

ECONOMICS OF MILITARY OCCUPATION--GERMAN EXPERIENCES,  
27 May 1946.

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GENERAL ARMSTRONG:

The speaker this morning is a Juris Doctor (Frankfort) and a Doctor of Philosophy, University of London. He has been in this country since 1936.

In addition to his being on duty in the State Department he is a professor at Columbia University, or a professorial lecturer there. At present he is Chief Analyst, Department of State.

The subject on which he will speak this morning is one in which he is peculiarly competent, namely, "The Economics of Military Occupation--German Experiences." Gentlemen, it is a privilege to present to you Doctor Neumann of the Department of State.

DR. NEUMANN:

The planning--In surveying the territories which the Germans controlled during the war, we discover a striking difference between the American and German treatment of occupied territories. The U.S. ruled foreign territories exclusively by military government. This was by no means true of Nazi Germany. The Nazis used various types of control. There were, first, annexed and incorporated territories which, without any basis in international law, were simply annexed and incorporated into the Nazi Reich and treated as German territory. These included Sudetenland, Alsace-Lorraine, Luxemburg and various other areas.

Second, there were the so-called "auxiliary countries," or "auxiliary lands", especially (Nebenlander) the Government General of Poland and the Protectorate of Bohemia and Moravia (the larger part of the Republic of Czechoslovakia). The Nazis maintained that Poland and Czechoslovakia had ceased to exist as states and could, therefore, be disposed of in any way they liked. Since the Germans were not willing to give these countries a status similar to that of the Reich, they devised the new type of an auxiliary country, which was entirely under the sovereignty of Germany and had an inferior status as compared to Germany proper. The Nebenlander was a kind of domestic colony.

There were, third, occupied territories. But even within that category there were three major distinctions: First, occupied territories under civilian control, (especially Norway and The Netherlands). In these territories the German sovereignty was represented by civilian commissioners directly responsible to Hitler. The German armed forces in these territories had a position similar to the German armed forces in Germany proper. Second, territories under military government, especially France, Belgium and Serbia. In these areas supreme control rested with military commanders who exercised their power through so-called Command Staffs, concerned with military and security affairs, and through Administrative Staffs corresponding most closely to G-5 and G-3 in this country. Third, occupied U.S.S.R. territories (Ostland and Ukraine) controlled by a

newly created Ministry for Eastern Occupied Territories with Rosenberg as Reich Minister and two Reich commissioners as chief of the two above-mentioned regions.

We are naturally compelled to ask: Why did the Germans devise so many different types of control in order to organize Europe? The reason lies--and this reason determined also the utilization of the economic resources in these countries--primarily in their doctrine of the New Order. The theory, of the New Order assumed that Europe was to be organized as a whole by Germany and that each of the various countries in Europe would occupy, in a hierarchy of values, a status of its own.

The status that the various European countries were to occupy in the hierarchy of values was, in turn, determined by the racial theory. According to it, the Germanic races were supposed to represent the Master Race in Europe, whereas all other races were supposed to have an inferior status, down to the Russians and Poles which were to have the status merely of colonial peoples.

From this ideology, followed, therefore, a very specific conception concerning the utilization of economic resources. According to the New Order ideology, developed prior to the outbreak of the war, there were certain countries which should supply to Germany exclusively labor and agricultural commodities but should not engage in industrial production, which was to be the preserve of the more civilized countries.

This conception had as a consequence the conclusion that the Poles as well as the Yugoslavs, for instance, should not engage primarily in industrial production but should supply to Germany labor, agricultural commodities and certain metal-refining capacities. It thus determined the planning for the economics' exploitation of occupied Europe.

This doctrine, in turn, was facilitated by Germany's strategic conception: namely, the doctrine of the blitzkrieg, or lightning war. Since the whole German strategy was geared to the conception of a very short war, it did not seem necessary to prepare for a long-range utilization of the economic resources and especially of the industrial capabilities of the occupied countries. The Germans believed that after a very short victorious war they would then be able to execute their New Order doctrines.

