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Profits and Persecution:
German Big Business and the Holocaust

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This lecture summarizes the argument of a book the author is preparing under the same title. Earlier, more detailed discussions of some of the material presented here, as well as references to the available sources, are presented in the following of his previously published essays: "The Deutsche Bank and the Holocaust," in Peter Hayes, ed., *Lessons and Legacies III: Memory, Memorialization, and Denial* (Evanston, IL: Northwestern University Press, 1998), forthcoming; "State Policy and Corporate Involvement in the Holocaust," in Michael Berenbaum and Abraham J. Peck, eds., *The Holocaust and History: The Known, the Unknown, the Disputed, and the Re-examined* (Bloomington, IN: Indiana University Press, 1998), pp. 197-218; "Business Professionalism and the Persecution of the Jews," in G. Jan Colijn and Marcia Littell, eds., *From Prejudice to Destruction* (Muenster: Lit Verlag, 1995), pp. 137-54; and "Profits and Persecution: Corporate Involvement in the Holocaust," in James S. Pacy and Alan P. Wertheimer, eds., *Perspectives on the Holocaust: Essays in Honor of Raul Hilberg* (Boulder, CO: Westview Press, 1995), pp. 51-73.

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BY THE FINAL YEARS of the Second World War, most of the great enterprises of Germany had become deeply complicit in the assault on the European Jews—the assault that we call the Holocaust. The examples are legion, and more come to light seemingly every month. In the past year alone, we have learned that the Allianz corporation, then and now Germany's biggest insurance firm, sold the policies that covered the factories attached to many of the concentration camps, and that the Czech subsidiary of the Deutsche Bank, then and now Germany's leading financial entity, depended heavily on the income it made from loans to and deposits from the Theresienstadt ghetto. I have just returned from a week in Germany talking with the leaders of two corporations that are showing a praiseworthy readiness to face up to their own pasts. At the archives of Hoechst, then a part of IG Farben and now one of the nation's foremost chemicals and bio-technology producers, I saw documents that reveal that the heads of the firm's Frankfurt plant participated knowingly and until almost the end of the war in often fatal drug experiments on inmates of Auschwitz and Buchenwald. Across town, the books of the Degussa corporation, then the country's principal separator and smelter of precious metals and now one of its chemicals giants, record that it processed what appears to have been the vast majority of the gold, silver, and platinum objects extorted or seized from Jews—probably including from the very mouths of the corpses—into industrially or commercially usable form for the Reich.

We do not yet know how much money these and other firms made through such activities. My hunch, based on the preliminary data I have seen, is that, in general, the net revenues will turn out to have been surprisingly modest and hardly decisive to the fortunes of these companies at the time. But that is, quite obviously, not the point. After all, the profits on the most infamous instance of corporate complicity, namely the sale of Zyklon B gas to the death camps at Auschwitz and Majdanek by the Degesch company, a subsidiary of Degussa and IG Farben, came to only about 40,000 German marks between 1941 and 1944, that is to somewhere between $10,000 and $16,000 (depending on the exchange rate one applies). Even then, this was not much of a rate of return. The point is not, as is so often assumed, that German corporations grew rich through participation in the Holocaust, since in general, they did not. The point is that they took what they could get and became part of it anyway. And the question before us tonight is "why?".

That question is posed with greatest force by an aspect of corporate participation about which we have long known more than we would like, though less than we need to. I am referring, of course, to the most viscerally disturbing form of big business involvement in the Holocaust, the brutal exploitation of Jews as forced or slave labor. To be sure, among the hundreds of corporations to which nearly one-half million camp or ghetto inmates were chained at the end of 1944, the greatest offenders were either state-owned enterprises—such as BRABAG, the Hermann Göring works, and Volkswagen—or munitions and arms makers, such as Junkers, Messerschmitt, Heinkel, Krupp, Dynamit Nobel, and Rheinmetall-Borsig. But by 1943, almost every major private firm in Germany was among the exploiters, including BMW, AEG-Telefunken, Siemens, Daimler-Benz, Schering, and the component firms of IG Farben, namely Bayer, BASF, Hoechst, and Agfa. Apparently equally culpable were the German divisions of American firms, such as Ford and General Motors' Opel, which had been placed under native trustees after the Reich declared war on the United States in December 1941.

Beginning in 1940 and with increasing intensity from 1943 on, all of these enterprises had put Jewish prisoners to work in existing factories as well as new ones erected near the ghettos and the camps. Only in the cases of the German Jews prior to their deportations were any of these workers paid even a pittance. As for everyone else, their so-called "wages" of 3–8 marks per 11- to 12-hour day, depending on sex, age, and skills, went directly to the SS or agencies such as the Reichskommissariat Ostland or to the national treasury. The companies' additional costs came to some fraction of a mark per worker per day for miserable food and for the overhead charge on the unheated, overcrowded, verminous barracks and the surrounding fences in which the workers were caged. While Nazi offices pocketed the substantial proceeds, the companies engaged in a literally vicious circle of maltreatment and low worker productivity. Perhaps the most graphic and infamous example of what occurred, extreme in degree but not in kind, is provided by the history of the mammoth IG Farben factories three miles east of Auschwitz. The wretched conditions and routine brutality inflicted on the enslaved Jewish construction workers there cost nearly 25,000 lives and earned the SS some 20 million marks, yet the plant complex was never finished. As Soviet troops closed in on the site in January 1945, some 9000 ill-clad and barely surviving Jewish laborers were sent on a death march west, in the course of which perhaps one-third of them expired or were killed by their guards. While a few hundred sick inmates were left behind alive to await the Russians, at the nearby coal mines owned and operated by Farben, those too infirm to march were burned to death in their huts.

