

## CHAPTER TWO

### The Empire of I.G. Farben

*Farben was Hitler and Hitler was Farben.* (Senator Homer T. Bone to Senate Committee on Military Affairs, June 4, 1943.)

On the eve of World War II the German chemical complex of I.G. Farben was the largest chemical manufacturing enterprise in the world, with extraordinary political and economic power and influence within the Hitlerian Nazi state. I. G. has been aptly described as "a state within a state."

The Farben cartel dated from 1925, when organizing genius Hermann Schmitz (with Wall Street financial assistance) created the super-giant chemical enterprise out of six already giant German chemical companies — Badische Anilin, Bayer, Agfa, Hoechst, Weiler-ter-Meer, and Griesheim-Elektron. These companies were merged to become Inter-nationale Gesellschaft Farbenindustrie A.G. — or I.G. Farben for short. Twenty years later the same Hermann Schmitz was put on trial at Nuremberg for war crimes committed by the I. G. cartel. Other I. G. Farben directors were placed on trial but the American affiliates of I. G. Farben and the American directors of I. G. itself were quietly forgotten; the truth was buried in the archives.

It is these U.S. connections in Wall Street that concern us. Without the capital supplied by Wall Street, there would have been no I. G. Farben in the first place and almost certainly no Adolf Hitler and World War II.

German bankers on the Farben *Aufsichtsrat* (the supervisory Board of Directors)<sup>1</sup> in the late 1920s included the Hamburg banker Max Warburg, whose brother Paul Warburg was a founder of the Federal Reserve System in the United States. Not coincidentally, Paul Warburg was also on the board of American I. G., Farben's wholly owned U.S. subsidiary. In addition to Max Warburg and Hermann Schmitz, the guiding hand in the creation of the Farben empire, the early Farben *Vorstand* included Carl Bosch, Fritz ter Meer, Kurt Oppenheim and George von Schnitzler.<sup>2</sup> All except Max Warburg were charged as "war criminals" after World War II.

In 1928 the American holdings of I. G. Farben (*i.e.*, the Bayer Company, General Aniline Works, Agfa Ansco, and Winthrop Chemical Company) were organized into a Swiss holding company, i. G. Chemic (Inter-nationale Gesellschaft für Chemische Unternehmungen A. G.), controlled by I. G. Farben in Germany. In the following year these American firms merged to become American I. G. Chemical Corporation, later renamed General Aniline & Film. Hermann Schmitz, the organizer of I. G. Farben in 1925, became a prominent early Nazi and supporter of Hitler, as well as chairman of the Swiss I. G. Chemic and president of American I. G. The Farben complex both in Germany and the United States then developed into an integral part of the formation and operation of the Nazi state machine, the Wehrmacht and the S.S.

I. G. Farben is of peculiar interest in the formation of the Nazi state because Farben directors materially helped Hitler and the Nazis to power in 1933. We have photographic evidence (see page 60) that I.G. Farben contributed 400,000 RM to Hitler's political "slush fund." It was this secret fund which financed the Nazi seizure of control in March 1933. Many years earlier Farben had obtained Wall Street funds for the 1925 cartelization and expansion in Germany and \$30 million for American I. G. in 1929, and had Wall Street directors on the Farben board. It has to be noted that these funds were raised and directors appointed years before Hitler was promoted as the German dictator.

## The Economic Power of I. G. Farben

Qualified observers have argued that Germany could not have gone to war in 1939 without I. G. Farben. Between 1927 and the beginning of World War II, I.G. Farben doubled in size, an expansion made possible in great part by American technical assistance and by American bond issues, such as the one for \$30 million offered by National City Bank. By 1939 I. G. acquired a participation and managerial influence in some 380 other German firms and over 500 foreign firms. The Farben empire owned its own coal mines, its own electric power plants, iron and steel units, banks, research units, and numerous commercial enterprises. There were over 2,000 cartel agreements between I. G. and foreign firms — including Standard Oil of New Jersey, DuPont, Alcoa, Dow Chemical, and others in the United States. The full story of I.G. Farben and its world-wide activities before World War II can never be known, as key German records were destroyed in 1945 in anticipation of Allied victory. However, one post-war investigation by the U.S. War Department concluded that:

