

reference

ELIMINATION OF GERMAN RESOURCES FOR WAR

HEARINGS

BEFORE A

**SUBCOMMITTEE OF THE
COMMITTEE ON MILITARY AFFAIRS**

UNITED STATES SENATE

SEVENTY-NINTH CONGRESS

FIRST SESSION

PURSUANT TO

S. Res. 107
(78th Congress)

AND

S. Res. 146
(79th Congress)

**AUTHORIZING A STUDY OF WAR
MOBILIZATION PROBLEMS**

PART 8

DECEMBER 11 AND 12, 1945

WAR DEPARTMENT TESTIMONY

Printed for the use of the Committee on Military Affairs



**UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1946**

COMMITTEE ON MILITARY AFFAIRS

ELBERT D. THOMAS, *Utah, Chairman*

EDWIN C. JOHNSON, <i>Colorado</i>	WARREN R. AUSTIN, <i>Vermont</i>
LISTER HILL, <i>Alabama</i>	STYLES BRIDGES, <i>New Hampshire</i>
SHERIDAN DOWNEY, <i>California</i>	CHAN GUBNEY, <i>South Dakota</i>
HARLEY M. KILGORE, <i>West Virginia</i>	CHAPMAN REVERCOMB, <i>West Virginia</i>
JAMES E. MURRAY, <i>Montana</i>	GEORGE A. WILSON, <i>Iowa</i>
JOSEPH C. O'MAHONEY, <i>Wyoming</i>	THOMAS C. HART, <i>Connecticut</i>
ROBERT F. WAGNER, <i>New York</i>	H. ALEXANDER SMITH, <i>New Jersey</i>
TOM STEWART, <i>Tennessee</i>	
BURNET R. MAYBANK, <i>South Carolina</i>	
FRANK P. BRIGGS, <i>Missouri</i>	

PAUL L. BADGER, *Clerk*

WALTER I. SMALLEY, *Special Assistant*

SUBCOMMITTEE ON WAR MOBILIZATION

HARLEY M. KILGORE, *West Virginia, Chairman*

ELBERT D. THOMAS, <i>Utah</i>	CHAPMAN REVERCOMB, <i>West Virginia</i>
EDWIN C. JOHNSON, <i>Colorado</i>	GEORGE A. WILSON, <i>Iowa</i>
JAMES E. MURRAY, <i>Montana</i>	

HERBERT SCHIMMEL, *Chief, Investigations and Hearings*

COLEMAN ROSENBERGER, *Hearings Editor*

DEPOSITED BY THE
UNITED STATES OF AMERICA

JAN 25 '46

CONTENTS

Testimony of—	Page
Maj. Gen. John H. Hildring, Director, Civil Affairs Division, War Department.....	1048
Col. Bernard Bernstein, General Staff Corps, Director, Division of Investigation of Cartels and External Assets, Office of Military Government, United States (Germany).....	1062, 1089
Additional material submitted by the War Department.....	1117
	iii

502

Q. 111

1. The following are the main features of the Constitution of India: (a) It is a single document. (b) It is written. (c) It is rigid. (d) It is supreme. (e) It is secular. (f) It is federal. (g) It is democratic. (h) It is a social contract. (i) It is a living document. (j) It is a product of the Indian people.

ELIMINATION OF GERMAN RESOURCES FOR WAR

TUESDAY, DECEMBER 11, 1945

UNITED STATES SENATE,
COMMITTEE ON MILITARY AFFAIRS,
SUBCOMMITTEE ON WAR MOBILIZATION,
Washington, D. C.

The subcommittee met at 10:40 a. m., pursuant to call of the chairman, in room 104-B, Senate Office Building, Senator Harley M. Kilgore, of West Virginia (chairman) presiding.

Present: Senator Harley M. Kilgore (chairman), West Virginia.

Also present: Dr. Herbert Schimmel, chief investigator.

The CHAIRMAN. The committee will come to order. The first witness today is Maj. Gen. John H. Hilldring, Director, Civil Affairs Division, War Department.

All right, General Hilldring, if you will go ahead. I will ask you questions occasionally.

TESTIMONY OF MAJ. GEN. JOHN H. HILLDRING, DIRECTOR, CIVIL AFFAIRS DIVISION, WAR DEPARTMENT

General HILLDRING. The Allied Nations have pledged themselves to destroy the warmaking potential of the Germany which so lately menaced our way of life. Long before the beginning of World War II, while democratic nations were devoting their thought and talents to the welfare of their people and the pursuits of peace, Nazi Germany was evolving elaborate plans to subordinate to and integrate with her war planning every productive function, discovery, and activity against the day when the Nazis would launch the attack they had already decided upon against their first victim.

We are, therefore, committed and determined to seek out and destroy the sources of Germany's once powerful aggressive industrial might. The investigation of cartels and cartel-like organizations is one aspect of our demilitarization policy in respect to Germany.

The investigation of I. G. Farbenindustrie was undertaken because that organization constituted a highly significant factor in the German war machine. This investigation is making available to us information relating to Germany's technology, war production, patents, external assets, and industrial organization. I. G. Farbenindustrie was known to be the largest corporation in Germany and the largest chemical corporation in the world. Already our investigations conclusively prove that this organization planned and schemed as a tool of the Nazi regime. Farben was so useful to the war lords of Germany that the German General Staff considered it important to integrate certain of its offices into the army high command itself.

The CHAIRMAN. General, let me interrupt you at this point. This investigation into Farbenindustrie and into cartels, I believe—and I just want to get your reaction—is valuable not only as an exploration of their war-making potential, but also for us as an industrial nation, it is extremely valuable that our businessmen should know the schemes and plans used by these people in the past, in order that they may guard against aggression by foreign industry in the future. Don't you think that is true?

General HILLDRING. That's right, Mr. Chairman; it is a most valuable bit of industrial intelligence.

The I. G. Farben investigation is but one of a number of investigations which are intended to lay before the world the truth concerning the organization, operation, and holdings of Farben and similar cartels. The Military Government will continue these investigations until we are satisfied that we have ferreted out every single cartel or cartel-like organization which might substantially contribute to a German war potential.

We are also presently investigating the German iron and steel, electrical, chemical, pharmaceutical, and heavy-construction industries as well as the big banks. The purpose of these investigations is to lay bare their policies, plans, and operations so that we may render them impotent as a future threat to mankind.

The CHAIRMAN. I note you didn't list the instrument industry in that. Are you having any opportunity to go into the cartel set-up of the instrument industry?

General HILLDRING. Well, Mr. Chairman, I have reported here only those that we are presently working on. I did say earlier that we would ferret out every cartel and cartellike organization.

Throughout last summer our investigations continued to disclose the far-reaching significance of the German cartels and their external assets. In recognition of this, the Office of Military Government—United States—Germany, established the Division for Investigation of Cartels and External Assets as one of the nine major divisions of that Office.

The mission of this Division, which we refer to as "DICEA," is to initiate and continue those investigations necessary to accomplish our occupation policies in this field.

It is the purpose of Military Government to continue DICEA and to bolster it with the requisite legal, financial, accounting, and investigative personnel until we have completed and evaluated all the necessary inquiries into German internal business organizations and their external assets and entanglements.

The CHAIRMAN. Gentlemen, I am happy to hear that it is our policy in Germany to carry out these investigations, but I want to know, if you can tell us, what kind of organization has actually been set up at the present time to carry out this deindustrialization program.

General HILLDRING. As far as the functions of DICEA are concerned, Mr. Chairman—

The CHAIRMAN. What kind of an organization do we have over there? How extensive?

General HILLDRING. It is a pretty extensive organization. I don't know the exact numbers—about 140 people, who have been specially selected, largely with the assistance of our Treasury and State Departments, and under the personal direction of the next witness here, Colonel Bernstein.

I think there has never been assembled before a unit that has the capabilities, certainly that has done as great an amount of work in the short period of time, that this organization has already done.

The CHAIRMAN. I wonder if Colonel Bernstein in his statement will tell us how it functions, or would you like to tell us?

General HILLDRING. I would rather have Colonel Bernstein testify on that point, because that would be more valuable to the committee. He knows of his personal knowledge. I know of it only from observation.

The CHAIRMAN. There is an interesting fact in the background of this: In settling World War I, in the Versailles Treaty, we permitted the example of Germany in 1870 to govern that treaty in the matter of cash reparations. As you know, they bled the French dry for a generation with cash reparations, and we undertook to exact cash reparations from Germany. We then financed Germany, so she could earn enough to pay the cash reparations—that was the theory. But she took the money we financed her with and set up the gigantic organization with which they attempted to whip us.

General HILLDRING. I hope we don't make that same mistake again.

The CHAIRMAN. Anybody who says financial reparations to me is going to have a fight.

General HILLDRING. The sources for our material are many and varied. Intelligence personnel and military government teams have interrogated thousands of persons. Individuals who so indicate, or who it is believed possess information bearing upon any organization or activity in which we are interested are then interrogated by experts competent to elicit and evaluate the most technical information in whatever field involved.

Despite the elaborate precautions of the German officials to safeguard or destroy vital records, we have discovered and painstakingly perused their most secret files. Last June I described to this committee how records of the I. G. Farben Co. had been found hidden in monasteries, salt mines, beer halls, and caves.

On the 29th of March 1945 when American troops first entered Frankfurt and took control of the main offices of I. G. Farben, certain key records were taken into custody by the T-Force attached to the Army. On the 16th of April, finance division personnel of United States Group, Control Council (Germany), surveyed the condition of the records, which was found to be chaotic, many of them having been spilled on the floors, and some even apparently disposed of as trash. It was determined that the records should be removed to a safe depository. A building adjoining the Reichsbank was requisitioned and the mechanism of removal put into operation.

The books and records which were located on the six floors of the Farben Building were removed, from top to bottom, by a human conveyor chain, made up of German prisoners of war, civilians, and Farben personnel, extending from the sixth floor to the first floor and then out to the tractor-drawn van which transported the records.

Once the records had been removed, the job of creating a filing system began. Under close supervision, Farben officials were selected, on the basis of their familiarity with the files, to reconstitute the system. It was determined that many files had been destroyed, on order of department chiefs, when American occupation seemed imminent. A great number of files had been stored in beer halls and

restaurants; some had been buried in backyard gardens and others stored in cellars of trusted I. G. Farben employees, and many had been cached in religious institutions as personal property.

Special teams were dispatched throughout the Frankfurt area to secure files concealed by the home office of I. G. Farben. Later, teams were dispatched to various sections of Germany, including Jena, Wolfen, Heidelberg, Dusseldorf, Wurzberg, Munich, Kassel, Cologne, and Ludwigshafen to recover records which had been kept at various I. G. Farben plants, hidden in homes of I. G. Farben officials, or purposely stored in underground depositories against bombing attack. By following this plan methodically and vigorously it is estimated that 85 percent of the I. G. Farben files belonging to the main office in Frankfurt have been recovered from the locations in which they had been secreted throughout Germany.

The CHAIRMAN. General, I was there when you had moved them into the building and were engaged in sorting them out and it looked to me like an almost impossible task. Have you gotten them arranged now so they are accessible for study?

General HILLDRING. When I was there in August, the latest information I personally have of it, the job was not then completed, but there again Colonel Bernstein will be able to tell you.

The CHAIRMAN. At that time you had about 2,200 tons of files?

General HILLDRING. Yes, there were hundreds of tons of it, even as late as late August, when I came home. Colonel Bernstein can give you the most recent information on that subject.

Our continuing investigations confirm that the organic integration of German industrial might and technical skill into their war machine was effected on a scale to confound the imagination. The influence of the giant combines and cartels which prostituted the discoveries of modern science and the techniques of modern business organization to the aims of Nazi aggression has been traced to all corners of the world. For well over a decade these German cartels have reached out in order to establish outside of Germany footholds which were designed to serve as spearheads of German aggression. This aggression was no less important to the German designs for world conquest than the invasion by the German armies. That is why the elimination of these spearheads of industrial aggression is so essential a part of the American program for the industrial disarmament of Germany. I will describe briefly the measures we have taken and those which we contemplate in carrying out our program for German industrial disarmament.

The CHAIRMAN. I want to ask you a question at that point, General. I have been asked this question several times and I have been unable to answer it, and possibly you can.

The question is this: From the study of these records does it look like German industry actually dominated German government, or was the partnership between industry and government or was the partnership between industry and the General Staff that was operating that machine?

Industry seemed to me to be guided by the decisions of the General Staff, but also sometimes the General Staff seemed to be guided by industry and I just wondered if you have been able to determine yet which was the dominant factor.

General HILLDRING. Again I would like you to get the opinion of Colonel Bernstein, who has made the most exhaustive study of this. But it seems to me, Senator, from what I have read of our investigations into I. G. Farben, that it was subservient to the Nazi government, and to the German General Staff, in that the conduct of its business was integrated with and controlled by the Government and the General Staff. On the other hand, it is certainly true that the industrial skill of the I. G. Farben outfit, which was completely at the disposal of the Government and of the General Staff, frequently guided the decisions of the Government and the General Staff.

The CHAIRMAN. In other words, you got the impression that the geopolitical end of German policy was guided by industry, even to the plans of the staff, and then industry in turn assisted the staff in carrying out its plans, so that it was a sort of unholy alliance, as Senator Guffey sometimes says?

General HILLDRING. Yes, sir; I think that is about the situation, sir. It was a symbiotic relationship for a common infamous objective.

The CHAIRMAN. And there were two purposes: Industry had gotten top heavy in its productive powers and sought to get new markets by force, and in that it was using the army. On the other hand, the Government wanted world domination for its ideology, and it was using both army and industry.

General HILLDRING. Yes, sir.

The basic directive for the control of Germany instructs the United States commander, who is also the United States representative on the control council, to prohibit all private cartels and other similar business arrangements of a public or quasi public nature which exercised regulation over marketing arrangements, production, prices, industrial technology, and sales.

The CHAIRMAN. General, you state that the United States commander there, who is also our representative on the control council, is directed to prohibit all private cartels and other similar business arrangements in Germany. It is my understanding the major portion of German heavy industry is concentrated in the British zone and not in our zone of occupation. Can you tell us whether the British representatives on the control council have a similar directive to prohibit such cartels and break up such cartels as have already been formed?

General HILLDRING. I haven't information as to the detailed instructions which the British military governor has, Senator, but we have gotten quadripartite agreement on a wide variety of matters related to this general subject, which, in addition to the fact that the British subscribed to the Potsdam Declaration, would lead me to believe that our policies are not far apart.

The CHAIRMAN. I have been informed that to start out with the British policy, or at least the British aim, was not similar to ours, but that they have been gradually working into closer harmony with our operators there. Have you seen that—that their people on the ground are working in better harmony with us than they were at the outset?

General HILLDRING. I could wax rather eloquent on that point, Senator, without taking credit—

The CHAIRMAN. Our people on the ground have been doing a little bit of salesmanship on the British?

General HILLDRING. This much I will say, Senator, I think that today—I think we will all agree, that to work out the solution of our

problems in the international field with our partners, the British and the Russians and the French, is one of the most important activities we are carrying on.

The CHAIRMAN. I think that is right.

General HILLDRING. And I think the record which has been made in Berlin and Vienna, in bringing together in tangible accomplishment between the Soviet and the British and the French and ourselves, is a really noteworthy achievement, and it is true that in the beginning when we first sat down around the table, it took us a little time, a little longer to agree on these things than it perhaps should, but the rapidity with which we are reaching agreement on matters of transcendental importance today in Berlin and Vienna is a real achievement in cooperation with our three partners.

The CHAIRMAN. As I understand it, the Council gets out a general plan?

General HILLDRING. Yes, sir.

The CHAIRMAN. And then it is left to the commander in each district to implement that plan by appropriate localized orders; is that right?

General HILLDRING. That is the procedure today with respect to all matters on which we do reach quadripartite agreement.

The CHAIRMAN. There may be differences in the local orders that are issued, but you do find from your observation that there has been gradually a better working together than there was at the outset?

General HILLDRING. Yes, sir; there certainly is a much better working agreement.

On the matter of executing the quadripartite decisions in Berlin, Mr. Chairman, I just want to refresh your memory on the fact that it was decided at Potsdam that we would establish some central control machinery for the purpose of executing some of these decisions in certain fields, which for reasons which you know, we haven't yet been able to accomplish. But three of the four partners have already agreed on that, and it seems to me that when we are able to institute that central machinery, the differences in execution in the four zones, which you alluded to, will be very largely overcome.

The United States commander is likewise instructed to prevent production in and to take custody of all plants and equipment designed for the production of arms, munitions, and implements of war and to hold such plants for subsequent disposition.

The CHAIRMAN. When you say the United States commander is instructed to prevent production in and take custody of all plants and equipment designed for the production of arms and munitions, do you mean plants which are only necessarily related to war production or plants which have been and could be again readily devoted to such production?

You know, in all-out war about 95 percent of production can be adapted to war purposes. I know one illustration in this country in which a plant that manufactured a certain drug that was vitally necessary in hospitals was immediately converted to manufacture of an extremely valuable explosive.

General HILLDRING. That is a pretty difficult question to answer.

The CHAIRMAN. That is why I believe you have a very difficult problem in regard to the German munitions industry. A plant that makes tractors can make tanks.

General HILLDRING. If you mean that we will seize and prohibit production in any plant that can be converted to war use, that might mean any industry.

The CHAIRMAN. That is what I am getting at.

General HILLDRING. In other words, if you had a building with electrical power connected to it, regardless of what it was making, you could convert that plant to a war use.

The CHAIRMAN. By changing machinery.

General HILLDRING. By taking out the machinery that is in there and putting in other machinery.

The CHAIRMAN. Or by converting some of the machinery?

General HILLDRING. So if I were to say yes to that, it might be interpreted as meaning that we will leave no industry in Germany, and that is not our intention, Senator.

The CHAIRMAN. Then shouldn't our policy with respect to German industry just be a tough policy which will take no chances that it will again menace peace and security, and eliminate all specialized arms plants?

General HILLDRING. All of them.

The CHAIRMAN. But on the other plants, eliminate down to what is necessary for German existence, or subsistence, so that they won't have anything to convert, that what they do have will be necessary for them to get along with.

General HILLDRING. In general, you have given in that statement, Senator, our general policy.

The CHAIRMAN. We will eliminate all given war plants that are used solely for the manufacture of munitions?

General HILLDRING. That is correct.

The CHAIRMAN. And in regard to other plants, reduce them down to a potential that will just take care of Germany?

General HILLDRING. That is correct, sir.

The CHAIRMAN. So that they can't be expanded into a war potential?

General HILLDRING. Yes, sir.

The plants and equipment required for reparation will be removed; those remaining will be destroyed if they are especially adapted to the production of arms, munitions, and implements of war. The directive also prohibits the production and acquisition of facilities which produce parts or components especially designed for incorporation in arms, munitions, and implements of war, as well as airplanes and merchant ships.

United States policy is to permit technological and scientific research in Germany only after it is affirmatively established that contemplated research will not contribute to Germany's future war potential, and even then only under careful licensing and other appropriate safeguard.

The CHAIRMAN. I understand that research is being permitted in some German plants. What actual safeguards have been set up in those plants in order to make sure that Germany is not conducting war research?

General HILLDRING. In the United States zone they are all licensed and inspected. On a quadripartite basis I don't believe we have come to any German-wide arrangement on that, Senator, but as an indication that our partners contemplate with respect to research the same

general view we have, I can point to the Control Council law No. 9, which has already been approved by the four partners, which has as one of its objectives the control of research. I should again say that that unquestionably will mean a system of licensing and, more important, of scrupulous and eternal inspection.

The CHAIRMAN. Then any plant, in order to do research, must first seek a license?

General HILLDRING. That is right, sir.

The CHAIRMAN. Then having obtained a license it is subject to inspection to see that it doesn't violate the limitations of that license? It couldn't go into, shall we say, atomic research or something of that nature, because in a very short time inspectors would catch them? You have the necessary scientific personnel with the inspection departments to make sure what is going on, don't you?

General HILLDRING. We do in our zone, largely. The point I want to clarify again, Mr. Chairman, is that that is not yet on a quadripartite basis, but the fact that it is likely to be is indicated, as I say, by this incorporation of the fact that research is to be controlled across the whole of Germany.

The CHAIRMAN. That can go in the record?

General HILLDRING. Yes, sir; that can go in the record.
(Control Council law No. 9 follows:)

CONTROL COUNCIL LAW NO. 9, PROVIDING FOR THE SEIZURE OF PROPERTY OWNED BY I. G. FARBENINDUSTRIE AND THE CONTROL THEREOF

In order to insure that Germany will never again threaten her neighbors or the peace of the world, and taking into consideration that I. G. Farbenindustrie knowingly and prominently engaged in building up and maintaining the German war potential, the Control Council enacts as follows:

ARTICLE 1. All plants, properties, and assets of any nature situated in Germany which were, on or after May 8, 1945, owned or controlled by I. G. Farbenindustrie A. G. are hereby seized by and the legal title thereto is vested in the Control Council.

ARTICLE 2. In order to control the seized plants, properties, and assets which belonged to I. G. Farbenindustrie, there shall be created a committee consisting of four control officers appointed by the respective zone commanders. Policies agreed upon by the committee on behalf of the Control Council shall be implemented in each zone by the zone commander, acting through his control officer.

ARTICLE 3. The committee shall accomplish the following ultimate objectives in respect of the plants, properties, assets, and activities of I. G. Farbenindustrie A. G.:

- A. Making certain plants and assets available for reparations.
- B. Destruction of certain plants used exclusively for war-making purposes.
- C. Dispersion of ownership of remaining plants and assets.
- D. Termination of cartel relationships.
- E. Control of research.
- F. Control of production activities.

Plants reported by the committee as available for reparations or for destruction shall be processed through the normal channels.

ARTICLE 4. All acts and things heretofore done or performed by the zone commanders, and their respective control officers in connection with seizing the management, direction and control of I. G. Farbenindustrie A. G. in their respective zones are hereby ratified, approved, and confirmed.

BERLIN (continued). Following is in reference to item 6 of last conference and refers only to American zone:

- (a) No I. G.-owned plants have been destroyed.
- (b) Two Montan (Reich-owned) (I. G.-operated) explosives plants have been destroyed (DAG Ebenhausen Kaufbeuren).
- (c) No I. G. or Montan plants are earmarked for destruction.
- (d) One plant DAG Hesse Lichtenau, a Montan plant, is earmarked for reparations.

(e) Fourteen Montan-I. G.-operated plants (including (b) and (d) above) were recommended for reparations by the I. G. control officer to the Industry Branch. No action taken by the Industry Branch other than indicated in (b) and (d) above.

(f) Two of the remaining Montan plants, Ettringen and Kaufering, were never in operation.

(g) Reporting on current manufacturing operations is fragmentary and inadequate.

(h) Some information is available for 64 plants:

1. Twenty-four plants report employment as of October 31, 1945, of 11,500 persons for production or repairs. No operating information for remaining 40 plants.

2. Twenty-one of the twenty-four plants are in production including one Montan explosives plants (another is being repaired).

3. Of 20 I. G.-owned plants in production, 13 produced direct war materials. They are now employing about 10,000 persons and are producing explosives, cartridges, powder fuses, dyes, acetone, drugs, other chemicals and celluloid products. Hoechst now has 5,000 employees and Biebrich 3,156.

4. Seven I. G. plants not classified as direct war plants are producing oxygen, gasoline, buna rubber articles, and other products.

(i) Analysis of long form questionnaires submitted to the I. G. control officer indicates the following:

1. Removal of war potential is considered secondary to the requirements of the civilian economy. Only 6 of 32 manufacturing plants reported on were recommended by subcontrol officers for reparations or for destruction; 4 of these 6 plants were Montan (Reich-owned) and I. G.-operated.

2. Reparations are recommended only from direct war plants.

3. Fifteen or twenty-one war-production plants were recommended for continued operations.

4. War-production plants are reported less feasible for independent operations than plants not classified as producers of direct war material.

5. Revival of large-scale operations and monopoly practices are explicit in the recommendations for grouping Hoechst, Griesheim, Offenbach, and Mainkur plants.

6. Tabulation discloses the highly improbable conclusion that no war research was carried on in I. G. plants.

BERLIN (continued). Following is extracted from latest I. G. study which will be forwarded: "I. G. Farben subcontrol officer recommendations on war production plans needed by the civilian economy—

"1. Hoechst. This plant produced about 15–20 percent of the total German production of dinitrobenzene; approximately 4 percent of the total German production of white salt for hexogen and yellow meal (propellant). The statement is made that nitric acid and equipment is too massive to dismantle and, in addition, nitric acid is essential for the manufacture of dyestuffs, pharmaceuticals and synthetic nitrogenous fertilizers; also this plant is the only nitrate fertilizer plant in the United States zone. Regarding the production of chemicals, the following recommendation is made: Since the plant was not an essential war plant, operation might be at German peacetime requirements or for delivery of drugs and chemicals in reparations and restitution or a combination of both purposes. The plant would be of more value as an operating one than as a source of machinery and other equipment, i. e., motors, turbines. Before considering demolition, thought should be given to the fact that the products manufactured were practically peacetime needs and conveniences rather than war materials; however, sulphuric acid, nitric acid, and chlorine were of practically all types of explosives and no doubt a large portion of the acid output of the plant was used at the plants that produced military explosives.

"2. Anorgana Oendorf. This plant produced mustard gas from 1941 through 1945. The recommendation is as follows: This is a war plant and is available for reparations. It is felt, however, that the plant would aid in the over-all economy of Bavaria to such an extent that the plant should not be made available for reparations until the middle of 1946. This statement is based on the ability of the plant to produce pharmaceuticals, solvents, and detergents for both civilian and Army use. Example of recommendations are (as?) not feasible to operate as an independent unit: Griesheim chemicals plant I. G.—I do not feel that it would be practical or economically sound to operate this plant as an independent unit. It is my belief that the Griesheim chemical plant could be combined with the Hoechst plant as one plant for the following reasons: (1) Geographically the plant is near Hoechst; (2) many of the intermediates made here

are necessary for the manufacture of products at Hoechst; (3) in the past all matters for Griesheim are handled by Hoechst with the exception of wages, sales and a few minor other matters. * * * The only major changes necessary would be to combine Griesheim with the Hoechst sales organization (this having been handled in the past by Frankfurt) and put the Griesheim plant under the management of the Hoechst plant. Steedener Kalkwerke has very extensive new installations erected specifically to meet the burnt lime requirements of the synthetic rubber plant of I. G. Ludwigshafen. The plant can therefore only operate economically if these facilities are producing in their normal capacity. To justify operations it is necessary that the plant be guaranteed a continuous large scale demand for lime. Such a demand exists only with some of the larger chemical works. Thus to assure a normal and profitable production, the best arrangement would be direct combination with a big chemical work. The plants which are particularly in need of lime on this basis are all former I. G. Farbenindustrie plants—Ludwigshafen for carbide production, for insecticides and for lacquers; Hoechst for production of artificial fertilizers; A. G. fur Stickstoffdunger Knapsack (British zone) for carbide production. A similar connection with the steel industry is possible although this plant is equipped to produce a higher grade lime than is necessarily required by the steel industry."