How was it possible that, as all these facts suggest, the exploitation and murder of the Jews became by the early 1940s, not just a project carried out by true-believing Nazis but one in which the central institutions of German society, such as the corporate world, were so deeply implicated? That is one of the questions that will not go away, that prompt students to overflow university classes on the history of the Holocaust and that cause audiences such as this to gather and reflect, more than half a century after the liberation of the camps. In certain ways, the advances of historical knowledge have only added to the force of the question, since each new study—whether of the German army, the legal and medical professions, the cultural world, and even the professorate—seems to underline how widespread the involvement in persecution was, how deeply it penetrated the warp and woof of German society. With so many so complicit, it becomes ever harder for us to ascribe what happened solely to the pathologies of fanatics or the obsessions of ideologues. Neither Hitler nor Himmler, not even the SS and its auxiliaries, could make the Holocaust alone. That oft-repeated point is perhaps best driven home by a telling, horrible, and frequently overlooked circumstance: Disposing of the property of the victims required more time and more sophisticated skills than disposing of the human beings themselves. Ripping them from society was not as easy as simply shipping them away. How is it that so many would lend their talents to this effort?

Lately we have been told, particularly in the hectoring prose of Daniel Goldhagen's *Hitler's Willing Executioners*, that the answer lies in inveterate and endemic German antisemitism, in the supposed fact that, with only statistically insignificant exceptions, Germans hated Jews and had for centuries. I want to suggest to you tonight that this answer is not only a vast oversimplification, but also a barrier to recognizing some of the most important implications of the Holocaust for modern society. Of course, antisemitism abounded in interwar Germany; indeed, as Jerry Muller of Catholic University has superbly demonstrated, it achieved a new lease on life after 1918 by virtue of grafting itself onto widespread fears of revolution from the Left. But hatred was neither the exclusive nor even the principal element in Jewish-Gentile relations in Germany in the 1920s, and most Jewish Germans did not experience it as such. For one thing, intermarriage rates soared from 1901 to 1933, so much so that by the latter date more German Jews were marrying "out" than "in." If that statistic bespeaks the assimilationism of German Jewry, it is important to remember that it also testifies to the most intimate form of human acceptance on the part of non-Jews. As for professional opportunities, Jews remained largely barred by prejudice from many student fraternities, from the officer and diplomatic corps, and from parts of the civil service, but they were also continuing to achieve positions of prominence at the head of some of the nation's leading stock corporations and in the professions. I would venture the guess that more Jews were serving on the boards of Germany's 100 largest enterprises in 1932 than were serving on those of America's, that Jews made up a larger share of university students there than they did here in the same year, especially in law and medicine. And this was true despite a fact to which I will return in a second, namely that the German figures had peaked on both counts about twenty-five years earlier—because the population of German Jews had.

In other words, antisemitism was prevalent in German society prior to 1933 but not predominant. While a necessary condition for the horrors that followed, it was hardly a sufficient one. Tonight I want to explore with you the possibility that in at least equal measure, as one historian has written, the Holocaust was an alarming product of the "seductability of otherwise 'normal' individuals." Depending on their rank and role in life, the forms of temptation to which they succumbed varied; my subject is how these operated in a context recognizable to all of us—that of corporate competition. Through the example of big business, I want to suggest to you that the mounting entanglement of many Germans in mass murder developed over time and in response to a politically structured environment. To the question "How was it possible?" I am going to offer you this partial answer: because many Germans came to see advantages in participation, advantages that obscured or overrode misgivings that at least some of them clearly at first possessed about doing so.

At the outset of Nazi rule in 1933, the distinctness and prominence of Jews in the upper reaches of German corporate life had been on the decline for more than two decades. Gradually in the course of the First World War and the great inflation that followed, then sharply after 1925, the number of major enterprises owned or led by Jews had dropped, as had the relative presence of Jews on managing or supervisory boards. One need mention only the names of firms such as AEG, Agfa, Salamander, Kaufhof, and Mosse—over all of which Jewish families lost control between 1925 and 1932—to suggest the unmistakeability of the trend. Its principal causes were mortality, mergers, and mismanagement. As the Jewish population in Germany aged, its numbers fell by about one-fifth from 1910 to 1932, and so did the number of potential successors as corporate leaders. Meanwhile, adverse economic conditions took their toll, as concentration thinned the ranks of Jewish-owned firms and the Depression did the same among Jewish managers by making their every move seem a misstep. The chief consequence of these developments for our purposes this evening is that the appetite in Germany for so-called "aryanization"—that is, for the compulsory transfer of Jews' positions and property to other Germans—immediately before and after Hitler's takeover was not concentrated among German big businessmen. Envy and greed of this sort found their home to a much greater extent among the Gentile participants in those middle ranges of economic life where Jews remained conspicuous as competitors or middlemen, that is to say, among mostly self-employed shopkeepers, artisans, peasant proprietors, and professionals, especially medical doctors.