Planning agencies--This was, in a very summary fashion, the state of German theory prior to the outbreak of war. The elaboration of this doctrine was prepared by a large number of agencies. The most important agency which entered directly into the sphere of economic planning for purposes of war was the Supreme Command of the Armed Forces which, as you know, embodied all the three services.

Within the Supreme Command of the Armed Forces there existed the War Economy and Armament Office (Wirue) under General George Thomas. This was later called the Field Economy Office. The War Economy and Armament Office operated not only on the national level but operated at all echelons, down to the local level, through so-called Armament Inspectors and Armament Commands. Armament Inspectors and Armament Commands operated in Germany as

well as in occupied Europe. They were composed primarily of high officers and a large number of experts, some civilians and some officers, and functionally divided into raw material allocation, oil production and supply, tire collection, collection of scrap material, and whatever other functions were deemed necessary in any specific situation.

In addition to that, of course, the War Economy and Armament Office was a supreme agency for controlling the manufacture of armaments and munitions. Within this War Economy and Armament Office special attention was devoted to transportation by the appointment of a General of Transportation to take charge of all transportation facilities both inside Germany and in occupied Europe.

The second major agency with which we are concerned was the Four-Year Plan Office. The Four-Year Plan Office, under the direction of Goering and Secretary of State Paul Korner, was established in 1936 with the creation of the first Four-Year Plan. However, its direct administrative function was, in occupied Europe, rather limited since it operated primarily through the War Economy and Armament Office and later through the Ministry of Armaments and War Production.

By decrees, issued immediately after the occupation of the eastern and western territories, respectively, Hitler delegated to Goering the supreme and exclusive authority (as it was called) "to exploit the economic resources of occupied Europe" in the East and West, for the purpose of conducting the Nazi war.

The third major agency was the Nazi Party itself. The Nazi Party in occupied Europe operated through two different agencies. One of them was the Foreign Office of the Nazi Party, under Rosenberg. This office supplied practically the whole personnel for the administration of occupied Russia. It formulated, prior to Ribbentrop's ascension to the position of Foreign Minister, the Party's foreign policy and the long-range policy for the exploitation of occupied Europe.

The other agency in the Nazi Party was its Auslands organization (foreign organization) which controlled Germans residing abroad; utilized these Germans as a Fifth Column; and later, under military government, utilized them for very important positions in the control of occupied Europe.

We have also to add a large number of other governmental agencies, such as the Ministry of Economic Affairs, the Ministry of Finance, the Ministry of Transportation, to name only a few, each with various functions.

But equally as important as the planning by these governmental agencies was that of the business organizations, which played a considerable role both in the preparation for military government and in the execution of economic exploitation.

German business was organized centrally in the National Economic Chamber which was a holding organization composed of all German chambers of commerce (later: Gau Economic chambers) and all compulsory trade associations, which the Germans called "Groups." These compulsory trade associations, or groups, were organized under the leadership principle, that is,

the top leaders were appointed by the Ministry of Economics. Every businessman was compelled to be a member of a group. To these groups the German Government had prior to the war already delegated a considerable amount of economic administration which was during the war steadily increased, both inside Germany and in occupied Europe.

The National Economic Chamber also controlled the "German Chambers of Commerce Abroad," which played a considerable role in the exploitation of the economic resources of occupied Europe.

The Combat Phase--This, I believe, is the plan behind the German type of military government and consists of the agencies involved in the preparation for the utilization of the economic resources of occupied Europe. The actual exploitation, however, by no means followed this preconceived plan. The preconceived plan could not be carried out because the blitzkrieg did not materialize and turned very soon into a war of attrition. The Germans were unable to utilize fully their economic resources inside Germany. They were still less able, therefore, to utilize the economic resources of occupied Europe. Whenever they tried to do so, it always turned out to be much too late.

Three different phases in this exploitation of the economic resources must be distinguished. They may be called, first, the Combat phase; second, the Rear Army phase; and, third, the Static phase.