WASHINGTON. For the Kilgore committee hearings we require from Frankfurt: (1) Copies of the Polish and Czech Dyestuffs Agreements, (2) all additional microfilm completed since we left Frankfurt, especially the microfilm exhibits to the von Heider-Kugler-Bergwardt studies on I. G.'s relations to firms in occupied countries and I. G.'s participations in these countries. These studies were contained in red folders and were being handled by Anne Friedman.

BERLIN. O. K.

WASHINGTON. The following questions re the Farben law are asked simply in order that we may understand the application of the law:

(a) Why is article 3B limited to plants used exclusively for war-making purposes?

(b) Is there any clear indication of the test or formula, etc., desired by the four participating countries in determining what plants and assets are to be available for reparations?

(c) Who are to be designated as members of Farben Control Committee? .

BERLIN. (a) Destruction of plants other than those used exclusively for war-making purposes is not planned. Such nonexclusively war plants are presumably available for reparations.

(b) We know of no clear tests or formulae.

(c) In the reorganization proposal sent to Clay today by the special committee and concurred by Dodge and Fahy, it is suggested a special deputy be set up in the Economics Division to do the decartelization job. It is anticipated he would be the United States member of the Farben Control Committee.

WASHINGTON. Why did Colonel Boyd of Industry Branch consider no action respecting 14 Montan-I. G.-operated plants was necessary except as indicated in your item 3B and D (see p. 2 of this transcript)?

BERLIN. We do not know the status.

WASHINGTON. What are included in direct war plants and what is considered direct war matériel? Who approved recommendation that reparations be made only from direct war plants?

BERLIN. Direct war plants are those plants that produce arms, ammunition, and poison gas explosives, other implements of war components or parts for any of above major ingredients. In addition, plants producing chemicals, not including medicines or pharmaceuticals, synthetic rubber, synthetic petroleum, magnesium. Recommendations for reparations only from direct war plants have not been officially approved. These recommendations were made by I. G. subcontrol officers to the control officer of I. G. Farben finance division. These recommendations are indicative of future plans regarding reparations.

WASHINGTON. Whose tabulation indicates that no war research was carried on in I. G. plants? On what was tabulation based?

BERLIN: DICEA tabulation of questionnaires submitted by subcontrol officers to control officer I. G. Farben indicates that no war research was carried on in I. G. plants. The questionnaire submitted by subcontrol officers was initiated by the I. G. Farben control officer and issued by the Industry Division for completion by each subcontrol officer in charge of a plant.

WASHINGTON. What are reasons given for recommendations that Offenbach and Mainkur plants be grouped with Hoechst and Griesheim? What is status of these recommendations? Who has approved them?

BERLIN. Interplant dependency is basis for recommending grouping of Offenbach Mainkur Hoochst Griesheim. The principal purpose of the long form is to elicit information and recommendations upon which to formulate a program for the accomplishment of the objectives announced in general order No. 2 which directed the seizure of the direction and control of I. G. Farbenindustrie and the possession of all its property in the United States zone. These recommendations are now being considered in the formulation of the above-mentioned program.

WASHINGTON. We will send you in next few days copies of printed Farben report which constitutes a considerable revision of September 12 report. Also expect within 2 weeks to have printed all exhibits to revised report and copies will be forwarded to you. Additional information in report reveals in even clearer terms the iniquitous role of Farben in the conspiracy to wage aggressive war. What information or findings have come from the Quadripartite Farben Investigating Committee set up on August 10?

BERLIN. We have seen no results produced by that committee.

The CHAIRMAN. Go ahead, please.

General HILLDRING. It is also our firm policy to limit to minimum essentials the production of iron and steel, chemicals, nonferrous metals (except aluminum and magnesium) machine tools, radio and electrical equipment, automotive vehicles, and heavy machinery.

The CHAIRMAN. When you say it is our policy to limit to minimum essentials the production of these materials, what schedules have you in mind? Have schedules been prepared as to what minimum number?

General HILLDRING. They are being discussed in quadripartite committees in Berlin, Mr. Chairman, to establish the maximums—the maximum that will be permitted for this minimum economy.

The CHAIRMAN. This Hoover report has been much publicized. Is that report in conformity with the schedule, or is it the schedule, or just what has happened?

General HILLDRING. The Hoover report, widely discussed and, I think, helpfully discussed, Senator, did not represent the view of the Office of Military Government of Germany.

The CHAIRMAN. In other words, that was Mr. Hoover's own theory which he put up?

General HILLDRING. It was the opinion of his committee, of the committee of which he was chairman. It was not representative of anything more than the opinion of this committee, and as a working basis, as a point of departure for discussions, as such it has served a useful purpose. It was not approved by anybody above the level of the committee that contributed it, but as a working document, it was submitted to the quadripartite committee on the level of living in Germany.

The CHAIRMAN. General Clay did not adopt it as policy at all?

General HILLDRING. He did not adopt it.

The CHAIRMAN. It was somewhat similar, shall we say, to a bill that is introduced in the Congress, which goes into committee and the committee amends it and reports it out, and then it may be completely torn apart on the floor and an entirely new bill substituted?

General HILLDRING. That is a very good analogy, Mr. Chairman.

As an essential part of our economic security policy, the Potsdam Declaration provided that the Control Council would take steps to exercise control over German-owned external assets which were not under the control of those United Nations which took part in the war against Germany.

In urging upon the Control Council methods for effectuating this mandate, General Eisenhower stated in the Control Council that the

Four Powers had already created one new precedent in international law in bringing the Nazi war criminals before an international court for trial and that he did not object to the establishment of additional precedents. General Eisenhower then urged that in the name of justice, it was necessary to reach those foreign assets which by many devices have found haven outside Germany.

On October 30, the Control Council enacted the so-called vesting and marshaling decree. All rights and interests in any property outside Germany owned or controlled by any natural or legal person of German nationality inside or outside Germany were thereby vested in a newly constituted German External Property Commission composed of representatives of the four occupying powers and constituted as an intergovernmental agency of the Control Council. In the decree's preamble, it is stated: "* * * The Control Council is determined to assume control of all German assets abroad and to divest the said assets of their German ownership with the intention thereby of promoting international peace and collective security by the elimination of German war potentials."

The CHAIRMAN. General, what is the relationship, if any, between the External Property Commission, which has been set up to vest Germany's assets in foreign countries, and DICEA?

General HILLDRING. There will be a great deal of relationship, Mr. Chairman, between DICEA and this Commission, rather the American member of the Commission, and it is General Clay's intention, and General McNarney's, to have the Chief of DICEA serve as the American member of this Commission, in order that there may be no conflict as to United States policy.

The CHAIRMAN. Who is the Chief of DICEA now?

General HILLDRING. Colonel Bernstein.

The CHAIRMAN. The American representative then on the Commission hasn't been definitely named yet, but it has been determined that whoever is Chief of DICEA will be the American member of the Commission?

General HILLDRING. That is correct.

The CHAIRMAN. Who formulates the policy and directives which guide the American representative in carrying out his functions on the Commission?

General HILLDRING. In that regard, Mr. Chairman, we go to the same policy source that we do on all other matters. Our State Department will establish the policy, and I have had some conferences with the State Department official who has that particular responsibility.

The CHAIRMAN. Has the External Property Commission taken any specific action yet to secure cooperation of the neutral governments in ferreting out and finding out what these resources are?

General HILLDRING. I think not. This is a rather recent declaration, Mr. Chairman, and this Commission was organized as late as last week.

The CHAIRMAN. I am wondering if anybody has studied the impact of that on the Alien Property Custodian's duties in the United States?

General HILLDRING. That, again, under the directive of the President, would be a function of the State Department to see that civilian agencies of the Government, any agency of our Government that was involved in any policy in connection with this business, be consulted

and their views considered in respect to any policy formulated in the foreign field in the occupied areas. I am certain that the State Department is doing that.

The CHAIRMAN. I think this Commission has one of the toughest jobs.

General HILLDRING. There is one point there; this decree does not vest title to German properties in the United States.

The CHAIRMAN. So that would still be under the Alien Property Custodian?

General HILLDRING. That is right; but he would still have some marginal interest in this problem, it would seem to me.

The CHAIRMAN. Frankly, that appears to me an even more difficult job than you have in Germany. You can lay your hands on things there in a tangible form. In neutral and other countries it is a much more difficult job, and you can do nothing in the neutral countries without complete cooperation of DICEA. They are the source of information from which you work, and I think it is a wise choice to put the head of DICEA on as the member of the Commission.

General HILLDRING. Yes, sir; in order that they may be completely integrated.

The Control Council is now actively considering the provisions of a law which will prohibit excessive concentrations of German economic power and prohibit German participation in international cartels. The position of the United States member is greatly strengthened by the results, already known, of the investigations made by the United States military government of I. G. Farbenindustrie and similar organizations.

The CHAIRMAN. I wonder whether the question has been raised in regard to the possible future collection of royalties on German patents. If you remember, after World War I, there was paid to Krupp a little over 70,000,000 American dollars on accrued patent royalties on armor plate, or a process used by us in fighting the war. Such accrued royalties might form a tremendous source of German capital abroad.

General HILLDRING. Senator, I have to admit that is one thing my bright youngsters haven't brought to me yet. Maybe one of them could answer that question.

The CHAIRMAN. We may have companies in the United States that under their contracts accrued a certain amount for such royalties.

General HILLDRING. Can you find an answer to that question?

Lt. Col. ERNEST A. GROSS. I think it is contemplated, sir, that all German external assets in the United States, including, without doubt, royalties due, would be available for reparations payments. However, that is not within the scope of the War Department.

The CHAIRMAN. I am wondering whether you have somebody or some group watching that situation?

General HILLDRING. Write that down, Colonel.

Thank you, Senator, we'll pry into that one.

The CHAIRMAN. I remember in a hearing in 1941, covering various German patents, statements were made to us by corporate heads on the postwar royalty situation, and I have been keeping an eye on that all the way through.

General HILLDRING. We will also, hereafter.

The CHAIRMAN. I don't want that to be a part of the cost of the war.

General HILLDRING. All members of the Control Council have agreed to the principle that—

* * * for the purpose of preventing Germany from endangering the safety of her neighbors or again constituting a threat to them or to international peace, and in order to destroy Germany's economic potential to wage war, and in order to facilitate Germany's reconstruction on a peaceful and democratic basis, it is essential that the German economy should be decentralized by the elimination of all excessive concentration of economic power as exemplified, in particular, by cartels, syndicates, trusts, combines, and other types of monopolistic or restrictive arrangements which could be used by Germany as instruments of political or economic aggression.

There remains only final quadripartite agreements as to the exact means of implementing this agreed principle.

This is one of the real achievements of those four negotiators that I spoke of earlier, sitting in Berlin, Mr. Chairman.

The CHAIRMAN. I discovered abroad that the coal cartel practically controlled the technical management of all coal mines. While individual corporations would own a mine, they had to get their management out of the cartel group, because they had all the experienced men on contract. It seems to me that is one reason why occupation is going to have to last a long time, to convince these men that they can break their contracts and go to work for individual plants without suffering reprisals from the old cartel group.

General HILLDRING. That is very true.

The CHAIRMAN. I remember very well in both the Ruhr and the Saar Basins, you were having to use the management from the old cartel group in order to get the mines in operation.

General HILLDRING. In the early days after the collapse.

The CHAIRMAN. That's right. After the collapse you couldn't find technical and skilled personnel who were not under contract to the cartels.

General HILLDRING. Another token of our determination to crush Germany's war-making potential is Control Council Law No. 9, passed on November 30 of this year. This law provides for the seizure and control of all property owned or controlled in Germany by I. G. Farbenindustrie. That is the law I have already submitted.

It is because I. G. Farbenindustrie deliberately and prominently contributed to and fostered Germany's war-making potential that its properties were seized and title vested in the Control Council. The enactment provides that certain plants and assets will be made available for reparations; plants used exclusively for war-making will be destroyed; cartel relationships will be terminated; ownership of remaining plants and assets will be dispersed and research and production activity will be rigorously controlled.

What are we now going to do about these cartel organizations which we discover to have contributed so mightily to German's war machine? How will we render them impotent to support another aggression. As I have pointed out, the Control Council has now agreed that the economic power of cartels, syndicates, trusts, and combines will be eliminated.

That is a quadripartite agreement, sir. That is, across the board.

In order to assure the accomplishment of this aim, excessive concentrations of corporate ownership and management will be broken up and prohibited. Ownership and management of plants and assets

which are not removed for reparations or which are not destroyed will be dispersed and the complex devices by which the Nazi government fostered central ownership and control will be outlawed. German participation in international cartel arrangements will, of course, be prohibited.

The facts which we are discovering concerning the activities of these organizations will not only enable us to accomplish our objectives intelligently and speedily, but should also serve to generate an informed public opinion which will support our efforts to insure that these measures have genuine and lasting effect.

The CHAIRMAN. General, I recently read an article, I believe in the Saturday Evening Post, on the subject of cartels, in which the writer insisted that, for instance, Netherland's industries could not exist without cartels, and indicated that European industry drew its lifeblood from cartels. Have you heard any talk of that kind abroad?

General HILLDRING. The War Department's responsibility, as you know, Senator, in Europe today is delimited entirely by the frontiers of Germany and Austria.

The CHAIRMAN. But if that sentiment exists in the liberated and so-called neutral countries, our efforts to eliminate cartels may meet with such resistance that it will be hard for us to get cooperation. I am wondering if you have heard of that?

General HILLDRING. Without saying just that as bluntly as you have, Senator, I think I tried to indicate it by pointing out that despite the fact that there may be such feeling on the part of certain of the United Nations in Europe, we did get law No. 9 through the Control Council.

The CHAIRMAN. And I think it was an accomplishment. The example used in this article was the N. V. Philips Co., in Holland. They said they simply couldn't exist without that, and they went on to cite the profits made by that branch which was seized as against the profits made by that branch which was with the Allied Forces, plants located in England, the United States, and various other places.

The cartel groups have apparently been very busy with propaganda, trying to convince the working people that they would suffer if cartels were outlawed. The cartelists have been beating the drums and carrying the torch over in Europe, and even in this country to some extent, if one may judge from this article in the Saturday Evening Post.

How did this JSC 1067 come to be drawn? Was it just a meeting?

General HILLDRING. Last March the President of the United States issued a directive to five agencies to prepare instructions to be given to the United States Military Governor in Germany, based on principles which he laid down in this directive.

The CHAIRMAN. Then it came out as a result of State, War, Navy, and other interested agencies?

General HILLDRING. State, War, Navy, Treasury, and FEA.

The CHAIRMAN. Their joint thinking?

General HILLDRING. Joint thinking on that resulted in the preparation of IPCOG-1, which later became known as the rather famous JCS 1067.

The CHAIRMAN. Is there any plan for writing any revisions to 1067 along the lines suggested by Byron Price or by the Colmer committee?

General HILLDRING. Yes; Mr. Chairman. The President has referred as you probably know, the Byron Price Report to the three secretaries, State, War, and Navy, who are presently considering the revision of 1067 in accordance with the request of the President.

The only thing that has been done so far is to ask the United States Military Governor of Germany what his recommendations are with respect to that. That is the only step that has been taken so far.

The CHAIRMAN. Could you say now that there is an intention to revise it to such an extent as to change its intent and purpose, or will it just be revised to make it a little more workable?

General HILLDRING. You really should get a policy maker of the War Department, a Secretary or Assistant Secretary, to answer that question, or a member of the State Department; but I can say this, Senator, perhaps without offending the policy makers, and perhaps without offending Mr. Price—I told him this at the time: General Clay and I like 1067.

The CHAIRMAN. That is what I wanted to hear, and it is hoped that men on the ground will, as far as possible from their information, control the revisions in that.

General HILLDRING. Maybe I shouldn't have said that. It sounds like disagreement with the President's inspector. But it is the way I feel.

The CHAIRMAN. No; I don't so consider it, but I am asking this from the viewpoint of people on the ground. Is there any current plan to amend the program for dealing with Germany as embodied in the Potsdam agreement, that you know of, that is under consideration?

General HILLDRING. You have gotten way over my head, Senator. As you know, the Potsdam agreement—

The CHAIRMAN. But you, as an individual—do you know of any such plans?

General HILLDRING. No, sir; I do not.

The CHAIRMAN. So far as you know, that really represents our policy in Germany at the present time, and you know of no idea of changing that—that has been transmitted to you.

General HILLDRING. That's right, sir; there has been no—

The CHAIRMAN. I don't want to ask you to go into another echelon at all. Is it any part of American policy to deal with the western zones of Germany as a buffer against the U. S. S. R.?

General HILLDRING. There is no such policy that I know of.

The CHAIRMAN. There is no such line of thinking among the occupational forces that we have over there?

General HILLDRING. That's absolutely right.

The CHAIRMAN. That is what I wanted to bring out.

General HILLDRING. I think, Senator, that our record of achievement with our Russian allies to date is the best proof that that is not so. There is the finest understanding between the military governor and the Russian representative, as is evidenced by the great amount of accomplishment that has occurred.

The CHAIRMAN. But, General, do you realize one thing: Those things have never really been said publicly, and the country would rather welcome such a statement because it would set their minds at rest. It has all been a matter of inference, and the people don't know, and some others don't know.

General HILLDRING. I am delighted with this opportunity to disavow it most emphatically, Mr. Chairman.

The CHAIRMAN. Thank you for coming up, General.

General HILLDRING. Thank you for the opportunity, Mr. Chairman.

The CHAIRMAN. At this time I want to introduce in the record a news item from the New York Herald Tribune of December 11, 1945, regarding 26 plants listed by the Allies for reparations. That is the first time that a list has been published so far.

(The news item referred to follows:)

[From New York Herald Tribune, December 11, 1945]

TWENTY-SIX NAZI PLANTS LISTED BY ALLIES AS REPARATIONS

RUSSIA GETS 47.8 PERCENT OF FIRST GROUP FROM ZONES HELD BY UNITED STATES, BRITAIN, FRANCE

(By Russell Hill, from the Herald Tribune Bureau)

BERLIN, December 10.—The first list of German war plants available for reparations has been approved by the four-power coordinating committee of the Allied control authority, it was announced today. The plants have been earmarked for delivery either to the Soviet Union or to western claimants.

Unanimous agreement was reached at a quadrupartite meeting held last Thursday, with Lt. Gen. Lucius D. Clay, American deputy military governor, in the chair.

There was considerable discussion before unanimous agreement was reached, but the fact that a decision was made is regarded as encouraging. Since the United States was not claiming any of the plants on this first list, Clay was able to act as mediator as well as chairman.

From 26 important plants in the American, British, and French zones of Germany, valued at 231,972,405 (1938) reichsmarks (about \$93,000,000), equipment worth 111,250,811 marks, or 47.8 percent of the total, will go to Russia.

The remaining plants have not been assigned to individual nations, and an inter-Allied reparations agency which will meet at Brussels must decide on their division among those of the western nations which have put in claims. The western nations include all except Russia and Poland, whose claims are to be satisfied from the Soviet Union's share.

The 17 so-called western nations are the United States, Britain, France, Belgium, Holland, Luxembourg, Yugoslavia, Czechoslovakia, Greece, Egypt, South Africa, Australia, New Zealand, Canada, India, Denmark, and Norway. Not all of these countries had put in claims for plants on this first list.

Included on the approved list are such important concerns as the 25,000,000-mark Fischer ball-bearing plant at Schweinfurt, whose equipment will be divided equally between the Soviet Union and western claimants; the 25,000,000-mark Blohm and Voss shipbuilding plant at Hamburg, which goes to the western powers, and the 27,000,000-mark Krupp metallurgic plant at Borbeck, which goes in its entirety to the Soviet Union.

FIVE OF LARGEST TO RUSSIA

Of the 26 plants 5 of the largest were allotted to the Soviet Union, 2 were split up, and 19 were allocated in their entirety to the western nations.

Equipment valued at 120,993,915 marks comes from plants in the British zone and at 110,699,000 marks from factories in the American zone. Only 1 plant, the smallest of the 26, valued at 279,490 marks is located in the French zone.

The giant Krupp Works at Essen were withdrawn from the list after the Russians stated that they did not want them and would prefer to see them destroyed. It is understood that claims of other interested nations will be satisfied before the remainder of the plant is demolished.

The French have withdrawn from the list the I. G. Farben Chemical plant at Ludwigshafen, which had previously been declared surplus.

The coordinating committee's decision is an implementation of that part of the Potsdam declaration which provides that advance deliveries shall be made before the final amount of reparations from western Germany has been fixed. This in turn must be done by February 2, 1946, 6 months from the signing of the Potsdam agreement.

The fact that the Russians are getting more than 47 percent of the plants on the first list does not present a deviation from the principles of Potsdam which allotted them 25 percent of the total. The Soviet Union got its claims in first and feels that it is entitled to quick action, but ultimately its share will not exceed the 25 percent laid down.

Most of the plants on this list have already been dismantled and crated and presumably the equipment allotted to Russia will be shipped without further delay. The remaining plants cannot be delivered until an allocation has been made among the various western claimants.

Among the plants allotted to the Soviet Union are the following: The underground motor parts plant at Neckareltz near Heidelberg, valued at 19,000,000 marks; the Deutsche Schiff and Maschinenbau A. G. (Deschimag), at Bremen, one of the largest shipbuilding concerns in Germany, 12,070,000 marks; the Gendorf thermoelectric plant near Munich, 9,088,000 marks, and the Bandeisenwalzwerke, a metallurgic plant at Dinslaken, 18,166,177 marks.

In addition to the Schweinfurt ball-bearing plant, the Schiess-Defries machine tool construction plant at Dusseldorf will be split up between the Soviet Union and western claimants, with Russia getting equipment worth 12,765,189 marks and the other nations getting equipment worth 3,379,110 marks.

WESTERN NATIONS' SHARE

The following plants will go entirely to the western nations: The Grosskraftwerk, a thermoelectric underground power plant at Mannheim; the Hanie & Lueg machine construction plant at Dusseldorf; the Rheinische Chamotte Dinaswerke, a fireproofing plant at Bendorf am Rhein.

Also, the Hensold optical plant at Herborn; the Mathes und Weber soda plant at Duisburg; the Waldrich lathe manufacturing plant at Siegen; the Wagner lathe-manufacturing plant at Dortmund; the Deutz Diesel engine plant at Oberursel.

Also, the Mueller machine tool plant at Esslingen; the Bohne Kohle machine-tool plant at Esslingen; the Hastedt electric power plant at Bremen; a hydroelectric plant at Teding, near Muhlendorf; the B. M. W. No. 1 and No. 2 aircraft engine plants at Munich.

Also the Kurbelwellenwerke, a crankshaft plant near Hamburg; a small-arms factory at Neuengamme, near Hamburg; the Hanseatische Kettenwerke, a plant at Hamburg manufacturing cartridge cases and small fuzes; the large Hess Luchenau explosives plant at Furstenhagen; and the Blohm und Voss ship-building plant.

The CHAIRMAN. I want to introduce also another news story from the same newspaper, of the same date, on the question of the United States breaking off talks with the Swiss on the foreign assets due to disclosures recently made as to some of their activities.

(The news item referred to follows:)

[From New York Herald-Tribune, December 11, 1945]

UNITED STATES BREAKS OFF TALKS ON SWISS' FROZEN ASSETS

WASHINGTON IS DISSATISFIED OVER ATTITUDE OF BERN ON HIDDEN GERMAN FUNDS

(By Carl Levin by wireless to the Herald-Tribune)

ZURICH, December 10.—Switzerland's hope of effecting an agreement with the United States to unfreeze between \$1,500,000,000 and \$2,000,000,000 in Swiss accounts and properties in the United States suffered a second set-back in a week today when Swiss bankers were informed that the United States has notified their Government that negotiations looking toward releasing these assets on certification may be considered broken off.

An official of a leading Swiss bank at this Swiss banking center said that the latest move in constantly deteriorating Swiss-American relations stemming from the Allied quest for cloaked German assets came in the form of a formal notification from the American Legation in Bern to the Swiss Foreign Office. The banker, who did not wish to be identified, said that he understood that the Amer-

ican representative stated that it may be some time now before any action can be taken which would permit the Swiss to use the vast capital which has been blocked in the United States since June 14, 1941.

American officials at Bern refused to comment, but from other sources it is learned that the United States action resulted from dissatisfaction with what it felt were uncooperative and dilatory tactics on the part of the Swiss regarding safe-haven legislation and the attitude of the Swiss in connection with the Allied control vesting decree on German foreign assets. Washington is said to feel that this is untenable in view of the importance of the financial disarmament of Germany.

The latest American move came as no real surprise to the Swiss Government and banking interests because of the lack of interest recently shown by the United States in the negotiations. Only last Thursday they learned indirectly of Secretary of the Treasury Fred M. Vincent's announcement of a sweeping relaxation of freezing controls for all countries except Switzerland and other neutrals.

The Swiss knew at the time of the announcement that they had not satisfied the United States and other Allies in the quest for concealed German assets. Outwardly, they took the view that there is no real hurry to unfreeze their accounts. Privately, however, the matter is one of the gravest concern here and is a growing irritant to Swiss-American relations.

The dispute is really a double-barreled affair. It involves German assets in Switzerland as well as those suspected of being cloaked under false names or in Swiss omnibus accounts with American banking and brokerage accounts.

At American request the Swiss have taken several steps recently to identify German assets here. They have taken a census of Axis holdings and on the basis of 250,000 returns filed by 25,000 persons, firms required to list German holdings have reported \$175,000,000 of German holdings in Switzerland. The clearing house reported at the same time an additional \$54,000,000 under inquiry. The Federal Council has also issued a decree ordering the opening of safe-deposit boxes stated to be German and has lifted the bank secrets act for the restricted purpose of locating German assets here, but not in the United States.

However, even the president of the State Compensation Office (comparable to the United States Foreign Funds Control Office) has said in a press conference that some Germans may not have filed returns, that others may have filed incomplete or inexact returns, that instances already have been found in which assets were greatly understated, and that the existence of some German safe deposit boxes may not have been disclosed. On the other hand, the Compensation Office pointed out that there may be some duplication of reported German assets as the result of filing returns by bankers and owners on the same accounts.

The Swiss Government has also invited the United States and other Allied ministers or other officials at Bern to visit the Swiss Compensation Office at Zurich to satisfy themselves as to Swiss sincerity in running down German assets. The American position, however, has remained unchanged since the United States officials felt that the procedure permits concealment and that implementation by the Swiss Government of decrees intended to uncloak concealed assets is so far inadequate for the purpose of digging up all the German assets in Switzerland.

The Swiss press has been vigorous in supporting the Swiss position and running down the Allied stand. One Swiss newspaper stated that the reaction of the Swiss Government to the recent Allied Control Council vote to vest all German external assets will be a "categorical no." It insisted that Switzerland also suffered losses in Germany and that these loans, which they say will exceed the German assets in Switzerland, have a prior claim on German assets which may be found here.

