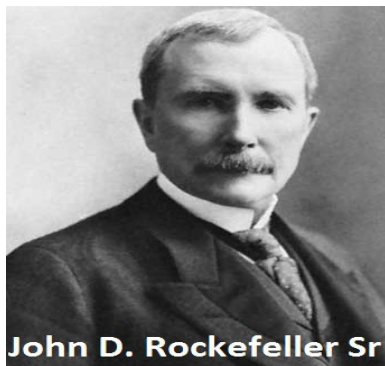
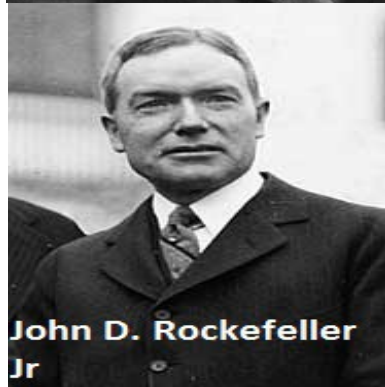


# The Treason Of Rockefeller Standard Oil (Exxon) During World War II

By [The American Chronicle](#)  
February 4, 2012



John D. Rockefeller Sr



John D. Rockefeller Jr



**We have reported on Wall Street's financing of Hitler and Nazi programs prior to World War 2 but we have not given as much attention to its treasonous acts during the war. The depths to which these men of fabled wealth sent Americans to their deaths is one of the great untold stories of the war.**

John Rockefeller, Jr. appointed William Farish chairman of Standard Oil of New Jersey which was later rechristened Exxon. Farish lead a close partnership with his company and I. G. Farben, the German pharmaceutical giant whose primary *raison d'etre* was to occlude ownership of assets and financial transactions between the two companies, especially in the event of war between the companies' respective nations.

This combine opened the Auschwitz prison camp on June 14, 1940 to produce artificial rubber and gasoline from coal using proprietary patents rights granted by Standard. Standard Oil and I. G. Farben provided the capital and technology while Hitler supplied the labor consisting of political enemies and Jews. Standard withheld these patents from US military and industry but supplied them freely to the Nazis.

Farish plead "no contest" to criminal conspiracy with the Nazis. A term of the plea stipulated that Standard would provide the US government the patent rights to produce artificial rubber from Standard technology while Farish paid a nominal 5,000 USD fine



Frank Howard, a vice president at Standard Oil NJ, wrote Farish shortly after war broke out in Europe that he had renewed the business relationship described above with Farben using Royal Dutch Shell mediation to provide an additional layer of opacity. The letter explicitly stated that such an agreement would continue even if the two countries went to war which in fact happened on December 8, 1941.

The Truman committee, which was investigating various aspects of wartime industrial affairs, also found out from the Justice Department that Standard Oil had withheld patents from the US Navy which had been supplied to the Nazis. Worse yet, the department revealed that Standard Oil had been supplying the Luftwaffe and German Navy gasoline and tetraethyl lead.

Fortunately Farish broke down under intense questioning and died November 29, 1942 – a small consolation for the allies as Standard Oil continued provisioning Hitler's war machine unabated until the end of the war.

Farish's son William, a lieutenant in the Army Air Force, was humiliated by the exposure of his father and died in a training accident in 1943 leaving a son, William, who became George H. W. Bush's financial manager and close business associate. William III inherited all of the ill-gotten gains of his grandfather along with his ideas of racial purity and anti-semitism.

As we will discuss in another posting, they collaborated closely on sterilization and other techniques to maintain racial purity and to prevent lower races from infecting the higher ones. They continued the ghastly purification programs of William the first.

As for John Rockefeller Jr, he claimed to not know of the quotidian affairs of his company, but the truth we believe is otherwise.

We would note that the high treason by Farish and other Wall Streeters such as Prescott Bush, whose Union Banking Corporation was seized by the government under the Trading with the Enemy Act, also included intelligence to the Nazis which gave the appearance that the Germans were superior fighters. Our belief is that they were not so gifted, owing their advantages to Wall Street traitors who supplied a stream of tactical and strategic intelligence to delay their defeat.

Many studies produced after the war and down into 1980s gave Germans numerically higher combat effectiveness scores due to superior fighting doctrine, but we now believe that much of this advantage can be traced to treacherously provided war intelligence.

Since Standard Oil continued to supply Hitler and his concentration camps throughout the war, we suspect that the tiger has not changed its stripes since and that Exxon can be counted as a fierce enemy of America whenever its financial interests are constrained by war.

# Standard Oil Fuels World War II

**In two gears Germany will be manufacturing oil and gas enough out of soft coal for a long war. The Standard Oil of New York is furnishing millions of dollars to help. (Report from the Commercial Attaché, U.S. Embassy in Berlin, Germany, January 1933, to State Department in Washington, D.C.)**

The Standard Oil group of companies, in which the Rockefeller family owned a one-quarter (and controlling) interest,<sup>1</sup> was of critical assistance in helping Nazi Germany prepare for World War II. This assistance in military preparation came about because Germany's relatively insignificant supplies of crude petroleum were quite insufficient for modern mechanized warfare; in 1934 for instance about 85 percent of German finished petroleum products were imported. The solution adopted by Nazi Germany was to manufacture synthetic gasoline from its plentiful domestic coal supplies. It was the hydrogenation process of producing synthetic gasoline and iso-octane properties in gasoline that enabled Germany to go to war in 1940 — and this hydrogenation process was developed and financed by the Standard Oil laboratories in the United States in partnership with I.G. Farben.



Evidence presented to the Truman, Bone, and Kilgore Committees after World War II confirmed that Standard Oil had at the same time "seriously imperiled the war preparations of the United States."<sup>2</sup> Documentary evidence was presented to all three Congressional committees that before World War II Standard Oil had agreed with I.G. Farben, in the so-called Jasco agreement, that synthetic rubber was within Farben's sphere of influence, while Standard Oil was to have an absolute monopoly in the U.S. *only if and when* Farben allowed development of synthetic rubber to take place in the U.S.:

*Accordingly [concluded the Kilgore Committee] 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.*<sup>3</sup>

Regrettably, the Congressional committees did not explore an even more ominous aspect of this Standard Oil — I.G. Farben collusion: that at this time directors of Standard Oil of New Jersey had not only strategic warfare affiliations to I.G. Farben, but had other links with Hitler's Germany — even to the extent of contributing, through German subsidiary companies, to Heinrich Himmler's personal fund and with membership in Himmler's Circle of Friends as late as 1944.

During World War II Standard Oil of New Jersey was accused of treason for this pre-war alliance with Farben, even while its continuing wartime activities within Himmler's Circle of Friends were unknown. The accusations of treason were vehemently denied by Standard Oil. One of the more prominent of these defenses was published by R.T. Haslam, a director of Standard Oil of New Jersey, in *The*



*Petroleum Times* (December 25, 1943), and entitled "Secrets Turned into Mighty War Weapons Through I.G. Farben Agreement."<sup>4</sup> This was an attempt to turn the tables and present the pre-war collusion as advantageous to the United States.

Whatever may have been Standard Oil's wartime recollections and hasty defense, the 1929 negotiations and contracts between Standard and I.G. Farben were recorded in the contemporary press and describe the agreements between Standard Oil of New Jersey and I.G. Farben and their intent. In April 1929 Walter C. Teagle, president of Standard Oil of New Jersey, became a director of the newly organized American I.G. Farben. Not because Teagle was interested in the chemical industry but because,



*It has for some years past enjoyed a very close relationship with certain branches of the research work of the I.G. Farbenindustrie which bear closely upon the oil industry.*<sup>5</sup>

It was announced by Teagle that joint research work on production of oil from coal had been carried on for some time and that a research laboratory for this work was to



be established *in the United States*.<sup>6</sup> In November 1929 this jointly owned Standard — Farben research company was established *under the management of the Standard Oil Company of New Jersey*, and all research and patents relating to production of oil from coal held by both I.G. and Standard were pooled. Previously, during the period 1926-1929, the two companies had cooperated in development of the hydrogenation process, and experimental plants had been placed in operation in both the U.S. and Germany. It was now proposed to erect new plants in the U.S. at Bayway, New Jersey and Baytown, Texas, in addition to expansion of the earlier experimental plant at Baton Rouge. Standard announced:

*... the importance of the new contract as applied to this country lay in the fact that it made certain that the hydrogenation process would be developed commercially in this country under the guidance of American oil interests.*<sup>7</sup>



In December 1929 the new company, Standard I.G. Company, was organized. F.A. Howard was named president, and its German and American directors were announced as follows: E.M. Clark, Walter Duisberg, Peter Hurrll, R.A. Reidemann, H.G. Seidel, Otto von Schenck, and Guy Wellman. The majority of the stock in the research company was owned by Standard Oil. The technical work, the process development work, and the construction of three new oil-from-coal plants in the United States was placed in the hands of the Standard Oil Development Company, the Standard Oil technical subsidiary. It is clear from these contemporary reports that the development work on oil from coal was undertaken by Standard Oil of New Jersey within the United States, in Standard Oil plants and

with majority financing and control by Standard. The results of this research were made available to I.G. Farben and became the basis for the development of Hitler's oil from-coal-program which made World War II possible.

The Haslam article, written by a former Professor of Chemical Engineering at M.I.T. (then vice president of Standard Oil of New Jersey) argued — contrary to these recorded facts — that Standard Oil was able, through its Farben agreements, to obtain *German* technology for the United States. Haslam cited the manufacture of toluol and paratone (Op-panol), used to stabilize viscosity of oil, an essential material for desert and Russian winter tank operations, and buna rubber. However, this article, with its erroneous self-serving claims, found its way to wartime Germany and became the subject of a "Secret" I.G. Farben memorandum dated June 6, 1944 from Nuremburg defendant and then-Farben official von Knieriem to fellow Farben management officials. This von Knieriem "Secret" memo set out those facts Haslam avoided in his *Petroleum Times* article. The memo was in fact a summary of what Standard was unwilling to reveal to the American public — i.e., the major contribution made by Standard Oil of New Jersey to the Nazi war machine. The Farben memorandum states that the Standard Oil agreements were *absolutely essential* for I.G. Farben:

*The closing of an agreement with Standard was necessary for technical, commercial, and financial reasons: technically, because the specialized experience which was available only in a big oil company was necessary to the further development of our process, and no such industry existed in Germany; commercially, because in the absence of state economic control in Germany at that time, IG had to avoid a competitive struggle with the great oil powers, who always sold the best gasoline at the lowest price in contested markets; financially, because IG, which had already spent extraordinarily large sums for the development of the process, had to seek financial relief in order to be able to continue development in other new technical fields, such as buna.*<sup>8</sup>



The Farben memorandum then answered the key question: What did I.G. Farben acquire from Standard Oil that was "vital for the conduct of war?" The memo examines those products cited by Haslam — i.e., iso-octane, toluol, Oppanol-Paratone, and buna — and demonstrates that contrary to Standard Oil's public claim, their technology came to a great extent from the U.S., not from Germany.

On iso-octane the Farben memorandum reads, in part,

*By reason of their decades of work on motor fuels, the Americans were ahead of us in their knowledge of the quality requirements that are called for by the different uses of motor fuels. In particular they had developed, at great expense, a large number of methods of testing gasoline for different uses. On the basis of their experiments they had recognized the good anti-knock quality of iso-octane long before they had any knowledge of our hydrogenation process. This is proved by the single fact that in America fuels are graded in octane numbers, and iso-octane was entered as the best fuel with the number 100. All this knowledge naturally became ours as a result of the agreement, which saved us much effort and protected us against many errors.*

I.G. Farben adds that Haslam's claim that the production of iso-octane became known in America only through the Farben hydrogenation process was not correct:

*Especially in the case of iso-octane, it is shown that we owe much to the Americans because in*

our own work we could draw widely on American information on the behavior of fuels in motors. Moreover, we were also kept currently informed by the Americans on the progress of their production process and its further development.

Shortly before the war, a new method for the production of iso-octane was found in America — alkylation with isomerization as a preliminary step. This process, which Mr. Haslam does not mention at all, originates in fact entirely with the Americans and has become

known to us in detail in its separate stages through our agreements with them, and is being used very extensively by us.



On toluol, I.G. Farben points to a factual inaccuracy in the Haslam article: toluol was *not* produced by hydrogenation in the U.S. is claimed by Professor Haslam. In the case of Oppanol, the I.G. memo calls Haslam's information "incomplete" and so far as buna rubber is concerned, "we never gave technical information to the Americans, nor did technical cooperation in the buna field take place." Most importantly, the Farben memo goes on to describe some products not cited by Haslam in his article:

*As a consequence of our contracts with the Americans, we received from them, above and beyond the agreement, many very valuable contributions for the synthesis and improvement of motor fuels and lubricating oils, which Just now during the war are most useful to us; and we also received other advantages from them. Primarily, the following may be mentioned:*

*(1) Above all, improvement of fuels through the addition of tetraethyl-lead and the manufacture of this product. It need not be especially mentioned that without tetraethyl-lead the present methods of warfare would be impossible. The fact that since the beginning of the war we could produce tetraethyl-lead is entirely due to the circumstances that, shortly before, the Americans had presented us with the production plans, complete with their know-how. 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 secrets) 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.*

*(2) Conversion of low-molecular unsaturates into usable gasoline (polymerization). Much work in this field has been done here as well as in America. But the Americans were the first to carry the process through on a large scale, which suggested to us also to develop the process on a large technical scale. But above and beyond that, plants built according to American processes are functioning in Germany.*

*(3) In the field of lubricating oils as well, Germany through the contract with America, learned of experience which is extraordinarily important for present day warfare.*



*In this connection, we obtained not only the experience of Standard, but, through Standard, the experiences of General Motors and other large American motor companies as well.*

*(4) As a further remarkable example of advantageous effect for us of the contract between IG and Standard Oil, the following should be mentioned: in the years 1934 / 1935 our government had the greatest interest in gathering from abroad a stock of especially valuable mineral oil products (in particular, aviation gasoline and aviation lubricating oil), and holding it in reserve to an amount approximately equal to 20 million dollars at market value. The German Government asked IG if it were not possible, on the basis of its friendly relations with Standard Oil, to buy this amount in Farben's name; actually, however, as trustee of the German Government. The fact that we actually succeeded by means of the most difficult negotiations in buying the quantity desired by our government from the American Standard Oil Company and the Dutch — English Royal — Dutch — Shell group and in transporting it to Germany, was made possible only through the aid of the Standard Oil Co.*

### **Ethyl Lead for the Wehrmacht**

Another prominent example of Standard Oil assistance to Nazi Germany — in cooperation with General Motors — was in supplying ethyl lead. Ethyl fluid is an anti-knock compound used in both aviation and automobile fuels to eliminate knocking, and so improve engine efficiency; without such anti-knocking compounds modern mobile warfare would be impractical.

In 1924 the Ethyl Gasoline Corporation was formed in New York City, jointly owned by the Standard Oil Company of New Jersey and General Motors Corporation, to control and utilize U.S. patents for the manufacture and distribution of tetraethyl lead and ethyl fluid in the U.S. and abroad. Up to 1935 manufacture of these products was undertaken *only* in the United States. In 1935 Ethyl Gasoline Corporation transferred its know-how to Germany for use in the Nazi rearmament program. This transfer was undertaken over the protests of the U.S. Government.

Ethyl's intention to transfer its anti-knock technology to Nazi Germany came to the attention of the Army Air Corps in Washington, D.C. On December 15, 1934 E. W. Webb, president of Ethyl Gasoline, was advised that Washington had learned of the intention of "forming a German company with the I.G. to manufacture ethyl lead in that country." The War Department indicated that there was considerable criticism of this technological transfer, which might "have the gravest repercussions" for the U.S.; that the commercial demand for ethyl lead in Germany was too small to be of interest; and,

*... it has been claimed that Germany is secretly arming [and] ethyl lead would doubtless be a valuable aid to military aeroplanes.*<sup>[10](#)</sup>



**CONCENTRATION CAMP  
VICTIMS THAT THE  
ROCKEFELLERS THROUGH  
FUNDING HITLER HELPED  
TO CREATE THIS MASS  
SUFFERING OF JEWS AND  
OTHERS IN THESE CAMPS**



The Ethyl Company was then advised by the Army Air Corps that "under no conditions should you or the Board of Directors of the Ethyl Gasoline Corporation disclose any secrets or 'know-how' in connection with the manufacture of tetraethyl lead to Germany."<sup>11</sup>

On January 12, 1935 Webb mailed to the Chief of the Army Air Corps a "Statement of Facts," which was in effect a denial that any such technical knowledge would be transmitted; he offered to insert such a

clause in the contract to guard against any such transfer. However, contrary to its pledge to the Army Air Corps, Ethyl subsequently signed a joint production agreement with I.G. Farben in Germany to form Ethyl G.m.b.H. and with Montecatini in fascist Italy for the same purpose.

It is worth noting the directors of Ethyl Gasoline Corporation at the time of this transfer:<sup>12</sup> E.W. Webb, president and director; C.F. Kettering; R.P. Russell; W.C. Teagle, Standard Oil of New Jersey and trustee of FDR's Georgia Warm Springs Foundation; F. A. Howard; E. M. Clark, Standard Oil of New Jersey; A. P. Sloan, Jr.; D. Brown; J. T. Smith; and W.S. Parish of Standard Oil of New Jersey.

The I.G. Farben files captured at the end of the war confirm the importance of this particular technical transfer for the German Wehrmacht:

*Since the beginning of the war we have been in a position. to produce lead tetraethyl solely because, a short time before the outbreak of the war, the Americans had established plants for us ready for production and supplied us with all available experience. In this manner we did not need to perform the difficult work of development because we could start production right away on the basis of all the experience that the Americans had had for years.*<sup>13</sup>

In 1938, just before the outbreak of war in Europe, the German Luftwaffe had an urgent requirement for 500 tons of tetraethyl lead. Ethyl was advised by an official of DuPont that such quantities of ethyl would be used by Germany for military purposes.<sup>14</sup> This 500 tons was loaned by the Ethyl Export Corporation of New York to Ethyl G.m.b.H. of Germany, in a transaction arranged by the Reich Air Ministry with I.G. Farben director Mueller-Cunradi. The collateral security was arranged in a letter dated September 21, 1938<sup>15</sup> through Brown Brothers, Harriman & Co. of New York.