In the Combat phase we find a considerable variety of agencies and formations engaged in the exploitation of economic resources. I mention three basic types. The first type represented special organizations established primarily for organized looting, the most important of which is the so-called *Einsatzstab Rosenberg*, a special task staff of Rosenberg, which was concerned with the systematic exploitation and robbery of master works of art all over Europe--paintings, statues, libraries and so on. This staff organization did not operate under the combat commanders but was responsible directly to Rosenberg who, as a leader in the Nazi Party, was put especially in charge, by Goering, of the exploitation and the looting of works of art.

Other major groups in the Combat Phase were the Field Economy Commands. The Field Economy Commands were primarily charged with the collection of valuable raw materials and machinery which were to be transferred at an early stage to Germany. These Field Economy Commands operated directly under the Supreme Command of the Armed Forces, its War Economy and Armament Office, later called the Field Economy Office. They were charged with salvaging metals, rubber, oil and such machinery as was urgently required by Germany.

The third type of military organization in the Combat phase was the so-called Technical Troops. These Technical Troops, like the Field Economy Commands, were responsible ultimately to the War Economy and Armament Office of the Supreme Command of the Armed Forces; were technically controlled by the combat commanders; and were composed primarily of technicians, partly in uniform and partly temporarily commissioned. Such Technical Troops were, for instance, attached to mining battalions charged with operating mines; utility battalions charged with operating public utilities, building battalions, and so on.

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These Technical Troops, in turn, utilized the services of a considerable number of Nazi organizations, such as the Organization Todt, which was founded by the Nazi Minister of Technology, Todt, and later transferred to Minister of Armaments and War Production Speer. The major task of the Organization Todt was the building of fortifications and of roads; but in the Combat phase members of the Organization Todt were incorporated into Technical Troops and into Technical Commands and were charged with repairing roads, repairing utilities, putting mines into operation, and so on.

Another group which the Technical Commands utilized was the members of the Reich Labor Service, the boys and girls who, according to German law, were compelled prior to entering military service to serve in this labor service. The Reich Labor Service entered into an agreement with the Supreme Command of the Armed Forces at the outbreak of war by which agreement the Reich Labor Service was put at the disposal of the Supreme Command of the Armed Forces. The Supreme Command then allocated members of the Reich Labor Service to these Technical Command Troops.

A similar agreement was precluded in 1940 between the leader of the Reich Hitler Youth and the ---- command of the army whereby, again, the Supreme Command was authorized to enroll members of Hitler Youth into special Technical Troops for the purpose of reconstructing roads, utilities, and even for the loading and unloading of munitions.

We see therefore, in the Combat phase a huge variety of troops and organizations primarily operating directly under the Supreme Command of the Armed Forces for the purpose of immediate utilization of certain economic resources for Germany--not necessarily for the German armed forces and not necessarily for the combat troops themselves, which had a special organization for requisitioning, but for transferring these commodities, raw materials and works of art directly back to Germany in order to assist the German war economy in its operations.

I repeat: The purpose of these technical and economic troops was not primarily to assist the German army to live off the land, but to assist the German domestic economy to utilize these economic resources.

The Rear Army Zone--A second type of organization was developed, namely, the Rear Army Zone organization, which corresponds roughly to the Communications Zone in the American Army organization. Such Rear Army Zone organization existed only in the East. It could not possibly exist in the West and North since in the West and North the blitzkrieg was successful and made rear army zones unnecessary. But in the East, the Rear Army Zone was sort of a belt between the territories where active operations were still in progress and the areas under civil control.

This Rear Army Zone was tactically commanded by three generals in charge of the Rear Army Zone. But the economic organizations of the Rear Army Zone was entirely under the control again of the War Economy and Armament Office (Field Economy Office) of the Supreme Command of the armed forces. The War Economy and Armament Office established for the Rear Army Zone in the East a so-called Economy Staff East. This Economy Staff East can be considered a kind of Ministry of Economics for this Communications Zone. It operated through two regional agencies, the War Economy Staff

(North) and the War Economy Staff (South).

The Economy Staff East developed in the course of the years into an all-comprehensive economic control organization which operated such factories as were in existence, collected the raw materials, operated mines, established labor exchanges, engaged in an apprenticeship-training program, and so on. In fact, it carried out all the functions that are normally carried out by an indigenous ministry of economics.