The CHAIRMAN. The next witness is Col. Bernard Bernstein, GSC, Director of the Division of Investigation of Cartels and External Assets in the Office of Military Government in Germany. I believe you are the present head of this Grecian-named organization, DICEA; is that right, Colonel?

Colonel BERNSTEIN. Yes, sir.

The CHAIRMAN. Go right ahead.

**TESTIMONY OF BERNARD BERNSTEIN, COLONEL, GSC, DIRECTOR,
DIVISION OF INVESTIGATION OF CARTELS AND EXTERNAL
ASSETS, OFFICE OF MILITARY GOVERNMENT, UNITED STATES
(GERMANY)**

Colonel BERNSTEIN. Senator, if I may, I should like to give just a little bit of background so that the whole picture is known.

I was the Director of the Finance Division of the United States Group Control Council and the Chief of the Financial Branch of G-5 in USFET.

The CHAIRMAN. You were formerly with the Treasury Department?

Colonel BERNSTEIN. Yes, sir; prior to going into the Army I was at the Treasury Department, and when General Eisenhower and the Secretary of War said in October 1942 that General Eisenhower wanted a Treasury official as his financial adviser, I got what I considered was a marvelous opportunity to go along, and I have been on General Eisenhower's staff since, as his financial adviser.

In connection with my work in the Control Council as the Director of the Finance Division, I undertook these investigations of Germany's external assets, and as part of that investigation, we undertook a series of investigations of Germany's big businesses, giant industries, and what are referred to as the Big Six banks.

In the course of these investigations, we found that it was necessary to look at more than external assets, and the investigation was broadened. In the midst of those investigations, a reorganization took place in the military government organization and my old Finance Division was broken into two parts, and part of the staff, the majority of the staff, remained in what was called the Finance Division and continued what are more generally regarded as the finance functions in military government. The remainder was transferred to the new Division of Investigation of Cartels and External Assets. Into this new Division was transferred the functions of locating Germany's external assets and investigating the existence and scope of Germany's cartel arrangements and other practices that restrict international trade.

That new Division of DICEA was created in the middle of September. I myself returned to the United States shortly thereafter and have since then been working with my staff through the usual communication channels.

I appreciate very much what General Hilldring said about the work we have done. I, myself, as he knows and General Clay knows, do not propose to return to carry on this work. The staff which I had totals about 140, about half of whom were doing professional work. These were men and women whom we had gathered together both from the services and with the help of the Treasury Department and the Justice Department from civilian life. Many of the men who were in the services were able to be converted into civilians which greatly helped them and helped me in the discharge of the work. Unfortunately, in that Division, as in many other parts of the military government organization, there is a great desire on the part of the men to return to this country, for a wide variety of reasons, and I think the organization faces now the need of getting a considerable amount of personnel sympathetic to the program if a job of that importance is to be carried out effectively.

The CHAIRMAN. Let me ask you a question at that point, Colonel. Isn't it generally recognized that this is a rather long job; that it isn't a job that is going to be finished up in 60 or 90 days, or 3 or 4 months; it is a very painstaking job in which a great deal of time will be used by the men who go over; isn't that right?

Colonel BERNSTEIN. I think that is inevitable, Senator.

The CHAIRMAN. Isn't that one of the reasons that the men want to get back? I have been informed if arrangements could be made to get their families to Europe, a lot of very good men would go, but they hate to take on a job where they will be so far away that every time they come back they will have to waste a month's time getting back to the States, and they feel they may be over there for a considerable period of time in order to accomplish the job.

Colonel BERNSTEIN. I have no doubt, sir, that that is one of the reasons, and that is a reason common, of course, to all of the military government organizations.

The CHAIRMAN. I have talked to some who have been asked to go.

Another question is this: I was informed by some newspapermen, one of them of Swiss nationality, however not with a Swiss paper, that the banking laws of Switzerland and certain other neutral countries in Europe were changed after '33 due to German influence, in an endeavor to carry on their cartel operations and their, shall we say, subterranean economic operations. Have you run into any changes in these laws?

Colonel BERNSTEIN. Senator, I am not familiar with that change in the law.

The CHAIRMAN. I raised a question about certain Swiss banking laws and the banking laws of other nations, and was told that, well, they were ancient laws that had been on the books for years; and some of the people who heard that statement then came to me and told me that that is not true, that that was done due to German influence getting into some of these smaller countries in Europe and persuading them it would be economically advantageous to them if they would change their banking laws, for instance, to permit these undisclosed deposits by numbers and things of that kind, so they could carry on these operations. I wonder if your Division has made a study of that?

Colonel BERNSTEIN. We haven't made a study of that particular law. We are, however, familiar with the effect of what is said to be the practice with regard to the secrecy of the banks. We felt that in connection with the work which we have done in Germany, and in particular in the work which we have done in the I. G. Farben. In our efforts to carry on certain investigations in Switzerland which we considered essential to locating definitely certain of Farben's assets which were held in Switzerland, and through Swiss accounts held elsewhere in the world, we have thus far been unsuccessful in persuading the Swiss authorities to allow us to have access to those records.

If I may, Senator, I would like to submit for the record the order of September 12, 1945, of the United States Group, Control Council in Germany, establishing the Division of Investigation of Cartels and External Assets as being perhaps the best statement of what the Division is supposed to do.

The CHAIRMAN. That may be put in the record.

(The order referred to follows:)

HEADQUARTERS,
UNITED STATES GROUP, CONTROL COUNCIL (GERMANY),
September 12, 1945.

General Orders
No. 52

ESTABLISHMENT OF A DIVISION OF INVESTIGATION
OF CARTELS AND EXTERNAL ASSETS

1. There is hereby established within the United States Group, Control Council (Germany), a Division of Investigation of Cartels and External Assets, which shall operate under the immediate direction of a Director and under the general direction and supervision of the Legal Advisor.

2. The Division of Investigation of Cartels and External Assets shall have the following functions and responsibilities:

a. To make investigations in Germany of the existence and scope of German cartels, syndicates, trusts and other concentrations of economic power, and to report the results of such investigations to the Legal Advisor together with recommendations to effect the elimination of such instrumentalities.

b. To make investigations in Germany of the existence and location of German external assets, and to communicate the results of such investigations to the Legal Advisor together with recommendations for appropriate action thereon.

3. The Finance Division shall retain the functions now performed by it except as herein provided.

4. The Finance Division shall transfer to the Division of Investigation of Cartels and External Assets such facilities and personnel as may be agreed to be appropriate for the accomplishment of the purposes of this order.

5. Colonel Bernard Bernstein, O918917, GSC, is announced as Director, Division of Investigation of Cartels and External Assets.

6. Mr. Joseph M. Dodge, in addition to his duties as Assistant Deputy for Trade and Commerce, is announced as Acting Director, Finance Division, vice Colonel Bernard Bernstein, relieved.

7. All orders in conflict herewith are rescinded.

By command of Lieutenant General Clay:

BRYAN L. MILBURN,
Brigadier General, GSC,
Chief of Staff.

Official:

[s] BRUCE EASLEY, Jr.,
Colonel, AGD,
Adjutant General.

Colonel BERNSTEIN. If I may make one other preliminary remark before going to my statement, you asked the question as to whether Farben was subservient to the Nazi government or the German General Staff, or who was on top. I myself feel it is pretty difficult to say which one of the group was on top; that, basically, you had a conspiracy of certain forces in Germany. The Nazi Party was one, and perhaps a more recent member of that conspiracy. The Wehrmacht and the German General Staff was an older member of that conspiracy, dating back to some of its Junker and Prussian traditions. The German heavy industry and German finance has also been a member of that conspiracy for some time. As a matter of fact, big German interests, business interests, and financial interests, including Farben, were part of a group that helped to a considerable extent in financing the Nazi Party before it came into power, perhaps the most dramatic meeting being the meeting in February, 1933, when Hitler addressed a rather large group of industrialists, including a representative of Farben, and at which time a substantial collection for the Nazi Party was taken up.

Those collections have continued from year to year, and one of the things we discovered in our investigations was a charming little organization called the Circle of Friends of Himmler, and that included

some of the leading industrialists and banking figures in Germany, headed by a gentleman called Kurt von Schroeder, who was a lieutenant general, I believe, in the SS, and each year Schroeder sent his charming little notes out to all the members of the circle and collected the usual donations, which were turned over to Himmler for the work of his organization.

The CHAIRMAN. They needed a Hatch Act over there; didn't they? You would say that that was a partnership in which the Nazi Party was really a front and an operating agency in governmental circles, and the backbone of it was a combination of industry, the General Staff, and the Wehrmacht; isn't that about what it was?

Colonel BERNSTEIN. Yes, sir; it is a partnership that goes a long way back, that is able, apparently, to produce a front from time to time.

The CHAIRMAN. And the Nazi Party with which it was dealing was a very fine thing to operate such a business organization in a country like Germany?

Colonel BERNSTEIN. Yes, sir.

In April 1945, shortly after the American Army captured Frankfurt-am-Main, an investigation of I. G. Farbenindustrie Aktiengesellschaft was begun by the Financial Branch of G-5, USFET, and the Finance Division of U. S. Group Control Council, with the help of personnel made available by the Treasury Department and the Department of Justice. Upon the creation in the Office of Military Government, U. S., in September of the Division of Investigations of Cartels and External Assets—sometimes called DICEA—that Division continued the investigation of Farben.

The investigation began as an effort to uncover the nature and location of the far-flung and carefully concealed external assets of Farben. This was a part of the U. S. program, later adopted by the U. S. S. R. and Britain at Potsdam, of stripping Germany of all of her external assets in the interest of future world security and using such assets for the relief and rehabilitation of countries devastated by Germany in her attempt at world conquest.

As the investigation proceeded and the true role of Farben was revealed, it became desirable to expand the purposes of the investigation to determine the part Farben played as an instrument of the German war machine in preparing for and waging a war of aggression.

The bulk of the information obtained during the course of the investigation was found in records of Farben, which were collected from its various offices and storage places throughout Germany and in secret caches which had been used by Farben when American occupation seemed imminent.

In anticipation of Allied victory thousands of Farben's important files were, according to the testimony of its responsible officials, destroyed just prior to the advent of the Allied troops and with such files were burned many Farben secrets.

The CHAIRMAN. Let me ask you a question right there. I gained the impression in Germany that the cartel group realized the fight was lost a considerable time before we landed on Normandy Beach-head. They felt that they couldn't win and started making their plans for the future. Did you find that that was the case from the way these records were handled?

Colonel BERNSTEIN. We felt that there must have been some plan to attempt to disperse records over a wide area; to hide records in the hope that when we finally came in we wouldn't be able to find everything.

The CHAIRMAN. And also a plan to disperse capital and assets, too—did you find that?

Colonel BERNSTEIN. We had a good deal of feeling that that has been done. Part of our job was taking a census of Germany's external assets in the hope of being able to locate the places to which they sent their assets through Switzerland and other available avenues.

Some records were undoubtedly lost because of the disarray created by the battle and by the rather large numbers of displaced persons who used the Farben headquarters in Frankfurt as billets. Considerable information was also obtained through interrogations of the leading I. G. personnel who had to be searched for throughout Germany. It is significant that this is the first extensive investigation ever conducted in Germany of Farben records and Farben officials. During the period of both the Weimar Republic and the Nazi Reich this proud and powerful firm was never thoroughly investigated even by its Government.

The situation, of course, changed a little bit after we got in and we began picking up some of these Farben officials. All the key I. G. personnel were incarcerated as soon as found, although not necessarily on the SHAEF mandatory arrest list. In all, 22 of such Farben officials were being held in prisons in or around Frankfurt. However, we realized that we had not been able to apprehend all of I. G.'s key personnel, such as Ambros, who played an important role in the development by Farben of poison gas, Wurster, Gajewski, Reithinger, Gattineau, Terhaar, and Mann. The I. G. officials who were arrested were scattered throughout the western zones and it took some time and digging to locate them.

Much has been said and written in this country about Farben. In many such instances it was necessary to guess at the real intentions and programs because of the lack of original source material in this country or any other places to which we had access. I feel, therefore, that it is important to emphasize that every statement which I propose to make, and the report which I have filed, is supported by exhibits in the report of the Farben Investigation which has been submitted to this committee.

This report represents the history of an industrial and economic empire which, as a leading force in German industry, participated twice within one generation in waging war aimed at the destruction and enslavement of the entire civilized world. Now that Farben has been investigated, it is to be hoped that the criminal role played by Farben's leading officials will result in their indictment and conviction as war criminals; and that the action taken by the Control Council in Germany in vesting the assets of Farben will be followed very soon by concrete action that will effectively destroy the menace it represents to the peace and security of the world.

II. SIZE AND CONTROL OF FARBEN

In 1927 Chancellor Stresemann, then head of the so-called "democratic" German Government, appraising Germany's economic potential, stated: "What have I as a trump in my hands aside from I. G.

and the coal people?" The I. G. referred to was I. G. Farbenindustrie, A. G., the largest, most powerful chemical combine in the world.

What the Chancellor did not have to say, as the I. G. Farben report conclusively demonstrates, is that without the trumps of I. G. Farben and the rest of German heavy industry, Germany could not have prepared for and launched a destructive war against the peace-loving nations of the world. And I. G. Farben, its size more than doubled in 12 years of tremendous expansion after 1927, was a trump, which, together with the remainder of Germany's industrial potential, almost enabled Hitler and Goering to extinguish the flame of freedom and human decency everywhere.

The CHAIRMAN. Colonel, did you ever run into any figures that showed how much of the moneys that were furnished under the Dawes and Young plans might have gone to the expansion of Farbenindustrie?

Colonel BERNSTEIN. No, sir; we did not run into any direct evidence in that respect, but we did run into a great deal of evidence to indicate that the German Government financed directly a considerable part of the expansion of Farben. It was the German Government, of course, that was able to benefit by the successive financial arrangements entered into in the twenties to relieve them from the reparations obligations of the last war.

I. G. Farben, nominally a private business enterprise, has been and is, in fact, a colossal empire serving the German State as one of the principal industrial cores around which successive German drives for world conquest have been organized. It was because of its size and the range of the materials it produced that the giant trust Farben was able to wield great influence on the German economy and the war machine in preparation for world aggression.

With a net worth of RM. 6 billions at the very minimum, Farben's domestic participations at the close of hostilities in this war comprised over 380 other German firms, in which it had some participation. Its factories, power installations, and mines are scattered all over Germany. The extent of these participations and plants are indicated on these two charts which were attached to the Farben report as charts Nos. 1 and 2. There was hardly a raw material or auxiliary product required in its manufacturing operations which I. G. did not produce within its own organization. It owned its own lignite and bituminous coal mines, electric-power plants, coke ovens, magnesite, gypsum, and salt mines.

The mines in Germany owned by Farben are shown on one of our charts, which is No. 3.

I think it is rather interesting, in looking at these charts, to see the way Farben's power is spread all over Germany. The figures that appear on the books of Farben, based on what they call their book value, indicate that the physical plants and properties owned outright by Farben, including 100-percent owned subsidiaries, are located in the respective four zones as follows: In the United States zone, 9.75 percent of the total; in the British zone, 11.5 percent of the total; in the French zone, 20.2 percent of the total; and in the Russian zone, 58.55 percent of the total.

The CHAIRMAN. I remember one particular bond issue sold in this country for building power dams in the eastern part of Germany, I believe it was. Do they have any connection with those?

Colonel BERNSTEIN. I don't know, but they did have some facilities, as you can see, in the eastern part of Germany. It went all the way

over into this area [indicating on map], including a plant at a place called Dyhernfurth, where they made their poison gas, and when the Russians were coming through that area, the Germans and Farben were particularly nervous at the prospect of the Russians getting that poison gas and they left no stone unturned to get it out.

The CHAIRMAN. Isn't it a fact that a large number of securities were sold in this country that went into the construction of some of these, particularly water-power plants and things of that kind, and Farben got a great deal of benefit from it?

Colonel BERNSTEIN. Yes, sir; and I might say a lot of the other securities helped some of the other giant industries of Germany which played such a big role in the war conspiracy.

I. G.'s foreign participations, both admitted and concealed, numbered over 500 firms valued at a minimum of RM. 1 billion. Its holding companies and plants blanketed Europe; and its research firms, patent offices, and other agencies are clustered around every important commercial and industrial center in both hemispheres.

Even at the time of its formation in 1925, the Interessengemeinschaft Farbenindustrie A. G. was more than a "community of interests of dye industries," as its name would indicate. It was also the largest producer in the world of chemicals, such as acids and caustic soda. It enjoyed a virtual world monopoly of both the young and rapidly growing pharmaceutical industry and the high-pressure chemical industry, typified by the great synthetic-nitrogen capacity, which had been built up in Germany during the First World War.

In subsequent years, I. G.'s industrial domain expanded still further into many related and unrelated fields, such as plastics and synthetic resins, light metals, rayon and other cellulose productions, detergents, synthetic tanning materials, synthetic rubber, synthetic gasoline and lubricating oils, rare gases, coal, and even iron and steel. It had acquired this domain partly through the expansion of existing plants, partly through the construction of new facilities, and partly through its network of participations.

The industrial position of I. G. in Germany had no parallel with any other enterprise. It has been estimated by leading Farben officials that Farben alone accounted for approximately 5 percent of Germany's total industrial activity.

In 1943, Farben's total sales amounted to more than RM. 3 billion. This, of course, does not include the sales of firms in which Farben had a participation. There were no other chemical firms in Germany which came close to this figure in annual sales. Of the 4,000 chemical firms spread over Germany, only 3 had sales over RM. 100,000,000: (1) Henckel et Cie., which made sales of slightly over RM. 200,000,000; (2) Deutsche Solvay Werke, of which I. G. owned 25 percent; and (3) Schering A. G., each of which sold between RM. one hundred and two hundred million a year. These three together produced only a small fraction of Farben's production and these firms and the remainder of the German chemical industry could compete with I. G. in only narrow segments of the latter's production activities.

Farben had 40,000 shares of preferred stock, 38,000 of which were held by a wholly owned subsidiary, and 2,000 of which were held by the Deutsche Länderbank, which was Farben's bank. Although the common stock of the company was widely scattered among a minimum of 140,000 stockholders, the control of a decisive percentage

of the voting power of the company was in the hands of I. G.'s managing board of directors. Since the central executive committee of this managing board nominated the members of the supervisory board of directors, who, in turn, appointed members of the managing board, the latter was, in effect, a self-perpetuating group which exercised complete control over the policies of the company. The annual general meetings were, accordingly, mere formalities.

Approximately 13 percent of Farben's common stock was owned abroad. Four large chemical companies outside of Germany, namely, Francolor in France, Solvay et Cie. of Belgium, I. C. I. in Great Britain, and du Pont in the United States, are reported by I. G. officials to have held approximately 6 percent of the total common stock of I. G. Verification of these figures has not yet been possible because of the fact that all shares of I. G.'s common stock were bearer shares, making it extremely difficult to trace ownership.

With regard to the du Pont people in this country, they have told us that they sold their interests in Farben in 1940. Although we have asked them to advise us as to the terms and conditions of the sale, to whom the shares were sold, and for what reasons the shares were sold, we have not as yet been furnished with any information by du Pont.

In addition to its numerous foreign subsidiaries, I. G.'s world-wide affiliations included hundreds of separate non-German concerns and ranged over a score of industries. Its cartel agreements numbered over 2,000 and included agreements with such major industrial concerns as Standard Oil (New Jersey), the Aluminum Co. of America, E. I. du Pont de Nemours, Ethyl Export Corp., Imperial Chemical Industries (Great Britain), the Dow Chemical Co., Röhm & Haas, Etablissements Kuhlmann (France) and the Mitsui interests of Japan. It was through the operation of these numerous international cartels, conventions, agreements relating to the exchange of information, and other similar arrangements that I. G. exercised its tremendous economic influence throughout the world.

At the outbreak of the war, for example, at least 90 percent of world exports of dyestuffs were subject to the great international dyestuffs cartels and other ancillary agreements. I. G., accounting for well over half of this total of exports, exercised by far the strongest influence on the business policies of the group. Again, international agreements to which I. G. was a leading party set the conditions of international trade in many other organic chemical products such as acetic, formic, and oxalic acids, chlorinated hydrocarbons, rubber accelerators and antioxidants. In the inorganic field, I. G. participated in far-reaching regulatory arrangements covering chlorine-alkali electrolysis, caustic soda, caustic potash, carbonate of potash, chlorate of soda, salt cake, sodium sulphide, phosphorus, permanganate of potash, bichromates, titanium white, and rare gases.

In agreements relating to the production and sale of light metals and "poundage" metals essential to the manufacture of high-speed steels, I. G. also occupied a prominent position. The sale of nitrogen products was regulated internationally by a convention of which I. G. was an important principal. There were broad agreements on fatty acids. There were similar agreements covering whole fields of industrial activity such as the field of high pressure chemistry, which included vital processes for the manufacture of methanol, synthetic

gasoline and rubber. I will discuss the general effect of these agreements, and, particularly, the manner in which they impeded our mobilization for war, at a later point.

III. FARBEN MADE GERMANY SELF-SUFFICIENT IN WAR MATERIALS WHICH SHE PREVIOUSLY LACKED, FOR THE EXPRESS PURPOSE OF PREPARING FOR AGGRESSIVE WARS

It was Farben's task to make Germany self-sufficient in certain critical war materials which Germany lacked and which are indispensable to modern warfare—rubber, gasoline and lubricating oils, magnesium, fibers, tanning agents, fats, explosives, and so forth. The nature and purpose of I. G.'s assignment were clearly stated by Dr. Struss, chief of I. G.'s technical bureau and one of the principal technicians responsible for carrying out this assignment. In a speech delivered in 1938, exhorting increased production of synthetic gasoline, Dr. Struss explained:

Italy won the Abyssinian war by modern weapons. In modern wars the consumption of gasoline for motorized troops, tanks, airplanes, is immense. * * * Although provisions had been made beforehand, it was impossible to store these enormous amounts of gasoline needed in the Italian territories on the coast before the war. As Italy has no petroleum of her own, she was relying on the continual import from abroad.

Nearly all the petroleum in the world is controlled by U. S. A. and the countries that are members of the League of Nations. If, therefore, gasoline had also been included in the sanctions, as proposed by England and France, the war would have come to an end very soon. Italy could win the Abyssinian war and build her empire only because England and France could not carry into effect their intentions.

This example will make it clear to you, that it is quite out of question that Germany will run the risk of a similar situation and for this reason also the German demand of fuel has to be covered by Germany herself before long.

Between 1933 and 1943, vast sums were devoted to an extraordinary intensification of I. G.'s research activities designed to develop substitutes for war products not available to Germany and processes for the expansion of production from indigenous raw materials. For example, to compensate for Germany's deficiency in bauxite, the raw material necessary in the manufacture of aluminum, I. G. concentrated on the development of magnesium. To make Germany independent of rubber imports, I. G.'s experts developed the famous buna process for the manufacture of synthetic rubber. When Hitler came into power Germany produced no synthetic rubber. I. G. Farben perfected its buna process and attained an output of 144,000 tons by 1943. Prior to 1936 Germany produced its sulphuric acid from imported pyrites. In that year I. G. built a new plant at Wolfen for the production of sulphuric acid from German gypsum. When Hitler started to organize for war, Germany had no oil. I. G. organized a whole industry to produce it. Germany needed serums for its army at home and in the field. I. G. produced them 100 percent.

Certain processes and materials which I. G. laboratories and stock could not supply to the Nazis directly were procured for Germany from Farben cartel cohorts in foreign countries. In an article entitled "American Business and Standard Oil's Blueprint for World Trade," which appeared in the Petroleum Times for December 25, 1943, Mr. R. T. Haslam of Standard Oil Co. of New Jersey defended Standard Oil's relationships with I. G. Farben. He stated that the "secrets

brought to America from Germany 15 years ago by American scientists have been turned into mighty weapons against Germany."

The CHAIRMAN. However, in 1941-42 it took a congressional investigation to release some of these secrets for the rubber industry—do you remember that?

Colonel BERNSTEIN. I remember that very well. I also remember during that period of time Germany was producing far more in the way of synthetic rubber than we were in the United States, and I think these congressional investigations helped the production of those items in the United States.

Among the I. G. Farben files searched in Germany, records have been discovered indicating that this article was the subject of considerable study by I. G. Farben scientists. In a studied and technical answer to the Haslam article directed to Dr. von Knieriem, Farben's chief legal counselor and member of I. G.'s all-powerful central committee, three of Farben's leading scientists, Dr. Pier, Dr. Zorn, and Dr. Goldberg, stated on May 30, 1944, that I. G. Farben gained technical information from America far more important to Germany's war effort than Standard Oil was able to obtain for the American war effort from Germany.

The I. G. answer describes the "many valuable contributions" which were received "as a consequence of our contracts with the Americans * * * above, and beyond the agreement * * * which just now during the war are useful to us"; namely: Iso-octane; toluol; oppanol; buna; tetraethyl lead; polymerization; dewaxing and de-asphaltization of lubricating oils, and parafflow; and finally assistance in purchasing a large reserve stock of aviation gasoline and aviation lubricating oil, which I. G. obtained "on the basis of its friendly relations with Standard Oil," but acting in fact as "trustee to the German Government."

The Farben answer describes particularly vividly Farben's receipt of the newly discovered method for the production of iso-octane and its utilization for motor fuels. This process, according to the German scientists, originated "in fact entirely with the Americans and has become known to us in detail in its separate stage through our agreements with them (Standard Oil, New Jersey) and is being used very extensively by us."

The process for producing tetraethyl lead, essential for the manufacture of aviation gasoline, was obtained for the Nazis by I. G. Farben in exactly the same way. Of this important acquisition, the Farben scientists stated:

It need not be especially mentioned that, without lead-tetraethyl the present method of warfare would be unthinkable. The fact that since the beginning of the war we could produce lead-tetraethyl is entirely due to the circumstances that shortly before, the Americans had presented us with the production plants complete with experimental knowledge, thus the difficult work of development (one need only recall the poisonous property of lead-tetraethyl which caused many deaths in the United States of America) was spared us, since we could take up the manufacture of this product together with all the experience that the Americans had gathered over long years.

It was, moreover, the first time that the Americans decided to give a license on this process in a foreign country (besides communication of unprotected secret experimental knowledge) and this only on our urgent requests to Standard Oil to fulfill our wish. Contractually we could not demand it, and we found out later that the War Department in Washington gave its permission only after long deliberation.

