank (the Reichsbank).⁴

The early years set a pattern in which the new bank moved in the interstices of international finance, industrial finance, and politics. Before the First World War, it played a major role in the growth and consolidation of German industry, especially the electrotechnical industry. It promoted the formation of syndicates, in which businesses were grouped in cooperative partnerships, as well as a wave of mergers, which left the German electrical industry dominated by just two large firms by the beginning of the twentieth century: Siemens and AEG. Deutsche Bank also played a prominent part in the financing of the great project of the extension of German power into the Balkans by the construction of a Berlin-to-Baghdad railway.⁵

Organization of the Bank

At first the Deutsche Bank had been a Berlin-based bank, with branches only in the two port cities (which were not yet members of the German customs area), Bremen and Hamburg. It was only in 1886 that Deutsche Bank opened a branch in Frankfurt; it opened a branch in Munich in 1892 and one in Dresden and Leipzig in 1901. In the first decade of the twentieth century, it took a substantial number of participations in the industrial basin of the Rhine-Ruhr. These were amalgamated with the bank only after 1913. In 1914, the bank took over one of the largest regional industrial banks, the Bergisch-Märkische Bank. It

was only really in the 1920s that the bank became a truly multibranch bank, with tentacles spreading all over Germany. At the time of the merger in 1914, the Deutsche Bank had only 15 branches, whereas the Bergisch-Märkische Bank had 35. By the end of 1926, there were 173 branches.⁶ Branches clearly brought the bank into a new sort of business: customer accounts and smaller-scale financing of small and medium-size enterprises. One of the attractions of a larger branch network was that it brought a stable supply of deposits, and the bank tried to develop this business by launching savings accounts. In the 1920s, however, the Deutsche Bank, like the other big joint-stock banks based in Berlin, still dealt mostly with large-scale industrial finance and with international trade and was frequently and bitterly criticized for its neglect of small-business [*Mittelstand*] customers.⁷ This criticism, which was in the later years of the Weimar Republic most radically expressed by the National Socialist German Workers' Party (NSDAP), may have been one reason why some of the managers of Deutsche Bank believed that they should become more involved with the financing of small and medium-size business and hence participated in the "aryanization" of such enterprises, which is the major theme of this book. Most *Mittelstand* finance, however, was conducted by other sorts of financial institutions, small private banks, regional banks, or the many savings and cooperative banks spread over Germany.

The biggest of the bank mergers took place in 1929, with the Disconto-Gesellschaft, one of the four so-called D-banks (besides Deutsche, the others were the Dresdner and the Darmstädter- und Nationalbank). The Disconto was more conservatively managed than Deutsche had become, and its high management regarded itself as less tainted by expansion. The complexities of the merger had not been fully digested before the full fury of the world depression hit Germany.

How was such a complex institution as Deutsche Bank managed, and how did it do business? The immediate executive responsibility lay, as with all German companies, with a board of management [*Vorstand*], composed in 1932 of ten members. Each had responsibilities for a particular region and for some particular function of the bank. This was a body of equals, though one member might be delegated as the speaker [*Sprecher*].

A supervisory board [*Aufsichtsrat*] was chaired by convention by a former member of the board of management. Its other members were

prominent business figures, usually from major companies with which Deutsche Bank had had a long-standing business relationship. In 1932, this board had 102 members, in addition to two representatives from the works council. This was clearly a very unwieldy institution that met infrequently and could not exercise any real control. Like almost all German supervisory boards, its function was social rather than operational. A committee of this board, however, met more frequently, and this committee's role was strengthened in the course of institutional redesign during the depression. It then became known as the credit committee, and its major function lay in supervising large credits, which had been one of the problematic areas of bank policy before 1931.

In the course of this redesign during the depression, the number of members of the supervisory board was reduced dramatically, to fourteen plus the two members of the works council by the beginning of 1933. But later, as it was important to accommodate politically influential figures in the new regime, such as tobacco magnate Philipp Reemtsma, the number increased again, so that there were twenty-nine members of the supervisory board by 1936.

Another way for the bank to expand its business contacts was through the institution of a large "main committee" [*Hauptausschuss*], which took over from the larger, pre-1932 supervisory board. This was complemented by a nationwide pattern of regional advisory committees [*Beiräte*].

Members of the board of management were members of the supervisory boards of industrial enterprises, and they derived a substantial amount of their income from the remuneration as members of those supervisory boards (these fees were called *Tantiemen*). From this resulted a deep relationship between banks and industry, in which a bank would characteristically first give loans to an enterprise, sometimes secured, sometimes in the form of a current account overdraft [*Kontokorrentkredit*].⁸ When there was a favorable moment on the stock market, banks would organize new issues of shares or bonds and would use their customer base as a market for the newly issued securities. Many customers kept their securities with the bank, in custody or *Depot* accounts, and the bank would then use these securities to vote in the general meetings of companies. It was the mixture of different financial products that gave the German "universal" banks their par-

ticular power, a power that probably reached its height in the first decade of the century, at the time of the great wave of mergers and the establishment of many large trusts.

Such a board system worked well at a time when most of the business was Berlin based or foreign oriented. It did not really fit well with the organizational structure required by an extensive branching system. There was a central Berlin office that dealt with branches [*Filialbüro*], supervised by one member of the board of management. In addition, each member of the managing board had general responsibility for a particular region. But the large companies might have had a particular relation with another managing director.

The branches behaved in many ways as if they were miniature versions of the bank. Between one and three leading managers were called directors, and they sat on the supervisory boards of companies smaller than those on which the bank's managing directors would sit.

The existence of a quite dense network of branches meant that the bank had a much greater contact with a variety of regional and local subeconomies. This meant, too, that it had substantial business interests in those areas of Germany where there was a considerable amount of Jewish-owned business: in Saxony, where there were many Jewish-owned textiles, leather, and fur firms; in Silesia, where Jewish owners worked in textiles and also in heavy industry; in southwestern Germany with its craft traditions, where there were also extensive Jewish-owned manufacturing enterprises and where by coincidence the Deutsche Bank had acquired a particularly dense network of branches as a result of mergers with other banks.⁹

One other institution should be introduced at this point, although it played a significant role only in the Nazi period. The Weimar Republic had established works councils, to discuss issues connected with conditions of work and employment. In the Nazi dictatorship, they were reconstituted as organs in which Nazi trade union representatives assumed a major part.

At the beginning of the 1930s, then, the Deutsche Bank was not a perfectly centralized institution but had an imperfectly articulated hierarchy: It might even be termed a "polyarchy." It looked in some ways like a mirror of a republican state that the theorist Carl Schmitt described as "polycratic" (a term many historians have used to describe the distribution of power in the post-1933 Nazi state).¹⁰