In other words, the leaders of German big business seem to have had little in the way of a collective personal or economic interest in "aryanization" at the outset of the Third Reich. Not only were very few Jewish enterprises of sufficient size or importance to attract the avarice of the nation's major firms, but also most of the corporate barons had served with Jews in the war, rubbed elbows with them in professional life, found them loyal and cooperative in cartels and interest groups, had first- or second-hand experience with intermarriage, and generally come to recognize the absurdity of group vilification. Of course, there were bigots among them, but these were usually of the snobbish rather than the racist type. The prevailing tendency was to complain against allegedly corrupting Jewish influences in cultural rather than economic life, to distinguish sharply between supposedly uncouth immigrant or lower-class Jews and the native-born or well-educated ones, to cite acquaintances and colleagues as exceptions to prevalent derogatory stereotypes. Even the bigots tended to draw a line between acceptable restrictions on the future activities of Jews—usually in the form of some sort of quota system for professional schools and jobs—and impermissible assaults on their current livelihoods and status.

Narrow-minded by the standards of our day, the leaders of the nation's largest enterprises were generally moderate, sometimes even liberal, by the standards of their own. Unfortunately, however, they had still absorbed some of those standards. Respectful, even affectionate toward many of their Jewish colleagues, they sometimes simultaneously expressed their anxiety about particular cultural or political developments by fixating on the Jews associated with those phenomena. As a result—and this was to prove fateful in subsequent years—most of the Gentile corporate elite were prepared only to condemn discrimination in their own sphere of action and against particular individuals, not to refute the general practice. Put the other way around, most of Germany's chief executives in the early 1930s had less trouble accepting antisemitism in principle than they did its application to specific people in their own walk of life.

Probably the best indication of the attitude of German corporate magnates toward Nazi antisemitism is the well-documented scrupulousness with which Hitler avoided that theme in addressing them. That did not entirely relieve him, however, of having to confront their opposition to racial persecution in the months just before and after he became chancellor of Germany on January 30, 1933. To be sure, men such as Albert Vögler, Paul Reusch, Emil Kirdorf, Hermann Bücher, Carl and Robert Bosch, Gustav Krupp von Bohlen und Halbach, and Carl-Friedrich von Siemens usually made their cases in pragmatic terms, being themselves not immune to certain forms of prejudice and having learned that arguments from morality and decency cut no ice with the Nazis. They therefore paid some form of lip service to the Party's rationales for discrimination before stressing that neither the depressed German economy nor the insecure new Hitler government could afford the material losses that persecution and foreign reprisals to it would entail. Being aged, retired, and a long-time Party member, only Kirdorf dared after Hitler's accession to express his opposition both publically and in a form that flatly contradicted Nazi propaganda. In a letter published by the *Rheinische Zeitung*, he denounced calls to remove Jews from leading economic posts, deeming such an approach as a "stab in the back of a large number of men who have served Germany." But, whether prudent or bold in their statements, all of these figures entered the Third Reich believing that personal loyalty and professional duty required them to reject attacks on Jewish entrepreneurs and the dismissal of employees or board members at home or abroad on grounds of their descent.

In the tumultuous early months of 1933, however, these men could neither control events nor speak for all German firms. As zealous Nazis popped up within managements and as labor or customer representatives, and as stormtroopers invaded offices, boardrooms, and shareholders' meetings, demands for the removal of Jewish employees, directors, and even owners became a centerpiece of the so-called "National Revolution." The most vulnerable companies knuckled under, especially as the labor courts began permitting firms to break contracts out of concern for the security or sales of an enterprise. Thus, the often heavily indebted firms that drew the fire of shopkeepers or Party thugs (above all, the department and retail chain stores and the breweries), along with the state-owned enterprises and the ones that were dependent on government orders or goodwill (for example, construction firms such as Philip Holzmann, automakers such as Daimler-Benz and Adlerwerke, and the big banks)—all these launched purges that continued into 1934. Under the prevailing conditions, even Carl Bosch of IG Farben, the nation's biggest firm, could not prevent four of the nine Jewish members of its supervisory board from resigning in early 1933, and he saw no alternative to transferring abroad some Jewish executives whose functions involved them with official bodies that refused to work with them. One, Ernst Schwarz, was sent to head Farben's Agfa-Ansco subsidiary in Binghamton, New York At predominantly Jewish-owned firms that lived off public contracts, some principal shareholders, such as Alfred Orenstein of the Orenstein & Koppel machine-building firm, could hang on only by handing over their voting rights to Nazi-approved trustees.

Still, from behind the scenes, some of the nation's leading managers continued to seek means of limiting the Nazi depredations. Revealing in this connection is a project devised under the auspices of Max Warburg and Gentile businessmen such as Krupp von Bohlen, Siemens, Carl Bosch, and Kurt Schmitt, who was the head of the Allianz insurance firm until he became economics minister in June 1933. Between April and August of that year, they reached agreement on a plan that they intended to submit at an opportune moment. Its central feature, a proposal to funnel Jewish young people increasingly into manual rather than mental labor, especially in agriculture, appeared to meet the Nazis halfway by conceding that German Jewry's occupational distribution required some sort of remedy. But the plan also challenged Party ideology and intentions in fundamental respects. First, it posited that the existing employment pattern was a product of culture and history, not race and conspiracy, hence that changing it would lessen differences between Christian and Jewish Germans and thus would lay the basis for long-range harmony. Second, the businessmen stipulated that in the meantime each "patriotic non-Aryan" should continue in his profession to "enjoy the same rank and the same respect as every man." Third, the group's final memorandum stressed the indivisibility of "Aryan" and "non-Aryan" economic interests, arguing that political encroachment on the latter was bound to set adverse precedents regarding the former. In other words, when it came to economic rights, the businessmen saw that Jews and non-Jews were in the same boat.