I. G. exploited its cartel connections with American firms not only to obtain these important processes, but also to obtain certain critical materials themselves. Because of its relations with Standard Oil of New Jersey, I. G. in 1936, acting as agent of the German Government at the request of Dr. Schacht, Minister of Economics, and General von Blomberg, Minister of War, was able to contract for the purchase of \$20,000,000 worth of high-grade aviation gasoline and lubricants. (Actually \$14,000,000 worth was delivered.) This fuel was transported to Germany and stored there; and the foreign exchange necessary for payment was supplied by the German Government. In 1938, when Germany had not yet begun to produce tetraethyl-lead essential to aviation gasoline, Farben, at the request of the Air Ministry and in conjunction with one of its Swiss subsidiaries, arranged to borrow 500 tons of the lead from the Ethyl Export Corp. of the United States. Farben did not return the borrowed lead to the American company and willingly forfeited the \$1,000,000 which it had put up to secure the return of the lead.

Farben not only procured critical raw materials for the German war effort, but also acted as custodian of such materials. As early as 1935 I. G. began stock piling materials for the various branches of the Wehrmacht. For example, by order of the Luftwaffe, I. G. had projected plans for a huge magnesium plant at Aken in 1933 and another at Stassfurt shortly thereafter. By 1935 production began in the Aken plant. The stocks of magnesium were stored in the form of pipe pieces placed in cases by order of the Ministry of Economics and the Ministry of War. Commenting on this matter, Dr. Struss stated:

In Bitterfeld and in Aken a large part of the production, probably the largest part, was fabricated into tubes. * * * These tubes were packed in boxes and designated "Textilhülsen." There was no doubt that these tubes were parts of incendiary bombs.

Not only did I. G. stock pile its own production, but at the same time it purchased large stocks of magnesium from the Dow Chemical Co. of America to build up its reserves for the Luftwaffe. From 1936 on, I. G. began accumulating stabilizers for explosives from all parts of the world; and so far as the stock piling of chemicals was concerned, the Wehrmacht actually ordered I. G. Farben to accumulate as large stocks of phosphorus and cyanides as they could possibly obtain.

IV. FARBEN PRODUCTION WAS INDISPENSABLE TO THE GERMAN WAR EFFORT

The German war machine could not have functioned without the wide range of products manufactured for it by Farben. As the chart which I will submit here shows, Farben in 1943 manufactured 43 major products needed in the German war effort, of which 28 were of primary concern to the German armed forces, I. G. manufactured all of the synthetic rubber produced in Germany, all of the methanol, the serums, and lubricating oils. I. G. provided 95 percent of the poisonous gases and well over 90 percent of the nickel and plastics. Eighty-eight percent of the magnesium used by the Luftwaffe in its aircraft and incendiary bombs came from Farben, as did most of the nitrogen and explosives for the buzz bombs and V-2's.

It seems to me, Senator, that that chart is a very graphic portrayal of the incredibly vital role that Farben played in all of Germany's

THE WEHRMACHT'S DEPENDENCE ON I. G. FARBEN'S PRODUCTION (1943)

(GROUPED ACCORDING TO MILITARY IMPORTANCE)

TOTAL

TOTAL GERMAN PRODUCTION

war effort. The German Army simply couldn't have moved, or even threatened to move, unless it had an organization that produced that range in materials, and it seems to me the American public should be aware of that.

The CHAIRMAN. That chart is taken from their report?

Colonel BERNSTEIN. Yes, sir; prepared for us, as a matter of fact, by the Germans from Farben who were working under our direction.

I think that it is as vivid as any single thing we could produce for people to look at, to appreciate the role of Farben in the aggressive war program of Germany.

Not only did Farben produce practically the entire German supply of these and other essential war materials, but all other German chemical companies and numerous strategic German industries were almost totally dependent upon Farben for raw materials, for intermediate products, and for technical assistance.

The German soap industry was entirely dependent on I. G. for its supplies of detergent raw materials. The tanning industry obtained approximately 50 percent of its synthetic agents from I. G. The paint-and-varnish industry looked to I. G. for 65 percent of its raw materials. In the plastics field Röhm und Haas, Darmstadt, the only other independent producer, was totally dependent on I. G. for certain important types of intermediates. Similarly dependent was the only other producer of dyestuffs in Germany, Geigy, Grenzach.

In addition to all this, other German war industries could not have functioned effectively without the I. G. Farben know-how which was supplied to them. For instance, in the synthetic gasoline field I. G. actually produced only 33 percent of Germany's total production. Yet if we include the synthetic gasoline plants in Germany which were operated under I. G.'s license and managed by I. G.'s technical personnel, the company would have been responsible for approximately 90 percent of Germany's total output of synthetic gasoline.

The CHAIRMAN. If I remember correctly the hearings in 1942 it was testified that I. G. and Standard of Jersey formed Standard-I. G. in this country and another corporation to operate jointly, and that as their part of the contribution, Standard put in 30 million to be used in the construction of synthetic gasoline plants in Germany, which went into the German corporation, thereby gaining \$30,000,000 worth of plant facilities over there through that operation. Did you run into that?

Colonel BERNSTEIN. Farben was extremely astute in using its international contract and cartel arrangements to help get, as it were, free of charge, or with foreign financing, facilities, know-how, skills, and technology that enabled it to produce for the Wehrmacht.

The CHAIRMAN. That is the point I am bringing up. They were constantly making deals which would bring American capital in to build plants in Germany. At the same time, they were investing some German capital abroad to get control of industries in foreign countries; isn't that right?

Colonel BERNSTEIN. That is correct.

The CHAIRMAN. The dams I was thinking about were the Westphalia dams. Do you know whether that had any connection, whether Farben owned or used them?

Colonel BERNSTEIN. I do not.

The CHAIRMAN. There were rather heavy losses in the United States over the failure of that bond issue, which was executed entirely in the United States.

Colonel BERNSTEIN. In order to enable I. G. to execute this tremendous war production job, there was, of course a great expansion of its manufacturing facilities.

In the years preceding the war, more than RM. 4¼ billion, supplied principally by the German Government itself, was invested in new plants, mines, and power installations. An example of the military character of this expansion is the history of I. G.'s investments in the light-metals field. Between January 1, 1933, and January 1, 1942, I. G.'s capital investment in this field increased 1,600 percent. Between 1934 and 1935 alone it almost tripled. Just as the expansion of I. G.'s research activities was backed by the German Government because those research activities were directed toward war-connected objectives, so the German Government financed the expansion of I. G.'s productive facilities. Thus, for example, as early as 1936, the Wehrmacht, which had requested the construction of numerous types of plants, guaranteed the purchase of all production therefrom.

A compelling example of the special services performed by I. G. for the German armed forces in the production of weapons of war is the case of poison gases. In 1938 the German Government, dissatisfied with the progress made in the development and production of poison gases, called upon Farben to handle the problem. New I. G. plants for the production of these gases swung into operation and eventually, as indicated above, I. G. achieved 95 percent of the total production of poison gases. By order of the German Government many of these plants and all existing stocks of poison gas were completely destroyed before the occupation by the Russians. But at least one of the terrible secrets which the Germans hoped to save for the next war was uncovered. Our investigation has disclosed that an I. G. Farben official at Wuppertal-Elberfeld developed what the German scientists described as the deadliest poison gas in the world. This gas, unknown to the military authorities of the Allied Nations, could have penetrated any gas mask in existence.

I might say that in the interrogations of the Farben officials that occurred on this problem of the poison gas, the Germans indicated a great fear about the Russians getting the poison gas, but didn't seem to be as concerned at the possibility of either the United States or the United Kingdom getting the poison gas.

I. G. originally carried out its poison-gas experiments on monkeys; later, on human beings. For the latter purpose, inmates of concentration camps were used. I. G. Farben officials, concerned only with producing weapons of destruction, were unmoved by this use of human guinea pigs. Dr. ter Meer, one of I. G.'s leading scientists, justified the experiment not only on the grounds that the inmates of concentration camps would have been killed anyway, but also on the grounds that the experiments had a humanitarian aspect in that the lives of countless workers were saved thereby. These gases were not only used on helpless people during the stage of experimentation but were later used with full knowledge and acquiescence on the part of Farben to exterminate whole groups in concentration camps such as Auschwitz.

The CHAIRMAN. And the same thing at Dachau, in that so-called bathroom. That was one of the poison gases they used there; wasn't it?

Colonel BERNSTEIN. I believe so.

The CHAIRMAN. This information about poison gas, Colonel Bernstein, is extremely significant. Heretofore we have been told that the Nazis were the only ones who were guilty of crimes against humanity. Now in this testimony we learn that a German corporation was also guilty of crimes against humanity. I. G. Farben officials should be treated, then, no differently from the other Nazi war criminals; isn't that your impression?

Colonel BERNSTEIN. I think that must be done, sir, if one were to eliminate the entire group in Germany that is responsible for the war.

The CHAIRMAN. When I was in Frankfurt, they were questioning Schmitz, the head of I. G. Farben, and on that day he admitted that he had endeavored his best to get Hitler to use one type of poison gas which was actually deadly, and that Hitler had delayed, and he was rather condemning Hitler for not using it, because he felt it might have contributed to winning the war. Although he was always claiming loss of memory, like Hess, and others, for certain details, and always calling on his lawyer for advice before answering certain questions, he did admit that he had urged and insisted that it be used and rather resented the fact that Hitler had not used it.

Colonel BERNSTEIN. We apparently also heard some rumor to that effect and we are asking our people who are remaining on the other side to see what they can do to run it down.

The CHAIRMAN. There was an English major——

Colonel BERNSTEIN. I think it was Major Tilley who was examining Schmitz on that, and we are going to see if we can run down that information.

The CHAIRMAN. They didn't have an interpreter except Tilley and he was the only one who could talk to him.

Colonel BERNSTEIN. Major Tilley was doing a good deal of examination on that particular point. I might say our experience indicated that these key Farben officials were quite conscious of the iniquity of what Farben was doing in the field of poison gas, because the Farben officials tried to keep knowledge of the production by Farben of poison gas and its uses by the German Government as secret as possible, even in certain parts of its own organization, and it was only after rather intense investigation that we were able to get the information on poison gas out of these Farben officials.

The CHAIRMAN. I think they had been examining him for 3 or 4 days when I was there.

Colonel BERNSTEIN. Schmitz was a very difficult witness.

The CHAIRMAN. The major told me he had to get most of his answers through Schmitz' lawyer.

Colonel BERNSTEIN. That is right. Schmitz was almost one of the most recalcitrant of the witnesses that we had to deal with there.

The CHAIRMAN. He feigned senility several times.

Colonel BERNSTEIN. He was a man who was well informed on these things, as the head of the company. We feel that more recently we have had a little better luck in getting him to explain some of the transactions to which he was a party, which he instigated, particularly the role he played in some of the international cloaking transactions.

I. G. Farben's part in supplying the German armed forces with such weapons makes it clear that Dr. Von Schnitzler was not boasting when he stated in an address of welcome to the Spanish Ambassador on February 10, 1945:

But only during the war could German chemistry prove itself worthy of the task. It is no exaggeration to say that without the services of German chemistry performed under the "Four-year plan" (sic) the prosecution of modern war would have been unthinkable.

V. FARBEN WAS A NAZI AGENCY FOR WORLD-WIDE MILITARY AND ECONOMIC ESPIONAGE

I. G. Farben served the Nazi government as a principal agency for military and economic espionage throughout the world.

Farben's N. W. 7 office in Berlin was originally organized in the 1920's as I. G.'s liaison office with the various governmental agencies in Berlin. The organization of this office is shown on this chart which is chart No. 13 in the Farben report. This organization was transformed by Dr. Max Ilgner into the economic intelligence arm of the Wehrmacht.

The CHAIRMAN. That is the point I want to get to. Through the various cartel arrangements, one of the most valuable parts of German intelligence came through the German cartel group, particularly Farben, in the gathering of information from countries that they might seek to invade; isn't that right?

Colonel BERNSTEIN. That is correct, sir, and the organization that they set up to gather in this intelligence was simply an enormous one, and one that doesn't normally form a part of a business enterprise. It was so large as to cause one to believe that it was developed in conjunction with governmental authorities as a device to get intelligence in ways that the German Government itself could not get the intelligence. Farben, being a business enterprise, could more apparently legitimately get this intelligence, than could the Wehrmacht or other parts of the German Government.

The organization, although it engaged in many other activities relating to Farben, devoted a very large part of its effort and personnel to the collection of statistical and other intelligence.

The CHAIRMAN. Testimony introduced, I believe, at the rubber hearings was very illuminating on one point. Prior to our entry into the war, Standard had refused to sell toluene to Remington Arms on the grounds that Farben objected that the ammunition manufactured would go to England which was then at war with Germany, and later they objected to relinquishing secrets because the Government objected in their correspondence. In other words, when asked for certain secret information about rubber, even before we were at war, they objected because the Government of Germany had objected to their turning over the information which they had contracted to turn over.

Colonel BERNSTEIN. Farben would no more give away information that would hurt the German war effort than would the Wehrmacht or the Nazi Party. Their whole action was governed by the German war needs.

The CHAIRMAN. The impression I gained there was that, unlike an American company which would carry through a contract, they were working in full partnership with the Nazi Party, because every time

a request would come from a foreign cartel partner they would apparently submit the question to the General Staff before they would take action.

Colonel BERNSTEIN. What you say is confirmed by what we found in Germany.

The CHAIRMAN. I wondered if you had found confirmation of that.

Colonel BERNSTEIN. We did, sir.

Ilgner was the nephew of Herman Schmitz, I. G.'s president, and was also a member of I. G.'s managing board of directors. Some indication of the tremendous expansion of this office in preparation for and during the war may be gathered from the fact that its expenditures in 1943 were RM. 7,000,000 as compared with RM. 997,000 in 1932.

The largest department of N. W. 7 was the so-called statistical department (VOWI) which was formed by Dr. Ilgner in 1929 under the guidance of Dr. Reithinger. This department compiled comprehensive statistics dealing with the economic, financial, and social life of many foreign countries. Although the workings of the statistical department could not be justified from the standpoint of I. G.'s regular business operations, it was supported by top officials of I. G. and the Government. This department's tremendous compilation of statistical data, most of which obviously had no value to I. G. as a chemical and dyestuffs manufacturer, was invaluable to the government of a country preparing for world conquest.

With the outbreak of war, N. W. 7 became the focal point of requests for economic intelligence from many Nazi agencies. It began to look like what it actually was—an adjunct of the German Government. Many of the VOWI employees were ordered to military service with the Wehrwirtschafts-und Rüstungsamt (Office of War Economics and Armament), but actually continued the performance of their prior duties with Mr. Ilgner's office. The vast fund of information gathered by Dr. Reithinger and his staff proved invaluable to the OKW (Army Supreme Command). In fact, VOWI was so highly regarded by the high command that at the outbreak of war, the high command considered taking over the entire agency. However, this step was resisted so strongly by other government agencies which were also dependent on it for assistance, and VOWI was able to service the requests of the OKW with such rapidity and so completely, that it remained part of the N. W. 7 office.

From 1937 on Dr. Reithinger and his entire staff concentrated on the preparation of maps showing strategic factories in foreign countries. These surveys were prepared under direct orders from the Wehrmacht and were used by the Luftwaffe in selecting bombing targets. The VOWI also carried on extremely important investigations with respect to all European industries, particularly in England. These investigations concerned themselves, in the main, with the capacity and location of facilities for the production and transport of aircraft, munitions, and other armaments; the raw materials situation in these industries; and oil imports, exports, and refineries. This information was also used by the Nazi High Command for bombing and other purposes. Said Dr. von Schnitzler, "For all European countries they made up plans"—plans of death, destruction, complete annihilation, which almost achieved complete success.

In order to carry out its many tasks, VOWI needed a well-organized international intelligence network. This it possessed in Farben's vast

empire of foreign holdings and connections. With German ownership carefully concealed in most cases, it furnished an ideal organization for the super spy job assigned to it. In some cases, Farben's foreign subsidiaries were owned outright. More often, however, I. G. strived to maintain a semblance of legal independence though, in fact, it exercised complete control over the firm. The company cloaked its direct and indirect ownership and control of its foreign subsidiaries by utilizing every conceivable device known to the legal and "extra-legal" mind, including the use of nominees, option agreements, fictitious or intervening transfers, dividend and loan agreements, pool agreements, endorsements in blank, escrow deposits, pledges, collateral loans, rights of first refusal, management contracts, service contracts, patent agreements, cartels, and withholding know-how. Geheimrat Hermann Schmitz, I. G.'s president, was known throughout the industrial world as "the master of financial camouflage." He more than justified this designation. In 1940, I. G. Farben was able proudly to inform the German Government that "our measures for camouflage have proved to be very good during the war, and have even surpassed our expectations in numerous cases."

The CHAIRMAN. Were you successful, Colonel Bernstein, in uncovering the camouflaged assets, particularly in the United States?

Colonel BERNSTEIN. Yes, Senator, we were successful to a great extent.

The CHAIRMAN. You couldn't hope to be 100 percent successful.

I say that because, unfortunately, there are still people in all countries who want to try to get back to the old prewar cartel arrangements they were mixed up with, and some of them are helping considerably in that. Isn't that a fact, sir?

Colonel BERNSTEIN. That is right.

The CHAIRMAN. Americans and other nationals assisted in the concealment of camouflaged assets.

Colonel BERNSTEIN. The wealth of material which we have now accumulated tells a fascinating story of Farben's efforts to conceal ownership in assets held abroad, particularly in assets held in the United States and Latin America. Part of that story has already been disclosed by the Department of Justice and other interested agencies of the Government. However, these governmental agencies have requested that we refrain from disclosing at this time the balance of materials which we have turned over to such governmental agencies because of the possible prejudice which may result to other investigations and litigation in which the Government has an interest. I am constrained to point out to this committee that one of the main difficulties that we continue to run into in attempting to locate Farben's overseas assets has been the unwillingness of Swiss banks and companies and even the Swiss Government to make available to us files located in Switzerland and belonging to Farben and to Hermann Schmitz, the president of Farben, who was the one man most responsible for devising the system of hiding the true ownership of Farben's overseas assets.

After the outbreak of war in September 1939, the Anglo-French navicert control system threatened to cut off German exports to South America and other parts of the world, thereby depriving Germany of foreign exchange, and also of imports vitally needed for the prosecution of the war. The manner in which I. G.'s hundreds of ostensibly

independent foreign concerns having no apparent ties with the Axis were used to combat this blockade is by now fairly well known.

The CHAIRMAN. Did any American concerns—and by that I mean United States of America concerns—help Germany combat the blockade?

Colonel BERNSTEIN. Yes, sir. In fact, the principal manner in which Farben combated the blockade was by arranging to have American firms make direct deliveries to Farben's South American firms. Farben was represented in all these transactions by Alfredo E. Moll who acted as its undercover purchasing agent. In the early part of 1940, at the request of I. G., Moll and Ernest K. Halbach, an American citizen and president of General Dyestuffs, went to Milan for the express purpose of discussing the manner in which Farben's sales agencies in South America were to be supplied with dyestuffs and chemicals formerly obtained from Europe. Halbach agreed that General Dyestuffs would forward the merchandise through Fezandie & Sperrle, an American export firm. In addition to furnishing supplies from his own firm, Halbach agreed to procure merchandise from other American dealers. Many of the firms for whom the merchandise was destined were on the British blacklist. Accordingly, Moll gave Halbach a list of third-party consignees who received the merchandise under an explicit understanding that they were to resell the bulk thereof to I. G. blacklisted firms. Hugh Williamson, another American citizen and an attorney and director and officer of General Aniline and Film, also lent the services of his corporation in supplying South American firms. In a report which Moll sent I. G. from Mexico he also mentioned how very helpful Advance Solvents and Chemical Corp. of New York had been in maintaining deliveries to Farben's Latin-American houses. According to a report which Moll sent to Farben from Mexico during the period from March to November 1940, well over a million dollars' worth of exports were shipped from New York to Latin America.

I might add, Senator, that here again we feel that we have got documentary evidence which we found in Germany to support the points I have just been making.

What is not so well known is the role these I. G. cloaked companies played in supplying VOWI, and thereby the Nazi High Command, with economic and political intelligence.

Chemnyco, Inc., Farben's American economic intelligence services, is an excellent example of these effective espionage methods. In the guise of an American company, Chemnyco was able to supply the Wehrmacht with facts and figures concerning the American economy. Utilizing normal business contacts Chemnyco was able to transmit to Germany tremendous amounts of material ranging from photographs and blueprints to detailed descriptions of whole industrial developments.

Originally, this material was sent to I. G. Farben directly. After the outbreak of war, it was routed through I. G. offices and associates in Italy and Portugal. How invaluable this intelligence was considered is indicated in a letter dated August 3, 1940, from N. W. 7 to the Minister of Economy, which stated:

Extensive information which we receive continuously from the Chemnyco about the American company, is indispensable for our observations of the American conditions, especially with a view to the technical development, the possi-

bilities for export and the competition of foreign countries and companies, especially England. Moreover, this material is, since the beginning of the war, an important source of information for governmental, economical, and military offices.

In 1939 in the midst of a United States Government investigation, Chemnyco's vice president, Rudolf Ilgner, a naturalized American citizen and brother of Max Ilgner, ordered the destruction of a considerable part of the company's files. Ilgner pleaded guilty to the charge of obstructing justice and was convicted.

The CHAIRMAN. And Max Ilgner was the one who ran the VOWI? Colonel BERNSTEIN. He ran the whole N. W. 7 set-up.

The CHAIRMAN. And this was his brother?

Colonel BERNSTEIN. His brother.

As I say, Ilgner ordered the destruction of a considerable part of the company's files.

The CHAIRMAN. Do you know what happened to him? He isn't the one who is up on a chicken farm in Connecticut now?

Colonel BERNSTEIN. I understand he is.

The CHAIRMAN. So many of those fellows are operating chicken farms in Connecticut; some of them in New Jersey.

Did you secure any more information on this subject in Germany, Colonel?

Colonel BERNSTEIN. Unfortunately, all of the files on this particular subject were destroyed before we could get to them. We did, however, cross-examine over there, and the information we got was that the only reason the files were destroyed in this country must have been because the officials of Chemnyco were worried about violating United States security statutes.

I. G. Farben had contact men all over the world called the I. G. Verbindungsmänner. The Verbindungsmänner, in the main, were officials of the leading I. G. firm in the particular country.

The CHAIRMAN. They had one in each country where they had a few firms?

Colonel BERNSTEIN. That is right.

One of the principal duties of these Verbindungsmänner was to submit monthly reports pertaining to economic, political, and military matters. With respect to politics, the reports included such subjects as internal political developments, the composition of new governments, the effects of the Proclaimed List and the British blacklist, inter-American security, labor, immigration, political reactions within the respective countries to current events, pro-Axis and anti-Axis propaganda, and the purposes of special diplomatic missions.

Matters of vital military interest contained in these reports included a discussion of additions to the merchant navies in various Latin-American countries, a reporting of ship movements (including convoys), statistics concerning tonnage in ports, port facilities, construction of new highways and bridges, the condition of rail transportation between the Latin-American countries, the operations of Pan American Grace Air Lines, shipments of war materials to the United States and Great Britain, the Argentine military mission to the United States, rearmament in Chile, and the acquisition of air and naval bases by the United States.

The CHAIRMAN. Colonel, did you run into any information abroad or here as to whether or not the profits of American ventures, or South American ventures, were available to the espionage system of Germany in the countries in which the profits were, particularly after Germany had been blockaded?

Colonel BERNSTEIN. I think we did. I think we ran into a good deal of information in that regard, and I think a little later in my statement we can indicate how the system of the agencies throughout the Western Hemisphere that Farben had was used by Farben and by the German Government to provide funds for espionage and propaganda activities in this hemisphere.

VI. FARBEN WAS A SPEARHEAD OF THE NAZI ECONOMIC WARFARE PROGRAMS

I. G. Farben performed tremendous services for the Nazis in financing and disseminating propaganda designed to create disunity among various foreign nations and among various political, religious, and racial groups within such countries. I. G. Farben performed equally great services for the Nazis in undermining the war potential of foreign countries by means of its cartel agreements, monopoly position, and its penetration of the chemical and related industries throughout the world.

(a) *Dissemination of propaganda*

I. G. organized for its large-scale part in the Nazi propaganda program in the same careful, efficient way it had organized for other war operations. It first acted to assure that all I. G. Farben agents abroad were thoroughgoing Nazis. On September 10, 1937, Farben's commercial committee passed a resolution which stated in part as follows:

It is hereby understood that in no case will men be sent to our foreign companies who do not belong to the German Labor Front and who do not possess a positive attitude toward the New Order.

The CHAIRMAN. The German Labor Front was not a labor organization; it included management and at one time it included even technicians, did it not?

Colonel BERNSTEIN. The German Labor Front was the device used by the Nazi government to crush the labor unions in Germany.

The CHAIRMAN. That is the point I wanted to get at.

Colonel BERNSTEIN. One of the first things the Nazi Party did was dissolve the labor unions. It set up its Labor Front. One of its high officials was Robert Ley, who recently committed suicide. It stole all the funds of the labor unions. After our Army came into Germany, one of the first things that we did was to take over the Labor Front, dissolve it as the organization that then existed, and then we proceeded to deal with the properties that it had.

It had simply an incredible amount of property throughout the length and breadth of Germany. It also had within its organization, an extensive banking system, the German Labor Bank, which was so much a part of the Nazi system that we had no choice but to shut it down completely and liquidate that bank.

Other parts of the German Labor Front are being liquidated. They owned an enormous number of houses. My recollection is that

military government was attempting to develop a policy of using much of the houses and other properties belonging to the Labor Front to house men who were definitely anti-Nazi or were displaced persons. You are quite right, Senator, when you say the German Labor Front was not a real labor organization.

The CHAIRMAN. They used the name Labor Front to try to appease some of the labor unions?

Colonel BERNSTEIN. I don't know whether they were appeasing them or trying to throw sand in the eyes of a lot of people.

The CHAIRMAN. That may have been it.

Colonel BERNSTEIN. I continue the quotation:

The men who are to be sent should make it their special duty to represent National Socialistic Germanhood. Especially are they to be instructed that upon entering our companies they are to make contact with the Ortsgruppe of the respective Landesgruppen (organizations of the Nazi Party within the various countries) and regularly participate in their meetings as well as in the Labor Front. The sales departments should also see to it that an appropriate amount of national socialistic literature is given to them. The cooperation with the A. O. (Auslands-Organization, the foreign organization of the Nazi Party) must become more organic. It appears practical, together with the A. O., to work out a uniform plan, for the purpose of detecting defects still existing in our foreign companies to the end that they can be eliminated.

The CHAIRMAN. Anybody sent to these countries had to be a Nazi in good standing?

Colonel BERNSTEIN. Not only a Nazi in good standing, Senator, but a Nazi with what they called a positive attitude, an active Nazi.

The CHAIRMAN. Was that Farben people?

Colonel BERNSTEIN. Yes, sir. They were Farben officials; Farben employees.

I might say, Senator, in the many months I have spent in Germany, aside from the people now being tried as war criminals, I met only one man in the middle of Germany who admitted he was a Nazi.

The CHAIRMAN. They all think there are some in the next town but there are none in the town they live in.

Colonel BERNSTEIN. They all disclaim it now.