### **Standard Oil of New Jersey and Synthetic Rubber**

The transfer of ethyl technology for the Nazi war machine was repeated in the case of synthetic rubber. There is no question that the ability of the German Wehrmacht to fight World War II depended on synthetic rubber — as well as on synthetic petroleum — because Germany has no natural rubber, and war would have been impossible without Farben's synthetic rubber production. Farben had a virtual monopoly of this field and the program to produce the large quantities necessary was financed by the Reich:

*The volume of planned production in this field was far beyond the needs of peacetime economy. The huge costs involved were consistent only with military considerations in*



*which the need for self-sufficiency without regard to cost was decisive.*<sup>16</sup>

As in the ethyl technology transfers, Standard Oil of New Jersey was intimately associated with I.G. Farben's synthetic rubber. A series of joint cartel agreements were made in the late 1920s aimed at a joint world monopoly of synthetic rubber. Hitler's Four Year Plan went into effect in 1937 and in 1938 Standard provided I.G. Farben with its new butyl rubber process. On the other hand Standard kept the German buna process secret within the United States and it was not until June 1940 that Firestone and U.S. Rubber were allowed to participate in testing butyl and granted the buna manufacturing



licenses. Even then Standard tried to get the U.S. Government to finance a large-scale buna program — reserving its own funds for the more promising butyl process.<sup>17</sup>

Consequently, Standard assistance in Nazi Germany was not limited to oil from coal, although this was the most important transfer. Not only was the process for tetraethyl transferred to I.G. Farben and a plant built in Germany owned jointly by I.G., General Motors, and Standard subsidiaries; but as late as 1939 Standard's German subsidiary designed a German plant for aviation gas. Tetraethyl was shipped on an emergency basis for the Wehrmacht and major assistance was given in production of butyl rubber, while holding secret in the U.S. the Farben process for buna. In other words, Standard Oil of New Jersey (first under president W.C. Teagle and then under W.S. Farish) consistently aided the Nazi war machine while refusing to aid the United States.

This sequence of events was not an accident. President W.S. Farish argued that not to have granted such technical assistance to the Wehrmacht "... would have been unwarranted."<sup>18</sup> The assistance was knowledgeable, ranged over more than a decade, and was so substantive that without it the Wehrmacht could not have gone to war in 1939.

### **The Deutsche-Amerikanische Petroleum A.G. (DAPAG)**

The Standard Oil subsidiary in Germany, Deutsche-Amerikanische Petroleum A.G. (DAPAG), was 94-percent owned by Standard Oil of New Jersey. DAPAG had branches throughout Germany, a refinery at Bremen, and a head office in Hamburg. Through DAPAG, Standard Oil of New Jersey was represented in the inner circles of Naziism — the Keppler Circle and Himmler's Circle of Friends. A director of DAPAG was Karl Lindemann, also chairman of the International Chamber of Commerce in

Germany, as well as director of several banks, including the Dresdner Bank, the Deutsche Reichsbank, and the private Nazi-oriented bank of C. Melchior & Company, and numerous corporations including the HAPAG (Hamburg-Amerika Line). Lindemann was a member of Keppler's Circle of Friends as late as 1944 and so gave Standard Oil of New Jersey a representative at the very core of Naziism. Another member of the board of DAPAG was Emil Helfrich, who was an original member of the Keppler Circle.

In sum, Standard Oil of New Jersey had two members of the Keppler Circle as directors of its German wholly owned subsidiary. Payments to the Circle from the Standard Oil subsidiary company, and from Lindemann and Helfrich as individual directors, continued until 1944, the year before the end of World War II.<sup>19</sup>

## How the Allied multinationals supplied Nazi Germany throughout World War II

By Red Marriott

[libcom.org](http://libcom.org)

Dec 13 2006

The following excerpts thoroughly document how capitalists really acted during the Second World War. Behind the patriotic propaganda that encouraged the working class to slaughter each other in the interests of competing national interests, international capital quietly kept the commodity circuits flowing and profits growing across all borders.

Trading with the Enemy - war means business as usual for international capital.

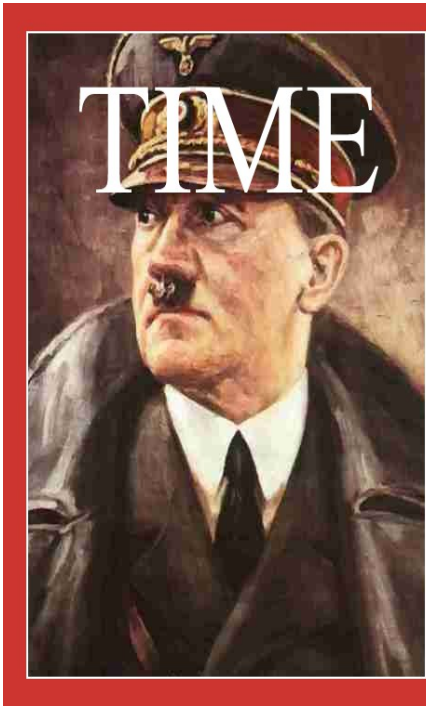
Excerpts from "*Trading With the Enemy: An Exposé of The Nazi-American Money-Plot 1933-1949*" by Charles Higham;  
& "*The Coca Cola Company under the Nazis*" by Eleanor Jones and Florian Ritzmann

Charles Higham is the son of a former UK MP and Cabinet member.

We begin with some excerpts from "*Trading With the Enemy: An Exposé of The Nazi-American Money-Plot 1933-1949*" by Charles Higham; Hale, London, 1983.

This is followed by "*The Coca Cola Company under the Nazis*" by Eleanor Jones and Florian Ritzmann; From the "*Coca Cola Goes to War*" website; <http://xroads.virginia.edu/%7ECLASS/coke/coke.html>





From the *"Trading With the Enemy"* cover blurb;

*"Here is the extraordinary true story of the American businessmen and government officials who dealt with the Nazis for profit or through conviction throughout the Second World War: Ford, Standard Oil, Chase Bank and members of the State Department were among those who shared in the spoils. Meticulously documented and dispassionately told, this is an alarming story. At its centre is 'The Fraternity', an influential international group associated with the Rockefeller or Morgan banks and linked by the ideology of Business as Usual.*

*Higham starts with an account of the Bank for International Settlements in Basel, Switzerland - a Nazi-controlled bank presided over by an American, Thomas H. McKittrick, even in 1944. While Americans were dying in the war, McKittrick sat down with his German, Japanese, Italian, British and American executive staff to discuss the gold bars that had been sent to the Bank earlier that year by the Nazi government for use by its leaders after the war. This was gold that had been looted from the banks of Austria, Belgium, and Czechoslovakia or melted down from teeth fillings,*

*eyeglass frames, and wedding rings of millions of murdered Jews.*

*But that is only one of the cases detailed in this book. We have Standard Oil shipping enemy fuel through Switzerland for the Nazi occupation forces in France; Ford trucks transporting German troops; I.T.T. helping supply the rocket bombs that marauded much of London ; and I.T.T. building the Focke-Wulfs that dropped those bombs. Long and shocking is the list of diplomats and businessmen alike who had their own ways of profiting from the war."*

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Preface to the book *TRADING WITH THE ENEMY: An Exposé of The Nazi-American Money-Plot 1933-1949* by Charles Higham; Hale, London, 1983.

#### **Preface**

It would be comforting to believe that the financial Establishment of the United States and the leaders of American industry were united in a common purpose following the Day of Infamy, the Japanese attack on Pearl Harbor on December 7, 1941. Certainly, the American public was assured that Big Business along with all of the officials of government ceased from the moment the war began to have any dealings whatsoever with the enemy. That assurance sustained the morale of millions of Americans who bore arms in World War II and their kinfolk who stayed at home and suffered the anguish of separation.

But the heartbreaking truth is that a number of financial and industrial figures of World War II and several members of the government served the cause of money before the cause of patriotism. While aiding the United States' war effort, they also aided Nazi Germany's.

I first came across this fact in 1978 when I was declassifying documents in the course of writing a biography that dealt with motion picture star Errol Flynn's Nazi associations. In the National Archives Diplomatic Records Room I found numerous cross-references to prominent figures who, I had always assumed, were entirely committed to the American cause, yet who had been marked down for suspected subversive activities.

I had heard over the years about a general agreement of certain major figures of American, British, and



German commerce to continue their relations and associations after Pearl Harbor. I had also heard that certain figures of the warring governments had arranged to assist in this. But I had never seen any documentary evidence of it. Now, pieces of information began to surface. I started to locate documents and have them declassified under the Freedom of Information Act—a painfully slow and exhausting process that lasted two and a half years. What I found out was very disturbing.

I had been born to a patriotic British family. My father had raised the first battalions of volunteers against Germany in World War I, and had built the Star and Garter Hospital at Richmond, Surrey, for ex-servicemen. He had been knighted by King George V for his services to the Crown and had been a member of Parliament and a Cabinet member. I feel a strong sense of loyalty to Britain, as well as to my adopted country, the United States of America. Moreover, I am part Jewish. Auschwitz is a word stamped on my heart forever.

It thus came as a severe shock to learn that several of the greatest American corporate leaders were in league with Nazi corporations before and after Pearl Harbor, including I.G. Farben, the colossal Nazi industrial trust that created Auschwitz. Those leaders interlocked through an association I have dubbed The Fraternity. Each of these business leaders was entangled with the others through interlocking directorates or financial sources. All were represented internationally by the National City Bank or by the Chase National Bank and by the Nazi attorneys Gerhardt Westrick and Dr. Heinrich Albert. All had connections to that crucial Nazi economist, Emil Puhl, of Hitler's Reichsbank and the Bank for International Settlements.

The tycoons were linked by an ideology: the ideology of Business as Usual. Bound by identical reactionary ideas, the members sought a common future in fascist domination, regardless of which world leader might further that ambition.

Several members not only sought a continuing alliance of interests for the duration of World War II but supported the idea of a negotiated peace with Germany that would bar any reorganization of Europe along liberal lines. It would leave as its residue a police state that would place The Fraternity in postwar possession of financial, industrial, and political autonomy. When it was clear that Germany was losing the war the businessmen became notably more "loyal." Then, when war was over, the survivors pushed into Germany, protected their assets, restored Nazi friends to high office, helped provoke the Cold War, and insured the permanent future of The Fraternity.

From the outset I realized that in researching the subject I would have to carve through an ice cream mountain of public relations. I searched in vain through books about the corporations and their histories to find any reference to questionable activities in World War II. It was clear that the authors of those volumes, granted the cooperation of the businesses concerned, predictably backed off from disclosing anything that would be revealing. To this day the bulk of Americans do not suspect The Fraternity. The government smothered everything, during and even (inexcusably) after the war. What would have happened if millions of American and British people, struggling with coupons and lines at the gas stations, had learned that in 1942 Standard Oil of New Jersey managers shipped the enemy's fuel through neutral Switzerland and that the enemy was shipping Allied fuel? Suppose the public had discovered that the Chase Bank in Nazi-occupied Paris after Pearl Harbor was doing millions of dollars' worth of business with the enemy with the full knowledge of the head office in Manhattan? Or that Ford trucks were being built for the German occupation troops in France with authorization from Dearborn, Michigan? Or that Colonel Sosthenes Behn, the head of the international American telephone conglomerate ITT, flew from New York to Madrid to Berne during the war to help improve Hitler's communications systems and improve the robot bombs that devastated London? Or that ITT built the Focke-Wulfs that dropped bombs on British and American troops? Or that crucial ball bearings were shipped to Nazi-associated customers in Latin America with the collusion of the vice-chairman of the U.S. War Production Board in partnership with Göring's cousin in Philadelphia when

American forces were desperately short of them? Or that such arrangements were known about in Washington and either sanctioned or deliberately ignored?

For the government did sanction dubious transactions—both before and after Pearl Harbor. A presidential edict, issued six days after December 7, 1941, actually set up the legislation whereby licensing arrangements for trading with the enemy could officially be granted. Often during the years after Pearl Harbor the government permitted such trading. For example, ITT was allowed to continue its relations with the Axis and Japan until 1945, even though that conglomerate was regarded as an official instrument of United States Intelligence. No attempt was made to prevent Ford from retaining its interests for the Germans in Occupied France, nor were the Chase Bank or the Morgan Bank expressly forbidden to keep open their branches in Occupied Paris. It is indicated that the Reichsbank and Nazi Ministry of Economics made promises to certain U.S. corporate leaders that their properties would not be injured after the Führer was victorious. Thus, the bosses of the multinationals as we know them today had a six-spot on every side of the dice cube. Whichever side won the war, the powers that really ran nations would not be adversely affected.

And it is important to consider the size of American investments in Nazi Germany at the time of Pearl Harbor. These amounted to an estimated total of \$475 million. Standard Oil of New Jersey had \$120 million invested there; General Motors had \$35 million; ITT had \$30 million; and Ford had \$17.5 million. Though it would have been more patriotic to have allowed Nazi Germany to confiscate these companies for the duration—to nationalize them or to absorb them into Hermann Göring's industrial empire—it was clearly more practical to insure them protection from seizure by allowing them to remain in special holding companies, the money accumulating until war's end. It is interesting that whereas there is no evidence of any serious attempt by Roosevelt to impeach the guilty in the United States, there is evidence that Hitler strove to punish certain German Fraternity associates on the grounds of treason to the Nazi state. Indeed, in the case of ITT, perhaps the most flagrant of the corporations in its outright dealings with the enemy, Hitler and his postmaster general, the venerable Wilhelm Ohnesorge, strove to impound the German end of the business. But even they were powerless in such a situation: the Gestapo leader of counterintelligence, Walter Schellenberg, was a prominent director and shareholder of ITT by arrangement with New York—and even Hitler dared not cross the Gestapo.

As for Roosevelt, the Sphinx still keeps his secrets. That supreme politician held all of the forces of collusion and betrayal in balance, publicly praising those executives whom he knew to be questionable. Before Pearl Harbor, he allowed such egregious executives as James D. Mooney of General Motors and William Rhodes Davis of the Davis Oil Company to enjoy pleasant tête-à-têtes with Hitler and Göring, while maintaining a careful record of what they were doing. During the war, J. Edgar Hoover, Adolf A. Berle, Henry Morgenthau, and Harold Ickes kept the President fully advised of all internal and external transgressions. With great skill, he never let the executives concerned know that he was on to them. By using the corporate leaders for his own war purposes as dollar-a-year men, keeping an eye on them and allowing them to indulge, under license or not, in their international tradings, he at once made winning the war a certainty and kept the public from knowing what it should not know.

Because of the secrecy with which the matter has been blanketed, researching it presented me with a nightmare that preceded the greater nightmare of discovery. I embarked upon a voyage that resembled nothing so much as a descent into poisoned waters in a diving bell.

Why did even the loyal figures of the American government allow these transactions to continue after Pearl Harbor? A logical deduction would be that not to have done so would have involved public disclosure: the procedure of legally disconnecting these alliances under the antitrust laws would have resulted in a public scandal that would have drastically affected public morale, caused widespread strikes, and perhaps provoked mutinies in the armed services. Moreover, as some corporate executives

were never tired of reminding the government, their trial and imprisonment would have made it impossible for the corporate boards to help the American war effort. Therefore, the government was powerless to intervene. After 1945, the Cold War, which the executives had done so much to provoke, made it even more necessary that the truth of The Fraternity agreements should not be revealed.

I began with the conveniently multinational Bank for International Settlements in Basle, Switzerland. The activities of this anomalous institution in wartime are contained in Treasury Secretary Henry Morgenthau's official diaries at the Roosevelt Memorial Library at Hyde Park, New York. Other details are contained in reports by the estimable Lauchlin Currie, of Roosevelt's White House Economics Staff, whom I interviewed at length by telephone at his home in Bogotá, Colombia, to which city he had been banished, his citizenship stripped from him in 1956 for exposing American-Nazi connections. Another source lay in reports by the late Orvis Schmidt of Treasury Foreign Funds Control. German records were a useful source: Emil Puhl, vice-president and real power of the Reichsbank, a most crucial figure in The Fraternity's dealings, had sent reports to his nominal superior, Dr. Walther Funk, from Switzerland to Berlin late in the war.

I turned to the matter of the Rockefeller-controlled Chase National Bank, which had conducted its business for the Nazi High Command in Paris until the war's end. Evidently realizing that future historians might want to examine the highly secret Chase Bank files, Morgenthau had left subtle cross-references at Hyde Park that could lead future investigators to Treasury itself. I asked Ralph V. Korp of Treasury for access to the sealed Chase boxes, which had been under lock and key since 1945. Under the Freedom of Information Act, Mr. Korp obtained permission from his superiors to unseal the boxes and to declassify the large number of documents contained therein.

From the Chase Bank it was a natural progression to Standard Oil of New Jersey, the chief jewel in the crown of the Rockefeller empire. Records of Standard's dealings with the Axis were contained in the Records Rooms of the Diplomatic Branch of the National Archives were specially declassified. There, too, I found records of Sterling Products, General Aniline and Film, and William Rhodes Davis, whose FBI files were also most revealing. Documents on ITT and RCA were declassified. After waiting out the better part of the year, I was able to obtain them from the National Archives. Classified SKF Industries files are held in the Suitland, Maryland, annex of the Archives. General Motors matters are covered in the James D. Mooney public access collection of Georgetown University, Washington, D.C. The unpublished post-Pear Harbor diaries of Harold Ickes were invaluable; they are to be found in the manuscript room of the Library of Congress.

The most elusive files were those on Ford in Occupied France. I could find no reference to them in the Treasury documentary listings. I knew that a Treasury team had investigated the company. I wondered if any member of the team could be alive.

Something jolted my memory. I remembered that a book entitled *The Devil's Chemists* had appeared after World War II, written by Josiah DuBois, an attorney who had been part of the Treasury team at Nuremberg. The book was a harrowing account of the trial of the executives of I.G. Farben, the Nazi industrial trust, that showed Farben's links to Wall Street.

I reread the book's pages, looking for a clue. In it DuBois mentioned that he came from Camden, New Jersey. I decided to call information in the Camden area because I had a theory that, embittered by his experience in Germany and Washington, DeBois might have returned to live there after the war. It was only a hunch, but it paid off. In fact, it turned out that DuBois had gone back to his family law firm in Camden. I wrote to him, asking if he had records of the Ford matter. I figured that these might have been so important that he would have been given personal custody of them; that Secretary Morgenthau might not even have risked leaving them at Treasury.

DuBois replied that he believed he still had the documents, including the letters of Edsel Ford to his



managers in Nazi-occupied France after Pearl Harbor, authorizing improvements in automobile and truck supplies to the Germans. After several weeks, DuBois wrote to say that he had searched his attic to no avail. The documents were missing. However, he would keep looking.

He was admitted to a hospital where he underwent major surgery. Although enfeebled, he returned to the attic and began searching again. Compelled by a desire to disclose the truth, he pursued his task whenever he could find the strength. At last, when he was about to give up hope, he uncovered the documents.

However, he explained that the main files was so incendiary that he would not send it by mail or even by messenger—I was at liberty to examine it in his office. I was faced with a new dilemma. Since I was expecting delivery of an important set of documents, I couldn't risk an absence from my house for a prolonged journey to the East. I said I would call him back.