The Static Phase--But the most important phase, of course, was the Static phase. I have already mentioned that three different types exist: territories under civilians, areas under military control, and the special USSR regions. Perhaps this distinction is not very important. More important is the distinction between capitalist countries under the control of Germany and the Soviet territories under the control of Germany, because it is the social and economic organization of the controlled countries that actually provides the directing trend for the German control machinery.

a. Territorial Difference--In the capitalist countries controlled by Germany (France, Belgium, Holland, Norway and so on) no attempt was made to change the basic economic structure of the countries concerned. However, every possible attempt was made to assimilate the economic organization of these countries to that of Germany, which means, on the whole that in the western capitalist countries private property was not abrogated apart from the well-known process of Aryanization, that is, the expropriation of Jewish capital and the expropriation of those who opposed the Germans.

But apart from these two types, the property structure was not in any way affected by German occupation. What was affected was the system of economic organization. This system of economic organization was adjusted to that of Germany. It is, therefore, necessary to analyze in a few words the principles of German economic organization.

Germany's economic organization consisted of an integration of so-called "governmental" and "self-governmental" controls of the economy, by which I mean the Nazi Government did not rely for the success of its economic control measures entirely, or even primarily, on governmental intervention. It delegated, to a considerable extent, administrative functions to the organizations of business. That is a very important aspect of the German control system.

German business, however, was organized, as I mentioned already, on the one hand, territorially in chambers and, on the other hand, functionally in trade associations (Groups). Both the Chambers and the Groups were compulsory organizations, operating under the leadership principle. Every businessman, therefore, was compelled to be a member of a chamber and of a group. Both these organizations were run autocratically from above. So that in this way the government was able to utilize the organizations of German business for its own ends.

For instance, large functions of raw material control were delegated by the government to the organizations of business. The most important functions of rationalization--that is, improving technical equipment in plants--were also delegated by the government to these self-governing agencies of business.

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The Germans, therefore, if they wanted to utilize the economic resources of the western capitalist countries had the choice either to operate as rulers of the country and thus impose their will on the industries; or to make an attempt to impose upon these countries the same system they had elaborated for Nazi Germany.

The Germans preferred the second method and they induced, partly by threat and partly by bribes, the governments of these countries to revamp their economic organization in such a way that it corresponded most closely to the German system. Thus, for instance, in France, the Vichy Government did the same thing the Nazi Government did. It compelled every French businessman to be a member of a chamber and to be a member of the group which the French called Organization Committees. They also induced the Vichy Government to set up, corresponding to the Germans, raw material allocation agencies similar to those in Germany. The Vichy Government then delegated a considerable amount of control functions to the organization committees.

The same system was applied in Belgium, in Holland, in Norway, in Czechoslovakia. Everywhere we suddenly find the economic structure of occupied Europe, in the capitalist countries, corresponding closely to the German pattern.

In the eastern countries, of course, the situation was radically different. Both Poland and Russia were considered German colonies and the most important German theorists of military government candidly spoke about these countries as "Continental colonies". As a consequence, the system applied in these countries was radically different from that applied in the western countries.

There was another factor which played a role in the different treatment. According to the German theory, which I have already mentioned, the state of Poland had ceased to exist. Germany, therefore, did not only represent a temporary conqueror but Germany, in Poland, represented the ultimate and final sovereign power. In Russia, on the other hand, private property did not exist. Property in the Soviet Union was government property. As a consequence, according to the German conception, the Hague Convention did not apply. Since all property was government property, the German Government was free to do with that property whatever it thought necessary.

Secondly, neither in Poland nor especially in the Soviet Union did a managerial class on which the German could rely exist. In the Soviet Union practically no manager of any factory remained in German occupied territory so that the Germans, even if they wanted, could under no circumstances delegate to indigenous managerial groups any of these functions they delegated to the managerial groups in western and northern Europe. As a consequence, therefore, in Poland and especially in the Soviet Union an organization was built up entirely from scratch, relying almost 100 percent on German personnel, and therefore, facing almost complete collapse.