This Warburg memorandum was never formally delivered, not least because national policy, under the influence of Schmitt and Hjalmar Schacht, the new president of the national bank, seemed in the latter half of 1933 to turn in the desired direction. The Cabinet then specifically rejected various suggested means of pressuring Jewish firms out of business and banned inquiries into the religion or ancestry of managers and owners doing business with government agencies. As if on cue, the labor courts reversed their earlier willingness to sanction the dismissal of Jewish employees simply because Nazi co-workers or customers demanded it. At the end of the year, the economics and interior ministries jointly issued a decree exempting commercial activities from all racial regulations passed to govern other walks of life during the preceding eleven months. There seemed to be good grounds to hope that the Third Reich would henceforth follow the course recommended by the IG Farben-dominated *Frankfurter Zeitung* in June 1934: "Now that German non-Aryans have been excluded from all professions to which the state assigns particular importance in the political and ideological structure, the time must finally come to assure non-Aryans a sphere in which their activities are free and in which they are not regarded by the people as enemies."

These decisions were, however, widely evaded and abused during the ensuing four years. To be sure, on both practical and ideological grounds, the Nazis refrained from a centrally-directed and thoroughgoing offensive against most of the "commanding heights" of Jewish economic activity in Germany and concentrated, more or less surreptitiously, on driving small-scale Jewish proprietors, especially merchants, out of business. Nonetheless, when the regime invested a particular economic activity with political importance, as in the cases of owning land, large retail outlets, and newspapers, it did not hesitate to force prompt, visible, and virtually confiscatory "aryanizations." It was only slightly less direct and more patient in targeting Jewish-owned military and civilian contractors. Moreover, Party activists did not cease checking into the ethnicity of corporate managers and owners or finding ways of harming the business of recalcitrant firms, especially after the Supreme Court cleared the way once more in 1935 for dismissals on supposedly "racial" grounds.

Consequently, for several years after the onslaught of 1933 subsided, the policy of large firms toward their Jewish personnel followed a halting, outwardly arbitrary course that reflected employers' evolving perceptions of their emotional or economic interests. Many major enterprises seem to have used Nazi antisemitism as an excuse for buying out or letting elapse the contracts of less-valued, well-liked, long-standing or prominent Jewish employees, but to have clung to those who satisfied these standards until political harassment tipped the balance of practical concerns against retention. Thus, individuals defined by the Nürnberg laws as Jews were still serving on the managing and/or supervisory boards of, for instance, Mannesmann, IG Farben, Rheinstahl, AEG, Waldhof, Feldmühle, and the Berliner Handels-Gesellschaft in early 1938. Even the Nazified Dresdner Bank still had 100 to 150 Jewish employees in Berlin in 1936, and five Jewish directors retained their posts until the period 1938–40. So long, however, as no coordinated opposition on grounds of principle could or would take shape, these examples represented mere holding actions. Unevenly but inexorably, Nazi threats to disrupt corporations' production and sales expanded the number of non-Jewish executives who believed that professional duty required abandoning rather than defending "non-Aryan" colleagues.

In distinct ways, events at the L. Hutschenreuther porcelain corporation of Selb in Bavaria and the Gesfürel/Ludwig Loewe AG of Berlin illustrate how the process of attrition functioned. At Hutschenreuther, when Party delegates at the plant explicitly demanded a purge of the supervisory board in October 1933, the panicky management urged compliance, and Franz Urbig, the board chairman from the Deutsche Bank, which voted more than half of the firm's stock, tried to persuade some of the seven Jewish members to resign for the good of the company. Confronted, however, by the spirited opposition of one such potential victim, Eugen Schweisheimer, Urbig decided not to force the issue so long as the composition of the boards at the main rival enterprise left the Party no real alternative as a supplier. But, by November 1934, Rosenthal porcelain had completed its purge, and the Party boss in Selb had refocused his pressure directly on Urbig, making the issue a test of the Deutsche Bank's power and political loyalty. This had the desired effect. Late in the month, the banker carried out a reorganization that deprived all but one of the Jews of their seats. Reproached once more by Schweisheimer, Urbig defended himself in pragmatic terms no doubt echoed by many Gentile business executives at the time:

> No one aspires to do unpleasant things. One tackles them, when one has to or when one wants to avoid the charge of having been blind to events in the wider

> world....My experiences and observations in diverse professional positions have shown me that one cannot see the matter before us as one wishes to, but only as it—despite all ministerial pronouncements—in reality is.