I knew that Rutgers University was close to DuBois's offices. I called the Law department and asked for a student researcher. Within an hour I received a call from a young man who needed work. I contacted DuBois's secretary and arranged for the student to copy the documents of the premises. He did so; I sent an air courier to his home to pick them up. As I read the documents, the last details of the puzzle fell into place.

I have tried to write this book as dispassionately as possible, without attempting a moral commentary, and without, of course, intending implication of present corporations and their executive boards. It will be claimed that the people in this book, since they are dead, cannot answer and therefore should not be criticized. To that I would reply: Millions died in World War II. They, too, cannot answer.

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Excerpts from; *Third World Traveller* website; [www.thirdworldtraveler.com](http://www.thirdworldtraveler.com)

Excerpted from the book "*Trading with the Enemy - The Nazi - American Money Plot 1933-1949*" by Charles Higham.

### **A Bank for All Reasons**

p1

On a bright May morning in 1944, while young Americans were dying on the Italian beachheads, Thomas Harrington McKittrick, American president of the Nazi-controlled Bank for International Settlements in Basle, Switzerland, arrived at his office to preside over a fourth annual meeting in time of war. This polished American gentleman sat down with his German, Japanese, Italian, British, and American executive staff to discuss such important matters as the \$378 million in gold that had been sent to the Bank by the Nazi government after Pearl Harbor for use by its leaders after the war. Gold that had been looted from the national banks of Austria, Holland, Belgium, and Czechoslovakia, or melted down from the Reichsbank holdings of the teeth fillings, spectacle frames, cigarette cases and lighters, and wedding rings of the murdered Jews.

The Bank for International Settlements was a joint creation in 1930 of the world's central banks, including the Federal Reserve Bank of New York. Its existence was inspired by Hjalmar Horace Greeley Schacht, Nazi Minister of Economics and president of the Reichsbank, part of whose early upbringing was in Brooklyn, and who had powerful Wall Street connections. He was seconded by the all-important banker Emil Puhl, who continued under the regime of Schacht's successor, Dr. Walther Funk.

Sensing Adolf Hitler's lust for war and conquest, Schacht, even before Hitler rose to power in the Reichstag, pushed for an institution that would retain channels of communication and collusion between the world's financial leaders even in the event of an international conflict. It was written into the Bank's charter, concurred in by the respective governments, that the BIS should be immune from

seizure, closure, or censure, whether or not its owners were at war. These owners included the Morgan-affiliated First National Bank of New York (among whose directors were Harold S. Vanderbilt and Wendell Willkie), the Bank of England, the Reichsbank, the Bank of Italy, the Bank of France, and other central banks. Established under the Morgan banker Owen D. Young's so-called Young Plan, the BIS's ostensible purpose was to provide the Allies with reparations to be paid by Germany for World War I. The Bank soon turned out to be the instrument of an opposite function. It was to be a money funnel for American and British funds to flow into Hitler's coffers and to help Hitler build up his war machine.

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By 1939, the BIS had invested millions in Germany while Kurt von Schroder and Emil Puhl deposited large sums in looted gold in the Bank. The BIS was an instrument of Hitler, but its continuing existence was approved by Great Britain even after that country went to war with Germany ...

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#### **The Chase Nazi Account**

p20

The Rockefellers' Chase National Bank (later the Chase Manhattan) was the richest and most powerful financial institution in the United States at the time of Pearl Harbor. The Rockefellers owned Standard Oil of New Jersey, the German accounts of which were siphoned through their own bank, the Chase, as well as through the independent National City Bank of New York, which also handled Standard, Sterling Products, General Aniline and Film, SKF, and ITT, whose chief, Sosthenes Behn, was a director of the N.C.B. Two executives of Standard Oil's German subsidiary were Karl Lindemann and Emil Helfferich, prominent figures in Himmler's Circle of Friends of the Gestapo-its chief financiers-and close friends and colleagues of the BIS's Baron von Schroder.

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In 1942, introducing a book entitled *Patents for Hitler* by Gunther Reimannthe, the lawyer Creekmore Fath wrote:

"Since the middle thirties, whenever a German business group wanted to make an agreement with any business concern beyond the borders of Germany, it was required first to submit a full text of the proposed agreement to the Reichsbank. The Reichsbank rejected or rewrote until \ the agreement met its approval. The Reichsbank approved no agreement which did not fit into the plans of the Nazi State and carry that state another step toward its goal of world domination. In other words, any American firm which reached an agreement or dealt with a German firm . . . was dealing ... with Hitler himself.

As war approached, the links between the Rockefellers and the Nazi government became more and more firm. In 1936 the J. Henry Schroder Bank of New York had entered into a partnership with the Rockefellers. Schroder, Rockefeller and Company, Investment Bankers, was formed as part of an overall company that Time magazine disclosed as being "the economic booster of the Rome-Berlin Axis. " The partners in Schroder, Rockefeller and Company included Avery Rockefeller, nephew of John D., Baron Bruno von Schroder in London, and Kurt von Schroder of the BIS and the Gestapo in Cologne. Avery Rockefeller owned 42 percent of Schroder, Rockefeller, and Baron Bruno and his Nazi cousin 47 percent. Their lawyers were John Foster Dulles and Allen Dulles of Sullivan and Cromwell. Allen Dulles (later of the Office of Strategic Services) was on the board of Schroder. Further connections linked the Paris branch of Chase to Schroder as well as the pro-Nazi Worms Bank and Standard Oil of New Jersey in France. Standard Oil's Paris representatives were directors of the Banque de Paris et des Pays-Bas, which had intricate connections to the Nazis and to Chase.

Six months before the war broke out in Europe, Joseph J. Larkin brought off his most audacious scheme in the Nazi interest, acting in collusion with the Schroder Bank. Aldrich and the Schrodors

secured no less than \$25 million American for the use of Germany's expanding war economy and accompanied it with a detailed record (supplied direct to the Chase Bank in Berlin for forwarding to the Nazi government) of the assets and background of ten thousand Nazi sympathizers in the United States. The negotiations were engineered with the help of Dr. Walther Funk and Emil Puhl.

In essence, the Nazi government through the Chase National Bank offered Nazis in America the opportunity to buy marks with dollars at a discount. The arrangement was open only to those who wished to return to Germany and would use the marks in the interest of the Nazis. Before any transaction could be made, such persons had to convince the Nazi embassy in Washington that they were bona fide supporters of German policy. They were told in pamphlets sent out by the Chase National Bank in Manhattan that Germany could offer glorious opportunities to them and that marks would provide a hedge against inflation and would have much increased value after victory in the expected war.

As a result, there was a rush on marks. On February 15, 1939, there was a summit meeting at the Chase in New York of representatives of both Chase and Schroder banks on what was known as the Ruckwanderer (Reimmigrant) scheme. Alfred W. Barth was the personal representative of Winthrop Aldrich and Joseph J. Larkin, while E. H. Meili of J. Henry Schroder represented that side of the association. At the meeting the members discussed a proposal that the Reichsbank should send a special representative to the Nazi consulate in New York, which served as the headquarters of the Gestapo and had its accounts at the Chase. The American group decided that they should not take such a risk because their importing such a person might reveal to the American public that they were supporting Nazis. The minutes show that it was decided to "let well enough alone and to conduct future business on behalf of Berlin through

"the employment of numerous agents and sub-agents who operate through the country. These agents and sub-agents in cooperation with their respective principals, ourselves, can go a long way towards educating Germans in exile and those sympathetic to the Nazi cause through extensive newspaper advertising campaigns, radio broadcasts, as well as through literature, etc. .

It is unanimously felt that it would be to the greatest advantage of everyone concerned if . . . Berlin would instruct the various consulates in the United States that all inquiries about . . . transactions should be referred to ourselves, whose name should be supplied not only to the various consular offices in the U.S. but also to those who inquire at the consulates in respect to the procedure."

The bankers agreed that special attention should be focused on shopkeepers, factory workers, and others with little money but great potential for Germany. They should be able-bodied young men and women of pure Aryan stock. Above all, the present meeting must never come to the attention of the American government. The minutes of the meeting state:

"The ensuing publicity and the agitation that has been furthered in certain quarters of this country [against similar schemes] might possibly compel our Department of State to enforce a clearing system between Germany and America, under which monies due to American citizens such as inheritances, etc., would have to be cleared. The results are too obvious: firstly, no benefits are likely to accrue to Germany; secondly, the final outcome might prove disadvantageous from Germany's standpoint."

Thus, the Chase directors and the barons von Schroder were afraid that if Morgenthau discovered the true facts, the U.S. government might take measures detrimental to the German government. It was an act of total collaboration with the Nazis.

In May 1940 a prominent diamond merchant in New York City, ~ Leonard Smit, began smuggling commercial and industrial diamonds to Nazi Germany through Panama. Smit's company was theoretically Dutch, which placed it under the provenance of the Nazis, but its stock was in fact owned by the International Trading Company, which was located in Guernsey in the Channel Islands.



President Roosevelt had issued a freezing order precluding the shipment of monies to Europe, especially if these might seem to be to the advantage of the Axis. A few days after the Smit account was frozen, Chase officials unblocked the funds at Smit's request. The funds flowed out to Panama, allowing diamonds to be sent through the Canal Zone to Berlin.

On June 17, 1940, when France was collapsing, Morgenthau via Roosevelt again blocked the French account to prevent money going to the enemy. Within hours of the blocking, somebody at Chase authorized the South American branches of the Banque Francaise et Italienne pour l'Amerique du Sud to transfer more than \$1 million from New York to special accounts in the Argentine and Uruguay. The Banque was 50 percent owned by the Banque de Paris et des Pays-Bas (a Chase and Standard affiliate), and 50 percent owned by the Mussolini-controlled Banca Commerciale Italiana. In South America, these banks were working partly for the Axis. Larkin continued to permit free withdrawals from the special accounts even though he knew perfectly well that such accounts were cloaks for Banque Francaise et Italienne funds.

On June 23, 1941, J. Edgar Hoover wrote to Morgenthau: "During the monitoring of foreign funds at the Chase Bank, FBI discovered various payments to oil companies in the United States. There are indications that the Standard Oil Company of New Jersey has been receiving money from German oil sales by order of the Reichsbank."

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The Chase also handled transactions for the Nazi Banco Aleman Transatlantico, which was, according to a Uruguayan Embassy report dated August 18, 1943, "No mere financial institution. It was in actuality treasurer or comptroller of the Nazi Party in South America. It received local party contributions, supervised and occasionally directed party expenditures, received party funds from Germany under various guises and juggled the deposits . . . all under the guidance of the German Legations." It was in fact a branch of the Deutsche Ueberseeische Bank of Berlin.

Most Nazi businesses in South America handled their affairs through the Banco Aleman. Thus, the German legations throughout Latin America possessed channels for distribution and receipt of Nazi funds. The Paris Chase received large amounts of money from Nazi sources through the medium of the Bank.

Most important of all, the Chase, with the full knowledge of Larkin, handled the accounts of Otto Abetz, German ambassador to Paris, and the embassy itself.

It is interesting to consider what, among other things, Abetz and the German Embassy dealt with during the war. They poured millions of francs into various French companies that were collaborating with the Nazis. On August 13, 1942, 5.5 million francs were passed through in one day to help finance the military government and the Gestapo High Command. This money helped to pay for radio propaganda and a campaign of terror against the French people, including beatings, torture, and brutal murder. Abetz paid 250,000 francs a month to fascist editors and publishers in order to run their vicious anti-Semitic newspapers. He financed the terrorist army known as the Mouvement Synarchique Revolutionnaire, which flushed out anti-Nazi cells in Paris and saw to it they were liquidated. In addition, Abetz used embassy funds to trade in Jewish art treasures, including tapestries, paintings, and ornaments, for the benefit of Goring, who wanted to get his hands on every French artifact possible.

The Chase board in New York could not claim that it was unfamiliar with these activities on the ground that communication with Occupied France was impossible. The purpose of retaining diplomatic relations with Vichy was that the U.S. government could determine what was going on in Occupied France. A constant flow of letters, telegrams, and phone calls between Paris and the Vichy branch of Chase in Chateaufort-sur-Cher kept Albert Bertrand informed, and in return he kept New York informed; Washington was advised by Larkin. Despite some criticism by Nazi comptroller Hans-

Joachim Caesar, Vichy had under French law the power to close the Paris branch at any minute if New York so instructed. No such instructions were ever received. .

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### **The Secrets of Standard Oil**

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In 1941, Standard Oil of New Jersey was the largest petroleum corporation in the world. Its bank was Chase, its owners the Rockefellers. Its chairman, Walter C. Teagle, and its president, William S. Farish, matched Joseph J. Larkin's extensive connections with the Nazi government.

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From the 1920s on Teagle showed a marked admiration for Germany's enterprise in overcoming the destructive terms of the Versailles Treaty. His lumbering stride, booming tones, and clouds of cigar smoke became widely and affectionately known in the circle that helped support the rising Nazi party. He early established a friendship with the dour and stubby Hermann Schmitz of I.G. Farben, entertaining him frequently for lunch at the Cloud Room in the Chrysler Building, Teagle's favorite Manhattan haunt of the late 1920s and the 1930s. Teagle also was friendly with the pro-Nazi Sir Henri Deterding of Royal Dutch-Shell, who agreed with his views about capitalist domination of Europe and the ultimate need to destroy Russia.

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Because of his commercial and personal association with Herman Schmitz, and his awareness that he must protect Standard's interest in Nazi Germany, Teagle made many visits to Berlin and the Standard tanks and tank cars in Germany throughout the 1930s. He became director of American I.G. Chemical Corp., the giant chemicals firm that was a subsidiary of I.G. Farben. He invested heavily in American I.G. and American I.G. invested heavily in Standard. He sat on the I.G. board with Fraternity brothers Edsel Ford and William E. Weiss, chairman of Sterling Products.

Following the rise of Hitler to power, Teagle and Hermann Schmitz jointly gave a special assignment to Ivy Lee, the notorious New York publicity man, who had for some years worked for the Rockefellers. They engaged Lee for the specific purpose of economic espionage. He was to supply I.G. Farben, and through it the Nazi government, with intelligence on the American reaction to such matters as the German armament program, Germany's treatment of the Church, and the organization of the Gestapo. He was also to keep the American public bamboozled by papering over the more evil aspects of Hitler's regime. For this, Lee was paid first \$3,000 then \$4,000 annually, the money paid to him through the Bank for International Settlements in the name of I.G. Chemie. The contract was for obvious reasons kept oral and the money was transferred in cash. No entries were made in the books of the employing companies or in those of Ivy Lee himself. After a short period Lee's salary was increased to \$25,000 per year and he began distributing inflammatory Nazi propaganda in the United States on behalf of I.G. Farben, including virulent attacks on the Jews and the Versailles Treaty.

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In February 1938 the Securities and Exchange Commission held a meeting to investigate Nazi ownership of American I.G. through a Swiss subsidiary. The commissioners grilled Teagle on the ownership of the Swiss company. He pretended that he did not know the owners were I.G. Farben and the Nazi government. The commissioners tried to make him admit that at least American I.G. was "controlled by 'European' interests." Teagle replied dodgily, "Well, I think that would be a safe assumption." Asked who voted for him as a proxy at Swiss meetings, again he asserted that he didn't know. He also neglected to mention that Schmitz and the Nazi government owned thousands of shares in American I.G.

Teagle was sufficiently embarrassed by the hearing to resign from the American I.G. board, but he

retained his connections with the company. He remained in partnership with Farben in the matter of tetraethyl lead, an additive used in aviation gasoline. Goring's air force couldn't fly without it. Only Standard, Du Pont, and General Motors had the rights to it. Teagle helped to organize a sale of the precious substance to Schmitz, who in 1938 traveled to London and "borrowed" 500 tons from Ethyl, the British Standard subsidiary. Next year, Schmitz and his partners returned to London and obtained \$15 million worth. The result was that Hitler's air force was rendered capable of bombing London, the city that had provided the supplies. Also, by supplying Japan with tetraethyl, Teagle helped make it possible for the Japanese to wage World War II.

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On September 22, 1947, Judge Charles Clark delivered the final word on the subject. He said, "Standard Oil can be considered an enemy national in view of its relationships with I.G. Farben-after the United States and Germany had become active enemies." The appeal was denied.

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### **The Mexican Connection**

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Even the supposed enemies of The Fraternity were connected to it by almost invisible threads. One of Jersey Standard's most powerful rivals in the field of petroleum supplies to Germany, William Rhodes Davis's Davis Oil Company, was connected to Goring and Himmler. Davis was linked to Hermann Schmitz and I.G. Farben through the Americans Werner and Karl von Clemm, New York diamond merchants (who were first cousins to Nazi Foreign Minister Joachim von Ribbentrop by marriage), and through the National City Bank.

The von Clemms were fanatical devotees of Germany, even though both had become American residents in 1932. They used a device typical in Nazi circles: a device copied, ironically, from the Rothschilds. One brother stayed in Berlin, the other remained in New York. They were connected to the Schroder banks through interlocking directorships, and on the board of a company that helped finance General Motors in Germany along with I.G. Farben.

In 1931 they financed the Gestapo with funds supplementing those supplied by Schroder's Stein Bank. Yet another Fraternity link was their involvement with the First National Bank of Boston, an associate of the Bank for International Settlements. They conceived the idea of unblocking First National's blocked German marks to build a vast oil refinery for Goring's air force and for Farben and Eurotank near Hamburg, with Karl von Clemm in charge. This oil refinery would bypass the terms of the Versailles Convention and supply Goring's so-called Black Luftwaffe, which was secretly being prepared for world conquest.

In order to secure the oil for the refinery, the von Clemm brothers had to find an American who would aid and abet them. The choice was easy. From 1926 to 1932, Werner von Clemm had financially sustained a largely unsuccessful oil prospector and confidence trickster named William Rhodes Davis.

Davis was on the face of it unprepossessing. He was short, not much over five feet, with a solid-gold left front molar and a badly bowed left leg that contained a silver plate put there after he was injured in a train wreck in 1918. His head was too large for his body, and his face sported a broken nose. Yet despite his lack of good looks he had the one indispensable quality needed for success. He had the gift of gab. He was capable of talking anyone into the ground. He spoke in superlatives. He never took no for an answer, and he would shaft anyone when the chips were down.

Davis was born in Montgomery, Alabama, in 1889. Poorly educated, he left school at sixteen and jumped a freight car. A kindly porter gave him a job as candy butcher, selling chocolate and ice cream from a tray. Railroad crazy, he graduated to brakeman, fireman, and engineer in the Southwestern states



until the collision put him out of commission. Emerging from the hospital with a gimp leg, he used his plight to his own advantage by working as a comedian on the Keith vaudeville circuit, making audiences laugh as he wiggled his distorted member in a dance. When his popularity ran out, he shipped off on tramp steamers as stoker, fireman, and engineer.

Back in the United States, he dabbled in the oil business but consistently went broke. He was under frequent investigation for a variety of swindles. People were fascinated, even hypnotized, by him; but disillusionment would always set in, followed by the inevitable lawsuit. He sold dry wells, manipulated stocks, and set up and collapsed small companies, carrying the shareholders with him.