Now this collapse was not as great in Poland. The Germans knew the Upper Silesia industries since they owned them once before. They transferred most of the Polish state property to one corporation and operated

them under German managers, who knew the country and its industrial resources very well, so the problem there was not very great.

But the problem in the U.S.S.R. was extremely great. Indeed, apart from a little coal mining, a little manganese mining, and a little oil, the Germans brought **out** practically nothing except agricultural commodities. They had to organize an entirely new economic organization. They did it by (1) creating compulsory associations and (2) including German business firms to reap the spoils in occupied Russia. Major German corporations were induced to establish themselves in occupied Russia as so-called "guardian enterprises" (Patenbetriebe). So that, for instance, an electrotechnical enterprise in Germany would become a guardian enterprise for an electrotechnical enterprise in occupied Russia and would take over the care of this enterprise; would send out its own engineers; its own commercial personnel and try to restart this plant for its own account. However, the success of these hundreds upon hundreds of guardian enterprises was very limited since the state of destruction and the application of the racial theory in occupied Russia prevented the Germans from ever fully utilizing the economic resources of occupied Russia.

A change occurred in this picture only in the end of 1944. By the end of 1944 it became clear to the Germans, first, that they would have to utilize to a greater extent the economic resources of occupied Europe. And, secondly, that their own racial theory was a big obstacle to utilizing the resources of Russia and Poland.

At the end of 1944 we witnessed the following picture: First, all discriminating legislation against Russian and Polish foreign laborers was suddenly abolished and Russians and Poles were put on the same level as all other foreign laborers.

Second, in 1944 the Governor-General of Poland suddenly addressed the Polish citizens in the Polish language using, as he himself said, the language of a subhuman race to explain that the Germans now felt they were not only the conquerors but also the spiritual leaders of the Polish people.

However, this radical change in German occupation policy came much too late. At that time it had become clear to the occupied countries that Germany was facing defeat and no amount of persuasion by Germany could possibly change that attitude. Germany's economic policy in occupied Russia thus faced an almost complete failure in view of its inability to utilize the indigenous population for the operation of factories and the restaffing of factories. All we saw was the operation of a few occasional repair plants.

b. National Coordination--The final question that now arises is this: You see various types of territory, each one controlled either by a civilian as in the case of Norway and Holland, or controlled by a military commander as in the case of Belgium, France and Serbia; or, in the case of Russia, the establishment of a special ministry for the eastern occupied territory.

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There are three different types of control and the question: How are these various territorial agencies integrated? What is the overriding authority of all these agencies? In three fields have the Germans established an overriding authority, transcending all these regional differences:--in the field of police, in the field of labor controls, and in the field of economic exploitation. In these three fields central organizations were established which were not dependent upon the authority of the regional commanders in the various occupied territories, but which were controlled by central German governmental agencies.

In the field of police, they had everywhere the establishment and appointment of so-called Higher SS and Police Leaders in all occupied territories (as well as in Germany) responsible directly to the chief of the German SS and Police. These Higher SS and Police Leaders operated independently of whatever military or civilian commanders happened to be in command of the occupied territory. They reported directly to the chief of German police and received from him their orders.

In the field of labor there has been established in the Four-Year Plan Office a General Deputy for Labor Supply (Sauckel). The General Deputy for Labor Supply was, in Germany, put on top of the Ministry of Labor and charged with the coordination of all agencies engaged in the utilization and mobilization of labor. His authority was extended to that of all occupied territories. It was his task to recruit in occupied territories whatever labor was required for the German war machine. However, his authority did not extend to the control of labor conditions within occupied territories. These remained under the authority of the military and civilian commanders in control of each area.

The General Deputy for Labor Supply, however, since he made the decision as to whether or not to recruit foreign laborers abroad, directly affected, of course, the economics of all occupied territories. The conflicting authority of the General Deputy and of the indigenous commanders constituted a perpetual source of friction. As an example, let us say that the military commander for France, with the assistance of the armament inspector for France, had worked out a production plan for France--had allocated labor and raw materials. Then along would come the General Deputy for Labor Supply and say, "We need some 20,000 French metal workers. You have to send them over." This permanent conflict between the central authority grabbing whatever laborers it could get and the regional authority trying to hoard labor was one of the determining features in the inability of the Nazis to exploit the resources of occupied Europe to the fullest.