The gradual exclusion of Erich and Egon Loewe from the company that bore their family's name demonstrates that the Party sometimes needed only to wait for events to bring about a change of heart on the part of executives who earlier had solidarized with their Jewish colleagues. In 1936–37, Kurt Schmitt and Hermann Bücher were the chairs respectively of the supervisory and managing boards of the financially struggling AEG, which was the German equivalent of General Electric. Having spoken out against any purge of Jews in 1933, they now capitulated to Nazi racism as the price for recapitalizing their firm and acquiring control over the Loewes'. As originally conceived, the deal had involved the purchase of some 25 million marks of new AEG shares by the Gesfürel/Ludwig Loewe AG and the election of representatives of each firm to the other's boards. However, since the authors of the plan and designated representatives of Gesfürel, Erich Loewe and his banker George Solmssen, were both Jews by Nazi definitions, difficulties arose in obtaining the necessary official approvals for the transaction. As a result, in July 1936, Schmitt and Bücher summarily redrafted the proposed arrangements, in the process relegating Loewe to the supervisory rather than the managing board of AEG, excluding Solmssen from either body on "racial" grounds, and taking the occasion to end the terms of three other Jews. That broke the bureaucratic blockade, and ten months later, when both Loewes were driven from the management of Gesfürel by the local branch of the Nazi labor organization, Bücher took over undisputed leadership of that firm as well. Though the purge of the supervisory boards took another ten months, a divide clearly had been crossed. Bücher and Schmitt had concluded that the time for loyalty to persons or principles had passed, since its price had become too high—in this case, exactly 25 million marks.

There is no reason to review other such cases here; between 1934 and 1937 they hardened into a general pattern. Most corporations sooner or later abandoned directors or employees whenever organs of the Party or the regime got around to insisting on their removal. Though willing to write glowing references for those forced into retirement, the firms also moved to head off criticism from shareholders and the Nazi press by playing strictly by the book in determining pensions and severance payments. Sometimes a guilty conscience got the better of one executive or another, as when Karl Kimmich tried to organize a farewell breakfast at Gesfürel for the Loewes in 1937, "in order," as he put it, "that their departure not proceed so unkindly." But these were mere gestures. By 1937, advancement within a major German firm had become out of the question for any Jew, and those who remained did so, in effect, on sufferance.

There were, of course, a few lights in the darkness. For instance, the manager of IG Farben's factories at Wolfen apparently ingeniously deflected every Party demand for the dismissal of Jewish executives or researchers until April 1938. Moreover, in the early years of Nazi rule, one rarely finds signs in the surviving records of the initiative for removals coming from within firms, or even of rival executives engineering or exploiting Party pressure. It happened, but far more seldomly than one would have imagined. So far as can be determined from often surprisingly copious documents, the dismissals were largely reactive and generally perceived internally as damaging to business, though less so than continuing trouble with the Party would have been.

With regard to the other dimension of "aryanization", the acquisition of Jewish-owned companies and shares, an even more ambiguous, hesitant, defensive, and self-interested pattern of corporate behavior also crystallized in the first years of Nazi rule. Only about 30% of the major Jewish firms in Germany changed hands or went under between 1933 and the end of 1937, compared to over 60% of the small businesses; and of the roughly 300 substantial transactions, only around twenty amounted to takeovers by German big businesses. One reason for this was that the larger Jewish-owned private banks were not subjected to heavy official or financial pressure until near the end of this period, in part because many of their industrial clients stood by them. Thus, of the roughly fifteen such firms "aryanized" prior to September 1937, only one (Gebr. Arnhold) could be called a large enterprise, and only it and one other were taken over by a major bank. A second source of the endurance of large-scale Jewish holdings was that the Party and state authorities who harassed Jewish owners were willing in many cases to settle for their withdrawal from the boards, thus leaving their property rights—and usually their incomes and chances of reasserting control someday—intact.

Nonetheless, would-be sellers appear to have greatly outnumbered interested corporate buyers. Whether most large firms hung back for purely commercial reasons, because of legal worries or out of principle is impossible to say categorically on the basis of the available records. What they seem not to have been doing was merely waiting for better terms; I have found not a single instance of a major corporation later making an acquisition that it turned down in this period. In any case, hang back they did, with the result that the vast majority of takeovers in this period fell under two headings: (1) arrangements by which trusted Gentile colleagues fronted for the Jewish owners; and (2) shakedowns by Party bosses, often in collusion with ambitious, empire-building small firms such as Horten and Neckarmann or the private banks Merck Finck and Richard Lenz.

When one of the 115 largest German firms was involved, the terms of sale seem to have come closer to what was commercially fair than did most other transfers at the time, let alone later. This situation owed much to the fact that the buyers were looking in the mid-1930s to shelter some of the profits of economic recovery via acquisitions and depreciation. Of course, it would be worse than foolish to contend that no German big business sought to profiteer off Nazi persecution or that every "aryanization" by a major firm in the years 1933–37 was conducted with due respect for the interests of the seller. The Dresdner Bank, in particular, began earning its reputation for rapacity during this period, largely because its conversion during the bank crisis of 1931 to 1932 into a virtually state-owned operation, coupled with the presence of ten Jews among its fifteen principal officers in 1933, made it immediately and especially vulnerable to the penetration of Nazi policies and personnel. More typical, however, of both the motives and methods of takeovers by large firms during this period are three well-documented "aryanizations" by the Degussa AG of Frankfurt, to which I already have referred. In each case, pressure from Nazified agencies drove the owners to approach Degussa, with which they already had a business relationship, and Degussa not only paid at least the market price of the selling firms' stock, but also initially retained the Jewish managers and former owners on the payrolls of its new subsidiaries. Similar terms generally characterized the other takeovers in this period by firms such as the United Steelworks, Siemens, and the Deutsche Bank; evidence is available for the acquisitions conducted by all three of these companies.