In 1926 he was penniless. The von Clemm twins stepped into the picture in 1933. Their support of him saved him from ruin and imprisonment. As a result of this he became deeply committed to Nazism. He was fascinated by the opulence of a Germany heavily financed by American bank loans, the handsome, healthy men in black uniforms, the pretty blond women. It all seemed a far cry from the bread lines and pinched faces of America in the Depression.

After the deal with the German government over Eurotank, Davis saw the way to make his fortune at last. He owned a few wells through the von Clemms' good graces. With German money he could certainly start pumping.

He traveled to Berlin in 1933. He had to have the personal approval of Hitler before he could go ahead. He arrived at the Adlon Hotel, where Karl von Clemm arranged a reception for him to meet Hermann Schmitz of Farben, Kurt von Schroder, and other German members of The Fraternity. He was welcome at once when he gave the group the Nazi salute as he entered the room.

Next morning, two Gestapo officers delegated by Himmler arrived at the door of his suite. They carried with them a letter from the Fuhrer. The former brakeman and candy butcher was overwhelmed. He could not believe he had received so signal an honor. The letter asked him to meet with Finance Minister Hjalmar Schacht at the Reichsbank. When he arrived, Schacht seemed cold and uninterested and brushed the whole matter aside. Schacht already had deals going with Walter Teagle and Sir Henri Deterding of Shell. What did he want with this small fry?

Furious, Davis returned to the Adlon empty-handed. He wrote to Hitler, insisting upon better treatment. Hitler replied immediately in person, asking him to return to the Reichsbank the following morning for another meeting.

Davis arrived in the boardroom at 11 A.M. As FBI records show, Schacht smiled faintly in a corner, obviously in no mood to talk. But a door flew open and thirty directors of the bank appeared, to greet Davis with warm handshakes. Hitler strode in. Everyone jumped to attention and gave the Nazi salute. Hitler said, "Gentlemen, I have reviewed Mr. Davis's proposition and it sounds feasible. I want the bank to finance it." Then he walked out.

It was clear to Davis that the directors of I.G. Farben, along with Kurt von Schroder, had exercised influence over the Fuhrer.

Davis traveled to England, where he resumed an earlier business relationship with Lord Inverforth's oil company. He obtained major concessions in Ireland and Mexico. He traded Mexican oil for German machinery when it proved impossible to export marks. Eurotank was built. By 1935, Davis was shipping thousands of barrels of oil a week from his wells in Texas and eastern Mexico.

Davis knew Senator Joseph F. Guffey of Pennsylvania, whose friend Pittsburgh oilman Walter A. Jones had major contacts in Washington. Through Guffey and Jones, Davis met with John L. Lewis, the labor leader of the CIO. Davis worked hard on Lewis, convincing him that national socialism was preferable to democracy and that the German worker far exceeded in health, good humor and muscular prowess the American equivalent. In 1936, Davis tried to influence Roosevelt by pouring money into the

election campaign. From then on he was always able to telephone the Oval Office.

In 1937 he saw a major opportunity in Mexico. He was convinced President Lazaro Cardenas would nationalize the oil fields. He foresaw a way to corner all the oil in Mexico. In February 1938 he started bribing high-ranking officials in the Mexican government. He made a close friend of Nazi Vice-Consul Gerard Meier in Cuernavaca, who was allegedly encouraging Cardenas to invade and repossess California, Texas, Arizona, and New Mexico.

Davis obtained the Mexican government's cooperation. He was promised all the oil in Mexico when Cardenas expropriated it on March 18, 1938. Cardenas kept his promise. On April 18, John L. Lewis telephoned Cardenas's right-hand man Alejandro Carrillo. Lewis told Carrillo that Davis would be making a deal with Germany and Italy immediately and that these two countries were the only two with which it would be safe for Mexico to deal.

Why did America's most famous labor leader support the arming of the Nazi war machine? Because Lewis had major territorial ambitions himself. He dreamed of a Pan-American federation of labor of which he would be the unchallenged leader. Through Davis, and through Cardenas, he would be able to consolidate the unions north and south of the border. In this he had the total collusion of Vincente Lombardo Toledano, head of the Mexican labor force.

By June 1938, Davis's first tanker was steaming to Germany with thousands of tons of Mexican oil. But by 1939 he was already running into trouble. On May 31 his chief geologist, Nazi Otto Probst, was found murdered in his hotel room in Mexico City. Probst had been strangled by a clothesline that was tied to the head of his bed.

The German Embassy intervened and prevented an autopsy. FBI investigators determined Probst had been poisoned. It turned out he had bribed government officials and stimulated action against communists. It was almost certainly a communist killing.

Communist cells infiltrated Davis's growing oil empire. He used strikebreakers to vanquish the opposition and shipped millions of barrels of oil until after World War II broke out in Europe.

Meanwhile, the von Clemm brothers profited enormously from his success. Goring gave them the German franchise in hops, putting them in virtual control of the beer business.

Along with Davis, they became multimillionaires.

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### **The Telephone Plot**

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During the early days of 1942, Karl Lindemann, the Rockefeller-Standard Oil representative in Berlin, held a series of urgent meetings with two directors of the American International Telephone and Telegraph Corporation: Walter Schellenberg, head of the Gestapo's counterintelligence service (SD), and Baron Kurt von Schroder of the BIS and the Stein Bank. The result of these meetings was that Gerhardt Westrick, the crippled boss of ITT in Nazi Germany, got aboard an ITT Focke-Wulf bomber and flew to Madrid for a meeting in March with Sosthenes Behn, American ITT chief.

In the sumptuous Royal Suite of Madrid's Ritz Hotel, the tall, sharp-faced Behn and the heavily limping Westrick sat down for lunch to discuss how best they could improve ITT's links with the Gestapo, and its improvement of the whole Nazi system of telephones, teleprinters, aircraft intercoms, submarine and ship phones, electric buoys, alarm systems, radio and radar parts, and fuses for artillery shells, as well as the Focke-Wulf bombers that were taking thousands of American lives.

Sosthenes Behn, whose first name was Greek for "life strength," was born in St. Thomas, the Virgin Islands, on January 30, 1882. His father was Danish and his mother French-Italian. He and his brother

Hernand, later his partner, were schooled in Corsica and Paris.

In 1906, Behn and his brother took over a sugar business in Puerto Rico and snapped up a small and primitive local telephone company by closing in on a mortgage. Realizing the potential of the newfangled telephone, Behn began to buy up more companies in the Caribbean. He became a U.S. citizen in 1913. In World War I, Behn served in the Signal Corps as chief of staff for General George Russell. He learned a great deal about military communications systems, and his services to France earned him the Legion d'Honneur. Back in the United States, Behn became associated with AT&T, of which Winthrop Aldrich was later a director. In 1920, Behn's work in the field of cables enabled him to set up the ITT with \$6 million paid in capital. Gradually, he spun out a web of communications that ran worldwide. He soon became the telephone king of the world, making deals with AT&T and J. P. Morgan that resulted in his running the entire telephone system of Spain by 1923. His Spanish chairman was the Duke of Alba, later a major supporter of Franco and Hitler. In 1930 Behn obtained the Rumanian telephone industry, to which he later added the Hungarian, German, and Swedish corporations. By 1931 his empire was worth over \$64 million despite the Wall Street crash. He became a director of-inevitably-the National City Bank, which financed him along with the Morgans.

Behn was aided by fascist governments, into which he rapidly interlocked his system by assuring politicians promising places on his boards. He ran his empire from 67 Broad Street, New York.

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When Hitler invaded Poland, Behn and Schroder conferred with t: German alien property custodian, H-J Caesar. The result was that the ITT Polish companies were protected from seizure for the duration.

Another protector of Behn's in Germany was ITT's colorful corporation chairman, Gerhardt Westrick. Westrick was a skilled company lawyer, the German counterpart and associate of John Foster Dulles. Westrick's partner until 1938, the equally brilliant Dr. Heinrich Albert, was head of Ford in Germany until 1945. Both were crucially important to The Fraternity.

At the beginning of 1940, Behn decided to have Westrick go to the United States to link up the corporate strands that would remain secure throughout World War II. German Foreign Minister von Ribbentrop was equally concerned that Westrick undertake the mission. Westrick represented in Germany not only Ford but General Motors, Standard Oil, the Texas Company, Sterling Products, and the Davis Oil Company.

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On June 26, 1940, his Fraternity associates gave a party for Westrick at the Waldorf-Astoria Hotel to celebrate the Nazi victory in France. This was, of course, only appropriate. Fraternity guests at this scorpions' feast included Dietrich, brother of Hermann Schmitz of General Aniline and Film; James D. Mooney of General Motors; Edsel Ford of the Ford Motor Company; William Weiss of Sterling Products; and Torkild Rieber of the Texas Company. These leaders of The Fraternity agreed to help in the free-trade agreements that would follow a negotiated peace with Germany.

Westrick leased a large house in Scarsdale, New York, from one of Rieber's Texas Company lawyers. He was seen entering and leaving the house in the company of prominent figures of the Nazi government and American industry. The New York Daily News sent reporter George Dickson to investigate the meaning of a big white placard with a large G on it in a window of a front second-floor bedroom. The press generally was suggesting this formed some kind of code for use by Nazi agents. Dickson wrote in his column: "Phantom-like men in white have been responding by day and night to mysterious signaling from a secluded Westchester mansion-now disclosed as the secret quarters of Dr. Gerhardt A. Westrick-invariably they carry carefully wrapped packages . . . they salute with all the precision of Storm Troopers, deliver the packages, salute again- and silently depart . . . super-sleuthing finally solved the mystery just before last midnight." Then Dickson delivered his death blow to the

story: The G sign was an invitation to the Good Humor man to deliver his famous ice cream on a stick! J. Edgar Hoover of the FBI determined that Westrick had illegally obtained his driver's license by lying that he had no infirmities. The purpose was achieved: Walter Winchell, Drew Pearson, and other patriotic columnists blew up Westrick's Nazi connections out of all proportion, and Westrick was asked by German Charge d'Affaires Hans Thomsen to return to Germany at once.

But before he was ordered home, Westrick had been extremely busy. He had gone to see Edsel and Henry Ford at Dearborn on July 11 at the Fords' urgent invitation, conferring with the Grand Old Man and his son on the matter of restricting shipment of important Rolls-Royce motors to a beleaguered Britain that urgently needed them. He also visited with Will Clayton, Jesse Jones's associate in the Department of Commerce, who went with Westrick to see Cordell Hull to plead for the protection of German-American trade agreements on behalf of his friends in the Texas cotton industry.

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Clayton was the chairman of the U.S. Commercial Company, and he helped protect Fraternity interests during World War II. Others of Westrick's circle included, interestingly enough, William Donovan, who became head of the OSS (precursor of the CIA) on its formation in 1942. Westrick also made significant contacts with good and true friends at Eastman Kodak and Underwood before returning home via Japan and Russia.

After Pearl Harbor, at meetings with Kurt von Schroder and Behn in Switzerland, Westrick nervously admitted he had run into a problem. Wilhelm Ohnesorge, the elderly minister in charge of post offices, who was one of the first fifty Nazi party members, was strongly opposed to ITT's German companies continuing to function under New York management in time of war. Behn told Westrick to use Schroder and the protection of the Gestapo against Ohnesorge. In return, Behn guaranteed that ITT would substantially increase its payments to the Gestapo through the Circle of Friends.

A special board of trustees was set up by the German government to cooperate with Behn and his thirty thousand staff in Occupied Europe. Ohnesorge savagely fought these arrangements and tried to obtain the support of Himmler. However, Schroder had Himmler's ear, and so, of course, did his close friend and associate Walter Schellenberg. Ohnesorge appealed directly to Hitler and condemned Westrick as an American sympathizer. However, Hitler realized the importance of ITT to the German economy and proved supportive of Behn.

The final arrangement was that the Nazi government would not acquire the shares of ITT but would confine itself to the administration of the shares. Westrick would be chairman of the managing directors.

Thus, an American corporation literally entered into partnership with the Nazi government in time of war.

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Shortly after Pearl Harbor, Roosevelt had asked Nelson Rockefeller to prepare a study of the communications systems of South America. On May 4, 1942, the President had sent a memorandum to Henry Wallace in his role as chairman of the Board of Economic Warfare, ordering him to insure disconnection of all enemy nationals in the radio, telephone, and telegraph fields. He had urged Wallace to eliminate all Axis control and influence in telecommunications in Latin America, acquire hemisphere interests of all Axis companies, insure loyalty in employees, and disrupt direct lines to the enemy. He had asked for a corporation to be set up to handle the financial aspects of the program with the assistance and advice of an advisory committee.

Wallace approached Secretary of Commerce Jesse H. Jones to make the necessary arrangements. Jones set up the U.S. Commercial Company to take charge of the matter. It was a characteristic choice. The



company's second-in-command was none other than Robert A. Gantt, vice-president of ITT itself. Gantt continued to receive salary from ITT while holding his position with the U.S. Commercial Company. The rest of the board was largely composed of directors of ITT or RCA (also a wartime partner in Nazi-American communications companies).

The Hemisphere Communications Committee sat with a mixed Treasury, State, Army, Navy, and U.S. Commercial Company board throughout World War II, doing little more than discussing possible actions against Axis-connected companies.

A pressing issue from Pearl Harbor on was the matter of ITT amalgamating the telephone companies of Mexico. One of these, Mexican Telephone and Telegraph, was owned by Behn outright. The other was owned by the Ericsson Company, of which Behn had a 35 percent share in Sweden. The Ericsson Company was partly owned by Nazi collaborator Axel Wenner-Gren and by Jacob Wallenberg, Swedish millionaire head of the ball bearings firm, which played both sides of the war.

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In South America, Sosthenes Behn was in partnership (as well as rivalry) with an even more powerful organism: the giant Radio Corporation of America, which owned the NBC radio network. RCA was in partnership before and after Pearl Harbor with British Cable and Wireless; with Telefunken, the Nazi company; with Italcable, wholly owned by the Mussolini government; and with Vichy's Compagnie Generale, in an organization known as the Transradio Consortium, with General Robert C. Davis, head of the New York Chapter of the American Red Cross, as its chairman. In turn, RCA, British Cable and Wireless, and the German and Italian companies had a share with ITT in TTP (Telegrafica y Telefonica del Plata), an Axis-controlled company providing telegraph and telephone service between Buenos Aires and Montevideo. Nazis in Montevideo could telephone Buenos Aires through TTP without coming under the control of either the state-owned system in Uruguay or the ITT system in Argentina.

Messages, often dangerous to American security, were transmitted directly to Berlin and Rome by Transradio. Another shareholder was ITT's German "rival," Siemens, which linked cables and networks with Behn south of Panama.

The head of RCA during World War II was Colonel David Sarnoff, a stocky, square-set, determined man with a slow, subdued voice, who came from Russia as an immigrant at the turn of the century and began as a newspaper seller, messenger boy, and Marconi Wireless operator. He became world famous in 1912, at the age of twenty-one, as the young telegraph operator who first picked up word of the sinking of the Titanic: for seventy-two hours he conducted ships to the stricken vessel. He rose rapidly in the Marconi company, from inspector to commercial manager in 1917. He became general manager of RCA in 1922 at the age of thirty-one and president just before he was 40. Under his inspired organization NBC inaugurated network broadcasting and RCA and NBC became one of the most colossal of the American multinational corporations, pioneers in television and telecommunications.

After Pearl Harbor, Sarnoff cabled Roosevelt, "All of our facilities and personnel are ready and at your instant service. We await your command." Sarnoff played a crucial role, as crucial as Behn's, in the U.S. war effort, and, like Behn, he was given a colonelcy in the U.S. Signal Corps. He solved complex problems, dealt with a maze of difficult requirements by the twelve million members of the U.S. armed forces, and coordinated details related to the Normandy landings. He prepared the whole printed and electronic press-coverage of V-J day; in London in 1944, with headquarters at Claridge's Hotel, he was Eisenhower's inspired consultant and earned the Medal of Merit for his help in the occupation of Europe.

Opening in 1943 with a chorus of praise from various generals, the new RCA laboratories had proved to be indispensable in time of war.

But the public, which thought of Sarnoff as a pillar of patriotism, would have been astonished to learn

of his partnership with the enemy through Transradio and TTP. The British public, beleaguered and bombed, would have been equally shocked to learn that British Cable and Wireless, 10 percent owned by the British government, and under virtual government control in wartime, was in fact also in partnership with the Germans and Italians through the same companies and proxies.

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Simultaneously, the Transradio stations, according to State Department reports with the full knowledge of David Sarnoff, kept up a direct line to Berlin. The amount of intelligence passed along the lines can scarcely be calculated. The London office was in constant touch with New York throughout the war, sifting through reports from Argentina, Brazil, and Chile and sending company reports to the Italian and German interests.

In a remarkable example of the pot calling the kettle black, Nando Behn, the nephew of Sosthenes Behn, cabled his uncle from Buenos Aires to New York on June 29, 1942: "It is about time something is done down here to cut out the sole communication center in the Americas with Berlin. Our competitors, Transradio, have a direct radio circuit with Berlin and you can be pretty sure that every sailing from Buenos Aires is in Berlin before the ship is out of sight."

General Robert C. Davis never seemed to question the fact that his Swedish fellow board members were proxies of an enemy government. Nor that secret documents, charts, and patents were being transferred with speed, accuracy, and secrecy, with the authorization of the Japanese Minister of Communications, to South America direct.

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On the day Paris was liberated, August 25, 1944, Behn drove in a jeep down the Champs-Elysees in a new role: He was "special communications expert for the Army of Occupation." His right-hand man, Kenneth Stockton, who had remained joint chairman with Westrick of the Nazi company throughout the war, was with him in the uniform of a three-star brigadier general. Behn made sure in Paris that his collaborating staff were not punished by Charles de Gaulle and the Free French. He was helped at high army levels to protect his friends.

When Germany fell, Stockton, with Behn, commandeered urgently needed trucks to travel into the Russian zone, remove machinery from ITT-owned works and aircraft plants-and move them into the American zone.

In 1945 a special Senate committee was set up on the subject of international communications. Completely unnoticed in the press, Burton K. Wheeler, "reformed" now that Germany had lost the war, became chairman. An immense dossier showing the extraordinary co-ownership with German and Japanese companies of RCA and ITT was actually published as an appendix to the hearings, but almost nobody took note of this formidable and fascinating half-million-word transcript. Least of all were its contents noted by the committee itself, which wasted the public's money by simply discussing for days (with Fraternity figures like James V. Forrestal) the possibility, quickly ruled out, of centralizing American communications systems. There was not a mention from beginning to end of the discussions of the questionable activities of RCA and ITT chiefs. Yet, in a curious series of exchanges between Wheeler and Rear Admiral Joseph R. Redman, who had been in charge of Naval Communications during the early part of the war, the cat leaped out of the bag in no uncertain manner. Apparently under the impression that the hearings would never be published, Wheeler seriously sat and talked of some of the reasons that such events had taken place. He asked Redman the question, already knowing the answer, "To what extent has American ownership of communications manufacturing companies in foreign countries, such as Germany, Sweden, and Spain, been of advantage, if any, to this country?" Redman replied, "Of course, from an economic point of view, I am not qualified to say, but I would say this from possibly a technical or research point of view, you get a cross-exchange of information in the research laboratories."