Needless to say, this policy was faithfully executed. Moreover, as I have already pointed out, the Verbindungsmänner were, in all cases, highly trusted agents carefully selected by N. W. 7 and approved by the Auslands Organization.

A few examples of I. G.'s propaganda operations will suffice to indicate the nature and importance of its services to Nazi psychological warfare.

I. G. worked directly with the "Aufklärungs Ausschuss," the overseas propaganda department of the German Government, in disseminating anti-American propaganda in Argentina. In 1939, Farben reviewed for this German propaganda organization a series of 381 articles against the United States for publication in Argentine newspapers, suggesting the names of newspapers in Buenos Aires which could be used effectively for the dissemination of such articles. For this purpose, Farben made available to the German propaganda department the services of Heinrich Homann, I. G. Verbindungsmann for Argentina.

Farben, which had for years been engaged in the dissemination of pro-German propaganda in Latin America through the schools, the press, and libraries, was particularly effective in securing wide distri-

bution of Nazi propaganda. One of its customary devices for obtaining publication of propaganda was the club of its advertising. Thus, for example, in February 1938, the pharmaceutical department of I. G. agreed on the following advertising policy:

Advertising in journals hostile to Germany shall on all terms be avoided.

The CHAIRMAN. From a commercial aspect that wouldn't be considered good trading practice by an American business house, would it? In other words, they wouldn't issue such an instruction to their advertising agencies?

Colonel BERNSTEIN. I am sure they wouldn't.

The CHAIRMAN. By the way, do you know where Homann is?

Colonel BERNSTEIN. I don't know. As you have undoubtedly seen in the press recently a great deal of difficulty exists in rounding up many of the German propaganda agents, and espionage agents in Argentina. It is a matter I should think of considerable concern to our Government.

(b) Furnishing other propaganda agencies with foreign exchange

Not only did I. G. engage directly in the dissemination of propaganda, but it was also a principal agent for furnishing foreign exchange to German governmental agencies engaged in this and related psychological and economic warfare operations abroad. In Brazil alone, during 1940 and through January 1942, the agencies of the Bayer division of Farben furnished the equivalent of RM. 3,639,343 to the German Embassy and to representatives of the NSDAP. In Spain, when the German Embassy wanted Spanish pesetas, Farben raised credits from the Spanish banks and paid back these credits with subsequent peseta receipts. A telegram dated September 2, 1939, from Cia. General de Anilinas, S. A., Mexico City, to I. G. stated:

In case of war I. G. legation asks firms Mexico to let them have moneys on a loan basis. Amounts shall be refunded by German Government. Please authorize monthly payments P. 10,000 on behalf of all I. G. agencies. Mexico press must be influenced. * * *

A notation on the bottom of this telegram states: "Board agreeable; Dr. Overhoff informed." Such payments abroad were important to the German Government in acquiring critical raw materials and in financing sabotage, espionage, and propaganda.

All of the I. G. Latin American firms maintained unrecorded in their books, secret cash accounts in banks in the names of their leading officials. These accounts were used to receive and to disburse payments of a confidential nature as, for example, the proceeds of sales to firms who did not want to be discovered dealing with the Proclaimed List I. G. companies. These are the famous S accounts and S. finance offices. The assets thereby secreted, ostensibly unaffected with an Axis taint, were free to finance espionage and propaganda, to bribe, to pay the salaries of Nazi foreign agents and to give them the wherewithal to carry out their work.

The CHAIRMAN. That is the use of private funds for governmental purpose, not in the form of taxation or tax credits, but just actual advances; isn't that right?

Colonel BERNSTEIN. Yes, sir; having the advantage, of course, that by using these private funds, they were able to cloak the purposes to which the funds were being used?

The CHAIRMAN. The point I am making is that Farben was really a part of the German Government and not a private business at all.

Colonel BERNSTEIN. I quite agree with that.

I would add perhaps one thing to it, Senator, that Farben was a part of the governmental system, with the people in Farben playing roles comparable to the top governmental people. It isn't easy to say who owned whom, as it were.

The CHAIRMAN. No, but in a similar situation, if, shall we say, du Pont in this country did the same thing abroad, why foreign countries would blow up, and we would blow up in this country, too, I say this shows the connection of Farben with this whole war program as a real partner in it.

Colonel BERNSTEIN. I agree with that, sir. I might say that in 1941, I believe, when I was with the Treasury, and when General Aniline & Film Co., was investigated by the Government, many of these points were made at the time. Some information was available in this country as to the role that Farben was playing on behalf of the Nazi government along these lines, but we have been able now to get what we hope is proof that will convince our people here that Farben would leave no stone unturned, on behalf of the Nazi government, and I believe on behalf of any future government, to carry on its espionage activities, its propaganda activity, and whatever other activity a government wanted to see performed through the world.

The CHAIRMAN. But, following through on that logically, we must reach this conclusion: No private capital would do that unless they had been promised things. Is that right?

Colonel BERNSTEIN. Yes, sir.

The CHAIRMAN. And in the event of the successful conquest of the world, by the Nazi government, which they set out to accomplish would we then not have found Farben in control of all that phase of industry? They invested in an adventure in world conquest there.

Colonel BERNSTEIN. Both as a matter of promise, and as a matter of knowledge Farben knew that if its gang was going to win, Farben was going to get its part of the booty.

The CHAIRMAN. That is why any American corporation that wants to go into a cartel shows a lack of foresight, because what would have happened is that they would have taken over their cartel partners and operated them. That was their ambition, that was one of the purposes of forming the cartels.

Colonel BERNSTEIN. That is right. From the point of view that we have been discussing here of the information becoming available to the German Government and the cartel being worked in a way to assist the German Government in an aggressive program, a U. S. concern might just as well have been making a cartel arrangement with the Wehrmacht.

The CHAIRMAN. That is what puzzles me when I find alleged businessmen still thinking they ought to reenter cartel arrangements.

Colonel BERNSTEIN. I agree, sir.

(c) *Economic warfare through cartel connections*

Germany's foreign economic policy was aimed at undermining the economic strength of countries with which Germany "anticipated" conflict. In direct testimony, high Farben officials not only admitted to that policy, but also stated that they had played an important

part in its formulation and execution. As succinctly stated by one of these officials:

The foremost purpose of the Nazi government and I. G. and all other industrialists was to keep the Wehrmacht all powerful vis-à-vis all other countries, including the United States of America.

The CHAIRMAN. In previous hearings this committee has heard much evidence showing how cartel agreements with German firms affected our national security. In this evidence only one conclusion can be reached, namely, that German companies, in conspiracy with the Nazi government, purposely crippled our war production. This statement bears out those statements. Don't you think so—that it was intentional, sir?

Colonel BERNSTEIN. I agree, sir.

The CHAIRMAN. And the machinery used was the cartel agreement?

Colonel BERNSTEIN. That is right, sir, and one would hope that our business enterprises would learn that fact now.

As has already been demonstrated before this and other congressional committees, I. G. used its extensive cartel connections with foreign firms to further this policy of the German Government. The dangers inherent in such monopolistic agreements take on a new significance when the activities of one of the parties are subordinated to the over-all policy of its government.

I. G. Farben acted in a representative capacity for the Nazi Government in its relations with its cartel partners. By virtue of its dominant position in the world chemical industry, Farben was in an excellent position to use its numerous cartel connections to prepare Germany for war. To recite the examples of such use would be to recapitulate material which is already, for the most part, public knowledge. An outstanding example, however, is Farben's successful effort, by means of cartel agreements with Standard Oil, to delay the development and use of buna rubber in the United States until at least 1940 while at the same time producing sufficient buna in Germany to make the German Army and German industry independent of rubber imports. This investigation has confirmed certain data heretofore presented to the Truman, Bone, and Kilgore committees by the Department of Justice with respect to this transaction which so seriously imperiled the war preparations of the United States. The story, in short, is that under the so-called Jasco agreement, synthetic rubber was to come under Farben's "sphere of influence." Standard was determined, however, to have an absolute monopoly of synthetic rubber developments in the United States, if and when Farben released the American rights to its process to Standard in accordance with the Jasco agreement. Accordingly, Standard fully accomplished I. G.'s purpose of preventing United States production by dissuading American rubber companies from undertaking independent research in developing synthetic rubber processes.

The CHAIRMAN. And, incidentally, by blocking the use of the alcohol process and various others that had been developed in other countries too.

Colonel BERNSTEIN. That is right.

The CHAIRMAN. By the way, do you know we are going right back in the same track again? We recently shut down all our alcohol synthetic rubber plants in the United States and are operating only Standard's petroleum plants.

Colonel BERNSTEIN. This Standard accomplished by falsely creating the impression that it had already received the buna process from Farben and was attempting to work out a scheme for licensing the process to the American rubber companies. As a matter of fact Farben had no intention of divulging the process. One conclusion which can be drawn from Standard's "stringing along" of other companies is that it did not want them to proceed with independent research thus preventing Standard from ever having a monopoly in the field. Thus, Dr. Loehr indicated that, pursuant to conversations between Mr. Howard of Standard Oil and I. G., Standard had agreed to keep American firms out of the synthetic rubber field and would let them enter it only if compelled to do so by forces beyond its control.

The CHAIRMAN. In other words, had agreed to block research in this country?

Colonel BERNSTEIN. Yes, sir; at a time when war was in the air.

By 1939, however, synthetic rubber development had reached a stage where Mr. Howard of Standard Oil stated that it would no longer be possible for him to keep the information in regard to the buna processes from the American companies. Nevertheless, he assured I. G. that Standard would manage to stay "on top of the whole scheme." As time dragged on and the licenses were not forthcoming, the clamor of the American rubber companies became so intense that Standard, not wanting to reveal the true situation, turned to Farben for an excuse to give the rubber companies. Howard of Standard, in October 1939, at a meeting with I. G. representatives in Basle, stated that he had to be provided with an excuse for not getting the know-how. I. G. obligingly cabled Standard Oil to the effect that the authorities would not permit the information to be given to the American firm. "These are the conclusions," said Dr. Loehr, "which seem to disclose that I. G. impaired the military strength of the United States," which I would have called an understatement.

The CHAIRMAN. That identical excuse was furnished in the courts of the United States when Standard was being sued. It was furnished before the Truman committee as an excuse for not releasing the patent, as an excuse for saying they had no know-how, because Farben refused to give them the know-how, and on a statement that they had nothing but the right to operate under a patent with which they had no know-how, and Farben would not give it to them, showing a conspiracy between Mr. Howard of Standard, the vice president, and Farben, to still hoodwink and stay on top, and apparently Standard is still able to stay on top, as evidenced by the shutting down of these other independent plants.

At that point in the record I want to introduce some testimony taken at a previous occasion with reference to the question of alcohol and petroleum and the way that has been manipulated in the past 6 months.

(The testimony referred to will be inserted in a later volume of the printed record.)

VII. FARBEN WAS GERMANY'S GREATEST SINGLE SOURCE OF FOREIGN EXCHANGE

Mr. BERNSTEIN. I. G. was the dominant factor in the important German chemical export trade. It accounted for approximately 10 percent of the country's total exports of all products and approxi-

mately 50 percent of Germany's total exports of chemicals and allied products. In the different sectors of that trade its position varied considerably, being strongest in pharmaceuticals, dyestuffs, and photographic materials in the order named. In 1937, 70 percent of I. G.'s total production of pharmaceuticals, 65 percent of its dyestuffs, and 40 percent of its photographic materials were exported. Its exports greatly exceeded its imports, and its net income from royalty payments and sales of patent rights also was considerable.

These transactions made Farben Germany's largest single earner of free foreign exchange. Without this foreign exchange (a) Germany could not have purchased the strategic raw materials, equipment, and technical processes unavailable in Germany and essential to Germany's rearmament, and (b) the German Government could not have financed its espionage, propaganda, and other military and political activities abroad in the preparation for and prosecution of the war.

Government pressure on German industry, and in particular on I. G., to increase their procurements of foreign exchange was always strong. With the beginning of the Four Year Plan this pressure became acute; but I. G. cooperated fully with the government in making available all possible foreign exchange for government purposes. The numerous examples of this have been set forth previously. Finally, when the foreign exchange situation became absolutely desperate, I. G. even sold some of its investments abroad.

Von Schnitzler testified in an interrogation conducted in July 1945, that it was especially important for the Nazi government to control I. G.'s policies with respect to its foreign participation and its foreign economic relations, if only from a standpoint of foreign exchange.

The policy followed was this, and I quote: "Export only what is not necessary for the Wehrmacht; import only what is absolutely necessary for the Wehrmacht."

The CHAIRMAN. Thank you, Colonel. If you will be back tomorrow morning at 10:30 a. m. we will reconvene then.

(Whereupon the hearing adjourned until 10:30 a. m., Wednesday, December 12, 1945.)

ELIMINATION OF GERMAN RESOURCES FOR WAR

WEDNESDAY, DECEMBER 12, 1945

UNITED STATES SENATE,
COMMITTEE ON MILITARY AFFAIRS,
SUBCOMMITTEE ON WAR MOBILIZATION,
Washington, D. C.

The subcommittee met at 11:02 a. m., pursuant to adjournment on December 11, 1945, in room 104-B, Senate Office Building, Senator Harley M. Kilgore, West Virginia, chairman, presiding.

Present: Senator Harley M. Kilgore, West Virginia.

The CHAIRMAN. The committee will come to order.

I was called to the White House unexpectedly this morning and therefore found it necessary to postpone the hearing to this hour. I also have to be at the Supreme Court in about 30 minutes, so we will get under way now. Will you please go ahead Colonel Bernstein.

TESTIMONY OF BERNARD BERNSTEIN, COLONEL, GENERAL STAFF CORPS, DIRECTOR, DIVISION OF INVESTIGATION OF CARTELS AND EXTERNAL ASSETS, OFFICE OF MILITARY GOVERNMENT, UNITED STATES (GERMANY)

Colonel BERNSTEIN. In yesterday's discussion we described certain cartel arrangements and their use by Farben as a means of strengthening the war potential of Germany. I should also have mentioned the use of the cartel arrangement for the purpose of getting around decrees of foreign governments, governments which were both enemy governments to Germany at the time or neutral governments. We have a document which I would like to introduce as an exhibit to the Farben report which indicates how Farben used that technique for the purposes that I mentioned.

This is a letter of the 5th of October 1939, written by Farben to the Ministry of Economics in Germany. It discussed the arrangements which Farben had made with Standard Oil to hide the true ownership of Farben-owned patents throughout the world. The device to be used was the Jasco company, to which the ownership of the patents would be transferred. Farben, in its letter to the Ministry of Economics, says:

After the outbreak of the war we have carried on negotiations with Standard Oil with the aim in the interest of both parties to prevent the passing of laws concerning patent ownership in favor of a third party through governmental interference in the enemy countries and also in the United States of America, should the political relations with the United States develop unfavorably.

The CHAIRMAN. They meant that even in the event we might go to war?

Colonel BERNSTEIN. Yes, sir.

At another point in the same letter, Farben states:

In this way it is accomplished that our patents in enemy territory, which today are no longer at our disposal and could be confiscated at any time, are placed in the hands of a large indisputably neutral undertaking but with which we are connected by manifold interests and relations, so that at the end of the war—it makes no difference what position the United States takes—friendly cooperation will again result. Otherwise the danger exists that these patents may be confiscated and transferred by the enemy government to such transferees as might give us difficulties at the end of the war, or make impossible an exploitation of the processes developed by us.

The letter further indicates:

We have already reported to the high command of the armed forces and have received appropriate approval.

The CHAIRMAN. Showing that that plan was approved by the German General Staff?

Colonel BERNSTEIN. The German General Staff, the German Government. It was patently a plan to attempt to forestall action by the British and American Governments dealing with Farben-owned patents throughout the world.

The CHAIRMAN. Jasco was really a patent-holding corporation?

Colonel BERNSTEIN. Organized under the laws of Louisiana, and jointly owned by Standard Oil and Farben, although Farben tried to conceal its interest.

The CHAIRMAN. But there was joint ownership there?

Colonel BERNSTEIN. Yes, sir.

The CHAIRMAN. And the ownership of the patents referred to the ownership of patents in America?

Colonel BERNSTEIN. In America and throughout the world, including the British Empire. They were to use this device not only to defeat the efforts of the United States to seize the patents but it was also a device to defeat the efforts of the British Government, or any other Allied Government that would go to war with Germany.

The CHAIRMAN. What is the date of that letter?

Colonel BERNSTEIN. Fifth of October 1939.

This morning's radio carried the story of evidence being produced at the Nuremberg trial with respect to the use of slave labor by Krupp. Krupp was not the only big industry that used slave labor. We were able to find in the files of Farben a document marked "Secret" dated the 8th of January 1945, which lists the people working for Farben. Over 63,000 foreign slave laborers worked in the Farben plants and constituted about 35 percent of the total labor force of Farben. In that number were included over 45,000 men and over 17,000 women. In addition to that, Farben employed about 9,500 prisoners of war, consisting mainly of Englishmen, Frenchmen, and Russians, and also people of other nations.

The CHAIRMAN. Were they employed, or did they just use them?

Colonel BERNSTEIN. They used them as slave laborers.

The CHAIRMAN. What remuneration was made?

Colonel BERNSTEIN. This document indicates the nature of the remuneration and the amount of food which these categories of laborers were to be given. It indicates how the laborers from the East, in particular, were required to work under even more onerous conditions than the slave laborers of the West.

I might add that in addition to what I mentioned before, Farben employed about 7,000 prisoners from concentration camps, including the camp at Auschwitz. I have no doubt that many of these slave laborers, who were prisoners of war, were engaged in the production of war goods in complete violation of international law.

The CHAIRMAN. What I am getting at is this: Did you find any records there to indicate whether or not Farben was selling their material to the German Government, or what the financial dealings were between Farben and the German Government during the war?

Colonel BERNSTEIN. There were numerous dealings because the bulk of Farben's output was for the German Government and because of the tremendously important role of Farben in the war economy. For these reasons, Farben was able undoubtedly to get this huge amount of slave labor. It was just one more method whereby the Reich facilitated the production of war material in the carrying on of the war, and also managed to kill off the slave laborers, ultimately.

The CHAIRMAN. My point is this: Was Farben charging for the material they sold, or was it being done as a seized plant by the German Government? Were they paying for their labor to the German Government or were they paying the workers? For instance, if we used prisoners of war on farms in this country we paid so much a day to the account of the man who did the work, plus the food and clothing, and so on. I was wondering whether the same thing was done by them.

Colonel BERNSTEIN. There was a certain amount of payment directly to the workers. Even then the payment was subjected to substantial taxes. The workers from the east were being subjected to a special tax.

At one point here, it says,

As it is usual for normal workmen, eastern workmen get installments insofar as wages are paid monthly. A special note of settlement, however, shall not be made for the eastern workmen. Applications on the part of firms and workshops for payment of extra pay for surplus labor, extra pay for heavy and dirty work or granting of works bonus have to be addressed in a given case to the Sozialabteilung Arbeiterangelegenheiten and all data in support of the application shall be furnished. The eastern workmen have not to pay neither tax on wages nor Bürgersteuer (civil tax). The employer, however, is bound to pay for each eastern workman the so-called Ostarbeiterabgabe (duty for eastern workmen) in accordance with the schedule attached in annex 1.

The amount of their pay was very low. The amount of their food rations was very low.

The evidence at the Nuremberg trial is applicable to the whole use of slave labor throughout Germany, and the picture given at the trial was simply terrific.

The CHAIRMAN. What the Government really did was paid a little bit and collected most of it back in taxes?

Colonel BERNSTEIN. That is right. And when the men were about to die off, they were sent out of the factories and back into the concentration camps to die.

The CHAIRMAN. I see.

Colonel BERNSTEIN. Yesterday I referred to the group of big industrialists who designated themselves as "The Circle of Friends of Himmler." I would like to put into the record, if I may, one or two of the translations of the letters which we found at the J. H. Stein Bank in Cologne during the course of one of our examinations.

This letter is from von Schroeder to an official of one of the Siemens firm and is dated March 15, 1944:

DEAR DR. BINGEL: Again this year I call on the friends of the Reichsführer with the request that, as in these past years, a sum of money be placed at his disposal to contribute to his work. May I ask that this year's contribution be, if possible, at least as much as the previous ones and that it be paid into the special account "S" with the Bankhaus Stein, Cologne, thereby expressing our faith in our Reichsführer. You know how much our Reichsführer appreciates your support and you may be assured that he is very grateful. Thanking you in advance, Heil Hitler. (Signed) von SCHRÖDER.

Copies of the identical letter were sent to a list of about a dozen representatives of the big industries. The first name is that of Dr. Bütefisch, one of the important officials of Farben.

Another letter is to the Reichsführer, S. S. Heinrich Himmler, Berlin from von Schröder:

MY VERY HONORABLE REICHSFÜHRER: With great joy I learn of your nomination as Reichsminister of the Interior and take the liberty to wishing you good luck on assuming your new post. A strong hand is now very necessary in this post and it is highly welcomed especially by our friends that it was you who were chosen for this by the Führer. I take this opportunity to inform you that your circle of friends has again placed at your disposal this year the sum of reichsmarks one million for "special purposes." An exact list showing the names of the contributors will be sent to you shortly. Again all my best wishes—as well as those of my family.

I remain yours, loyal and advising, Heil Hitler. (Signed) VON SCHRÖDER.

That is dated August 27, 1943.

As I mentioned yesterday, von Schroeder was a lieutenant general in the SS. He played an important role in the banking house of J. H. Stein which had its head office in Cologne. That bank was intimately related with the iron and steel and coal business of the Ruhr and von Schroeder played an active role in that connection.

The CHAIRMAN. Rather a nice size campaign fund?

Colonel BERNSTEIN. And to be able to be sure to get it each year, also.

I would like, if I may, to be able to indicate a few additions, but perhaps I will be able to cover them in any questions that you might like to put to me, Senator.

VIII. FARBEN'S DREAM OF WORLD CONQUEST

From the day of its accession to power the Nazi government planned and prepared for a war of world conquest. This investigation has demonstrated beyond all doubt that the policy of the Nazis was not only known to I. G. Farben and its officials but that it was always a policy with which I. G. fully agreed and which it supported to the full extent of its power and resources. This active support and cooperation can be traced back to the autumn of 1932, when I. G. seriously considered the desirability of discontinuing its costly experiments in hydrogenation. At that time leading Farben officials were split into two camps, those believing the experiments should be continued, the others, that they be discontinued in view of the losses which were running into hundreds of millions of reichsmarks. I. G. sent two of its leading officials to Hitler to determine his attitude toward retention of the protective duty on imported natural oil. Hitler assured the I. G. delegates that the duty would be retained and that the experiments fitted into his program.

Several months later, in February 1933, a meeting of 20 of Germany's leading industrialists was called by the President of the Reichstag, addressed by Hitler, and solicited by Dr. Schacht. The funds so collected, amounting to RM. 3,000,000, were used to finance the election campaign of the Nazi Party. Dr. von Schnitzler attended this meeting and arranged for the I. G. contribution to be made by Hermann Schmitz, the chief financial officer of I. G., later president of the firm. Subsequently, Schmitz was appointed to the Reichstag.

After the advent of the Nazi regime in Germany, the close relationship of I. G. to the Wehrmacht was visibly strengthened.

In 1934 the Wehrmacht became important and with increased tempo after 1936 the Wehrmacht became the prominent factor in the whole picture. Since 1934 a strong movement for investments in our plants for commodities of decisive military importance became more and more pronounced with the main objective of increasing the military potential of Germany. At first autarchic principles to make Germany independent of importation from abroad was one of the leading objectives. Since the declaration of the 4-year plan in 1936, the movement took an entirely military character and military reasons stood in the foreground. Hand in hand with this, the relations between I. G. and the Wehrmacht became more and more intimate and a continuous union between I. G. officials on the one side and the Wehrmacht representatives on the other side was the consequence of it.

One of the first steps taken by Farben in this regard was the establishment of an office which concerned itself entirely with military liaison. This was the so-called Vermittlungsstelle W. In a report on the functions of this organization, dated December 31, 1935, it was clearly stated that:

The aim of this work is the building up of a tight organization for armament in the I. G. which could be inserted without difficulty in the existing organization of the I. G. and the individual plants. In the case of war, I. G. will be treated by the authorities concerned with armament questions as one big plant which in its task for the armament, as far as it is possible to do so from the technical point of view will regulate itself without any organizational influence from outside [the work in this direction was in principle agreed upon with the Ministry of War (Wehrwirtschaftsamt) and from this office with the Ministry of Economy] * * *. To the field of the work of the Vermittlungsstelle W belongs besides the organizational set-up and long range planning, the continuous collaboration with regard to the armament and technical questions with the authorities of the Reich and with the plants of the I. G.

By the admission of I. G. officials, this office was established because, by 1934, transactions between I. G. and the Wehrmacht had become so numerous and the I. G.-Wehrmacht relationship had grown so intimate that coordinated liaison was required. It also was established at the suggestion of the German military authorities and "occupied itself principally with problems in connection with a possible war." Prior to the Allied occupation, I. G. officials destroyed the files dealing with Vermittlungsstelle W matters.

At approximately the same time that the Vermittlungsstelle W was established, I. G. received orders from the Government to prepare production plans in the event of war. As Dr. Struss said:

I know that a representative of the Ministry of Economics, Dr. Lenz, and a representative of the Ministry of War, Dr. Mureck, assisted in the making of these plans. I remember that Dr. Mureck often told us that the Ministry of War wants the plans drawn up in such-and-such a way.

Pursuant to these instructions I. G. Farben in 1934 began to mobilize for war. Every I. G. plant prepared its production plans for war and turned them over to the Vermittlungsstelle W, which submitted them to the Ministries of War and Economics. By early 1939,

these plans, the so-called MOB plans for the production of essential military goods, were approved by the Ministry of War and ready to be executed. According to Dr. Engelbertz, manager of I. G.'s plant in Griesheim, which produced many vital war chemicals such as intermediates for explosives, carbon electrodes for aluminum, and chlorine electrolyses, his plant received the approved MOB plans for its products in March or April 1939 with the understanding that they were to be put into operation at the outbreak of war.

By the middle thirties I. G. had become so preoccupied with war that the facilities of all its plants were devoted to "war games" (Kriegsspiele) and to "maneuvers in the technical problems which may come up" in the event of war. According to Dr. Struss, the war games or Kriegsspiele began in 1934 or 1935 under the supervision of Wehrmacht officials. These games were described in detail by Dr. Struss as follows:

It is true that since 1934 or 1935, soon after the establishment of the Vermittlungsstelle W in the different works, theoretical "war plant games" had been arranged to examine how the effect of bombing on certain factories would materialize. It was particularly taken into consideration what would happen if 100- or 500-kilogram bombs would fall on a certain factory and what would be the result of it. It is also right that the word "Kriegsspiele" was used for it. The "Kriegsspiele" were prepared by Mr. Ritter and Dr. Eckell later on partly by Dr. v. Brunning by personal order, of Dr. Krauch. Whether these "Kriegsspiele" originated from Professor Krauch's own initiative or by order of the Air Force, it is not known to me. The tasks were partly given by the Vermittlungsstelle W and partly by officers of the Air Force. A number of officers of all groups of the Wehrmacht (Navy, Air Force, and Army) participated in these "Kriegsspiele." The places which were hit by bombs were marked in a map of the plant so that it could be ascertained which parts of the plant were damaged, for example, a gas meter or an important pipe line. As soon as the raid finished, the management of the plant ascertained the damages and reported which part of the plant had to stop working; they further reported what time would be required in order to repair the damages. In a following meeting the consequences of the "Kriegsspiele" were described and it was ascertained that in the case of Leuna (plant) the damages involved were considerably high; especially it was found out that alterations of the pipe lines were to be made at considerable cost.