In sum, by late 1937, most major German firms had reached an arrangement with Nazi antisemitism that ran from the resigned to the callous. If they would not push to dispossess Jews, neither would they stand up for them. Like Hjalmar Schacht, most corporate executives had come to the self-excusing conclusion that the best they could achieve with regard to "aryanization" would be to draw it out over a period of ten to fifteen years in order to minimize its unsettling effects on long-time associates, the stock markets, and production and exports. In so far as big business had a collective policy or common practice in the matter, that was it. On the eve of the rapid radicalization of Nazi racial policy that was to culminate in the Kristallnacht pogrom a year later, the only identifiable commercial pressure to drive the remaining Jewish executives and owners from German economic life was not coming from large firms. It emanated from the trade associations of smaller ones, which began seeking relief from tightening supplies of raw materials and foreign exchange by demanding that the allotments to Jewish competitors be cut off and redistributed.

Such agitation contributed little, however, to the momentous change in government policy that followed the famous Hossbach conference of early November 1937, where Hitler informed his principal advisors that war for *Lebensraum* was in sight, hence the time had come to batten down the hatches. Within days, acting on his fantasy of the Jews as a fifth column, he made three moves against the remnants of their economic activities: He fired Schacht from his position as economics minister; he temporarily replaced him with Göring, who promptly decreed a series of measures for defining, detecting, and penalizing so-called "Jewish influence" over firms; and he authorized Gauleiter Julius Streicher to launch the first organized boycott of Jewish shops in Germany since 1933. Whether the Nazi Führer personally instigated still a fourth major anti-Jewish initiative at this time is uncertain. But it is noteworthy that at mid-month two officials of his chancellery summoned the chief agent in Berlin of the industrialist Friedrich Flick to pass the word that the time had come for Flick to spearhead the long-delayed "aryanization" of the extensive mining operations owned by the Julius and Ignaz Petschek families.

Over the next fifteen months, the onslaught against Jewish firms and executives signalled by these developments proved more far-reaching, inclusive, and cruel than all that had gone before.

Such corporate reluctance as remained simply collapsed under the weight of new laws. These escalated from cutting off government contracts and raw material allocations to firms with Jewish board members, senior managers, and owners to requiring their removal, and from promoting the supposedly "voluntary" sale of Jewish-owned firms to mandating their seizure and sale by the state. By the middle of 1938, virtually all Jewish directors of major firms had lost their posts. As for large companies still owned by "non-Aryans," the most that could be achieved was to get the firms assigned to reliable Christian associates who promised to hold them in trust, as in the cases of the Oppenheim bank in Cologne or the Schocken department store chain of Leipzig, or at least to block their acquisition by Nazi potentates, for example at the Metallgesellschaft in Frankfurt.

But Jewish German entrepreneurs were extended a good deal less of even this sort of help in this period than earlier, thanks largely to changes in the commercial world and its operating environment. By early 1938, newly ascendant enterprises in key industries and managers in many of the more established companies were opting to hitch their individual wagons to the star of Nazi policy, regardless of widespread reservations about aspects of it. This development reflected, above all, the implicit pressure exerted by growing state control over the economy. Quasi-public institutions, like the regional banks or the Reichs-Kredit-Gesellschaft and the Bank für Industrie-Obligationen, not to mention the Reichswerke Hermann Göring, now stood ready to gobble up what private firms neglected. At the same time, government regulations had become so complete that growth, profits, and market shares depended almost entirely on satisfying the regime, and increased allocations of key materials often could be obtained only by annexing another firm's quotas through acquisition. In this context, with massive "aryanization" a given ordained from Berlin and sellers' bargaining positions weakened, many large firms plunged into the scramble for the spoils. Above all, they acted to prevent either old or new rivals from coming away with more or to prevent long-standing business ties from being upset by inept new owners. In other words, "aryanization" within Germany in 1938, as in the occupied lands later, became an illustration of one of the key motivating methods of Nazism, "the threat in cases of recalcitrance," as another historian has put it, "to entrust the dirty work to another."

Pivotal in the resulting goldrush was the response of the Dresdner and Deutsche banks. Their principal motive was to make up for their declining share of deposits nationwide and for their lost proceeds on placing lucrative corporate stock issues, which the regime had largely banned throughout the thirties in order to funnel capital into government bonds. Thus, the big banks competed intensely to collect brokerage commissions that came to 1–2% of the purchase prices, to loan the necessary capital, to speculate on blocs of shares, to hold on to the regular business of client firms that were changing hands and/or to secure that of new owners, and even to augment their balance sheets by making their own advantageous acquisitions. The possible immediate rewards of success were exemplified by the 800,000 marks that the Berliner Handels-Gesellschaft and the Deutsche Bank divided for executing the Mannesmann corporation's takeover of the Hahnschen Werke in April 1938. As an illustration of the proximate stakes, consider the transformation of two Jewish-owned textile firms in Berlin and Chemnitz into the Venus-Werke. The Deutsche Bank not only acquired some of the stock at 98% of par and later resold it at 148–152 percent, but also meanwhile pocketed an immediate five-fold increase in receipts from the new firm's business.