In the field of economic exploitation, the overriding authority was, by law, Goering's, but we did not mention how this coordination of economic resources was achieved. This coordination was not achieved according to a well-worked-out plan, but it developed gradually in the course of the cooperation especially between French and German industries. German industry was, at a very early period, requested by Goering to transfer as many orders as it could from Germany to the industries in occupied territories. So that German businessmen simply went to France, called on French industrialists, and asked them, "Do you want to take over the manufacture of so many tanks, or so many trucks, or so many tires?" In the early phase,

therefore, this was entirely on a businessman to businessman basis. Very soon it became apparent that this system did not work. It became clear also that if French industry was to operate fully it would have to have raw materials, which French industry could not procure except with the assistance of the German agencies.

The second step, therefore, was to delegate the authority for transferring orders to the German business organizations. So that, for instance, if vehicles were produced in France, the German Group organizing the vehicle makers would get in touch with the corresponding organization committee in France and the two organizations together would plan how many orders France could absorb.

Finally, since this did not work out fully, governmental agencies were established, the so-called Central Order Agencies (Zentralauftragsstellen), in six of the occupied countries. These Central Order Agencies then were the central organs by means of which German business organizations transferred orders from Germany to occupied countries.

However, it became necessary, as a consequence of this, that some agency had to be established which controlled the flow of raw materials from Germany to the occupied countries, from the occupied countries to Germany, and also from one occupied country to another. The longer the war lasted the more it became apparent that if Germany wanted to utilize fully the resources of occupied Europe it would have to make provision actually to govern Europe, economically, as a whole.

As a final consequence, therefore, to these Central Order Agencies was also delegated, very late in 1943, the task of allocating raw materials. So in the early stages of 1944 the system worked approximately in the following manner: (a) if Germany wanted to transfer orders from Germany to France, the German businessman would get in touch with his own trade association, his group. The trade association would get in touch with the corresponding organization committee in France and they would try to find out whether it was possible to transfer the orders, (b) the French business organization and the German business organization would approach the Central Order Agency. The Central Order Agencies would have a file of the orders that were to be transferred and would approve or disapprove the transfer of the orders. It would also investigate whether France had enough raw materials available for the execution of the order. If it had not, the Central Order Agencies would then request raw materials either from Germany or from another part of occupied Europe.

In the last stages of the war, one began to get, or see, a kind of integrated economic organization, at least in the capitalist countries in occupied Europe; whereas in the East, we could write it off for all practical purposes.

The system, however, was very much complicated by the perpetual organizational changes in Germany proper, because in Germany itself the organization of the war economy by no means proceeded very smoothly. In 1943 there was a complete break in the organization. This break amounted to the elimination of the Supreme Command of the armed forces from the ultimate responsibility for war mobilization and the transfer of the powers from this military agency to a civilian ministry, the Ministry of Armaments and War Production.

Thus in 1943 the armament inspectors, the armament commanders, the groups, the chambers, all come under the ultimate authority of a civilian minister, namely, Mr. Speer, who then started to reorganize his ministry and to streamline it to some extent. Nevertheless, the principle that he applied was the same, on the whole: the basic difference in the treatment between east and west and the failure of the Germans fully to utilize the economic resources especially of the East.

Thank you.

COLONEL BROWN:

Are there any questions at this time?

DR. ASHTON:

I would like to ask whether the fact that our operations in occupied Germany were totally military is due in any measure to the fact that at the time we did not know what we were up against until we got over there. Was it planned or was it merely the result of a lack of planning on our part which resulted in our Army having to carry a responsibility that should have been shared with a trained civilian staff if there had been one ready?

DR. NEUMANN:

You mean on our part?

DR. ASHTON:

I think you said in your talk that our operation in Germany, our control mechanism, was entirely military; whereas the German control was partly military and partly civilian.