It is significant to note that in all these preparations for war I. G. Farben did more than merely comply with orders and requests of the Wehrmacht and Nazi government agencies. It functioned, in fact, as though it were a research organization of the German Government, itself charged with the responsibility of discovering all possible means of increasing the military might of Germany. Farben voluntarily initiated many projects for the Wehrmacht and then proceeded to convince the Wehrmacht of the importance of such projects. This aspect of I. G. Farben's operations is clearly disclosed in a report of Farben's development and experimental work. The report states that—

A whole range of problems has been worked at by the I. G. for its own account and only later, after certain results of experiments could be established, the offices of the Army were interested in these problems * * *. The cases were respectively rare where the Army for its part approached the I. G.

The report estimates that about 30 to 40 percent of the military projects worked on by I. G. "were submitted to the Army by the I. G. on its initiative."

Farben's active cooperation with the Wehrmacht was not confined to the assumption of the initiative on the part of I. G. technicians. With the appointment of I. G.'s chief technical man to the Four-Year

Plan, the aims and purposes of I. G. Farben merged with and became an integral part of the Nazi plans for aggressive war. In 1936 Dr. Carl Krauch, with the approval and encouragement of the Farben central committee, was selected by General Milch, on behalf of Hermann Goering, to head up the research and development section for the chemical industry in the Four-Year Plan. The duties attached to this post required the collection of statistical data and the exploitation of new processes.

Krauch continued these duties, in the Four-Year Plan until 1938, always keeping his colleagues in Farben informed of his activities, while still performing his Farben duties as chief of Division I.

As the result of an unusual incident in June 1938, Goering appointed Krauch chief of all chemical expansion and construction under the Four-Year Plan. A report on certain technical processes was submitted to Krauch's office for examination and approval. Contained therein, and not intended for Krauch's approval, was a list of production quotas which the German chemical industry would meet in the years 1938-39. Krauch realized that these were hopelessly optimistic figures and could not possibly be realized by the chemical industry. He immediately went to Goering and convinced him of that fact. At that point, Goering appointed Krauch chief for the entire chemical industry under the Four-Year Plan.

When questioned about his knowledge of Hitler's intention to wage war, Krauch stated:

Question. Didn't it become apparent to you first in 1935, when the Wehrmacht exhibited great interest in your buna, and later after you assumed your job with the Four-Year Plan in 1936 to increase the chemical capacity of Germany, that the Nazi government was on the road to war?

Answer. I had the feeling that they were going to war, as Dr. Bosch told me in June 1938, and that was when I went with the wrong figures of Loeb to Goering and said to him we can't go to war because the figures are all wrong. We will lose the war on this basis.

Thus, Krauch, Bosch, and leading I. G. officials had specific, affirmative information of the Nazi plan of aggression at least as early as June 1938, 15 months before the invasion of Poland on September 1, 1939. It had been Krauch's job to help make Germany ready for war. From the German aggressors' point of view Krauch did his job well.

Thus, before the Nazi army attacked Poland, I. G. and the rest of German heavy industry was mobilized and ready after long years of preparation. In describing how perfectly the "MOB" plans worked when put into operation, Dr. von Schnitzler stated, in part, as follows:

All the German industries were mobilized in summer 1939 and in the summer 1939 the Wirtschaftsgruppe Chemie issued an order that the plans for war were in action. In June or July 1939 I. G. and all heavy industries as well knew that Hitler had decided to invade Poland if Poland would not accept his demands. Of this we were absolutely certain and in June or July 1939 German industry was completely mobilized for the invasion of Poland."

These activities of I. G. standing alone would leave no room for doubt that Farben knew for many years that the German Government intended to wage aggressive war. In addition, I. G.'s leading officials assisted in the formulation and execution of the internal and external policies of the Nazi regime to promote that end. Its president was a member of the Reichstag. Its leading scientist was one

of Goering's chief assistants under the Four-Year Plan. Its statisticians and economists prepared intelligence for the Nazi high command. Scores of its technicians were constantly on loan to the Air and War Ministries. According to Dr. von Schnitzler, the war was "only the last step of a long-prepared evolution" of the Nazi policies.

Months before the attack, I. G. was officially informed by Goering's office that the Nazi war machine would invade Poland in September 1939 if Poland did not accept Hitler's demands. Before Hitler's moves against Czechoslovakia, I. G. had completed its preparations to take over its leading competitor in that country.

Farben not only planned and prepared for war, but it also planned and prepared for the future when Germany would have conquered the world. In particular, it planned for Farben's part in the New Order and for the use of the spoil which Farben was to receive.

In June 1940, with half of Europe already under the Nazi heel and with the downfall of France imminent, Hitler's plans to conquer the world seemed capable of early fruition. I. G., too, had dreams of world empire, dreams which it translated with painstaking clarity into a document appropriately entitled "Neuordnung" (New Order). The document was submitted to the Ministry of Economics. The letter of transmittal which accompanied the document stated that I. G. anticipated the German conquest of Europe, felt that a new order for the chemistry industry of the world was required to supplement Hitler's New Order, and rationalized its purposes in the light of the "unfair" activities taken by the Allies against Germany after World War I.

Today's extent of non-German production, however, is distinctly the result of the political and politico-economic forces which have been directed against Germany for the last 20 years.

The immediate objective of the document was to insure the full cooperation of the chemical companies of the conquered countries in producing for the Wehrmacht. The second objective envisaged the complete incorporation of the chemical industries of Europe, including the British Empire, within the framework of Hitler's New Order. The third objective was to eliminate United States competition in the world market. Finally, Farben was preparing to utilize again its vaunted economic warfare weapons, cartels, capital investments and know-how, in anticipation of a possible conflict between Germany and the United States of America.

I. G. proposed to accomplish the subversion of the European chemical industry by absorbing companies, eliminating plants, and controlling production and distribution through the medium of German-dominated cartels.

Under Farben's contemplated new order trade relations between Europe and other countries in the chemical field would have been completely reserved to I. G. and Germany. I. G. planned to accomplish this complete control of the European economy by the use of import duties, quotas, licenses, export regulations, certificates of origin, foreign exchange controls, tax policies, and patents and trade-marks. The charts, numbered exhibit 8 to chapter VI of the Farben report, demonstrate the painstaking detail with which Farben drew up its specific plans for each country. Particularly noteworthy are the number of items of which local production was to be completely

FRANCE

		Import Duty (proposed)	Total Consumption	Imports from Germany	Exclusive German subsidies	German Approval	Export Restrictions
	3. Soc. des Usines chimiques Rhône-Poulenc	more than 33% - 40 ffrs.	-	-	-	-	yes
Ferro-silicium		-	-	-	-	Limit on production	yes
Ferro-chromium		-	-	-	yes	Limit on production	yes
Trichlor Ethylene		65 ffrs. - 100 kg.	-	-	-	-	-
Formaldehyde		-	-	-	-	-	-
Ethylene (Glycol etc.)	1. Cie Courrières Kuhlmann	-	-	-	-	yes - confined to present capacity & Manufacturing approval required	-
Solvents, synthetic resins & other Lacquer Raw Materials Including Acetic ether Acetyl Cellulose Sodium acetate Lead acetate G. B. ester Softener R.E.A. Spec. Solvent D.A Glycol A	1. Rhône-Poulenc 2. Progil (Kuhlmann) 3. Bozell-Maier & Soc. Ind. des Dérivés de l'Acétylène 4. And others	187 ffrs. - 100 kg n. wt. 800 ffrs. - 100 kg. n. wt. 50 ffrs. - 100kg. g. wt. 11,80 ffrs. - 100kg. n. wt 25% of Value P. J. . P. J. . Plus 9% Turnover Tax except Acetylcellulose	-	-	-	-	-
Calcium-carbide		36 ffrs. - 100 kg	-	-	-	Desire for protective duties	-
Silicium-carbide		-	-	-	-	Abolition of Barriers by use of preference duties	-
		Free	-	-	-	-	-

GREAT BRITAIN

Product	Producer	Import Duty (present)	Import Duty (proposed)				Total Consumption per Annum in Metric Tons	Imports from Germany per Annum in Metric Tons	Exclusive German Import Agreement Required	German Approval Required For New Construction or Expansion	Export Restrictions Desired
			For Germany	For European Great Economical Sphere	For All other Countries including the U. S. A.						
Acetic Acid	1. Imperial Chemical Industries Ltd. 2. The Distillers Ltd 3. others	33% of Value for Synthetic 20% of Value from wood	Free or 2% of Value	30% of Value	50% of Value	-	-	-	yes	yes by proposed agreements	
Acetic Anhydride	1. Courtaulds, Ltd.	33% of Cif. Value	2% of Value	30% of Value	50% of Value	20,000	40	yes	-	-	
Trichlor Ethylene	-	33% of Value	Duty to be cancelled or reduced	-	-	-	-	yes	Limit in production	yes	
Formaldehyde	-	-	-	-	-	-	-	-	-	-	
Ethylene (Glycol, etc.)	-	-	Cartels to eliminate duty restrictions	-	-	-	-	-	yes	confined to present capacity & manufacturing approval required	
Solvents synthetic Resins other Lacquer Raw Materials including Lead acetate Acetylcellulose Acetic ether other Solvents	1. Joseph Storey & Co. Ltd. 2. British Industrial Solvents Ltd. 3. British Celanese Co. Ltd. 4. Distillers Co. Ltd. 5. And others	33% of Value	Reduction of duty requested	-	-	-	-	-	-	-	
Caricum Carbide	-	Free	Abolition of customs high barriers by use of preference duties	use of protective duties	40,000	-	-	-	yes	-	
Silicium Carbide	-	Free	Free	-	-	-	-	-	-	-	

Produkt
Acetic Acid
Acetic Anhydride
Acetone
Ethyl-acetate, 98/100% Solvents - E 13 E 14
Butanol Butylacetate Intrasolvan E Polysolvan E
Tricresylphosphate Palatinal C
Camphor
Allydals
Nitrocellulose 1. Damped 2. Solution 3. Mass
Cellit
Methanol
Polyvinylacetate emulsions Polycrylacetate emulsions Igeit Oppanol
Sodium Bisulphite Sodium Sulphite (Included with Germany)
Ferro-silicium
Ferro-chromium
Trichlor Ethylene
Formaldehyde
Ethylene (Glycol etc.)
Solvents synthetic Resins other Lower Row Materials
Calcium carbide
Silicium carbide

forbidden, and the number of items the production of which was to require prior German approval.

The charts attached hereto illustrate graphically the nature of Farben's specific plans for a new chemical order in individual countries. They present some indication of the painstaking detail with which Farben prepared these plans. In the extreme left column are listed chemical products, trade in which was presumably of particular interest to Farben. The next column lists the major producers in each country of the itemized product. There then follows an indication of the present import duty and of the new schedules proposed by Farben. I. G. proposed three separate duty schedules: (1) For imports from Germany; (2) for imports from other European countries within the German orbit; (3) for all other countries including the U. S. A. Products coming in under the first schedule were to be either free or dutiable at a token rate. Products imported under the second, for the most part, were to be dutiable at 30 percent of value. Products imported under the third schedule were to be taxed at 50 percent or more of their value. These schedules thus assured that all imports would be from Germany and virtually prohibited importation from the United States. In addition, I. G. advocated that the construction of additional capacity within the various countries for the production of most of these products should require German approval and that restrictions be placed upon the export of these products by the listed producers.

Also of particular significance are the new import duty schedules proposed by Farben. Products from Germany were to be completely duty free, or dutiable at a token rate only. Imports from countries within the German orbit were to have a duty amounting to 30 percent of their value. Imports from all other countries, however, including the United States, where permitted, were to be taxed at 50 percent of their value. These schedules alone assured that all imports would be from Germany and virtually prohibited the importation of products from the United States.

With respect to England, the I. G.'s new order contemplated that Great Britain would be required to guarantee Germany at least a 30-percent participation in the British dyestuffs turn-over and that products not produced by the British industry would be imported only from Germany. Furthermore, I. G. proposed that British dyestuffs companies be prohibited from exporting directly or indirectly to Europe (including Asiatic Russia), the American Continent (with the exception of Canada), China, Japan, Dutch East Indies.

Farben's economic blitzkrieg of the United States was specially planned. Said Dr. von Schnitzler:

It must be remembered that in preparing the Neuordnung we were following the lines of the so-called Gross-Raum-Politik laid down by the Government.

We were looking to the overwhelming downfall of France and eventual capitulation of England when we prepared the document. It must be remembered that we knew well the aims and policies of the Government and we knew that it was the intention of the Government to improve its strength in relation to the countries outside of the European sphere. This meant, of course, the United States because outside of Europe the United States was the only strong country with which Germany had to reckon. Therefore, we wrote in the Neuordnung that we intended to keep Germany as strong as possible militaristically in relation to the United States. We could accomplish this only by limiting the production of armaments in Latin America. We did not want in the event of an eventual conflict with the United States to permit Latin America to supply the United

States of America with war materials. It should be remembered that I. G. had to follow the lines of the Nazi Government.

Partially explaining the methods I. G. would use, Von Schnitzler wrote:

It is obvious that the Government's first interest was a militaristic one. Therefore the main points in the "Neue Plan" will have been: no licenses or know-how for such chemicals should be given to the chemical industry outside of Europe without before having asked I. G. of their opinion. This measure, of course, can be understood as being directed against the United States because United States remained apart from Russia the only country with a great economic potential in the outside world.

Farben linked the entire success of its Neuordnung to the outcome of its struggle with the United States.

The principal weight of the discussion bearing on a new arrangement of the world market will rest on the relationship with the North American concerns.

With covetous eyes, Farben emphasized that pan-Americanism had been strengthened by the war and that this would hamper the Neuordnung program.

The strengthening of pan-Americanism will coincide with the effects of the fact that England will now completely lose her role as financier of the Latin-American countries * * * and that the United States of America will take her place. * * * It will, therefore, depend on the degree of order or disorder of the European economic sphere and on the creation of a determined commercial policy, in how far and at what pace Europe, and more particularly Germany, will be able to rebuild, maintain, and develop its position as a regular trade partner in the Latin-American continent.

I. G. also laid special emphasis on driving the United States from the European market. For example in regard to nitrogen products, it proposed:

For the future, it is desired that—in a manner similar to that proposed for other market—Germany be given priority for (the supplying of) all additional requirements of nitrogen of any kind. This stop shall be designed, in particular, to exclude or control North American imports. * * *

Farben also urged and the Economic Ministry agreed that—

It is necessary to remove the Americans from French production scene with every means at our disposal.

Commenting upon the Economic Ministry's views in this matter, I. G. stated:

The determination with which he (Schlotterer) expounded this thesis leaves no doubt that we ought not be too much concerned as to the means we are to be allowed to use.

Having made a major contribution to the Nazi war potential, I. G. reaped the profits of aggression. Even prior to the Nazi conquest, Farben was the major chemical firm on the continent. Yet its acquisitions as a result of conquest were tremendous. These acquisitions of chemical and dyestuffs firms in the conquered countries totalled approximately 350,000,000 reichsmarks.

One after the other, it absorbed or eliminated its competitors in the dyestuffs field in the conquered countries until not a single independent dyestuffs company remained. This looting was characterized by (1) the planning engaged in prior to each Nazi aggression; (2) the ruthlessness and speed which was exhibited in taking over and managing such plants; and (3) the fact that the transactions were executed under duress and that rightful owners often did not receive any compensation whatever.

After the occupation of Poland, for example, Farben acquired, among other firms, Boruta, the largest Polish dyestuffs plant in that country with full knowledge that the Polish owners would receive nothing for this property. Farben did make payment for this particular property; but it was to the SS organization which took charge of allocating the loot in Poland. It should also be noted that Farben's ability to obtain concessions of this type from the SS was undoubtedly facilitated, but its large annual contributions to Heinrich Himmler, Reichsführer SS.

In the case of Czechoslovakia, I. G. Farben was determined that the dyestuffs industry of Czechoslovakia would not fall into the hands of some third party thereby impairing the world position of Farben. Accordingly 3 months before the occupation of the Sudetenland a meeting was called between Farben's Berlin personnel and the managers of its Czech agencies to decide upon a course of action. On July 28, 1938, a monograph on the structure of the Prager Verein was issued. By September 23, 1938, Farben officials had conducted successful negotiations with the Nazi government for the appointment of two of its directors as commissars of the Prager Verein's two largest plants, the two dyestuffs plants (Aussig and Falkenau) in the Sudetenland. A Farben report describes subsequent events as follows:

On October 1 the entry of the German troops began, on October 3 Falkenau was occupied, and on October 9 Aussig [was occupied]. All Sudeten factories of the Prague Verein were entrusted to a commissar, Director Dr. Kugler (I. G.).

Farben President Hermann Schmitz was quick to pay off for such lightning service. He sent a wire to Hitler:

Profoundly impressed by the return of Sudeten-Germany to the Reich, which you, my Fuehrer, have achieved, the I. G. Farbenindustrie puts an amount of one-half million reichsmarks at your disposal for use in the Sudeten-German territory.

The Prager Verein objected strongly to Farben's commissars and to Farben's efforts to negotiate the purchase of the plants. However, it had no alternative but to sell out for a price equal to only 1 year's annual sales turn-over.

Commenting on the speed of the negotiations Dr. von Schnitzler stated:

Seldom has a great international economic agreement containing so many clauses and covering so many domains been concluded so speedily as this. In 1 day the agreement in principle was reached and the lump sum was fixed. In the 30 days following all clauses were prepared and in another 2 days negotiations in Berlin about December 7, the agreement and all its bylaws were signed.

In answer to a query as to what would have happened to the plants if the owners had refused to sell, Dr. von Schnitzler replied:

* * * no doubt the German Government would have sequestered the property and installed commissars to manage it on a permanent basis.

With respect to France Farben at first expected to purchase the local chemical companies at knock-down prices from the SS or the Wehrmacht. It soon became apparent to the Nazis, however, that many French industrialists were willing to join forces with the Germans against the Allies rather than lose their property; and, in fact, that certain French chemical leaders, notably Joseph Frossard, the head of Etablissements Kuhlmann, which was the dominant chemical

company in France and next to I. G. was the largest chemical company on the European continent, were extremely anxious to open negotiations with the Germans. Dr. von Schnitzler said:

Frossard consequently started nearly at once—I think it was in August—with his endeavors to come on speaking terms with us, he not only addressed Dr. Kramer in Paris, but he let me know through Mr. Koechlin of I. R. Geigy in Basel that he was desirous of a conversation with us. We saw Mr. Koechlin in October 1940, in Zurich. Notwithstanding the applications made by I. G. to the German Government I was not in a hurry to react on their suggestions, as we were not prepared to renew our relations with the French group on the basis of the old cartel agreement but aspired to a much deeper rooted agreement. I thought it advisable to let them simmer in their own juice and to wait till they asked for such private negotiations through the official channel of the armistice commission.

Many months before the meeting of Hitler with Petain and Laval placed German-French collaboration on an official basis, the French chemical industry was pressing for an understanding with I. G. Farben. The nature of the understanding finally reached is described in a report from the Farben agent in Paris who stated:

One sees absolutely clear at Kuhlmann's that Germany will win the war and that the organization of the European economy will be made under the leadership of Germany. Frossard offers to put his whole industry into the services of Germany to strengthen the chemical potential for the continuance of the war against England.

Kuhlmann would be prepared to produce all preliminary and auxiliary products for the I. G. which would be desired from the German side. He, Frossard, wants a confidential collaboration—closer connection by marriage in the dyestuff and chemical field, enclosure of the French industry in the European economy under German leadership.

Not only was Frossard himself anxious to work for the Nazis, but he also promised that he would see to it that any other leading men of the Kuhlmann concern who might prove intractable would be dismissed. In addition, he offered to secure the collaboration of other French industrialists. Frossard also assisted I. G. greatly in the transfer of French labor to Germany. Even before this transfer was officially agreed to by the Vichy government, Frossard offered to arrange for the transport of such laborers to German factories.

You can be convinced [wrote Dr. von Schnitzler] that General Director Frossard handles the question of sending workmen in closed units to works of I. G. with just as much understanding as good will * * *

Frossard was not the only example of French collaboration. French chemical companies showed a similar disposition. Dr. von Schnitzler testified that only one chemical company in the whole of France showed a refractory attitude. With this cooperation it was not very difficult for Farben to secure effective control of the French dyestuffs industry through the creation of Francolor in which Farben took a 51 percent interest.

Francolor, created in 1940-41, absorbed substantially the entire French dyestuffs industry. In return the French companies received less than one-half of 1 percent of the common stock of Farben.

These were the fruits of conquest which Farben earned as a fellow conspirator, with knowledge of and participation in the crime. As stated by Dr. Gustav Küpper, chief counsel of Farben's dyestuffs department:

To my knowledge, I. G. Farben, its directors and officers, fully approved the Nazi aggression against Austria, Poland, Czechoslovakia, and France. * * * I. G. profited considerably from these conquests.

X. THE MENACE OF I. G. FARBEN

To summarize, the I. G. Farben report has confirmed what heretofore have been mere speculations; and has uncovered a wealth of evidence proving conclusively: (1) that without I. G.'s immense productive facilities, its intensive research and vast international affiliations, Germany's prosecution of the war would have been unthinkable and impossible; (2) that Farben not only directed its energies toward arming Germany, but concentrated on weakening her intended victims; and (3) that this double-barrelled attempt to expand the German industrial potential for war and to restrict that of the rest of the world was not conceived and executed in the normal course of business. For the proof is overwhelming that I. G. Farben officials had full prior knowledge of Germany's plan for world conquest, promoted those plans, planned their own operations accordingly, and anticipated expanding their empire on the plunder acquired.

As an example of an aggressive management which disregarded all human values and committed itself to a program for world domination, Farben is symbolic of the role played by the large industrial firms of Germany. The proposition must be recognized that giant industry, throwing all its weight behind a despotic government, actually holds the balance of power in the conduct of successful warfare. As stated by Dr. von Schnitzler:

Thus, in acting as it had done, I. G. contracted a great responsibility and constituted a substantial aid on the chemical domain and decisive help to Hitler's foreign policy, which led to war and to the ruin of Germany.

Thus, I must conclude that I. G. is largely responsible for Hitler's policy.

As of VE-day, Farben officials themselves estimated that 87 percent of I. G.'s wartime (1943) capacity remained intact. This is much larger than I. G.'s war potential as of the outbreak of war in September 1939. In order to resume large-scale operations these plants require only the necessary fuel and raw materials. Practically all of the technicians necessary to the successful operation of these plants are available in Germany. I. G.'s war potential in terms of production on VE-day is shown graphically on this chart which is chart No. 16 to the Farben report.

If allied policy is that "Germany never again will threaten her neighbors or the peace of the world" then Farben must be destroyed together with its capacities for war production.

The CHAIRMAN. I have noted a few questions that I want to ask you.

For instance, can you furnish a general statement as to what your investigations of Farben and other German business, industrial and financial, enterprises indicate as to the role they played in Germany's conspiracy to wage aggressive war? You covered it partly yesterday, but I wonder if you have anything more.

Colonel BERNSTEIN. I would like to say this, that in addition to our investigation of Farben we have been investigating a number of other concerns, particularly, the iron and steel companies, the electrical companies and the big banks. We hope to prepare reports which we feel would be of equal significance to the report we have prepared on Farben. I think generally it might be said that what we found Farben doing was also being done by other big industrial and financial enterprises in Germany. We also find an interrelationship between the financial and industrial firms which was very close

and intimate and reflects an identical spirit and point of view on the subject of aggression.

The CHAIRMAN. In other words, this was not what you might call a national security agreement at all. It was really an agreement for conquest. The plans were based on conquest and aggression and not merely to safeguard the German Reich?

Colonel BERNSTEIN. Absolutely. It was a question of loot as a result of aggression; a desire to dominate the world from a political, military, and economic point of view.

The CHAIRMAN. This I. G. Farben, your testimony shows, had cartel relations with Standard Oil of New Jersey, and also with Ethyl Export Corp. and through these relationships Farben was able to obtain some five hundred tons of tetraethyl of lead. This portion of the report brought to my attention some paragraphs from the over-all report recently issued by United States Strategic Bombing Survey. I would like to read to you one paragraph from the report:

Eliminating from consideration the Heydebreck and Brixlegg plants, which were only projects, and the two Italian plants, whose production was unavailable, there were only three plants supplying ethylene dibromide. These plants were not bombed, although the equipment and processes used were such as to make them highly vulnerable to air attack.

Colonel Bernstein, I should like you to comment on the failure to bomb the only tetraethyl plants available to Germany.

Colonel BERNSTEIN. I am in no position to comment on that. My main work was in the field of civil affairs and military government and I am not familiar with the programs of the Air Force in their bombing.

The CHAIRMAN. You have been around the Farben offices in Frankfurt quite a bit haven't you?

Colonel BERNSTEIN. Yes, sir. I have been around the Farben offices in Frankfurt and the Farben plants in the Frankfurt area, Griesheim, and other places.

The CHAIRMAN. You noticed the bombing limits around the Farben offices?

Colonel BERNSTEIN. The Farben offices were not hit by bombs.

The CHAIRMAN. There was a rather definite line around them at which bombing ended.

Colonel BERNSTEIN. Sir, I am not sufficiently expert in the functioning—

The CHAIRMAN (interposing). I am talking about demolition.

Colonel BERNSTEIN. Actually, large parts of Frankfurt, including portions fairly close to the Farben building, the main headquarters, were bombed. Farben in Frankfurt itself did not appear to have been hit by any bombs. However, I have no significant information on that subject.

The CHAIRMAN. I was very much interested in Farben's so-called "new order," document which described plans for its own expansion after a German victory. Would it be correct to say that if Farben's "new order" for the chemical industry had been placed in effect American chemical industries would have been limited to United States markets? Can you describe in some detail just how the "new order" scheme would have operated with reference to American industry?

Colonel BERNSTEIN. Senator, I feel that the "new order" document is a tremendously significant document to American business. It

gives them, as clearly as I have ever seen anywhere, a picture of what would have happened to American industry had Germany succeeded in winning the war. I think pretty clearly the chemical companies of the United States would have been completely frozen out of European markets, and, by and large, out of world markets. The detail with which this plan was prepared is simply incredible. This document that I have here is a translation of the "new order" document. It reveals a knowledge of conditions in the chemical field throughout the world that could only have resulted from the expressed desire to formulate a plan for the absorption of most of these chemical companies, and for the drastic reduction of the role which the remainder would be permitted to play.