This amazing revelation by a high personage won the response from Wheeler, "And what about the disadvantages to us?" Redman replied blandly, "While you are working on things here that are developed for military reasons, there may be a certain amount of leakage back to foreign fields."

Wheeler asked, "How could you keep a manufacturing plant in Germany or in Spain or in Sweden, even though controlled by Western Electric from exchanging information as to what they were doing?"

Redman replied, "Well, we have had to rely a great deal upon the integrity of our commercial activities. Of course, if a man is a crook, he is going to be a crook regardless of whether you set up restrictions or not."

Wheeler said, "Let us suppose that you have a manufacturing company in Germany and also one here, and they are owned by the same company, aren't they exchanging information with reference to patents and everything else? . . . Admiral Redman, you are not naive enough to believe, if a company has an establishment in Germany and another in America, they are not both working to improve their patents, are they?"

Redman admitted, "No, sir."

Warming to his theme, Wheeler said, "Consequently, if there are private companies that have factories over there and also here, they're bound to exchange information. It seems to me this has been going on in all kinds of industry. And that would be true of the electronics industry, or any other manufacturing industry, and whether they have a medium for such exchange in the nature of cartels or something else, they exchange information. What check has the Navy made to find out whether or not information is exchanged in that manner?"

Redman said, "We get a certain amount of information from captured equipment, captured documents, and things like that, and can find out if there is a leakage.... Of course we have depended somewhat on our foreign attaches to get us some information on these things.... I do not like here to get into a discussion of intelligence because I fear we might get ourselves into trouble."

Wheeler said, "You might, but some of us don't feel that way about it."

"Perhaps not," Redman replied.

Wheeler continued, "We might get into trouble in the Senate, but they cannot do anything about it. They cannot chop our heads off at the moment."

Senator Homer Capehart added, "For at least six years."

On February 16, 1946, Major General Harry C. Ingles, Chief Signal Officer of the U.S. Army, acting on behalf of President Truman, presented the Medal of Merit, the nation's highest award to a civilian, to Behn at 67 Broad Street, New York. As he pinned the medal on Colonel Behn, Ingles said, "You are honored for exceptionally meritorious conduct in the performance of outstanding service to the United States." A few years later Behn received millions of dollars in compensation for war damage to his German plants in 1944. Westrick had obtained an equivalent amount from the Nazi government.

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### **The Car Connection**

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Henry Ford was once ranked in popular polls as the third greatest man in history: just below Napoleon and Jesus Christ. His wealth may be gauged by the fact that when young Edsel turned twenty-one, the father took the boy into a private vault and gave him \$1 million in gold. Henry Ford controlled more than half of the American automobile market by 1940: in the early years of the century, his famous Model T, the chariot of the common man, revolutionized the nation.

Lean and hard as a Grant Wood farmer, Henry Ford was a knotty puritan, dedicated to the simple ideals of early-to-bed, early-to-rise, plain food, and no adultery. He didn't drink and fought a lifetime against the demon tobacco.

He admired Hitler from the beginning, when the future Fuhrer was a struggling and obscure fanatic. He shared with Hitler a fanatical hatred of Jews. He first announced his anti-Semitism in 1919, in the New York *World*, when he expressed a pure fascist philosophy. He said, "International financiers are behind all war. They are what is called the international Jew: German-Jews, French-Jews, English-Jews, American-Jews . . . the Jew is a threat."

In Germany, Hitler was uttering identical sentiments. In 1920, Ford arranged for his *Dearborn Independent*, first published in 1918, to become a platform for his hatred of the Jews. Week after week the newspaper set out to expose some horror of Jewish misbehavior. The first anti-Semitic issue on May 22 carried the headline THE INTERNATIONAL JEW: THE WORLD'S PROBLEM. The leading article opened with the words "There is a race, a part of humanity, which has never been received as a welcome part . . ." and continued in the same vein to the end. A frequent contributor was a fanatical White Russian, Boris Brasol, who boasted in one piece: "I have done the Jews more injury than would have been done to them by ten pogroms."

Brasol was successively an agent of the Czar and of the U.S. Army Intelligence; later he became a Nazi spy.

Ford's book *The International Jew* was issued in 1927. A virulent anti-Semitic tract, it was still being widely distributed in Latin America and the Arab countries as late as 1945. Hitler admired the book and it influenced him deeply. Visitors to Hitler's headquarters at the Brown House in Munich noticed a large photograph of Henry Ford hanging in his office. Stacked high on the table outside were copies of Ford's book. As early as 1923, Hitler told an interviewer from the Chicago Tribune, "I wish that I could send some of my shock troops to Chicago and other big American cities to help." He was referring to stories that Ford was planning to run for President.

Ford was one of the few people singled out for praise in Mein Kampf. At Hitler's trial in 1924, Erhard Auer of the Bavarian Diet testified that Ford had given Hitler money. Ford formed crucial link in The Fraternity at an early stage. He appointed Gerhard Westrick's partner Dr. Heinrich Albert as chairman of the Ford Company. Other prominent figures in that company were fanatically pro-Nazi. They included a grandson of the Kaiser and Carl Bosch, Schmitz's forerunner as head of I.G. Farben. Later, Carl Krauch of I.G. Farben became a director and Kurt von Schroder, as one might have predicted, handled the banking.

Carl Krauch testified in an interrogation in 1946:

"I myself knew Henry Ford and admired him. I went to see Goring personally about that. I told Goring that I myself knew his son Edsel, too, and I told Goring that if we took the Ford independence away from them in Germany, it would aggrieve friendly relations with American industry in the future. I counted on a lot of success for the adaptation of American methods in Germany's industries, but that could be done only in friendly cooperation. Goring listened to me and then he said: "I agree. I shall see to it that the German Ford Company will not be incorporated in the Hermann Goring Company." So I participated regularly in the supervisory board meetings to inform myself about the business processes of Henry Ford and, if possible, to take a stand for the Henry Ford Works after the war had begun. Thus, we succeeded in keeping the Ford Works working and operating independently of our government's seizure."

Edsel Ford had a great deal to do with the European companies. He was different in character from his father. He was a nervous, high-strung man who tried to work off his extreme tensions and guilts over



inherited wealth in a furious addiction to tennis and other sports. Darkly handsome, with a whipcord physique, he was miserable at heart. He could not relate to his father, who despised him, and his inner distress caused him severe stomach ulcers that developed into gastric cancer by the early 1940s. Nevertheless, he and his father had one thing in common. True figures of The Fraternity, they believed in Business as Usual in time of war.

Edsel was on the board of American I.G. and General Aniline and Film throughout the 1930s. He and his father, following their meetings with Gerhardt Westrick at Dearborn in 1940, refused to build aircraft engines for England and instead built supplies of the 5-ton military trucks that were the backbone of German army transportation. They arranged to ship tires to Germany despite the shortages; 30 percent of the shipments went to Nazi-controlled territories abroad. German Ford employee publications included such editorial statements as, "At the beginning of this year we vowed to give our best and utmost for final victory, in unshakable faithfulness to our Fuehrer." Invariably, Ford remembered Hitler's birthday and sent him 50,000 Reichsmarks a year. His Ford chief in Germany was responsible for selling military documents to Hitler. Westrick's partner Dr. Albert continued to work in Hitler's cause when that chief came to the United States to continue his espionage. In 1941, Henry Ford delivered a bitter attack on the Jews to The Manchester Guardian (February 16, 1941) saying inter alia, that the United States should make England and Germany fight until they both collapsed and that after that there would be a coalition of the powers.

And in 1941 he hired Charles Lindbergh as a member of his executive staff. Lindbergh had been one of the most vocal supporters of Hitler. Indeed, the advent of Pearl Harbor made no difference to Lindbergh's attitude. On December 17, 1941, ten days after the Japanese attack, Lindbergh said to a group of America Firsters at the home of prominent businessman Edwin S. Webster in New York,

"There is only one danger in the world-that is the yellow danger. China and Japan are really bound together against the white race. There could only have been one efficient weapon against this alliance.... Germany.... the ideal setup would have been to have had Germany take over Poland and Russia, in collaboration with the British, as a bloc against the yellow people and Bolshevism. But instead, the British and the fools in Washington had to interfere. The British envied the Germans and wanted to rule the world forever. Britain is the real cause of all the trouble in the world today." (FBI Report, December 18, 1941.)

While Lindbergh took over as consultant, Edsel Ford began to concentrate on insuring that his interests in France would not be affected following the German invasion. Management of the Ford interests was in the hands of the impressively handsome and elegant Paris financier Maurice Dollfus, who had useful contacts with the Worms Bank and the Bank for International Settlements. Although he had little knowledge of manufacturing processes, Dollfus supplied much of the financing for the new sixty-acre Ford automobile factory at Poissy, eleven miles from Paris in the Occupied Zone. Under Dollfus the Poissy plant began making airplane engines in 1940, supplying them to the German government. It also built trucks for the German army, as well as automobiles. Carl Krauch and Hermann Schmitz were in charge of the operation from their headquarters in Berlin along with Edsel Ford at Dearborn.

After Pearl Harbor, Edsel Ford moved to protect the company's interest in Occupied France, even though this would mean collaboration with the Nazi government |Edsel and Dollfus decided to consolidate their operation in conjunction with Carl Krauch, Heinrich Albert, and Gerhardt Westrick in Gemmany. The problem they had was how to keep in touch, since their two countries were at war. In order to overcome this difficulty, Edsel traveled to Washington at the beginning of 1942 and entered into an arrangement with Assistant Secretary of State Breckinridge Long, who simultaneously was blocking financial aid to German-Jewish refugees by citing the Trading with the Enemy Act. Long agreed that it should be possible for letters to travel to and from Occupied France via Lisbon and Vichy. Since it would be too dangerous to risk the letters falling into the hands of the press or foreign agents,

they would have to be carried by a Portuguese courier named George Lesto who, with clearance from the Nazi government, was permitted to travel in and out of Paris.

On January 28, 1942, Dollfus sent the first letter after Pearl Harbor to Edsel Ford in Dearborn, Michigan, via the Portuguese courier Lesto. Dollfus wrote that, "Since the state of war between U.S.A. and Germany I am not able to correspond with you very easily. I have asked Lesto to go to Vichy and mail to you the following information." He added that production was continuing as before, that trucks were being manufactured for the occupying Germans and the French, and that Ford was ahead of the French automobile manufacturers in supplying the enemy. Dollfus said he was getting support from the Vichy government to preserve the interests of the American shareholders and that a company in North Africa was being founded for the Nazis with ground plots in Oran. Amazingly, the letter concluded by saying, "I propose to send again Mr. Lesto to the States as soon as all formalities and authorizations are accomplished."

Edsel replied at length on May 13: "It is interesting to note that you have started your African company and are laying plans for a more peaceful future." He went on, "I have received a request from the State Department to make a recommendation for issuance of a visa to Mr. Lesto." However, the letter went on, Ford was uneasy about making the request; it was clear that he was nervous about the matter being disclosed.

The Royal Air Force, apparently not briefed on the world connections of The Fraternity, had just bombed the Poissy plant. Ford wrote on May 15 that photographs of the plant on fire were published in our newspapers here but fortunately no reference was made to the Ford Motor Company. In other words, Edsel was relieved that it was not made clear to the American public that he was operating the plant for the Nazis.

On February 11, 1942, Dollfus wrote again—that the results of the year up to December 31, 1941, showed a net profit for Ford's French branch of 58 million francs including payment for dealings with the Nazis.

On June 6, Dollfus wrote Edsel enclosing a memorandum prepared by George Lesto. The memo stated that the RAF had now bombed the plant four times, and that all machinery and equipment had been taken from the plant and scattered all over the country. Lesto was pleased to state that the Vichy government "agreed to pay for all damages." The reparation was "approved by the German government." Ford replied to this letter on July 17, 1942, expressing pleasure with this arrangement, congratulating Lesto on organizing the repayment, and saying that he had shown the letter to his father and to Charles E. Sorenson, and that they both joined him in sending best wishes to Dollfus and the staff, in the hope that they would continue to carry on the good work that they were doing.

Meanwhile, Dollfus and Heinrich Albert set up another branch of Ford in North Africa, headquartered in Vichy Algiers with the approval of I.G. Farben. It was to build trucks and armored cars for Rommel's army. In a lengthy report to the State Department dated July 11, 1942, Felix Cole, American Consul in Algiers, sent a detailed account of the planned operation, not complaining that the headquarters was located in the Occupied Zone of France or that Dollfus was prominent in the Pucheu\* group of bankers that financed the factory through the Worms Bank, the Schroder Bank, and BIS correspondent in Paris. Cole remarked en passant, "The [Worms] firm is greatly interested in the efforts now being made to effect a compromise peace on behalf of Germany." Cole had put his finger on something: Dollfus was more than a mere Nazi collaborator working with Edsel Ford. He was a key link in The Fraternity's operation in Europe, scheming with Pucheu, the Worms Bank, the Bank of France, the Chase, and the Bank for International Settlements.

The letter from Cole went on: "It is alleged that the main outlets for the new works [in Oran] will be southwards, but the population which is already getting plenty of propaganda about the collaboration of

French-German-American capital and the questionable (?) sincerity of the American war effort \* is already pointing an accusing finger at a transaction which has been for long a subject of discussion in commercial circles."

Dollfus wrote again on August 15, 1942; the letter reached Edsel Ford two weeks later. Dollfus stated that following the RAF bombing, production had been resumed in France at the same rate; that he was not permitted to say where the new plants were to which production had been disbursed but that they were four of the principal plants. He went on, "Machinery has been overhauled and repaired and some new machinery purchased so that the capital in machinery and equipment is completely restored to its pre-bombing status. I have named a manager in each plant and the methods and standards are the same as they were in Poissy. Essential repairs have been started at Poissy but work is slow because of the difficulty in obtaining materials."

In the rest of a very long letter, Dollfus pointed out that at this stage the Poissy and other works came directly under Dr. Heinrich Albert and a German officer named Tannen, in trust, "Mr. Tannen has in turn given me back most of the powers that I used to have previously to run our business, with the exception of certain ones that he does not hold himself, and some others which I believe should have been given me but anyhow they are not indispensable for me to continue to run the business normally." Dollfus added that Dr. Albert was clearly anxious to play a part "so as to appear a Good Samaritan after the war in the eyes of the Allies."

On September 29, 1942, Breckinridge Long wrote to Edsel enclosing a letter from Dollfus saying that Vichy's compensation payment to Ford to the tune of 38 million francs had been received. On October 8, Ford sent a letter of thanks.

In April 1943, Morgenthau and Lauchlin Currie conducted a lengthy investigation into the Ford subsidiaries in France, concluding that "their production is solely for the benefit of Germany and the countries under its occupation" and that the Germans have "shown clearly their wish to protect the Ford interests" because of the "attitude of strict neutrality" maintained by Henry and Edsel Ford in time of war. And finally, "the increased activity of the French Ford subsidiaries on behalf of Germans receives the commendation of the Ford family in America."

Despite a report running to hundreds of thousands of words and crammed with exhaustive documentation including all the relevant letters, nothing whatsoever was done about the matter.

Meanwhile, Ford had gone on making special deals. On May 29, 1942, the Ford Motor Company in Edgewater, New Jersey, had shipped six cargoes of cars to blacklisted Jose O. Moll of Chile. Another consignee was a blacklisted enemy corporation, Lilienfeld, in Bolivia. On October 20, 1942, John G. Winant, U.S. Ambassador to London, coolly reported to Dean Acheson that two thousand German army trucks were authorized for repair by the Ford motor works in Berne. On the same day, Winant reported that the British Legation and the U.S. authorities recommended the Ford Motor Company of Belgium be blacklisted because its Zurich branch, on U.S. orders, was repairing trucks and converting the use of gasoline for trucks and cars of the German army in Switzerland.

In December 1943 a further report from Minister Leland Harrison in Berne said, "The Ford Motor Company in Zurich, acting for Cologne, supplies spare parts for the repair of Ford trucks and passenger cars to U.S. Ford Motor Company agents in Switzerland. Some of these parts are imported, which provides the enemy with clearing funds." Thus, one year after these matters were reported in Washington, trading with the enemy was continuing. All Swiss operations functioned under the guidance of Ford's Charles E. Sorenson.

Edsel died of cancer in 1943, but Sorenson went on with the dealings. On November 6, 1945, Maurice Dollfus, enemy collaborator, traveled to New York (by U.S. Army Air Transport Command) and gave

an interview to The New York Times at the Ritz-Carlton Hotel. He discussed his operation during the war, but apparently nobody on the New York Times staff thought to question him on the nature of that operation, which remained a complete secret to the American public.

General Motors, under the control of the Du Pont family of Delaware, played a part in collaboration comparable with Ford's. General Aniline and Film had heavy investments in the company.

Irene du Pont was the most imposing and powerful member of the clan. He was obsessed with Hitler's principles. He keenly followed the career of the future Fuhrer in the 1920s, and on September 7, 1926, in a speech to the American Chemical Society, he advocated a race of supermen, to be achieved by injecting special drugs into them in boyhood to make their characters to order. He insisted his men reach physical standards equivalent to that of a Marine and have blood as pure as that in the veins of the Vikings. Despite the fact that he had Jewish blood in his own veins, his anti-Semitism matched that of Hitler.

Between 1932 and 1939, bosses of General Motors poured \$30 million into I.G. Farben plants with the excuse that the money could not be exported. On several visits with Hermann Schmitz and Carl Krauch of Farben in Berlin in 1933, Wendell R. Swint, Du Pont's foreign relations director, discovered that I.G. and the gigantic Krupp industrial empire had arranged for all Nazi industry to contribute one half percent of its entire wage and salary roll to the Nazis even before they rose to power. Thus, Swint (who testified to this effect at the 1934 Munitions Hearings) admitted under oath that Du Pont was fully aware it was financing the Nazi Party through one half percent of its Opel wages and salaries as well as through its deals with I.G. and its building of armored cars and trucks.

Simultaneously with the rise of Hitler, the Du Ponts in 1933 began financing native fascist groups in America, including the anti-Semitic and antiblack American Liberty League and the organization known as Clark's Crusaders, which had 1,250,000 members in 1933. Pierre, Irene, and Lamont du Pont and John Jacob Raskob funded the Liberty League, along with Alfred P. Sloan of General Motors. The League smeared Roosevelt as a communist, claimed the President was surrounded by Jews; and despite the fact that they were Jewish, the Du Ponts smeared Semitic organizations.