DR. NEUMANN:

What I really meant to say was that the supreme authority in our military government was and is military though, of course, we use civilians in many positions. In Germany, the supreme authority might or might not be military, depending upon the type of territory in which the Germans dealt.

DR. ASHTON:

Do you consider our method better than the German method, or vice versa? Should we have had a trained civilian staff ready to take over with the Army?

DR. NEUMANN:

It all depends upon what you want to achieve.

COLONEL HOWE:

What is your impression now about just how well the Poles consider their form of government? How well off are they now?

DR. NEUMANN:

They are very badly off. But this is primarily the consequence of the destruction that has been wrought in the course of the military campaigns.

DR. WILLIAMS:

Would you care to give us some estimate as to how effective the Germans were in making use of the resources of the occupied countries? Could you give an over-all estimate.

DR. NEUMANN:

The over-all estimate is simply this: They were fairly successful in France. Their success in France was primarily determined by the voluntary cooperation of a large number of French industrialists with the Germans. It was, therefore, not the consequence so much of the German organization, as such, but simply of the participation of French industry in the Nazi exploitation.

They had very limited success in the northern European countries; practically none in Norway, or very little in Norway. There was more in Belgium and less in Holland.

In Poland they were quite successful simply because of the large agglomeration of Polish industries in Upper Silesia, which formerly belonged to Germany and which the Germans knew as well as their own industry and could easily take over.

In Russia, it was negligible apart from agricultural resources and some manganese. But in so far as the industrial resources went, I think only France supplied--perhaps, earlier, Italy as an ally--substantial assistance to the German war machine.

DR. ANDERSON:

Dr. Neumann, did you say that a different German policy in Russia would have yielded more successful results for them?

DR. NEUMANN:

I would not like to commit myself to this. All I would say in this connection is that if they had treated the Russians more fairly they may have achieved more. It is clear now that only two nationalities among the foreign laborers worked hard in Germany for the Germans; they were the French and the Russians. The reason for this I would not want to expound here. To my mind there is no doubt that a different political policy toward the Russian population would have undoubtedly had some success.

This becomes very clear if you follow the very deep conflicts over Russian policy between Rosenberg, on the one hand, and Himmler on the other. Rosenberg desired to play up the Ukraine and to stress the differences between Russians and Ukrainians and to build up the Ukraine just as the Germans attempted during the First World War. Himmler opposed this policy. He once said that all Russians were alike, and that all they needed was to know how to write their names and to count up to 25. More was not necessary. Unnecessary population had to be exterminated.

So, there is no doubt it was a deliberate, very cool policy dictated by racial consideration. They deliberately alienated all the sympathies they might have gotten. Just how much that would have meant, I do not know. I do think it is fair to say they would have gotten some.

DR. ANDERSON:

I was also wondering if the difference in the structure of the Russian business as a state economy, compared with the private economy in France, would not have required a different policy.

DR. NEUMANN:

No doubt it would. If the Germans wanted to utilize the Russian resources to the full they should have preserved both the agricultural and industrial property structure of the U.S.S.R., which should not have been changed.

MR. HILL:

Do you think that the Russian property, being owned by the government, left them free to operate without reference to the Hague Convention? Does that mean they preserved the Hague Convention?

DR. NEUMANN:

In other countries they preserved the Hague Convention. Or rather to put it more correctly I would say: In other countries every violation of the Hague Convention was justified in terms of the Hague Convention. That is, if the Germans requisitioned machines and factories in France, they always tried to justify it by reference to the Hague Convention.

But in Russia it was not applicable at all. I do not say that the Germans abided by the Hague Convention everywhere. But at least they recognized the validity of the Hague Convention in the western countries and tried to operate it--the more so since between Germany and France there existed an armistice agreement which regulated relations between the countries, though this armistice agreement was very vague in its economic clauses.

COLONEL BROWN:

Dr. Neumann, on behalf of the Commandant who, unfortunately, was forced to withdraw earlier, and also on behalf of the student body, I

thank you for one of the most illuminating lectures we have had on this subject.

DR. NEUMANN:

Thank you very much.