The charts, which we have over here [indicating] which we have attached as exhibits to the Farben report indicate also the techniques that Farben intended to follow in order to expand its own control and reduce the role played by chemical companies in Europe and in the United States.

I think Farben clearly recognized that its main opponent would be the American chemical industries and its program was formulated in such a way as to be ready to take on the American chemical companies in a life-and-death struggle and Farben anticipated it was going to be the victor.

I, myself, feel that a great service would be done to American business concerns, not only in the chemical field, but in other fields, if organizations such as the Chamber of Commerce and the National Association of Manufacturers were to take this "new order" document and out of it write a brochure which they could circulate to their membership, so that their membership could, without having to read a several-hundred-page document, get the most essential points of the program of Farben to dominate the world chemical industry. And Farben was dealing only in chemicals. Undoubtedly the other great German industries were preparing comparable plans for their fields of activities.

Farben makes a point of the fact that its plan is simply a translation into the field of chemical industry of the whole "new order" philosophy of the Reich, and we may assume that that philosophy would be translated in industry after industry.

The CHAIRMAN. You noticed, Colonel, did you not, in the various files in Frankfurt that there would be a folder file, one on the techniques in dealing with North American businesses and another labeled Information with Reference to Certain Phases in the United States, and another one, Information on Brazil. There seemed to be a most exhaustive survey of conditions.

Colonel BERNSTEIN. It was, sir.

The CHAIRMAN. And all carefully tabulated and filed.

Colonel BERNSTEIN. It was, undoubtedly. I would like, if I may, to mention one or two other items in connections with the "new order" document. I think, Senator, you mentioned yesterday reading an article which contained the remark that in Holland they cannot get along without cartels. Farben had something in store for our friends in Holland should Germany have succeeded in winning the war.

For Holland, Farben's "new order" document envisioned the complete elimination of the photographic industry since (and I quote):

In our future business with Holland in photographic materials it would be desirable if the requirements of the Dutch market can entirely be satisfied by the German photographic industry.

The French and Norwegian photographic industries were to be treated similarly.

With regard to the French pharmaceutical industry, I. G. proposed (and I quote):

On the French side this "new order" established in our mutual relations would have to be supplemented by a decree forbidding the construction of plants producing pharmaceutical products. In addition, a number of small and unimportant laboratories, most of which are of local importance only, should be closed.

Further with respect to the exclusion of all other countries from the French domestic market, I. G. proposed (and I quote):

Enforcement of a French quota and licensing system in favor of Germany which will have as its purpose that French demands for imports will be supplied by Germany only.

With respect to the United States, and particularly the special emphasis which Farben placed on driving the United States from the European market, the "new order" plan says with regard to nitrogen products (and I quote):

For the future, it is desired that in a manner similar to that proposed for other markets, Germany be given priority for the supplying of all additional requirements of nitrogen of any kind. This step shall be designed in particular to exclude or control North American imports.

This was typical of the injunctions laid down with respect to specified products too numerous to mention.

With respect to dental products, a large part of which France had received from the United States, German supplies were to be substituted. Not only did I. G. intend to drive the United States of America and other free countries from the European markets; it also expected and prepared to compete strongly with the American industry for the remaining free markets of the world.

Forced away—

says the "new order" document—

from European business for reasons which were effective already prior to the war and which will become increasingly effective after the war, the Americans will do everything within their power to maintain and promote the development of their exports of chemicals.

The CHAIRMAN. It was interesting to me in studying various cartel agreements to discover how German companies had played upon the whole theory of ours of a high tariff to protect American industry, by agreeing to grant exclusive grants in the United States and at the same time excluding us from the rest of the world, with the idea of letting us exploit our own markets only. Have you noticed that in any of their cartel agreements? They played on that theory of ours that the one way to build prosperity in the United States was to erect high tariff walls forbidding others to come in, realizing at the same time that they would forbid us from trading in other markets.

Colonel BERNSTEIN. Incidentally, in their "new order" plan Germany was going to force other countries to reverse some of their high tariff policies. The "new order" document provided that as far

as German products are concerned, a free trade policy was to be followed. Tariffs and duties were to be eliminated entirely as far as German imports from Germany were concerned; or if there were any kind of a duty it would be a nominal one of 2 percent.

They thought it desirable to maintain a high tariff policy in the countries of the world with respect to chemicals that came from sources other than their own.

The CHAIRMAN. In other words, they were using the selective tariff system also.

Colonel BERNSTEIN. It was a rather new way of using the selective tariff system.

The CHAIRMAN. It is my understanding that among the functions you have been charged with as head of DICEA is the uncovering of the foreign assets of various German companies and industrialists, including I. G. Farben. Can you give us some picture of the success of I. G.'s penetration in Argentina?

Colonel BERNSTEIN. I might say with respect to that, sir, that we have been asked by the agencies of the Government to refrain from making public here a considerable amount of material that we have obtained on the penetration of Farben into Latin America, particularly into Argentina. It was quite clear, though, that Farben had agencies there through which it not only could carry on the Nazi propaganda line but also could carry on espionage activities for the Wehrmacht and the German Government, and be a source through which a vast amount of information of value to the Wehrmacht and the Nazi Government could be obtained from the whole Western Hemisphere.

The CHAIRMAN. General Hilldring testified yesterday that a decree had been passed by the Control Council ordering the seizure of such German external assets to be used as reparations as well as to destroy German's economic reserve throughout the world for another war. How does this affect Argentina? By that I mean this could only be done if Argentina would acquiesce in the seizure, is that right, and that applies to any other nation?

Colonel BERNSTEIN. Well, it raises some of the legal questions arising under the decree, plus, of course, political questions. This is a matter, I suppose, on which State Department will have the final word for our Government as to whether Argentina will be treated more like a neutral country such as Switzerland, or whether it would be treated more like an Allied country such as Brazil.

The basis on which that decision would be made is, I believe, at a high level.

The CHAIRMAN. However, the point I am getting at is this: As with all sovereign countries—either neutral or Allied countries—the only way the Control Council can operate is with the consent of the country involved, and it is a question of internal or domestic negotiations with that country to get us the right to go in there, in the courts, and by taking judgments, and so forth, seize these assets; isn't that right?

Colonel BERNSTEIN. That is correct.

The CHAIRMAN. It couldn't be handled by decree, it wouldn't be binding on any country as far as it invades their sovereignty.

Colonel BERNSTEIN. I would be unwilling to say that a decree is not binding on the countries. I think the Control Council would want to take the position that under the decree it has a legal right to Germany's external assets. Of course the enforcement of that right

would require cooperation from the government of the countries where the assets are.

The CHAIRMAN. That is right. That is not effective unless the other countries will cooperate, and then only to the extent with which they will cooperate.

Colonel BERNSTEIN. As a practical matter, that is substantially correct.

The CHAIRMAN. I am late in court now. If you don't mind waiting 30 minutes, we will conclude this after I get back.

(A recess was taken from 11:40 a. m. to 12:10 p. m.)

The CHAIRMAN. Now, Colonel Bernstein, I would like to call your attention to an item which is appearing in Scripps-Howard newspapers today charging that in China the man who is directing liquidation of I. G. Farben's vast holdings in the Far East is a well-known Nazi, S. Gadow, who is being assisted in this work by 22 other German nationals, many of them active Nazis as well, I should like to know, Colonel, whether this situation has any parallel in Europe, that you know of.

Colonel BERNSTEIN. I hope it doesn't sir. I am quite sure those people are not functioning on behalf of the Control Council in attempting to deal with those assets, and I will do everything I can to get that information sent over to the Control Council with a view to seeing whether some action can be taken on it.

The CHAIRMAN. Are there any other instances that you know of where Nazis or collaborationists have been installed in positions of control in the industrial disarmament program, particularly with respect to any I. G. Farben properties?

Colonel BERNSTEIN. Sir, I think there has been a good bit of criticism about using Nazis and people who were associated with the Nazis in carrying on industrial activities in Germany. My own organization, my own staff working together with a group of British personnel out of Düsseldorf gathered together a great deal of information of a very telling character with respect to some 80 industrialists in the Ruhr area who were active, particularly in the iron and steel business. Some of those people were getting ready to reopen their plants and put them all in running order. They felt that it wouldn't need more than 3 to 6 months to put some of their plants in running order. Others were ready to be put in operation immediately.

We gathered together this information. These 80 industrialists have now been arrested. Many of them seem ripe for treatment as war criminals. They are not working in their factories now.

The CHAIRMAN. I want you to understand, Colonel, I fully realize what you were up against in Europe. In fact, I don't see how, with the small staff over there, you accomplished as much as you did, even with the cooperation of others. As you well remember, when I discussed it with you at one time, I thought you needed about 1,000 people over there until you got this mess straightened out.

I am not criticizing you, and I also realize, having been there, that you have to use German personnel sometimes to do the classifying jobs, under supervision of American personnel and sometimes ideas get out, of that kind.

Colonel BERNSTEIN. Senator, I would like to say one thing, if I may.

The CHAIRMAN. Yes?

Colonel BERNSTEIN. I want to express my appreciation to you for the support that you have given continuously for many, many months, both abroad and here, to the effort to get at the story of the role played by German industry, German cartels, in carrying out Germany's program for aggressive war. I know of no one, sir, on the Hill who has been as active and effective and helpful to our organization on the other side in the work that we have been doing.

The CHAIRMAN. Thanks very much, Colonel Bernstein. I have been interested and I would like to explain in the record one of my interests in this: In studying the cartel picture from the American side before we got in there, I felt that the other side of the picture ought to be brought to American industry, in the hopes that American industry will see the dangerous situation they place not only the Government but themselves in, and cooperate with the Government in preventing such future situations from arising.

I think this historical and legal and economic research into those records will make one of the greatest contributions to the welfare of business in this country that can be made, when it is finally published and given to the public in such a way that they can understand and read it, because apparently we are utter amateurs in dealing with the cartel organizations such as they have abroad.

At my request, General Hilldring was good enough to furnish the subcommittee with copies of the general and special orders issued by the military government with respect to I. G. Farben. I observe that special order No. 2 issued July 7, 1945, created an advisory board for I. G. and that you were one of the officials appointed to it. Can you describe for us the activities of this board, stating particularly what your functions were, what have been the achievements of the board, and whether it is still functioning today?

Colonel BERNSTEIN. Well, sir, I believe this past June General Clay asked General Draper and myself to draft an order setting forth a program to deal so effectively with Farben that the company would never become a menace again. We got to work on it.

There were certain differences of view as to what was the desirable thing to do. There were some of us who felt that the role of Farben had been such that its war potential had to be destroyed or transferred as reparations. There were others who had grave doubts as to the desirability of that kind of approach and who felt that Farben should be allowed to function without substantial reduction of its war capacity. In any event, General Clay had caused to be signed the order of the 5th of July which on paper prescribed a program for the reduction of Farben's war potential.

An advisory committee was established, of which I was one of the members; other members included General Draper, and Rufus Wyszor, a legal adviser, and a man who was the property control officer. We used to have periodic meetings to discuss the Farben program. The dominant philosophy appeared to be at the time that Farben and the Farben plants were to be dealt with substantially in the same way as other factories in Germany.

The Industry Branch and the Production Control Agency, which were parts of the military government organization in Germany, felt that their responsibility for getting German industry producing required that they see to it that Farben be permitted to produce in the same way as other industries in Germany were producing; and they con-

tinued to oppose singling out Farben for special treatment insofar as reduction of war potential was concerned.

Accordingly, despite repeated suggestions as to what was the true objective of the July 5 order, much time was spent in the weeks and months after July to see how various plants could be gotten going. One must bear in mind the point of view expressed by a leading member of the Industry Branch and Production Control Agency in that period of time when he expressed distress at some of the suggestions that were being made as to the need of going forward with the denazification program. He said "After all, how could I be expected to get German factories to produce if I am not allowed to use Nazis and German cartels?"

I think General Clay has from time to time made clear, and General Eisenhower has every time I have heard him made perfectly clear, the American policy to root out nazism in government and in private enterprises, regardless of whether it meant a less efficient working of Government and industry.

I think it has undoubtedly taken some time for those views to seep through to all places, but I am sure that was General Eisenhower's and General Clay's point of view. But it took some convincing. Actually, sir, we found ourselves one day being approached by representatives of the control officer of Farben, who asked us if we would release from prison, or arrange for the release from prison, of some of the key Farben officials, whose activities we have been describing during the last 2 days, in order that such Farben officials might be employed at very high salaries to carry on the activities of the Farben plants.

We were also asked if we could devise some method whereby the salaries that would be paid to these Farben officials would not have to be blocked in accordance with General Eisenhower's orders which blocked the funds of certain categories of people, in which this group was included.

My division, the Finance Division, at that time advised we would not be party to any system of evading General Eisenhower's orders, and we didn't think it appropriate that these people be employed at such salaries and have their funds unblocked. That was part of the problem that one faced.

I just wanted to mention one further thing. General Hilldring put in evidence yesterday a transcript of a conversation that I had with members of my staff—I believe just a week ago—in which they had furnished to me, in anticipation of these hearings, a statement of the way things were currently going in connection with Farben. I think a reading of that statement shows what progress has been made and what progress has not been made. Although I. G. Farben plants in the United States zone are now available for reparations, no such plants in the United States zone have, as yet, been removed. No I. G. Farben-owned plants in the United States zone have, as yet, been destroyed. Substantially all Farben plants and other Farben installations in the United States zone are now operating with a minimum of managerial supervision from any higher level. As far as dispersing ownership is concerned, no transfers of ownership have been made.

I think here we have a clear case—bearing in mind the American Directive 1067, the Potsdam agreement, the orders of July 5, and

now more recently the orders of November 30—we have a case of a clear statement of the American policy with respect to Farben. The problem now is to get on with the job of effectively carrying out that policy so that Farben ceases to be a war menace.

The CHAIRMAN. Of course, I realize that Farben, even more so than we in this country in our chemical industry, followed the system of having just a few keymen who knew certain factors and those were not, shall we say, a matter of record, but carried in the minds of those men and their assistants; for instance, in setting up some of the German-controlled industries in the United States and getting into our own chemical industry—du Pont, Carbon Carbide Chemical, and various others—they followed that system. Nobody else in the plant knows anything about it except one or two keymen. Put you in the position of getting in those few men to tell you what made things click and that sometimes puts you in an embarrassing situation.

Colonel BERNSTEIN. Yes. Sometimes the men were retained because it was easier to get along with them.

The CHAIRMAN. General Aniline Film was a Farben subsidiary in this country and was very powerful in the chemical dye industry. There is a great discussion now with the Alien Property Custodian and various other groups as to whether or not it should be broken up or whether it should be retained intact with some kind of voting trust to control it so that foreign control never comes in. One school of thought being—which is quite correct—that there are a number of other powerful dye industries in this country and if it is broken up in small segments it will disappear and will not furnish the competition that it has furnished in the past, whereas in the breaking up of Farben abroad there is no competitor at all, and in order to make things click you have to break it up.

I think that parallels General Aniline Film in this country and the proposition of whether or not it should be broken up or allowed to operate as a competitor, shall we say, to Eastman and to du Pont and Carbon Carbide Chemical and a few more of our large outfits, to furnish competition in the field rather than take it out as a competitor completely and remove a source of competition that exists, now that the Government owns a controlling interest in it through the acquisition of the stock.

Colonel BERNSTEIN. One way to insure that nothing happens in the next 25 years for General Aniline to pop back into German hands is to carry out effectively a program of the destruction of Farben.

The CHAIRMAN. That is right. If that can be carried out completely so that it has no foreign connection, General Aniline Film will not furnish any menace to anything in this country at all. It may be a rather helpful organization, if American-controlled with no foreign affiliations.

Colonel BERNSTEIN. That is correct.

The CHAIRMAN. It seems to me from what you say that, although the governments controlling Germany have had for some time the material which you gathered showing Farben as a menace to the peace of the world, the steps which have been taken to deal with the problem are largely so far on paper, are they not?

Colonel BERNSTEIN. The effective work still has to be done.

The CHAIRMAN. Still has to be done in the future?

Colonel BERNSTEIN. Still has to be done in the future and that is why one becomes concerned with stories one hears in different places expressing the attitudes of various people. Take the statement made last week that appeared in the American press, the statement of Lord Riverdale, a leading British industrialist, particularly in the field of iron and steel, who is quoted as saying that he felt that Germany must be allowed to have a strong industry, and that this is the view generally held by British industrialists.

If, in fact, that is so, one wonders how effective a program with respect to Farben will be accomplished.

The CHAIRMAN. You remember, don't you, that just before Munich the Federation of British Industries met with a similar organization in Germany and, in spite of the menace of Munich, entered into an accord with them in which they agreed that they would join together in getting their respective governments to force—they didn't name the United States but they appropriately described us—to join in with them in a world domination scheme on industry?

Colonel BERNSTEIN. Yes, sir.

The CHAIRMAN. You know also that the British newspapers, headed by the Manchester Guardian, took the hide off the British industrialists for getting themselves into such a mess, by the way.

Colonel BERNSTEIN. I think the "school tie" tradition is not limited to the British public school system. That point of view is expressed in other ways and sometimes unfortunately influences in an unsound way governmental policies.

The CHAIRMAN. Yes; because it is so easy to slip by. Cupidity gets the better of judgment and past experience all too frequently.

Colonel BERNSTEIN. One thing that governments should have learned, bearing in mind the enormous costs of war in terms of human beings and money—is that security ought not be sacrificed for the sake of profits, where the making of those profits results in the retention of a mechanism that has twice almost caused our destruction.

The CHAIRMAN. Don't you think, then, that unless steps are taken for immediate action to destroy Farben, not merely as a legal entity but also as a physical fact, by transferring plants, some of them as reparations, and destroying those that cannot be transferred and cannot be utilized in maintaining the minimum economy in Germany, and leaving for Germany itself only that part of the chemical industry which is essential for the maintenance of the minimum standard of living, we will have gained nothing from our lessons?

Colonel BERNSTEIN. I agree with that fully.

The CHAIRMAN. And from all the information that has so painstakingly been gathered?

Colonel BERNSTEIN. I agree, sir, with your analysis.

The CHAIRMAN. Why has the progress been so slow in the Control Council in taking the measures necessary for the break-up of the cartels and monopoly industries in Germany and the carrying out of the economic disarmament program?

Colonel BERNSTEIN. Well, sir, I think I have mentioned a little bit of what has happened in Farben. Farben was our first case and we had quite a few problems even dealing with Farben.

The CHAIRMAN. For your guinea pig there you picked a full-grown hog. [Laughter.]

Colonel BERNSTEIN. We picked what we thought would be the clearest case, but it has gone very slowly. Therefore, one can understand why the going is even slower in other fields. Effectively to destroy Germany's cartel arrangements and its concentration of economic power and to reduce its industrial capacity so as to minimize Germany's war potential, requires a considerable organization of people who are fundamentally sympathetic to such a program and who are strongly supported by the Government in this effort to carry out such a program.

I think, furthermore, we have to realize that we are dealing with three other countries and that differences of views exist, particularly on this problem of what to do about cartels. The London Economist, I think, had a rather interesting series of articles during the months of September and October, in which they were bitterly critical of the Russian and American point of view in dealing with industry in Germany. It said that the British point of view was very different, regardless of what was said at Potsdam, and came awfully close to saying that the British ought to go along and carry out their point of view regardless of what Russia and America desired to see done about industry.

That merely is reflective of a type of thinking which you meet with and which makes carrying out a decartelization program difficult, to put it mildly.

The CHAIRMAN. You know there is also wide divergence of opinion in different sections of New York.

Colonel BERNSTEIN. Yes, sir; and perhaps Washington.

The CHAIRMAN. I think the parallel of the Düsseldorf meeting was the Rye conference last year in New York while the war was going on. They held a conference in Rye, N. Y., and they tried to institute a plan to bring about the very system that brought about the war, after the war was over. That was attended by many of our leading American citizens. I think they were misguided. I don't accuse them of anything. I think you made good progress over there, but I do think that the heat must be on to complete the job for which the foundation has been laid. I think you do have a sufficient foundation from which to operate now. Is that right?

Colonel BERNSTEIN. Well, sir, a considerable number of the men I had in my division will be returning very shortly and whoever becomes responsible for doing the work of that division will find it necessary to get together an additional group of people, one would hope a group of people who would both understand the cartel and industrial problem in Germany and believe in the American policies of dealing with those things in an effective way. Otherwise, much of the program will never effectively be carried out.

The CHAIRMAN. When did you come back from Germany, Colonel?

Colonel BERNSTEIN. At the end of September.

The CHAIRMAN. We have heard in this country a great deal of contradictory evidence on present economic conditions in Germany; standard of living, extent of the destruction of the German economy, and so forth. I wonder if you would be good enough to give me your impressions—I am asking you for these unofficially, not as head of DICEA—of the present-day Germany, the conditions of the German economy and the present state of Germany's economic disarmament.

Colonel BERNSTEIN. I have been in Germany a good bit since November of last year, when I first went into the area around Aachen. I have seen a good deal of the agricultural areas and the industrial areas. I have talked to a great number of people in our military government organizations and in the British, French, and Russian military government organizations. We have made studies by our own staff. I have read many of the reports that have been written, including the very excellent reports that are in the process of being written and issued by the United States Strategic Bombing Survey. I myself feel that many of the people in the United States have been led to believe that the world need no longer fear the warlike potential of the German economy because of the damage to Germany from air attacks and from the fighting that took place within Germany's borders.

Mr. Byron Price in his report a short while ago made the remark that "all but comparatively few of the great German industrial plants still lie under the rubble" and that "there certainly is not the slightest evidence that German industry can become within the foreseeable future sufficiently strong to permit diversion of production for German war purposes."

A Member of the Senate last week, I believe, said on the floor of the Senate that most of the factories in Germany are in ruins.

I respectfully submit that such is not the condition of German industry today. It is quite true that, for example, in the American zone at the current time production is perhaps no more than 5 to 10 percent of capacity; but that is purely a temporary condition and, as the recent report of the Economic Division indicates, is due to the lack of fuel and transportation. It does not result from a lack of plant capacity, facilities, trained personnel, or know-how. Germany still has the substantial part of all of these elements of its industrial economy.

I think part of the confusion also stems from the fact that people think that in the bombing we just about destroyed all of German industry. As I understand what the Air Force was attempting to accomplish—and I think they did a perfectly magnificent job in the role they played—they weren't attempting to destroy all of German industry. They wanted to assist, so far as they were bombing industrial targets—in causing a break-down in the economy for a period of time. That they succeeded in doing. They not only effectively knocked out the synthetic-oil production so that the German Air Force was to a large extent grounded, but in the closing months of the war they so effectively bombed the transportation facilities, particularly the transportation facilities in and out of the Ruhr, that the transport of coal was enormously reduced, and the effect of reducing the transport of coal was to reduce what could be produced by the existing industrial plants in Germany.

When the war finished the German economy had about come to a stop, because transportation facilities were smashed up sufficiently to prevent movement of coal and the transportation and coal difficulties prevented all activities in the factories. But, for example, even in the case of the synthetic-oil factories where the air force did such a magnificent job of bombing, the information seems to indicate that in about 6 weeks almost any one of the synthetic plants that was bombed was back in production.

When you are dealing with the attack on the transportation system, obviously you are dealing with something that is repairable within a limited period of time. A recent report of the transportation division indicates that 92 percent of the railway trackage in the United States zone is usable.

The United States Strategic Bombing Survey stated:

The Allies did not attempt to destroy the German economy as a whole or even the war economy as a whole. The bombing offensive sought rather to stop it from operating by damaging key points.

I believe that at prior hearings of your committee evidence was produced or statements were made, based on investigations, indicating that as much as 75 percent of Germany industry was intact or readily repairable. My own investigations and studies would indicate that that is really a minimum figure. It is a minimum figure in Farben, where we have ascertained that probably as much as 87 percent is ready to go, and if the Germans were given 3 to 6 months' time for repairs, far more than that would be completely capable of operating. And I say that of Farben even though the first view one has of the enormous Farben plant at Ludwigshafen is that it looks just smashed. But when you spend some time and the experts spend some time going through the plant, they find it is nowhere near smashed, that it is nowhere near completely destroyed. The Ludwigshafen plant of Farben is working today without even the damage being significantly repaired.

The Germans themselves in the iron and steel industries mentioned that not more than 3 to 6 months were needed to get their plants going. I remember at one time when I was in the Ruhr, in Duisburg, and I asked to be taken to plants that were really hit hard—smashed.

The British officer who was dealing with the industrial problems said he was going to take me to one. The town of Duisburg was hit to a considerable extent; that is, the residential areas. So we went to the outskirts of the town to a huge plant which was a part of the Thyssen enterprise. This was going to be a place that was really hit.

Well, we spent quite a bit of time going through the plant, being taken through it by the two German managers of the plant. The vast bulk of the plant wasn't hit at all and was ready to go that very day I was there, provided it had the raw material and the coal. But when they took me to the part that looked like quite a shambles I asked them how long it would take to put that part in repair. The Germans consulted among themselves for a period of time, and they said it would take as long as 3 months before they could get into operation. "Oh, no," insisted the British officers, "they are overly optimistic. It would take at least 6 months to put that plant in repair."

Now we must also remember with regard to German plant capacity during the war that that capacity was so great that it was never fully utilized during the war. Although in this country and in Great Britain it was found necessary to work plant capacity two and sometimes three shifts—by and large, war plant capacity in the United States and Great Britain had to be worked 24 hours a day for 7 days a week in order to produce the necessary war equipment—in a very large proportion of the German industrial set-up throughout the war, they worked on a one-shift basis. That information is brought out in the over-all report recently published by the United States Strategic

Bombing Survey that made these very extensive studies of the German industry.

At one point the United States Strategic Bombing Survey says that—

production capacity, except in specific instances, was never really short; Machinery capacity was never fully utilized. Manpower, particularly womanpower, was never fully mobilized. * * * The output of civilian consumption goods, after the restriction in the initial years—which still left the standard of living at a fairly comfortable level and well above that of the depression years in the early thirties—was maintained virtually stable until well into 1944 * * *.

As a matter of fact, I recall somewhere having read the statement that Germany was able to maintain throughout the war years a higher standard of living for civilians than Germany had in 1929; and that Germany, instead of being forced into a “guns or butter” position, throughout the war years was basically enjoying a “guns and butter” position.

In many other ways the evidence appears to be indicating that Germany's industrial capacity was far greater than we realize.