The connections between General Motors and the Nazi government began at the moment of Hitler's rise to power. Goring declined to annex General Motors and indeed received with pleasure William S. Knudsen, General Motors' president, who returned on October 6, 1933, to New York telling reporters that Germany was "the miracle of the twentieth century."

Early in 1934, Irene du Pont and Knudsen reached their explosion point over President Roosevelt. Along with friends of the Morgan Bank and General Motors, certain Du Pont backers financed a coup d'etat that would overthrow the President with the aid of a \$3 million-funded army of terrorists, modeled on the fascist movement in Paris known as the Croix de Feu. Who was to be the figurehead for this ill-advised scheme, which would result in Roosevelt being forced to take orders from businessmen as part of a fascist government or face the alternative of imprisonment and execution? Du Pont men allegedly held an urgent series of meetings with the Morgans. They finally settled on one of the most popular soldiers in America, General Smedley Butler of Pennsylvania. Butler, a brave hero, had been awarded two Congressional Medals of Honor and his brilliant career as commandant of the Marine Corps had made him a legend. He would, the conspiratorial group felt, make an ideal replacement for Roosevelt if the latter proved difficult. These business chiefs found great support for their plan in Hermann Schmitz, Baron von Schroder, and the other German members of The Fraternity.

The backers of the bizarre conspiracy selected a smooth attorney, Gerald MacGuire, to bring word of the plan to General Butler. MacGuire agreed Butler would be the perfect choice. Butler had attacked the New Deal in public speeches.



MacGuire met with Butler at the latter's house in Newton Square, Pennsylvania, and in a hotel suite nearby. With great intensity the fascist attorney delivered the scheme to the general. Butler was horrified. Although there were many things about Roosevelt he disliked, a coup d'etat amounted to treason, and Butler was nothing if not loyal to the Constitution. However, he disclosed nothing of his feelings. With masterful composure he pretended interest and waited to hear more.

When MacGuire returned, it was with news of more millions and more extravagant plans, which included turning America into a dictatorship with Butler as a kind of Hider. Once more Butler was infuriated but kept quiet. After MacGuire left on the second occasion, the general got in touch with the White House. He told Roosevelt of the entire plan.

Roosevelt's state of mind can scarcely be imagined. He knew that in view of the backing from high banking sources, this matter could not be dismissed as some crackpot enterprise that had no chance of success. He was well aware of the powerful forces of fascism that could easily make America an ally of Nazism even that early, only one year after Hitler had risen to power.

On the other hand, Roosevelt also knew that if he were to arrest the leaders of the houses of Morgan and Du Pont, it would create an unthinkable national crisis in the midst of a depression and perhaps another Wall Street crash. Not for the first or last time in his career, he was aware that there were powers greater than he in the United States.

Nevertheless, the plan had to be deactivated immediately. The answer was to leak it to the press. The newspapers ran the story of the attempted coup on the front page, but generally ridiculed it as absurd and preposterous. When Thomas Larnont of the Morgan Bank arrived from Europe by steamer, he was asked by a crowd of reporters to comment. "Perfect moonshine! Too utterly ridiculous to comment upon!" was the reply.

Roosevelt couldn't quite let the matter rest. Under pressure from liberal Democrats he set up a special House committee to investigate. Butler begged the committee to summon the Du Ponts but the committee declined. Nor would it consent to call anyone from the house of Morgan. Then Butler dropped a bombshell. He gave interviews to the press announcing that none other than General Douglas MacArthur was a party to the plot. This again was dismissed by the press, and MacArthur laughed it off.

The committee hearings were a farce. MacGuire was allowed to get away with saying that Butler had "misunderstood" his intentions. Other witnesses lamely made excuses, and there the matter rested.

It was four years before the committee dared to publish its report in a white paper that was marked for "restricted circulation." They were forced to admit that "certain persons made an attempt to establish a fascist organization in this country . . . [The] committee was able to verify all the pertinent statements made by General Butler."

This admission that the entire plan was deadly in intent was not accompanied by the imprisonment of anybody. Further investigations disclosed that over a million people had been guaranteed to join the scheme and that the arms and munitions necessary would have been supplied by Remington, a Du Pont subsidiary.

The Du Ponts' fascistic behavior was seen in 1936, when Irene du Pont used General Motors money to finance the notorious Black Legion. This terrorist organization had as its purpose the prevention of automobile workers from unionizing. The members wore hoods and black robes, with skull and crossbones. They fire-bombed union meetings, murdered union organizers, often by beating them to death, and dedicated their lives to destroying Jews and communists. They linked to the Ku Klux Klan. Irene du Pont encouraged General Motors foremen to join the Legion. In one episode a Detroit worker, Charles Poole, was brutally murdered by a gang of Black Legionists, several of whom

belonged to the sinister Wolverine Republican League of Detroit. This organization had as its members several in big business. However, their names were kept out of the papers during the Poole case trial. It was brought out that at least fifty people, many of them blacks, had been butchered by the Legion, which swept through General Motors factories and had 75,000 members.

At the same time, the Du Ponts developed the American Liberty League, a Nazi organization whipping up hatred of blacks and Jews, love of Hitler, and loathing of the Roosevelts. Financed by Lamont and Irene to the tune of close to \$500,000 the first year, the Liberty League had a lavish thirty-one-room office in New York, branches in twenty-six colleges, and fifteen subsidiary organizations nationwide that distributed fifty million copies of its Nazi pamphlets. In September 1936, while Hitler at Nuremberg expressed his grand design for the Four-Year Plan, the Du Ponts and the American Liberty League poured thousands into backing Republican Alf Landon against Roosevelt in the election. Other backers were the American Nazi party and the German-American Bund.

The attempt to launch Landon failed, which made the Du Ponts hate Roosevelt even more. In outright defiance of Roosevelt's desire to improve working conditions for the average man, Knudsen of General Motors along with the Du Ponts instituted the speedup systems created by another prominent figure of The Fraternity, Charles Bedaux. These forced men to work at terrifying speeds on the assembly lines. Many died of the heat and the pressure, increased by fear of losing their jobs at a time when there were very few available. Irene personally paid almost \$1 million from his own pocket for armed and gas-equipped storm troops modeled on the Gestapo to sweep through the plants and beat up anyone who proved rebellious. He hired the Pinkerton Agency to send its swarms of detectives through the whole chemicals, munitions, and automobile empire to spy on left-wingers or other malcontents.

By the mid-1930s, General Motors was committed to full-scale production of trucks, armored cars, and tanks in Nazi Germany. The GM board could be guaranteed to preserve political, personal, and commercial links to Hitler. Alfred P. Sloan, who rose from president of GM to chairman in 1937, paid for the National Council of Clergymen and Laymen at Asheville, North Carolina, on August 12, 1936, at which John Henry Kirby, millionaire fascist lumberman of Texas, was prominent in the delivery of speeches in favor of Hitler. Others present, delivering equally Hitlerian addresses, were Governor Eugene D. Talmadge of Georgia and the Nazi Reverend Gerald L. K. Smith. Sloan frequently visited Berlin, where he hobnobbed with Goring and Hitler.

Graeme K. Howard was a vice-president of General Motors. Under FBI surveillance throughout his whole career with the company, he was an outright fascist who wrote a poisonous book, *America and a New World Order*, that peddled the line of appeasement, and a virtually identical doctrine to that of Hitler in terms of free trade and the restoration of the gold standard for the United States of Fascism in which General Motors would no doubt play a prominent part.

Another frequent visitor to Germany was the rugged, cheerful, hearty James D. Mooney, head of the European end of the business, directly in charge of the Adam-Opel production. On December 22, 1936, in Vienna, Mooney told U.S. diplomat George Messersmith, who despite his German family origin hated Hitler, "We ought to make some arrangement with Germany for the future. There is no reason why we should let our moral indignation over what happens in that country stand in the way." In other words, although the mass of Americans despised the Nazis, business must continue as usual. Messersmith was furious. He snapped back, "We can hardly be expected to trade with a country only so that it can get those articles which it intends to use against the peace of the world."

In a report of December 23 to the Acting Secretary of State in Washington, Messersmith wrote, "It is curious that Mooney and Col. Sosthenes Behn . . . both give this opinion. The factories owned by ITT in Germany are running full time and in double shifts and increasing their capacity for the simple reason that they are working almost entirely on government orders and for military equipment. The

Opel works, owned by General Motors, are [also] working very well [in the same way]."

That Christmas, Mooney was in Berlin for talks with Hjalmar Horace Greeley Schacht to discuss Germany's and America's joint future in the world of commerce. He attracted the hatred of the liberal U.S. Ambassador to Germany William E. Dodd, who returned from Berlin to New York in 1937 and referred to The Fraternity in a shipboard press conference in New York harbor. Dodd was quoted in The New York Times as saying:

"A clique of U.S. industrialists is hell-bent to bring a fascist state to supplant our democratic government and is working closely with the fascist regime in Germany and Italy. I have had plenty of opportunity in my post in Berlin to witness how close some of our American ruling families are to the Nazi regime. On [the ship] a fellow passenger, who is a prominent executive of one of the largest financial corporations, told me point blank that he would be ready to take definite action to bring fascism into America if President Roosevelt continued his progressive policies."

Dodd's words were ignored.

On November 23, 1937, representatives of General Motors held a secret meeting in Boston with Baron Manfred von Killinger, who was Fritz Wiedemann's predecessor in charge of West Coast espionage, and Baron von Tippleskirsch, Nazi consul general and Gestapo leader in Boston. This group signed a joint agreement showing total commitment to the Nazi cause for the indefinite future. The agreement stated that in view of Roosevelt's attitude toward Germany, every effort must be made to remove him by defeat at the next election. Jewish influence in the political, cultural, and public life of America must be stamped out. Press and radio must be subsidized to smear the administration, and there must be a fuhrer, preferably Senator Burton K. Wheeler of Montana, in the White House. This agreement was carefully hidden. But a secretary who was loyal to the American cause managed to obtain a copy and give it to George Seldes, liberal journalist, who published it in his newsletter, In Fact. The patriotic liberal Representative John M. Coffee of Washington State entered the full agreement, running to several pages, in the Congressional Record on August 20, 1942, demanding that the Du Ponts and the heads of General Motors be appropriately treated. Needless to say, the resolution was tabled permanently.

In 1938, Mooney, like Henry Ford, received the Order of the Golden Eagle from Hitler. On March 27, 1939, he arrived in England to confer with the heads of his British company. He learned that three of the Adam-Opel staff had been seized by the Gestapo and charged with leaking secrets of the new Volkswagen to the United States. Mooney rushed to Berlin and arranged meetings with one Dr. Meissner, who was in charge of foreign VIPs. Meissner said that even the Fuhrer could not interfere with Himmler and the SS. Mooney reminded Meissner of his commitment to the Fuhrer.

Meissner agreed that this trivial matter must not be allowed to interfere with German-American relations but that the men would be punished if found guilty. Mooney offered to testify on their behalf; on April 6 he went to see one of Himmler's lieutenants and on the same day he visited Ribbentrop. But he was powerless to affect the fate of his employees.

On April 19, Mooney met with the invaluable Emil Puhl of the BIS and the Reichsbank, and Helmuth Wohlthat, Goring's American-educated right-hand man in the Four-Year Plan. Mooney conferred with these men on Hitler's basic plan of the massive American gold loan that would provide the basis for the New Order. Mooney enthusiastically endorsed the scheme and promised to bring it about.

In a state of excitement he traveled to London on April 25 to see Ambassador Joseph Kennedy. Kennedy agreed to meet with Puhl and Wohlthat in Paris. Mooney talked with Francis Rodd of Morgan, Grenfell, the British representatives of the Morgan Bank. They agreed that the loan should be made to Germany through the Bank for International Settlements. Rodd said significantly that the BIS provided a flexible medium for avoiding conflict with some of the internal legal limitations on

international loans-a complicated way of saying that the BIS could dodge the law whenever it felt like it.

Mooney went to Berlin on April 29. On May 1 he urged Puhl to meet with Kennedy in Paris. He promised to arrange the meeting secretly at Mooney's apartment in the Ritz Hotel. Puhl was interested. But on the following day he said he dared not make the trip because it would attract too much attention in Germany and that Wohlthat should go instead. Wohlthat agreed to go.

On May 3, Mooney called Kennedy in London. Kennedy replied that he would be willing to come on the weekend of May 5-6. But he hesitated and asked if Mooney didn't think it was advisable that he put the matter up to the White House first. Mooney said he would only do that in Kennedy's place if he thought he was a good enough salesman to get approval. Otherwise it would be taking a long chance. He added that the arrangements had been accepted in Berlin and it would not be wise to withdraw at this late hour.

After this conversation, Kennedy panicked. He called Roosevelt, who told him immediately not to make the trip. Roosevelt knew the nature of the arrangements in which Mooney was involved. There was no way he would sanction Kennedy's involvement.

Kennedy tried to reach Mooney several times. When he finally got through, Mooney chartered a plane in Brussels and flew to London. The idea of peace was clearly such an obsession he couldn't wait. On the plane, he scribbled out his notes on what was needed: a half to one billion gold loan through the BIS, a restoration of Germany's colonies, a removal of embargo on German goods, participation in Chinese markets. On Germany's side there would be armaments limitations, nonaggression pacts, and free exchange. Whatever Mooney's motives, these were pure Nazi objectives, nothing else.

Mooney went straight to the embassy from his plane and laid out the points of the peace agreement on Kennedy's desk. He begged him to see Wohlthat. Kennedy promised to put pressure on Roosevelt once more. Next morning, Mooney found Kennedy deeply depressed. Kennedy had tried to reach Roosevelt for hours, and when he had done so, Roosevelt had once again refused him.

Mooney now suggested Wohlthat should come to London. Kennedy agreed at once. Mooney called Wohlthat in Berlin and asked him to come to London. Wohlthat obtained permission from Hitler and Goring and arrived at the Berkeley Hotel on May 8. The meeting was held on May 9, apparently without Roosevelt's knowledge or approval. The Nazi economist got along well with Kennedy. Mooney noted that the two men saw eye-to-eye on everything. Wohlthat returned to Berlin, promising his help. The press discovered Wohlthat was in London and played the visit up tremendously with headlines like "Goering's mystery man is here." This greatly annoyed Mooney, who had assumed the visit was secret. Roosevelt stepped in as soon as the news was announced and forbade Kennedy to have anything further to do with the arrangement. Mooney was greatly disappointed by this lack of rapport between the President and Nazi Germany. It was this series of meetings with Kennedy and Wohlthat that helped to spawn ITT's Gerhardt Westrick's visit to New York the following year, and it is significant that Mooney was high on the list of people who received and encouraged Westrick. Roosevelt was greatly aggravated by Mooney but played along with him in order to see what he was up to.

In the Mooney diaries at Georgetown University in Washington, there is an eighteen-page document signed by Wohlthat that lays out Germany's economic plans. It is quite clear that Mooney was in total accord with these.

On September 22, 1939, Mooney had a meeting with Roosevelt. His notes after the meeting, quoting as nearly as possible the President's actual words, suggest that Roosevelt was using Mooney to see what Hitler was up to. Roosevelt pretended he was not interested in telling the Germans what they should do about Hitler. That Mooney should remind the Germans that Roosevelt had gone to school in Germany

and had a great many personal friends there. He said he wished Germany would pipe down about domination of the world. He discussed the question of broader distribution of goods in time of peace and that it ought to be reasonably simple to get around a table with the proper will and settle problems like Silesia, Poland, Czechoslovakia, and the general attitude toward Russia. Roosevelt said he would be glad to offer himself as moderator, that the Pope could serve a useful purpose in negotiations, and that practical suggestions must be made satisfactory to Berlin, London, and Paris. He encouraged Mooney to see Hitler but to be careful in communicating the results to the White House by telephone. Armed with this artificial, carefully calculated authorization, Mooney traveled to Europe at the same time as Roosevelt's official emissary, Sumner Welles, in March 1940. He was only one day later than Welles in audience with Hitler on March 4.

Because of the importance of Adam-Opel and the Du Ponts to the Nazi war machine, Hitler was extremely cordial. Mooney said that Roosevelt's early days in Germany had remained a nostalgic recollection; that the President's attitude to Germany was more sanguine and warm than was generally believed in Berlin; that Roosevelt would help toward a negotiated peace; that the German reporters ought to emphasize what Germany and America shared together.

Hitler smiled broadly at these sentiments. He did not want war with America: he had his hands full enough already. He wanted America to remain inactive until it either entered the Axis or was conquered. Hitler said he was delighted to hear Roosevelt's viewpoint and that Roosevelt had constructively undertaken the tasks of the Presidency. He suggested that Roosevelt would be well placed to negotiate peace. These statements were as calculated to deceive Mooney as Roosevelt's.

From the Chancellery, Mooney proceeded to the Air Ministry to see Goring, who later had him to dinner at Karin Hall. Goring played out a similar line of lies, denying among other things that Germany had any desire to affect the British colonial empire when in fact one of Hitler's burning obsessions was to retrieve his lost colonies. Wohlthat also attended the meeting at Goring's house, and everyone concurred that the gold loan must once again be pushed by Mooney with the President.

From a warship off the Italian coast in March, Mooney beseeched Roosevelt with a stream of messages calling for peace and unison with Hitler. On April 2, Roosevelt wrote to Mooney that public opinion in America was all for peace and disarmament.

Back in New York, Mooney met with Gerhardt Westrick, and joined that party at the Waldorf-Astoria in which some American leaders of The Fraternity, including Sosthenes Behn and Torkild Rieber, celebrated the Nazi conquest of France. On June 27 the Nazi consul general in New York and local Gestapo chief, Heinrich Borchers, sent a report prepared by Westrick to Ribbentrop. It read:

"A group of prominent businessmen and politicians whom I personally regard as reliable in every way, and whose influence I consider to be very great, but who, in the interest of our operation, do not want to be mentioned in any circumstances at this time, suggested that I convey to the Foreign Ministry the following: the aforesaid group, which has the approval and support of a substantial number of leading personalities, will shortly urge upon President Roosevelt the following recommendations: 1. Immediate sending of an American Ambassador to Berlin. 2. A change of Ambassadors in London. 3. Suspension of armament shipments to Great Britain until the new Ambassador to Berlin has had an opportunity to discuss matters with the German government."

On July 18, Hans Thomsen, charge d'affaires in Washington, wrote to Berlin that this group was headed by James D. Mooney. Thomsen went on to report that Henry Ford had conveyed the same idea to him two days earlier.