In pursuit of such returns, the Deutsche Bank began in January 1938 soliciting lists of "aryanizable" firms from its branches, then collating and distributing the results. Although the headquarters urged regional offices to handle their inquiries and intelligence with great discretion, it also made plain that "it is very important that the new business possibilities arising in connection with the changeover of non-Aryan firms be exploited, and that care be taken not to lose old ties as a result of the, according to our observations, extremely active competition in this field." Thus impelled, by July the Deutsche Bank had collected data on some 700 target firms; by the end of October it had played the role of intermediary or financier in approximately 330 "aryanizations." The Dresdner Bank probably facilitated far more, since it was readier to bend the normal requirements of creditworthiness on the part of buyers. How essential the two big banks proved to the takeovers of significant Jewish-owned enterprises nationally may be gauged from a survey of 300 "aryanization" cases in and around Frankfurt. Here the Dresdner and Deutsche banks provided 73% of the 6 million marks in loans needed for all purchases and 40% of the 5 million marks in credits extended for start-up costs.

As for the downward pressure on purchase prices during the free-for-all, it resulted from the number and desperation of the sellers, the illiquidity of some of the largest firms in consequence of the drives for armaments and economic self-sufficiency, and the regime's oversight of the sales. The relevant Party and state agencies mistrusted both the Jewish owners and the "big concerns," and hence strove to block either from "profiting" by transactions. In this context, corporate negotiators had to walk a fine line between offering too much or too little, lest they incur political challenge on either ground. From April 1938 on, the regime set strict parameters to the prices for firms organized as limited partnerships; any lesser sum would result in the assessment of an "equalization payment" by the buyer to the state; any greater one in a imposed reduction or the rejection of the proposed contract. In rare instances resulting from the international connections of the seller, the Reich exhibited some flexibility about the form of payment, but seldom concerning the total amount. This is why restitution payments on "aryanization" deals came to 4 billion Deutschmarks in the 1950s; even when purchasers paid the maximum legally allowed price, they vastly underpaid.

Under these circumstances, the acquisitions from the summer of 1938 on were often the equivalent of fire sales, and the buyers knew it. Indicative of what could happen is the takeover by Waldhof Fibers Corporation of the remaining cellulose and paper factories of the Hartmann concern in September. For a mere 7.5 million marks, Waldhof obtained control over a network of firms in Germany, Austria, Poland, and the Balkans; the core operations of the companies had total sales of 42 million marks in 1937, reported assets of almost 26 million, and open and hidden reserves—that is, cash—of almost 14 million. As occurred in this case, the closest buyers could come to proceeding fairly, which they often did, was to pay more than the book value of a corporation's stock, sometimes even the by now depressed market value, or to overpay, which they did less often, for goods on hand or inventory. Their only real choice, however, was *whether* to participate, not on what terms, and that choice came down to a matter of corporate self-interest in a particular commercial and political setting.

Ironically, in joining in the pillaging, most large firms merely ended up chasing their own tails. The banks, for instance, may have grossed many millions from the process of "aryanization," but they netted far less. For every old debt they saved from default and every new mark they earned or kept their competitors from gaining, they also lost large funds through the liquidation of Jews' deposits. Sooner or later, for example, the state probably siphoned off nearly all of the 35 million marks in Jews' accounts at the Frankfurt branch of the Deutsche Bank as of November 1938, via emigration taxes and currency conversion at extortionist rates, the post-pogrom levy on the Jewish population, and the general confiscations from 1941 on. Similarly, the big buyers perceived with annoyance what they dared articulate only indirectly: that they had been drawn into a government revenue-raising program, one that maneuvered them into putting up the money for a process that turned Jews' fixed assets (plants) into liquid ones (purchase prices), that were then, in stages, taxed away by the regime.

Indeed, the biggest profiteer from "aryanization" was indubitably the Nazi state. It eventually raked off 60–80% of the prices paid for large-scale property transfers within the Reich and a total of some 3 billion of the 7.1 billion marks in wealth that native and stateless Jews possessed according to the compulsory property declarations of April 1938. All this is not to mention increased proceeds from taxes on stock market transactions throughout 1938–39. Such receipts proved essential to the German rearmament effort, contributing some 5% of the national budget in the final year prior to the Second World War, precisely at a time when laggard sales of government bonds would otherwise have forced a cutback in military expenditures. Moreover, the unleashing of competitive impulses against the Jews assured the regime of something less quantifiable but equally valuable: the fact that the transfers and confiscations occurred without appreciable damage to the German economy. The banks, for instance, found ways of insulating stock market prices from the sudden flood of Jewish-owned shares being sold in 1938–39. Once more, the carrot-and-stick method of the Third Reich paid off. The opportunity of gain combined with the fear of economic damage to mobilize Nazi and non-Nazi business executives alike to make the best of the given situation.

All in all, then, by the end of the great "aryanization" wave in 1939, which is the less dramatic and less frightful part of the history of corporate complicity in the Holocaust, the Nazi regime had succeeded in transforming Jewish colleagues from people many of the nation's business magnates had once thought it in their interest to protect into people it was in their interest to exploit. Having done that, the Reich largely cut the major firms out of the extension of "aryanization" to the occupied countries, as the state developed ever more comprehensive administrative means of conducting the dispossession itself. Only the large German banks could post appreciable gains from "aryanization" after 1939, again largely as the brokers and trustees of assets that had been seized or bought at depressed prices from Jews, a fact of which they were well aware and that they treated as a matter of course. But we know, of course, that the role of German corporate executives in profiting from the fates of Jews had not come to an end.