The CHAIRMAN. Let me ask you a question at that point. German plant capacity had reached such a stage in the war that it was one of the contributing factors that made them want to go to war—they were top-heavy with plant capacity—

Colonel BERNSTEIN. And wanted more markets to sell their goods. Studies have shown that through the war the German economy does not appear to have suffered from any shortage of machine tools or general machinery or plant facilities except temporarily and in a few isolated cases. As a matter of fact, the Strategic Bombing Survey states that in the 3 years under Speer, beginning with 1942, Germany was able to increase its armament and munitions production three times—three times within 3 years during the war when the bombs were raining down on them. And in the case of tanks, I believe there was a sevenfold increase in production during this 3-year period.

The German labor force was never used to the limit, or even to the limits that it was being used in Britain. The German tool capacity exceeded even our own up until sometime well into the war. The German tool industry is simply enormous. The damage to it as a result of the war is slight, very slight.

The CHAIRMAN. By the way, I heard there—I didn't see it—of a machine operating by the use of some photographic methods in the making of steel dies for stamping plates, in which 1 die maker would turn out about 15 times as much in the same time as he could in the United States.

Colonel BERNSTEIN. I have no doubt it is there. The machine-tool industry is just enormous, and they never came anywhere near exhausting their capacity. As a matter of fact, I understand they took 30 percent of it and used it, not for the production of machine tools but directly for the production of munitions; they had that much of a surplus in the machine-tool industry.

The CHAIRMAN. Isn't there one thing we must watch, also, and you brought it out, that it must be stressed that our bombing was intended to delay operations in order to let the Army get in, not with the idea of destroying everything for the future? And there is one other thing that I am going to ask you about that impressed me. Germans impressed me as the best-organized group on the Continent, even after

defeat. They had been so perfectly regimented that they naturally fell into an organizational set-up just automatically.

Colonel BERNSTEIN. I think the view generally expressed in the military government circles is that the German industry and Germans generally were very efficient.

The CHAIRMAN. And highly nationalistic.

Colonel BERNSTEIN. Highly nationalistic and war-minded. What I would say about German war industry is that if it is our policy to see that Germany's industrial capacity is reduced so that it is not able to wage a war again, then we must take action to see that that is done. That situation has not yet been brought about. It was not brought about by the war, by the bombing or by the shelling. If it is to be accomplished, it will be accomplished only by positive action to be taken in the future in carrying out the Potsdam agreement and our country's directives.

The CHAIRMAN. And the manufacturing potential of a country is really a war potential. You use practically everything you produce in the plants in war, isn't that right?

Colonel BERNSTEIN. Yes.

The CHAIRMAN. So that things must be brought back in balance.

Colonel BERNSTEIN. Yes, sir.

The CHAIRMAN. Do you know whether the poison gas plant I. G. had is still in operation or is capable of being operated?

Colonel BERNSTEIN. It is capable of being operated.

The CHAIRMAN. That is in the Russian zone, I believe?

Colonel BERNSTEIN. I have a recollection that one of the plants that was producing poison gas is in the American zone. That is the Gendorf plant operated by Anorgana G. m. b. H., a wholly owned Farben subsidiary. The plant was constructed underground during the war and specialized in the production of mustard gas. This would clearly seem to be a plant that should be destroyed if anything in Farben was to be destroyed. Nevertheless, the plant is now in active operation producing pharmaceuticals which, it is claimed, are essential for the maintenance of the German economy.

You asked me earlier in the hearing a question or two about the employment policies with respect to foreign labor, and I want to mention Carl Krauch, the chairman of the I. G. supervisory board, who, as Goering's assistant, was in charge of recruiting slave labor for the German chemical industry. The guiding rule laid down by the industrialists in the German Government was to give the workers only enough food so that you could get whatever work you wanted out of them.

The CHAIRMAN. Wasn't food used as a reward and punishment, too?

Colonel BERNSTEIN. The standard was only, what did you want out of them. That was the standard. Slave labor obtained from concentration camps and used by Farben did not receive payment from Farben; that is, the slave laborers didn't receive payment from Farben. Farben paid their salaries to the SS who operated the concentration camps. This was especially true in the case of the thousands of slave laborers that worked at the Farben buna plant near Auschwitz.

The CHAIRMAN. But Farben did go through the motions of paying to the SS group who ran the camp so much per diem for the laborers?

Colonel BERNSTEIN. Sometimes they did. They did do that.

The CHAIRMAN. And then the SS group could pay the laborers or not pay them to fit the occasion; is that right?

Colonel BERNSTEIN. I don't believe the SS paid the laborers.

That is all I have.

The CHAIRMAN. We are probably going to have one hearing next week, and I may ask you for a little more information before that time and ask you to come up then.

Colonel BERNSTEIN. If I can be of help, I will be glad to.

The CHAIRMAN. Thank you very much, Colonel. I want to say I am very proud of any little part I had in getting you on that detail out there, because I feel what little efforts I did put out are very well repaid.

Colonel BERNSTEIN. Thank you, sir. Senator, your help on this has been simply tremendous, and the men on the staff know it.

The CHAIRMAN. Thank you very much.

We will recess, then, until tomorrow morning at 10:30.

(Whereupon, at 1 p. m., the hearing recessed until 10:30 a. m., Thursday, December 13, 1945.)

ADDITIONAL MATERIAL SUBMITTED BY THE WAR DEPARTMENT FOR THE RECORD

SUBCOMMITTEE ON WAR MOBILIZATION,
November 8, 1945.

Maj. Gen. JOHN H. HILLDRING,
Director, Civil Affairs Division, Washington 25, D. C.

MY DEAR GENERAL HILLDRING: There has recently appeared in the press an account of the discovery in Germany of 20 tons of Nazi Party records, including the names of Nazis in the Western Hemisphere. Would you please make available to the subcommittee the list of 200 names of Nazi agents listed as functionaries of the German-American Bund? Would you also be good enough to notify the subcommittee when all of the materials, including letters and several million index cards, have been classified and transported to the United States, so that the subcommittee may have access to them?

Most sincerely yours,

H. M. KILGORE, *Chairman.*

WAR DEPARTMENT,
Washington, November 21, 1945.

Hon. HARLEY M. KILGORE,
*Chairman, Subcommittee on War Mobilization,
United States Senate.*

DEAR SENATOR KILGORE: This will acknowledge your letter of November 8, addressed to General Hilldring, in which you request the names of 200 Nazi agents and ask that you be notified when the Nazi Party records have been transferred to this country.

It is impossible for us to provide you at this time with any of the information desired. Action is being taken, however, through appropriate channels in an effort to obtain the names requested and to ascertain the plans for shipment of the records to this country. I shall be glad to keep you informed of our progress in this connection.

Sincerely yours,

DONALD P. BOOTH,
*Brigadier General, United States Army,
Special Assistant to the Under Secretary of War.*

WAR DEPARTMENT,
THE CHIEF OF STAFF,
Washington, December 21, 1945.

Hon. HARLEY M. KILGORE,
United States Senate.

DEAR SENATOR KILGORE: I have looked very thoroughly into the matter of providing you with a list of the names of Nazi Party members in America, and find that Brigadier General Booth, special assistant to the Under Secretary of War, is working very diligently on your request.

The desired records were found in a disorganized condition at a factory near Munich where they had been taken by the Germans for pulping in order to deny them to the Allies. It has been necessary to perform considerable work on these files in order to put them in a usable condition. Upon receipt of your letter of November 8 we cabled the European theater and directed that appropriate action be taken to make available in Washington the list of names requested by you. Word has recently been received from the theater that the documents have arrived in Berlin, where they will be used by all four Allies in the administration of Germany, and that the list requested by you is being forwarded to Washington via air mail.

I understand that the above information has been telephoned to Mrs. Frank Manuel of the investigating staff, Subcommittee on War Mobilization. Due to the fact that General Booth is the officer most familiar with the case, I have asked him to continue to keep your subcommittee informed of the progress made on the procurement of the documents.

Sincerely,

DWIGHT D. EISENHOWER.

WAR DEPARTMENT,
Washington, D. C., January 5, 1946.

Hon. HARLEY M. KILGORE,
Chairman, Subcommittee on War Mobilization,
United States Senate.

DEAR SENATOR KILGORE: This is written with further reference to your request of November 8, 1945, for the names, which were found in the United States zone, of 200 persons in the United States apparently having Nazi affiliations.

As was indicated in my letter of November 23, 1945, it was necessary for the War Department to obtain from the theater the information which you requested. The theater has now provided a list, a copy of which is enclosed, which contains names and United States addresses of persons designated by official titles in Germany. The War Department has been advised that this list was not prepared by Allied personnel from a canvass of records in Germany, but was discovered by United States troops. The origin of the list, and whether or not it is based on the Nazi Party files which were also discovered by United States troops, is therefore not known.

The War Department will advise you within a few days of the status of the program for exploiting the Nazi Party files.

Sincerely yours,

DONALD P. BOOTH,
Brigadier General, United States Army,
Special Assistant to the Under Secretary of War.

ORTSGRUPPENAMTSWALTER

GAU OST

Astoria, Long Island:

Ortsgruppenleiter, Rudolf Markmann, 75-15 Thirty-fifth Avenue, Jackson Heights, Long Island.

Geschaeftsfuehrer, Karl Opava, 2308 Newton Avenue, Astoria, Long Island.

Kassenwart, Willi Seckel, 39-63 Forty-ninth Street, Long Island City, Long Island.

D. K. V., Ernst Krafft, 34-24 Eighty-fifth Street, Jackson Heights, Long Island.

Frauenschaft, Eva Sturn, 33-08 Twenty-ninth Street, Astoria, Long Island.

Jungenschaft

Maedchenschaft

O. D. Fuehrer, Hermann Schwarzmann, 344 Starr Street, Brooklyn.

Organisationsl

Schriftwart

Uechla

Buecherwart

Baltimore, Md.:

Ortsgruppenleiter, Paul Anders, 1819 Guilford Avenue, Baltimore.

Geschaeftsfuehrer, Theo. Zahn, 2027 McElderry Street, Baltimore.

Kassenwart, Wiegand Henkel, 118 South Bouldin Street, Baltimore.

D. K. V., Robert Jentzch, 3211 Stafford Street, Baltimore.

Frauenschaft, Gertud Born, 6701 Park Heights Avenue, Baltimore.

Jungenschaft, Theo. Zahn, 2027 McElderry Street, Baltimore.

Maedchenschaft

O. D. Fuehrer, Robert Haussmann, 808 North Port Street, Baltimore.

Organisationsl., Theo. Miller, 777 Grantley Street, Baltimore.

Schriftwart, Wm. Klein, 1736 North Gay Street, Baltimore.

Uechla, Georg Foertsch, 2712 Woodsdale Avenue, Baltimore.

Buecherwart, Paul Herke, 402 East Cold Spring Lane, Baltimore.

Schulungsleiter, Theodor Miller, 777 Grantley Street, Baltimore.

Bergen County, N. J.:

Ortsgruppenleiter, Conrad Umbach, Paramus Rural Free Delivery, Ridge-wood, N. J.
 Stellv. Ogl., W. Borchers, Post Office Box 128, Hackensack, N. J.
 O. D. Fuehrer, Ludwig Lohr, 27 Water Street, Hackensack, N. J.
 Kassenwart, W. Borchers.
 D. K. V., Ogl.

Bronx, N. Y.:

Stellv. Ogl., Emil Goppelt, 49 East Eighty-third Street, New York City.
 Kassenwart, Outmar Bruestle, 1497 Third Avenue, New York City.
 O. D. Fuehrer, Henry v. Holt, 1236 Webster Avenue, Bronx.
 D. K. V., Erhard Schnoes, 214 St. Anns Avenue, Bronx.

Buffalo, N. Y.:

Ortsgruppenleiter, Eberhardt von Nasse, 11 West Genesee Street, Buffalo.
 Kassenwart, Karl Bader, 1173 Hertel Avenue, Buffalo.
 O. D. Fuehrer
 D. K. V.
 Frauenschaft
 Jungenschaft
 Maedchenschaft

Elizabeth, N. J.:

Ortsgruppenleiter, Wolfgang Paffrath, 143 High Street, Montclair, N. J.
 Kassenwart, Karl Gerstle, 224 Chilton Street, Elizabeth.
 O. D. Fuehrer, Ernst Lindlar, 184 Liberty Avenue, Hillside, N. J.
 Frauenschaft, keine.
 Jungenschaft, keine.
 Maedchenschaft, keine.
 Schriftwart, E. Joachim, 741 Suburban Road, Union, N. J.
 Werbeleiter, J. Heller, 602 Jackson Avenue, Elizabeth.
 Uschla, H. Broesamel, 135 Orchard Street, Elizabeth; W. Volkman, 184 Liberty Avenue, Hillside, N. J.; E. Joachim, Union, N. J.
 D. K. V., Ogleiter.

Hoboken, N. J.:

Ortsgruppenleiter, Gustav Elmer, 754 Palisade Avenue, Union City, N. J.
 Kassenwart, Max Koenig, 927 Park Avenue, Hoboken.
 O. D. Fuehrer, Max Spaeth, 157 Tenth Street, Hoboken.
 D. K. V., Ogleiter.
 Frauenschaft, Martha Weber, 915 Willow Avenue, Hoboken.

Hudson County:

Ortsgruppenleiter, August Klapproth, 664 Day Avenue, Ridgefield, N. J.
 Kassenwart, William Otto, 820 Thirty-first Street, Union City, N. J.
 D. K. V., Willy Ahlf, 424 Palisade Avenue, West New York, N. J.
 O. D. Fuehrer, Gerhard Otto, 15 Fulton Avenue, Hudson Heights, N. J.
 Frauenschaft, Mrs. Karl Schlinck, 679 Monroe Place, West New York, N. J.

Jamaica, Long Island:

Ortsgruppenleiter, Heinrich Hauck, 148-07 Jamaica Avenue, Jamaica, Long Island.
 Kassenwart, Paul Hummel, 202-12 One Hundred and Fourth Avenue, Hollis, Long Island.
 O. D. Fuehrer, Jacob Schrick, 102-14 Ninety-first Avenue, Jamaica, Long Island.
 D. K. V., Karl Moll, 142-04 Liberty Avenue, Jamaica, Long Island.
 Frauenschaft, Helene Grauling, 109-30 One Hundred and Thirty-first Street, South Ozone Park.
 Jungenschaft, Walter Borchers, 133-04 One Hundred and Ninth Avenue, South Ozone Park, Long Island.
 Werbeleiter, Kubisch.
 Organisationsleiter, N. Moll, 142-04 Liberty Avenue, Jamaica.
 Schriftwart, Ludw. Dietrich, 84-01 One Hundred and First Street, Richmond Hill.

Lindenhurst, Long Island:

Ortsgruppenleiter, Hans Hochfeld, 195 Fairfield Avenue, Mineola, Long Island.

Kassenwart, Hans Rompe, 245 South Fifth Street, Lindenhurst.

O. D. Fuehrer

D. K. V., Wilhelm Schomacker, 122 Deer Park Avenue, Babylon, Long Island.

Frauenschaft, Anna Albrecht, Oakwood Avenue, Huntington, Long Island.

Nassau County:

Ortsgruppenleiter, Karl Weiler, 467 Fifth Avenue, Cedarhurst, Long Island.

Kassenwart, John Dettleff, 132 North Eleventh Street, New Hyde Park.

O. D. Fuehrer, Hans Samaritter, 350 Washington Street, Hempstead, Long Island.

D. K. V., Karl Nolte, 229 Franklin Street, Garden City, Long Island.

Frauenschaft, Maria Hermann, 195 Fairfield Avenue, Mineola, Long Island.

Jungenschaft

Maedchenschaft

Newark, N. J.:

Ortsgruppenleiter, Karl Jaeger, 1680 Porter Avenue, Union, N. J.

Kassenwart, W. Becker, 923 Grove Street, Irvington, N. J.

D. K. V., F. Sayle, 17 Brown Street, Maplewood, N. J.

O. D. Fuehrer, 250 Ridge Street, Newark, N. J.

Frauenschaft, Mrs. O. May, 143 High Street, Montclair, N. J.

Jungenschaft

Maedchenschaft

Werbeleiter, E. K. Haug, 429 Florence Avenue, Hillside, N. J.

Pressewart, W. Thiele, 434 Lincoln Avenue, Orange, N. J.

New Rochelle:

Ortsgruppenleiter, F. Petri, 320 North Avenue, New Rochelle, N. Y.

Kassenwart, E. Schultheis, 40 Park Avenue, New Rochelle.

North Shore:

Ortsgruppenleiter, Theo. Dinkelacker, 9246 Fifty-second Avenue, Elmhurst, Long Island.

Kassenwart, Willy Krause, 14-14 One Hundred and Eighteenth Street, College Point.

O. D. Fuehrer, Ogl.

D. K. V., Albert Haeberle, 18-44 One Hundred and Fortieth Street, College Point.

Frauenschaft, Maria Krause, 14-14 One Hundred and Eighteenth Street, College Point.

Schriftwart, keine.

Werbeleiter, Emil Bayer.

Organisationsleiter, keine.

Jungenschaft, keine.

Maedchenschaft, keine.

Passaic County, N. J.:

Ortsgruppenleiter, Willy Luedtke, 52 Barbour Street, Haledon, N. J.

Kassenwart, E. Matthaes, 695 Midland Avenue, Garfield, N. J.

O. D. Fuehrer, Walter Luedtke, 52 Barbour Street, Haledon, N. J.

D. K. V., Bruno Tix, 269 Passaic Street, Passaic, N. J.

Schriftwart, Kurt Schirmacher, Post Office Box 71, Clifton, N. J.

Frauenschaft, Mrs. Matthaie, 695 Midland Avenue, Garfield, N. J.

Jungenschaft, Karl Lenz, Post Office Box 14, Garfield, N. J.

Philadelphia, Pa.:

Ortsgruppenleiter, Gerhard Kunze, Turngemeinde, Broad & Columbia Streets, Philadelphia.

Kassenwart, Rudi Schwedler, 4042 K Street, Philadelphia.

O. D. Fuehrer, Norbert Biele, Post Office Box 273, Haverford, Pa.

D. K. V., Albert Mueller, 6325 Theodore Street, Philadelphia.

Werbeleiter, Adolf Kretschmann, 3315 North Water Street, Philadelphia.

Organisationsleiter, Karl Tempelmeier, 5946 North Fourth Street, Philadelphia.

Pressewart, Werner Ruthenberg, 3200 Chestnut Street, Philadelphia.

Jugenschaft, Gottlieb Pflueger, State Road, Paoli, Pa.

Frauenschaft, Hilde Ziegler, 612 Pembroke Road, Bryn Mawr, Pa.

Pittsburgh, Pa.:

Ortsgruppenleiter, Allen Goepfel, 5851 Philips Avenue, Pittsburgh.
 Kassenwart, Anton Fuchs, 912 East Ohio Street, Pittsburgh.
 O. D. Fuehrer, Andreas Gindel, 1128 Spring Garden Avenue.
 D. K. V.
 Werbeleiter, Herm. Broesamle, Niggel Street, Troy Hill, Pa.
 Schriftwart, Friedr. Kuechle, 912 East Ohio Street.
 Organisationsleiter, Curt Vetterlein, 104 Westfield Avenue, Beechview,
 Pittsburgh, Pa.
 Frauenschaft
 Jungenschaft

Poughkeepsie, N. Y.:

Ortsgruppenleiter, John Hafner, Y. M. C. A., Poughkeepsie, N. Y.
 Kassenwart
 O. D. Fuehrer, Reinhold Strobel, Millbrook, N. Y.

Reading, Pa.:

St. Ortsgruppenleiter, Carl Steinbach, 109 Reading Avenue, Wyomissing, Pa.

South Brooklyn:

Ortsgruppenleiter, Karl Nocolay, 661 East Thirty-second Street, Brooklyn.
 Kassenwart, Adolf Kramer, 3703 Fillmore Avenue, Brooklyn.
 D. K. V., Adolf Drewes, 92-59 Fourth Avenue, Brooklyn.
 O. S. Fuehrer, Martin Wilkens, 4805 Eighth Avenue, Brooklyn.
 Schriftwart, August Herwede, 483 Twentieth Street, Brooklyn.
 Werbeleiter, Henry Gerken, 6604 Tenth Avenue, Brooklyn.
 Organisationsleiter, John Knett, 460 Forty-first Street, Brooklyn.
 Maedchenschaft, Helen Prasse, 404 Sixty-first Street, Brooklyn.
 Jungenschaft, F. Nicolay, 661 East Thirty-second Street, Brooklyn.
 Frauenschaft, Berth von der Berg, 201 Ocean Parkway, Brooklyn.

Schenectady, N. Y.:

Ortsgruppenleiter, W. Lattemann, 1660 Helderberg Avenue, Schenectady.
 Kassenwart, R. Stolz, 2416 Campbell Avenue.
 Pressewart, P. Anding, 215 North Elm Street, Schenectady.
 Schriftwart, H. Kressnerk, 443 Cedar Street, Schenectady.

Stamford, Conn.:

Ortsgruppenleiter, George M. Munk, 99 North Hill Street, Springdale.
 Kassenwart, Henry Poll, 44 Shippen Avenue, Stamford.
 Werbeleiter, Wolfgang T. Mung, 943 East Main Street, Stamford.
 O. D. Fuehrer, Conrad Pohl, 6 Lockwood Avenue, Stamford.
 Organisationsleiter, Robert Schaefer, 23 West Washington Avenue, Stamford.
 Pressewart, Rudolf Wurzenberger, 99 North Hill Street, Springdale.

Staten Island:

Ortsgruppenleiter, George Nebber, 21 Giffords Lane, Great Kills.
 Kassenwart, Richard Mettin, 29 Norwood Avenue, Stapleton, Staten Island.
 O. D. Fuehrer, Gustav Vogt, 4 Chester Place, Tompkinsville.

Trenton, N. J.:

Ortsgruppenleiter, Gustav Flach, Central Avenue, Rural Free Delivery 6,
 Trenton.
 Kassenwart, W. Othmer.
 Schriftwart, Werner Othmer.
 O. D. Fuehrer, Hans Sass, 49 Central Avenue, Rural Free Delivery 6, Trenton.
 D. K. V., Ogl.

Washington, D. C.:

Ortsgruppenleiter, W. Bartelmess, 1418 M Street NW., Washington.

White Plains:

Ortsgruppenleiter, Jacob Rieper, 21 Harding Avenue, White Plains.
 Kassenwart, Krickhahn.
 O. D. Fuehrer, Gustav Leibiger, Juniper Lodge, Briarcliff Manor, N. Y.

Yonkers:

Ortsgruppenleiter, Walter Obermayer, 609 Van Cortland Park Avenue.

GAU WEST**Chicago, Ill.:**

Ortsgruppenleiter, Wilhelm Kurz, 5535 Parkside Avenue.
 Kassenwart, H. Stadlander.
 O. D. Fuehrer, O. Hartl.
 Geschaeftsfuehrer, K. Sautter, 1127 George Street.

- Chicago, South:**
 Ortsgruppenleiter, Rudolf Lehnhof, 2036 West Sixty-Ninth Street.
 Kassenwart, Hugo Weil.
 Schriftwart, Carl Nitz, 8224 South Emerald Avenue, Chicago.
- Cincinnati, Ohio:**
 Ortsgruppenleiter, Henry Klohe, 504 Glenwood Avenue.
 Geschaeftsfuehrer, C. Klausfelder.
- Cleveland, Ohio:**
 Ortsgruppenleiter, Martin Kessler, 13411 First Avenue.
 Geschaeftsfuehrer, Theo. Hefherr.
 Kassenwart, Edmund Wax.
 O. D. Fuehrer, William Wieser, 200 Colonial Arcade.
 D. K. V., Alfred Kluth, 2337 West Fourteenth Street.
 Frauenschaft, Senta Huettel, 1504 Addison Avenue NE.
- Dayton, Ohio:**
 Ortsgruppenleiter, Walter Weiss, 3122 Taggart Street.
 Schriftwart, George Hobuss.
- Detroit, Mich.:**
 Ortsgruppenleiter, Fritz Kuhn, 2959 Hogarth Street, Detroit.
 Kassenwart.
- Gary, Ind.:**
 Ortsgruppenleiter, Fritz Schattat, 3761 Polk Street, Gary.
 Kassenwart, Wm. Braschos, 776 Porter Avenue.
 Werbeleiter, Schriftwart, Peter Seul, 1508 West Fifth Avenue.
 Pressewart, Hans Hartmann, 1234 West Fifth Street.
- Hammond, Ind.:**
 Ortsgruppenleiter, William Lange.
 Kassenwart, A. Cramer.
- Kenosha, Wis.:**
 Ortsgruppenleiter, Ferdinand Schneider, 6232 Thirty-fifth Avenue, Kenosha.
- Milwaukee, Wis.:**
 Ortsgruppenleiter, George Froboese, 3227 North Second Street, Milwaukee.
- Sheboygan, Wis.:**
 Ortsgruppenleiter, Georg Sattler, 1019 Ashland Avenue, Sheboygan.
- St. Louis, Mo.:**
 Ortsgruppenleiter, Anton Kessler, 4541 Chouteau Avenue, St. Louis.
 Kassenwart, Albert Lutz, 4023 Ohio Avenue.
 O. D. Fuehrer, Michael Weiss, 2841 Wisconsin Avenue.
 Organisationsleiter, Rudolf H. Ernst, 4736 Alabama Avenue.
 Geschaeftsfuehrer, Carl Weiss.
 Werbeleiter, Max Breu, 4614, Bessie Avenue.
 Jugendfuehrer, Karl Rocckle, 1918 Louisiana Avenue.
 Frauenschaft, Elfriede Albertmeier, 6412 Hoffman Avenue.
- Toledo, Ohio:**
 Ortsgruppenleiter, Wilhelm Fritz, 944 Islington Street.
- Los Angeles, Calif. (Santa Barbara, Petaluma):**
 Ortsgruppenleiter, Hermann Schwinn, Deutsches Haus, 634 West Fifteenth Street.
 Kassenwart, A. Paehler.
- Oakland, Calif.:**
 Ortsgruppenleiter, Gottfried K. Hein, 32 Home Place.
 Kassenwart, Albert Herman.
- Portland, Oreg.:**
 Ortsgruppenleiter, E. A. Vennekohl, 3523 Northeast Twenty-third Avenue.
- San Francisco, Calif.:**
 Ortsgruppenleiter, Carl Hoffmann, 174-a Downey Street,
 Kassenwart, Chris. W. Letsch, 3210 Irving Street.
 Geschaeftsfuehrer, Henry Lage, care of Smith, 1548 Page Street.
 O. S. Fuehrer, Otto Hellmann, 34 Buena Vista Terrace.
 Werbeleiter, Max Lautenschlager, 63 Palm Avenue.
 Arbeitsdienst, Kurt Schmidt, 1548 Page Street.
 Frauenschaft, Wilma Heilmann, 3172 Twenty-fourth Street.
- Seattle, Wash.:**
 Ortsgruppenleiter, Harry Lechner, 6537 Sixth Avenue South.
 Kassenwart, Paul Stoll, Route 3, Box 26a.
- Spokane, Wash.:**
 Ortsgruppenleiter, Edward Reese, West 128 Second Avenue.