In December 1940, Mooney set off on a journey to South America to contact some of the General Motors managers. Secretary of the Interior Harold Ickes, in an urgent meeting with Roosevelt and



Cordell Hull on December 20, asked, "Wouldn't it be a good thing if we refuse Mooney a passport and told him why?" Roosevelt said, "That is a good idea. Cordell, how about it?" Hull said, "Passports to South America have never been refused." Ickes commented, "South America is a critical zone. We shouldn't let Mooney in." But Hull did.

The FBI apparently traced Mooney to further meetings with representatives of the German government. In a letter dated February 5, 1941, marked Strictly Confidential, James B. Stewart, U.S. consul in Zurich, wrote to Fletcher Warren of the State Department that he had heard from a French journalist connected to Charles de Gaulle that Eduard Winter, GM distributor in Berlin now in Paris, acted as a courier for Mooney, carrying secret messages to the Nazi high officials in Paris. Stewart said that Winter had a special passport that allowed him to travel between occupied and unoccupied France. The letter continued, "Mr. Mooney is known to be in sympathy with the German government."

However, Stewart wondered if there was anything in the story, since he believed Mooney to be a fine person. Would Warren comment? Warren forwarded the letter to Messersmith, who was ambassador to Cuba. In his letter to Messersmith, dated March 1, 1941, Warren said: "I may say that I, personally, am rather unhappy about Mr. Mooney, and I am not sure that there is not truth in Mr. Stewart's information. There are too many rumors.

Messersmith replied to Warren on March 5, saying that in his mind there was no doubt that Mooney was transmitting messages of a confidential character to the Nazi government. He added, "Mooney is fundamentally fascist in his sympathies. Of course he is quite unbalanced . . . he is obsessed by this strange notion that a few businessmen, including himself, can take care of the war and the peace. I am absolutely sure that Mooney is keeping up this contact with the Germans because he believes, or at least still hopes, that they will win the war, and he thinks if they do that he will be our Quisling."

Messersmith sent a further letter to Warren on March 7, adding, "The attitude of Jim Mooney has a great deal to do with the attitude of some of the people of the GM Overseas Corp. who are making this difficulty about getting rid of Barletta and other anti-American representatives of GM." Barletta was GM's Cuban representative.

Questioned about these activities by Hoover's men, Mooney insisted he was a patriotic American, a lieutenant commander in the Reserves in the United States Navy, with a son on active duty with the Navy. Asked by the FBI's L. L. Tyler in mid-October 1940 if he would return the Hitler medal he said he would, "but it might jeopardize General Motors getting part of the \$100,000,000 of stockholders' money invested in Nazi Germany." Clearly, along with other Fraternity members, Mooney was working for a quick negotiated peace to release those funds; but even in this time of European war, they were gathering interest toward the time when the war would be over and America would stand next to Hitler in the scheme of things. He added, "Besides, Hitler is in the right and I'm not going to do anything to make him mad. I know Hitler has all the cards." He said he was sure Hitler would win the war; that there was justice in Hitler's general position; that Germany needed more room; and that if we tried to prevent the expansion of the German people under Hitler, it would be "just too bad for us."

Soon after making these remarks, Mooney was promoted to assistant to Sloan in charge of defense liaison work in Detroit! In a special report to J. Edgar Hoover, FBI agent Tyler stated (July 23, 1941): "Men of Mr. Mooney's prominence, holding the views he holds, are potentially dangerous to national security."

Tyler was convinced, he went on, that Mooney "was threatening to the National Defense Program" that Mooney purportedly was aiding. Tyler also felt that Graeme K. Howard was a danger. He had been given a secret report from the State Department, which made clear that Sumner Welles, the Under Secretary of State, had had to threaten Howard with public exposure before Howard would agree to fire nine hundred Nazi spies working for the General Motors Export Corporation in South America.

On May 1, J. Edgar Hoover reported to Adolf Berle that he had evidence that Eduard Winter was a Nazi agent, who moved freely around Europe and had been given his position by Mooney in Antwerp just after Hitler occupied the Low Countries. Adding that Winter "hopes to be on the winning side whichever is victorious in the present conflict," Hoover stated that Winter was the son-in-law of a German Foreign Office official. He had good party connections in Germany. In a comment on this note, John Riddleberger of the State Department said, "I can easily understand how Mr. Mooney's and Mr. Winter's minds would run along the same channel with respect to the war."

Further reports on Mooney state that he had aided the Germans as director and financial contributor to the German-American Board of Trade for Commerce, which greatly aided certain Nazis. The German-American Commerce Association Bulletin contained pictures of Mooney standing in front of a swastika; it named him as a GACA financial contributor.

On March 21, 1942, representatives of Du Pont were reported by the U.S. Consulate in Basle to be meeting with representatives of Hermann Goring's industries at Montreux and St. Moritz. The subject of the discussions was not disclosed, but the meeting caused grave concern in Switzerland. It was alleged in reports after the war that substantial Du Pont funds were retained from 1942 on in Occupied France, gathering interest for Du Pont/General Motors.

On April 15, 1942, a curious item appeared in Gestapo reports in Berlin. Eduard Winter, it seemed, had been arrested on suspicion of American espionage. He was now running the General Motors Adam Opel unit in Nazi Germany and had fallen foul of Wilhelm Ohnesorge, the postminister who had similarly denounced Westrick. As in the ITT matter, Himmler stepped in and Winter was released. It was clear that, like Ford, General Motors was protected from seizure in time of war. Winter continued as usual.

On July 3, 1942, the U.S. Embassy in Panama sent a lengthy report to the Secretary of State, giving particulars of Nazi activities in the area. A paragraph read: "General Motors gives orders for molds to the Nazi firm, Erca, or via, the firm Alpa, San Martin. Both firms should be on the blacklist because they employ Nazis and work together with Nazi firms." The companies were not blacklisted.

On November 25, the Nazi alien property custodian appointed Carl Luer, an official of the government and the Dresdnerbank as manager of the General Motors Adam-Opel establishment at Russelsheim. This establishment manufactured military aircraft for the German government throughout World War II. It manufactured 50 percent of all Junkers Ju 88 propulsion systems; the Junkers was the deadliest bomber of the Nazi air force. It was decided by a special court at Darmstadt shortly after November 25 that the directorial board under Eduard Winter would remain unaltered.

Charles Levinson, formerly deputy director of the European office of the CIO, alleged in his book *Vodka-Cola*,

"Alfred Sloan, James D. Mooney, John T. Smith and Graeme K. Howard remained on the General Motors-Opel board . . . in flagrant violation of existing legislation, information, contacts, transfers and trade continued [throughout the war] to flow between the firm's Detroit headquarters and its subsidiaries both in Allied countries and in territories controlled by the Axis powers. The financial records of Opel Russelsheim revealed that between 1942 and 1945 production and sales strategy were planned in close coordination with General Motors factories throughout the world.... In 1943, while its American manufacturers were equipping the United States Air Force, the German group were developing, manufacturing and assembling motors for the Messerschmitt 262, the first jet fighter in the world. This innovation gave the Nazis a basic technological advantage. With speeds up to 540 miles per hour, this aircraft could fly 100 miles per hour faster than its American rival, the piston-powered Mustang P150."

As late as April 1943, General Motors in Stockholm was reported as trading with the enemy. Henry

Morgenthau, in an instruction given in special code, instructed W. B. Wachtler, regional manager of GM in New York, to order his Stockholm chief to discontinue trading.

Further documents show that, as with Ford, repairs on German army trucks and conversion from gasoline to wood-gasoline production were being handled by GM in Switzerland.

In April 1944 various letters between the U.S. Embassy in Stockholm and the State Department indicate that GM in Sweden was importing products of Nazi origin, including Freon, with permission from State. One letter, dated April 11, 1944, from John G. Winant said, "We are . . . of the opinion that local manufacture of a suitable refrigerant in Sweden should be encouraged, but if it proves impossible for Svenska Nordiska to obtain a suitable local product, we agree that there would be no objection to the supply of [German] refrigerant [similar to that from] I.G. Farben." The refrigerant was imported.

On April 3, 1943, State Department officials reported to Leland Harrison of the American Legation in Berne that censorship had intercepted cabled reports from Swiss General Motors to the parent company in New York showing that Balkan sales were made from stock held by General Motors dealers in Axis areas. The report continued, "It is understood that the parent company recently instructed the Swiss company to cease reporting on sales in enemy territory."

A GM overseas operations man in New York cabled Swiss GM that "We have been placed in an extremely embarrassing position by your action." However, there was no indication that the action ceased. Only that it must be authorized by the American Legation! "It is our desire," the cable continued, "that you keep the Legation completely informed of your operations and engage in no transaction to which trading with the enemy regulations of the U.S. government apply without clearing with the Legation."\* A copy of this telegram was forwarded by State officials to Cordell Hull with the understandable proviso: "This cable has been sent in confidential code. It should be carefully paraphrased before being communicated to anyone."

In June 1943, when he was in the Navy, James D. Mooney's activities were still under surveillance by the FBI. He became a prime reason for a contretemps between the Duke and Duchess of Windsor and the State Department that month. Lord Halifax, the British ambassador in Washington, had written to Cordell Hull requesting that the Duchess of Windsor, who was now in Nassau with her husband, the governor of the Bahamas, should be freed from the censorship of her correspondence. This request immediately heightened grave suspicions in Adolf A. Berle. He sent a memorandum to Cordell Hull urging him to deny the request. Dated June 18, 1943, it read:

"I believe that the Duchess of Windsor should emphatically be denied exemption from censorship."

Quite aside from the more shadowy reports about the activities of this family, it is to be recalled that both the Duke and Duchess of Windsor were in contact with Mr. James Mooney, of General Motors, who attempted to act as mediator of a negotiated peace in the early winter of 1940; that they have maintained correspondence with Charles Bedaux, now in prison in North Africa and under charges of trading with the enemy, and possibly of treasonable correspondence with the enemy; that they have been in constant contact with Axel Wenner-Gren, presently on our Blacklist for suspicious activity; etc. The Duke of Windsor has been finding many excuses to attend to "private business" in the United States, which he is doing at present.

There are positive reasons, therefore, why this immunity should not be granted-as well as the negative reason that we are not according this privilege to the wife of an American official.

Hull called Halifax and told him the Duchess's request was denied. General Motors went unpunished after the war. According to Charles Levinson, in 1967, after a prolonged series of detailed requests, the United States awarded the corporation a total of \$33 million tax exemption on profits for the "troubles and destruction occasioned to its airplane and motorized vehicle factories in Germany and Austria in

World War II.

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### **The Fraternity Runs for Cover**

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The Nuremberg Trials successfully buried the truth of The Fraternity connections. Schacht, who was more privy to the financial connections than most German leaders, gave an extraordinary performance, mocking, hectoring, and pouring contempt upon his chief prosecutor-Biddle's predecessor, Robert H. Jackson. Charged with engineering the war when he had only wanted to serve the neutralist policies of Fraternity associates, he was understandably acquitted. Had he chosen to do so, he could have stripped bare the details of the conspiracy, but only once in his entire cross-examination, when he admitted to complicity in the shipment to Berlin of the Austrian gold did he indicate any knowledge of such matters. Never in those days on the witness stand was he asked about the Bank for International Settlements or Thomas H. McKittrick. Not even in his memoirs was there an inkling of what he knew.

Conveniently for The Fraternity, Goring and Himmler committed suicide, carrying with them the secrets that Charles Bedaux, William Rhodes Davis, William Weiss of Sterling, and William S. Farish had carried to their graves. James V. Forrestal also ended his life by suicide. In 1949 he hanged himself from the window of the Bethesda Naval Hospital in Washington, D.C., where he was suffering from advanced paranoid schizophrenia. Newspapers reported him screaming that the Jews and the communists were crawling on the floor of his room seeking to destroy him.

The rest of the conspirators lived out full life-spans.

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Those who had opposed The Fraternity were not so fortunate. In 1948 the House Un-American Activities Committee, in one of its unbridled smear campaigns, named Morgenthau's trusted associates Harry Dexter White and Lauchlin Currie as communist agents. Based on the uncorroborated testimony of one Elizabeth Bentley, a self-confessed Soviet spy who was turning state's evidence, the Morgenthau Treasury administration was smeared in the eyes of the public. White and Currie, those deeply loyal enemies of fascism, those investigators of the Bank for International Settlements, of Standard, the Chase, the National City Bank, the Morgans, William Rhodes Davis, the Texas Company, ITT, RCA, SKF, GAF, Ford, and General Motors, were effectively destroyed by the hearings. Currie disappeared into Colombia, his U.S. citizenship canceled in 1956, and White died of a heart attack on August 16, 1948, aged fifty-six, after returning home from an investigative session. While the surviving Fraternity figures flourished again, helping to form the texture of postwar technology, those who had dared to expose them were finished. The Fraternity leaders who had died could sleep comfortably in their graves - their dark purpose accomplished.

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From the "*Coca Cola Goes to War*" website; <http://xroads.virginia.edu/%7ECLASS/coke/coke.html>

### **The Coca Cola Company under the Nazis**

*(Eleanor Jones and Florian Ritzmann)*

Sometimes during one of the many reversal of fortune so characteristic for the North African theater of war, German troops on the offensive stumbled across a cache of Coca-Cola left behind by retreating Allied troops. But the welcome find came with a snag and thirsty throats stayed dry despite the heat: The enemy had forgotten to leave some ice as well, and since every German soldier knew that a bottle of Coca-Cola had to be consumed eiskalt, the booty remained worthless unless somebody came up with another method of refrigeration under the scorching African sun.

Luftwaffe-pilots stationed nearby eventually provided an ingenious answer to this let-down by

wrapping wet towels around the bottles and tying them to the wings of their Messerschmidts 109F before take off. Once the fighters were airborne, evaporation and the lower temperature of higher altitudes cooled the precious load down. The subsequent scene upon the pilots' return to base must have been irresistible: The pilots hopped out of their planes, plucked ice- cold Coca-Colas from the wings, opened them and then let the brown juice run down their throats to celebrate the thirsty return from another successful mission.

So much for the commercial potential of this image. Once the vision wears off, however, another question demands an answer. Would anybody have suspected that this harmless war-anecdote exemplifies the Coca-Cola Company's dual roles during the Second World War? Leaving aside the accidental aspect of this incident in the North African desert, it is still a fact that the soft drinks giant from Atlanta, Georgia collaborated with the Nazi-regime throughout its reign from 1933 to 1945 and sold countless millions of bottled beverages to Hitler's Germany.

Unfortunately, this in itself seems neither surprising nor exciting. Cooperation if not outright collaboration with the Nazis was the rule for many transnational corporations with a stake in Germany and has been the subject of extensive research. Next to Standard Oil and I.G. Farben, for instance, Coke's story of peddling soda to opposing trenches appears tame. The immorality of bottling Coca-Cola for the Nazis stands in no relation to STP's selling of aviation fuel to the German war machine, nor can it overshadow the oil- producer's cozy wartime relationship with Germany's chemical giant I.G. Farben. Simply put, Coca-Cola's infamous deeds were not the Second World War's only ones, nor were they particularly sinister. After all, Coke cannot be used to fly airplanes or make bombs.

The Coca-Cola Company's tale of questionable wartime conduct would thus be comparatively insignificant and not worth the effort of dwelling upon, were it not for the fact that its product, namely Coca-Cola, was and is a luxury item whose commercial success is inseparably tied to a public image created through advertising. Like all other companies in the business of selling goods nobody really needs, the Coca-Cola Company's advertisements must reflect the desires of the times in order to defend its share of the mass-market. How Coca-Cola chose to define itself through advertising was crucial to its success during the war years in the United States and is the story of the previous chapter. Thanks to a relentless barrage of war-supportive advertising built upon the Company's credo that "It isn't what a product is, but what it does that interests us," Coca-Cola after December 1941 convinced Americans at the front and at home that drinking Coca-Cola was somehow synonymous with fighting against the enemies of freedom and democracy. Coke wanted to be understood as a morale- booster for the American effort.

There was a moral price attached to this sort of advertising, because Coca-Cola's managers failed to couple the new patriotic image with a correspondent curbing of its contradictory activities in Germany, the company's second biggest market. While Coke-drinking GI's and other U.S. citizens had their carbonated soft-drink sweetened with patriotic statements like the 1943 slogan "Universal Symbol of the American way of Life," German Coca-Cola men had been busy quenching the thirst of the Third Reich and its conquered territories for years. To say the least, catchwords like Universal and American Way of Life were at odds with the Nazis' pursuit of their own "universalist" goals.

However, for the Coca-Cola GmbH (Inc.) odds existed in order to be overcome. While establishing itself in Germany, a politically difficult, but potentially rewarding market of seventy million people, the company solved an overwhelming number of problems: In defiance of strong anti-American sentiments within the turbulent Weimar Republic, Coca-Cola entered the country at the onset of the Great Depression in 1929. Despite the bad timing for launching a consumer product, Coca-Cola overcame the intense competition of Germany's breweries and cola-imitators, learned to combine its interests with those of Germany's Nazi-rulers after 1933 in an overall harmonic symbiosis and thus even managed the seemingly impossible task of surviving the war intact as an American-owned company.



What saved the Coca-Cola GmbH from being crushed by Germany's fascist rulers was that its corporate structure and advertising philosophy came naturally close to the Nazis' totalitarian ideas of a brave new world. The case of Coca-Cola thus goes beyond mere collaboration: before Hitler decreed the Principle of Leadership (Fuehreprinzip) in industry, which replaced collective bargaining by handing dictatorial powers to company directors, the Coca-Cola GmbH was already dominated by its own authoritarian leader. Company and government interests subsequently overlapped: the Nazis regarded mass-production and mass-consumption as crucial building blocks of their new society. Coca-Cola's modern means of producing a uniform product could have only impressed them. Similar things can be said about Coke's advertising strategy, which again reflected values central to the National-Socialist society. Through the same modern channels that the Nazis used for propaganda; namely film, radio, mass- publications, and sports events, Coca-Cola appealed, among others, to workers, soldiers, and automobilists, target groups that are significant insofar as they epitomized the Nazis' idea of modernity.

7X and Merchandise #5 aside, these were the true secret ingredients for Coca-Cola's German success, fully confirmed by the company's sales figures: In the ten year period spanning 1929 and 1939, the company's annual sales of cases of beverage soared from zero to a staggering four million. Even during the war's difficult late stages the company didn't falter; in 1944 the company still produced a respectable two million cases of bottled beverages, selling them to a country that was being rapidly reduced to rubble.

Back in 1929, these achievements seemed all but impossible. Germany between the wars was a humiliated and revanchist country. Public sentiments for the World War I victor nation USA were ambiguous at best as Dan Diner's excellent essay on the history of anti-Americanism in Germany points out. Despite an undeniable trend toward the "'Americanization' of the economy, technology and culture," Germany was still seething with increasingly entrenched anti- American sentiments," a situation not conducive to the high profile marketing of American brands.