Indeed, between 1939 and 1943, the transformation of the stance of industrial leaders toward Jews went a vicious step further: to people it was in their interest to use up like any other factor of production in the form of forced labor. When a historian tries to retrace this step in the surviving records, the striking thing to me is how closely the evolution of thought and behavior that emerges duplicates that which characterized the history of "aryanization." Initial rejection by every major company of Himmler's attempts to lease camp labor to them ever since 1934 was followed—after 1940 in some quarters, after 1943 almost universally—by a conviction that the alternatives to accepting inmate labor had been exhausted, then by a general rush by firms to get their share. Once more, it appeared, as in the process of "aryanization," that firms were trying to outdo each other in rapacity, and once more they were. But here, too, the initial impulse to employ Jews compulsorily in German industry came from the Nazi bureaucracy and met with only gradually and unevenly abandoned reluctance on the part of nearly all large private firms. Once more, their reservations were phrased in pragmatic rather than principled terms, hence abandoned once the Nazi regime restructured the labor market in a way such that the firms' choice appeared to be between participating or letting the benefits of doing so accrue to others.

With scarcely an exception, every major German firm soon adjusted to the apparent imperatives of the situation: eleven million workers had been called into uniform, a higher percentage of adult German women were already working in 1939 than ever would be the case in the U.S. and Britain during the war, and 7.5 million conscripted foreigners appeared insufficient to generate the necessary production. Plants began appealing to the SS for workers—at first mostly for construction projects, then increasingly in 1944–45 for assembly line service—wherever they could be found. Practical, patriotic, and pre-occupied men, the responsible executives appear to have asked themselves few, if any, questions about what they were doing. They harkened, instead, to the urges of fear, corporate and professional advancement, and what the German historian Hans Mommsen has termed an almost "neurotic compulsion...to do their best in 'the [so-called] national defensive struggle.'" Having once recognized, as with regard to aryanization, the moral and economic defects of the opportunity the Nazi regime offered, the leaders of the nation's major corporations once more lost sight of both. And, in doing so, they acquiesced to government regulations regarding the food, clothing, accommodations, and disciplining of slave laborers—regulations that were even more precise and exploitative than the rules that had dictated the prices to be paid for Jewish-owned factories.

Neither patriotism nor the deference and fear that promoted strict adherence to regulations quite suffices, however, to explain the increasingly barbaric conditions to which inmate laborers were subjected in the final nine months of the war. To be sure, the coarsening effects of the conflict, the breakdown of the German supply system, and the mounting shortages of almost everything also aggravated the situation. So did, it must be said, a kind of reflexive racism that had made considerable inroads on German thinking during the twelve years of Nazi rule. If many Germans could still feel a measure of pity and solidarity with immiserated fellow humans, many more had grown only more fearful of people who had been reduced by awful treatment to looking like the subhumans that the Nazis had claimed they were. Still, allowing for all of that, the role of individual and corporate self-interest, even in this most murderously irrational aspect of big business' involvement in the Holocaust strikes me as, once again, overriding. As Neil Gregor's new study of Mercedes documents in detail, during the final year of the war, when most leading managers knew it was lost, that firm's recourse to labor from concentration camps grew even more insistent and vicious, not less. Desperate to transfer machinery valuable to postwar survival to underground locations and to keep plants operating as long as possible so as to avoid being called up for military duty, these men demanded ever more inmate workers, whom they had ever less capacity to feed and house, then drove them with ever mounting ferocity. It was a pattern of behavior characteristic of many plants in the waning months of the conflict, and it amounted to—as is often the case in war—buying one's chances in the future with others' lives in the present.

Revealing as this dispiriting tale of corporate complicity is in its own right, it also holds important implications for our understanding of the readiness of so many Germans, in so many different walks of life, to apply themselves to the persecution of the European Jews. No one who puzzles over this matter can ignore the causal importance of antisemitism, and, Daniel Goldhagen's claims to the contrary, no one I know ever has. For antisemitism alone, in the end, provides an answer to the fundamental question, "Why the Jews?". Without the presence of a broad antisemitic tradition in German society, to which the corporate world was by no means immune, the massacre could not have happened. And yet, as Peter Gay, has pointed out, the problem with the word antisemitism is that it is a single name for widely varying negative stereotypes about and behaviors toward Jews, all of them ugly but only some of them menacing. Moreover, even the menacing forms of antisemitism become truly and massively dangerous only in certain historical contexts, when they can ride to power on the backs of other issues and when that power in turn transforms them from a matter of attitudes to a means of gaining advantages.

In other words, if we ask ourselves one of the most eternally troubling questions about the Holocaust—How did the Nazis' increasingly cruel and murderous intentions toward the Jews become a society's collective project?—we need, I think, to begin our answer with racism, but we cannot end it there. In microcosm, the sordid narrative I have presented suggests that hatred may have been the fuel that propelled Nazi Germany on the road to the Holocaust, but that road was paved, not just by indifference, as one historian has famously remarked, but by self-interest. That self-interest, however, was not of German big business's own making. The historical record indicates that corporate complicity—like that of a good many Germans in other walks of life—developed over time and in a series of adaptations to prevailing, politically established incentives.

To say this is not to create an alibi for big business; neither is it to blur the moral boundaries between perpetrators, collaborators, resisters, and victims. It is merely to offer a reminder of how dictatorships work—and of how people and markets can work under one.

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