Fears of U.S. economic domination, a country perceived as both ultra-capitalist and culturally inferior, encompassed the whole of the political spectrum. Indeed, next to the desire to tear down the embattled republic, virulent anti-Americanism may have been the only characteristic shared by the many political extremists. Communist Reichstag member Clara Zetkin's ad hoc rejection of the Dawes Plan in 1923 provides an illustrative example for the enthusiastic response to anti-American rhetoric, for it was met by the unusual sound of standing ovations from the gentlemen ideologically most opposed to Communism, the National-Socialists. Zetkin began her impromptu speech by claiming that America was bent upon turning Germany into "a colonized country." "The United States," she continued, "represents sharp-eyed and reckless capitalists without any of the old traditions that still sometimes constrain capitalism in Europe, so that they would be the last to trip over the thin thread of moral qualms. No, [the U.S. wants] to capture the German labor force with American capital, [make] cheap labor [out of them] and to thus turn Germany into a colony of the United States. No illusions about this fact!"

Since such rhetoric met with the approval of politicians of all colors, it seems not too far-fetched to argue that the general public cannot have been too warm about the United States either. Quite to the contrary: America, as David Large sums it up, became the object of a revival of "a set of deprecatory images [...] because doing so afforded [Germans] a measure of self-respect at a time of great inner doubt." Large argues that, true to a tradition that continues to this day "America [became] a kind of composite symbol for all the things that Germans [found] unpalatable in their own country, which [was], after all, the most Americanized in Europe."

Given such hostile circumstances, the Company had no illusions that it had to distance Coca-Cola from its American roots, were the Coca-Colonization of Germany to be successful. One cannot help but note

that this initial strategy departed radically from the marketing ploys of the years after 1945, when, as Ralph Willett points out "Coca-Cola [came] to symbolize America and American culture: [...] the identification was already so strong by 1948 that when non- Americans thought of democracy, it was claimed, they instantly called to mind Coca-Cola."

The post-war Americanized image stands in complete contrast to the pre-war situation, a factor which helps account for the inability of Germans to recall Coke's presence prior to the war. Indeed, Coca-Cola's original German marketing strategy so successfully disassociated the drink from its Atlanta roots that Hans Dieter Schaefer felt compelled to note six decades later "It is characteristic for the state of our mind that we associate Coca-Cola only with the years of the Wirtschaftswunder (economic miracle)."

But the failure to remember once the clock struck "Stunde Null" (zero hour) cannot alter the facts of history. Coke's German business began with Ray Rivington Powers in 1929. The expatriate American set up shop in the City of Essen in the Ruhrgebiet, Germany's industrial heartland "where the thirst of workers would need quenching." He had a difficult stand there: Not only did Powers face the powerful competition of cola-imitators Sinalco and Afri-Cola, he also had to convince Germans that Coca-Cola was a tasty alternative to their beer-drinking habits. This meant hard work. Hubert Strauf, an advertising man in the service of Powers, described how this eccentric six and a half feet tall man who had allegedly once claimed to "have done everything in the world but murder," "filled the first bottles himself with the help of just one worker. With him he then drove to the Ruhr to peddle the first bottles of Coca-Cola in Germany himself - the American with his beautiful Marengo topcoat and stiff hat, a hulking fellow who called out with a thick Southern accent: 'Drinken Coca-Cola, kostlich und erfrischt.' (which approximately means: 'Drink Coca-Cola, delicious and refreshing')"

To properly introduce Coca-Cola in grammatically correct German, Powers printed up leaflets titled "Was ist Coca-Cola?" and had them distributed at sporting events and on the tables of restaurants in and around Essen. "When distraught proprietors threw them out, the Coke men doggedly replaced them," reports Mark Pendergrast and continues that "Many who picked up the folder expected to find an analysis of the ingredients and were angered when it simply said that Coke was a refreshing drink, but the endless repetition of the product name had its intended effect." The effect was that an increasing number of retailers carried Coca-Cola, most of them stashed beneath beer bottles so as not to anger the breweries that owned most restaurants and did not like potential competitors like Coca-Cola.

Thanks to the vigorous targeting of industrial workers with Hubert Strauf's slogan to "Mach doch mal Pause" (Come on, take a break) apparently derived from its U.S. pendant "The pause that refreshes" and a lot of hard work to open new outlets, Coca-Cola's annual sales rose to 111.000 cases four years later (see appendix). The Company had gained a small, but respectable foothold by the time the crucial year of 1933 came around.

It cannot be overemphasized, however, that a big portion of this success must be attributed to what the Coca-Cola ads failed to mention: Coke's U.S. roots. The Company had successfully established itself as a German brand in the unconscious mind of the soda-drinking public. The following anecdote shows just how successful the Company was in this respect: When a group of German prisoners of war debarked in Hoboken, New Jersey, in early 1945, one of the first things that caught their eyes was a large Coca-Cola sign. This prompted excitement among the Germans and when one of the guards demanded an explanation for their behaviour, he received the answer: "We are surprised that you have Coca-Cola here too."

The twelve years separating 1933 from the end of the war provide an explanation for Coca-Cola's boom. One year after 1933, Coke's output had already more than doubled to 234,000 cases. This was no coincidence. There were striking parallels between the Coca-Cola GmbH and the nation at large.

Firstly, the business of Coca-Cola and the Reich was guided by similar-minded (and similar-looking) people: In Coke's case, the name of the man now in charge was Max Keith (pronounced Kite). According to the testimony of former employees, Keith's charisma and uncompromising nature invited more than one analogy to the Adolf Hitler. "He was a born leader and very charismatic," claims one. "You liked to work for him although he was almost a slave driver . . . Oh, yes, I was scared of him. We all were, even aides who were older." Still, so the witness concludes, most of his followers "would have died for this man." Keith's own words definitely betray the fanatic in him: "I was full of activity and enthusiasm," he reported in 1963, "and the thing which then took possession of all that was in me and which . . . has never lost its hold on me, was Coca-Cola. From then on and to all eternity, I was tied to this product for better and for worse."

It was mostly for the better that Keith was tied to Coke, because, as he himself recognized, "time marched with us." To quote Felix Gilbert, "At the time the Nazis took over, recovery from the recession was beginning" and Germany was economically prospering. The Nazis, through a massive public works system, which included "the construction of the systems of Autobahns, and . . . providing industry with armament contracts," were determined to keep the upward swing going and Germans content.

Economic prosperity, however, as catchwords like public works and infrastructure programs reveal, also meant the continued Americanization of Germany's economy under Hitler. Indeed, the dictator himself seems to have welcomed America's efficient methods of production. Hitler was, for instance, a proponent of mass-consumption, as shown by his statement from September 1941: "Frugality is the enemy of progress. Therein we we are similar to the Americans, that we are fastidious." Detlev Peukert underlines Hitler's pro- American stance, arguing that, not unlike the U.S., the Third Reich consciously aimed to represent "the dawning of the new achievement-orientated consumer society based on the nuclear family, upward mobility, mass media, leisure and an interventionist welfare state [ . . ]."

The Nazis were thus not anti-modernists, but, according to Peukert, "Agrarian romanticism notwithstanding, [ . . . ] fostered enthusiasm for modern technology, not only because it needed it as part of its armoury for conquering Lebensraum, but also because the toughness, frictionless functionality and efficiency of the machine matched the ideal of the fighter and the soldier, the man hard as Krupp steel." Interestingly, Peukert assumes that the man "hard as Krupp steel" liked to quench his thirst with Coca-Cola, for in the same paragraph he mentions that "Even Coca-Cola consumption rose significantly in Germany in the thirties."

In other words, that Coca-Cola had tied its fortunes to the thirst of industrial workers paid out now, for the increasingly busy workers needed the pause that refreshed more than ever. The destruction of the trade unions resulted in longer working hours and Coke's chairman Max Keith himself recognized that "The requirements of the people were much higher than in the past . . . They had to work harder, had to work faster, the technical equipment they had to handle required soberness." What soda could do a better job than a deliciously refreshing Coca-Cola?

Beside its industrial connection, modernization and newfound wealth opened additional avenues for Coke: refrigeration steadily invaded German households throughout the thirties which made home-consumption possible, whereas the massive infrastructure programs and the ensuing infatuation with the automobile allowed Coke to sell its products along Germany's vast network of new highways (see appendix). With the Company's dependency on restaurants removed, expansion proved limitless.

Coca-Cola's success was thus based on the needs of a modernizing and economically prospering totalitarian state. It was a stroke of luck that for strategy-purposes the company could consult with the Atlanta headquarters and imitate some of the New Deal ad campaigns pertinent to the German experience. This, however, is where the analogies with the United States must end, for it should be

emphasized that neither Germany nor the Coca-Cola GmbH in Essen were turning distinctly American under the Nazis. Far from it, Nazi- ideology thrived on a xenophobia that did not spare the U.S. and while Hitler might have been jealous of the efficiency of the U.S. economy, he was nevertheless rabidly anti-American in all other respects. He openly described the United States as a "deeply lazy country full of racial problems and social inequities. . .", stating that his

"feelings for America are full of hatred and antipathy; half Jewish, half negro and everything based on the dollar . . . Americans have the brain of a chicken. This land is a house of cards with an unequal standard of living. Americans live like swines, even if in a very luxurious pigsty."

During the 21 years of its existence in Germany, the producers of Coca-Cola could have easily constructed a mammoth concern. . . . with its own bottling plants, packaging, ice box producers, its own storage spaces, advertising companies and printing presses. They didn't do so but instead passed all contracts along to independent industries.

But Coke was not above moving behind the scenes and handing out bribes when their policy of limited greed failed to calm down xenophobic Nazi-officials. Thus was the case when Hermann Goering in 1936 introduced a Four-Year Plan, which restricted imports to a bare minimum in order to make Germany self-sufficient and ready for war. When Coke's main lawyer could not convince the authorities that Coca-Cola was a German business which deserved government support, the company announced that it would from now on produce all of the concentrate's elements, with the exception of Merchandise No.5 and 7X, within Germany. When even this show of goodwill did not suffice to sway the government into granting an import exemption, the company turned to a frantic pulling of strings behind the scenes, which seems to have included a bribe for Goering. Coca-Cola gained the needed import license and saved itself from impending doom.

Coke's readiness to strike deals points to the second pillar of Coke's survival strategy which had a lot to do with the leadership of Max Keith, "the quintessential Coca-Cola man and Nazi-collaborator." Simply put, his strategy was to please the Nazis whenever possible and through whatever means necessary.

An abundance of examples shows how Coke's advertising supported the Third Reich. Hans Dieter Schaefer reports, for instance, that after the aggressive news broadcast by the Reichsrundfunk, silly advertising jingles propagating the evangelium of refreshment were next. Coke ads deliberately sought the close contact to the men in power. This meant that when the cover of a magazine sported a picture of the Fuehrer, chances were good that a Coke advertisement would grace the back of that cover. Even when visitors streamed into the Sportpalast to listen to one of Dr. Goebbels' infamous speeches, they had to pass by a large billboard urging them to drink "Coca-Cola eiskalt."

Max Keith left out no opportunity to ingratiate himself with Germany's leaders. Coca-Cola was one of the three official beverage sponsors with a Getraenkediens (beverage service) at the 1936 Olympics in Berlin, and thus participated in an event the Nazis deliberately exploited to celebrate Germany's return to power and status. Moreover, to quote Ralph Willett, "By servicing the Olympics, Coca-Cola associated itself with the modernity of media technology, in the form of microphones, transmitter vans, and cameras for (respectively) radio broadcasts [ . . . ]. It was true that "the emphasis on sport [ . . . ] was in line with current cultural ideology epitomized by the Berlin Olympics." Athletic competition was a Nazi ideal and the Coca-Cola GmbH cashed in heavily on this infatuation by becoming one of the biggest sponsors of sports events, most notably the annual Deutschlandrundfahrt (National Bicycle Championships) and the Soccer Cup.

In 1937, Keith succeeded in taking Coca-Cola literally into the heart of Nazism. The occasion was the Reichsausstellung Schaffendes Volk, or Reich "A Working People" Exhibit. In this industrial exhibition reserved to the companies most loyal to the new order, the Coca-Cola GmbH, according to Mark

Pendergrast, set up a functioning bottling plant, with a "miniature train carting Kinder beneath it, [. . .] at the very center of the fair, adjacent to the Propaganda Office."

The strategy of direct association with Nazi-leaders or of lending support to events propagandized by nazi-ideology sent a powerful subliminal message to both consumers and government by signaling that Coca-Cola was on Germany's side. Sometimes, however, it took a little more than that and it is interesting to note the circumstances under which Coca-Cola transgressed the boundaries of political neutrality in a more open show of support of the Nazis.

A flagrant example for such a transgression can be found in the October 1938 issue of the army-magazine *Die Wehrmacht* printed up to celebrate the annexation of the Sudetenland. In this (unfortunately unavailable) ad, Hans-Dieter Schaefer reports that a hand holds out a Coke bottle in front of a world map underlined by the caption *Ja, Coca-Cola hat Weltruf* (Yes, Coca-Cola enjoys international reputation) that goes on stating that 'of the forty million automobilists from all over the world increasing attention is demanded,' which is the reason why they 'like to take advantage of the "pause that refreshes."' Schaefer quite correctly remarks that "this ad aimed at German soldiers and mixed a global point of view with a technologic-athletic perspective", but fails to point out the cynical effect of such a global point of view in a magazine dedicated to the glorification of Germany's recent annexations.

That such aggressive advertisements had become necessary was in part the result of the slanderous activities of Karl Flach, the boss of Afri-Cola. Intent on driving out the foreign competitor, Flach in 1936 began circulating flyers depicting Coca-Cola bottle caps from the U.S. with Hebrew inscriptions. Although the inscriptions were nothing but an indication that Coke was kosher, the flyers claimed to prove that Coca-Cola was a Jewish company. The damage was terrific and never quite contained as both the flyers and the rumor of Coke's Jewish owners continued to circulate over the years. However, sales figures prove that most of the impact was only temporary and due to the bad publicity generated when, as Mark Pendergrast rightly asserts, "Nazi Party Headquarters hastily canceled their orders."

Pendergrast seems to be wrong, however, when he claims that "the entire business was in jeopardy" because the Atlanta headquarters had forbidden Keith "to print defensive literature." If Keith had been given such an order, he disregarded it, for he knew just like Coke's company lawyer Walter Oppenhof that nobody outside Germany "could have any conception" of the scope of the problem. Coca-Cola thus did attempt to regain status in the eyes of Germany's rulers by placing several ads denouncing the anti-semitic accusations in the *Stuermer*, the official Nazi publication renowned for its vicious attacks against Jews. These ads did not go unnoticed in the United States and produced angry headlines claiming that "Coca-Cola Finances Hitler."

It seems as if the only principle that the Coca-Cola GmbH never betrayed in its history of wheeling and dealing under the Nazis was the product itself. The company fought the Nazi-bureaucracy tooth and nail to keep Coca-Cola unchanged after the Ministry of Economics in 1939 passed out rules demanding that bottles conform to a metric standard based on decimals. Since the Coke bottle contained 180 cubic centimeters instead of 200, the Nazis promptly halted the production of new bottles, showing little understanding for the argument that the production of different-sized bottles would constitute an unacceptable drain on Germany's scarce glass resources.

Not surprisingly, the company found an ingenious and unscrupulous solution. With the help of Reinhard Spitzzy, a well-connected former high official in the German Foreign Office, Coca-Cola manouevred to take advantage of the situation in the recently annexed Sudetenland, where German laws, including the packaging regulations, did not fully apply yet. Spitzzy recounts that when he asked the Gauleiter (District Leader) how the local glass industry was coping with the international embargo imposed on all German products after the annexation of Czechoslovakia, he received the answer: "My



dear Party Comrade Spitzzy, the situation of the glas industry is absolutely shitty, the machines run only a few hours a day." When Spitzzy told him how unfortunate this was given that "the international company Coca-Cola urgently needs millions and millions of new bottles," the Gauleiter reacted predictably by engineering an import exemption for Coca-Cola bottles manufactured in the Sudetenland.

While this exemption could be regarded as the result of a successful act of opposition against the Nazi bureaucracy, one should not exaggerate the heroism in Coke's stand: by helping the Sudetendeutsche industries back on its feet, the Coca-Cola GmbH supported the Nazi-government in circumventing an international embargo designed to cripple its rule.

Stories like these illustrate how Coca-Cola achieved its success under the Nazis. Simply put, the Coca-Cola GmbH and the Nazis needed one another. The former took advantage of the latter's economic and territorial expansionism, while the latter needed modern companies like Coca-Cola as role-models for mass-production. Underlying these overlapping interests was an undeniable ideological affinity that kept the relationship strong. The tale of the March 1938 concessionaire convention sums up best what is meant here. While Max Keith presided over the 1,500 people in attendance, German soldiers stormed across the Austrian border to execute the Anschluss. Mark Pendergrast's description of the event leaves no doubt that the swastika and the Coca-Cola logo rested next to each other comfortably.

Behind the main table, a huge banner proclaimed, in German, 'Coca-Cola is the world-famous trademark for the unique product of the Coca-Cola GmbH.' Directly below, three gigantic swastikas stood out, black on red. At the main table, Max Keith sat surrounded by his deputies, another swastika draped in front of him.

Although acknowledging glorious past efforts, Keith urged his workers to forge onward into the future, never to be content until every citizen was a Coke consumer. "We know we will reach our goal only if we muster all our power in a total effort," he said. "Our marvelous drink has the power of endurance to continue this march to success." [ . . . ] The meeting closed with a "ceremonial pledge" to Coca-Cola and a ringing, three-fold "Sieg-Heil" to Hitler. Coca-Cola ber alles.

Given this overtly enthusiastic embrace of the Nazis, the fact that the Coca-Cola GmbH survived the oncoming war seems more a logical conclusion to this paper than a surprise in need of an explanation. Despite all the difficulties inherent in Coke's rise, by the time war broke out, Coke's situation was so secure that Max Keith could get himself "appointed to the Office of Enemy Property to supervise all soft drink plants, both in Germany and the captured territory. As German troops overran Europe, Keith and Oppenhof followed, assisting and taking over the Coca-Cola businesses in Italy, France, Holland, Luxembourg, Belgium and Norway." Even that the war had cut off the supply of 7X and Merchandise #5 proved unimportant. Keith and his men countered by inventing Fanta to see them through the war, and thus created a success that still reverberates throughout the corners of the world where local bottling companies fill Fanta bottles.

Although it must be noted in all fairness that the Coca-Cola GmbH only in rare instances directly endorsed the Nazis, it is still a fact that the Coca-Cola GmbH went beyond mere opportunism to stay alive. Coca-Cola was part of the Nazi state. Should this paper have proven inadequate in pointing this out, plenty of other sources can. The survivors of the forced labourers kidnapped from the conquered territories will testify to that. Some of them were sent to work for Max Keith's Coca-Cola GmbH.

# **INFOWARS.COM**

## **BECAUSE THERE'S A WAR ON FOR YOUR MIND**