*Without I. G.'s immense productive facilities, its intense research, and vast international affiliations, Germany's prosecution of the war would have been unthinkable and impossible; Farben not only directed its energies toward arming Germany, but concentrated on weakening her intended victims, and this double-barreled attempt to expand the German industrial potential for war and to restrict that of the rest of the world was not conceived and executed "in the normal course of business." The proof is overwhelming that I. G. Farben officials had full prior knowledge of Germany's plan for world conquest and of each specific aggressive act later undertaken ....*<sup>3</sup>

Directors of Farben firms (i.e., the "I. G. Farben officials" referred to in the investigation) included not only Germans but also prominent American financiers. This 1945 U.S. War Department report concluded that I.G.'s assignment from Hitler in the prewar period was to make Germany self-sufficient in rubber, gasoline, lubricating oils, magnesium, fibers, tanning agents, fats, and explosives. To fulfill this critical assignment, vast sums were spent by I.G. on processes to extract these war materials from indigenous German raw materials - in particular the plentiful German coal resources. Where these processes could not be developed in Germany, they were acquired from abroad under cartel arrangements. For example, the process for iso-octane, essential for aviation fuels, was obtained from the United States,

*... in fact entirely [from] the Americans and has become known to us in detail in its separate stages through our agreements with them [Standard Oil of New Jersey] and is being used very extensively by us.*<sup>4</sup>

The process for manufacturing tetra-ethyl lead, essential for aviation gasoline, was obtained by I. G. Farben from the United States, and in 1939 I.G. was sold \$20 million of high-grade aviation gasoline by Standard Oil of New Jersey. Even before Germany manufactured tetra-ethyl lead by the American process it was able to "borrow" 500 tons from the Ethyl Corporation. This loan of vital tetra-ethyl lead was not repaid and I.G. forfeited the \$1 million security. Further, I.G. purchased large stocks of magnesium from Dow Chemical for incendiary bombs and stockpiled explosives, stabilizers, phosphorus, and cyanides from the outside world.

In 1939, out of 43 major products manufactured by I.G., 28 were of "primary concern" to the German armed forces. Farben's ultimate control of the German war economy, acquired during the 1920s and 1930s with Wall Street assistance, can best be assessed by examining the percentage of German war material output produced by Farben plants in 1945. Farben at that time produced 100 percent of German synthetic rubber, 95 percent of German poison gas (including all the Zyklon B gas used in the concentration camps), 90 percent of German plastics, 88 percent of German magnesium, 84 percent of German explosives, 70 percent of German gunpowder, 46 percent of German high octane (aviation) gasoline, and 33 percent of German synthetic gasoline.<sup>5</sup> (See Chart 2-1 and Table 2-1.)

**Table 2-1: German Army (Wehrmacht) Dependence on I.G. Farben Production (1943):**

Product	Total German Production	Percent Produced by I.G. Farben
Synthetic Rubber	118,600 tons	100
Methanol	251,000 tons	100
Lubricating Oil	60,000 tons	100
Dyestuffs	31,670 tons	98
Poison Gas	—	95
Nickel	2,000 tons	95
Plastics	57,000 tons	90
Magnesium	27,400 tons	88
Explosives	221,000 tons	84
Gunpowder	210,000 tons	70
High Octane (Aviation)	650,000 tons	46
Gasoline		
Sulfuric Acid	707,000 tons	35

**Chart 2-1: German Army (Wehrmacht) Dependence on I.G. Farben Production (1943)**

Dr. von Schnitzler, of the I.G. Farben *Aufsichtsrat*, made the following pertinent statement in 1943:

*It is no exaggeration to say that without the services of German chemistry performed under the Four Year Plan the prosecution of modern war would have been unthinkable.*<sup>6</sup>

Unfortunately, when we probe the technical origins of the more important of these military materials — quite apart from financial Support for Hitler — we find links to American industry and to American businessmen. There were numerous Farben arrangements with American firms, including cartel marketing arrangements, patent agreements, and technical exchanges as exemplified in the Standard Oil-Ethyl technology transfers mentioned above. These arrangements were used by I.G. to advance Nazi policy abroad, to collect strategic information, and to consolidate a world-wide chemical cartel.

One of the more horrifying aspects of I.G. Farben's cartel was the invention, production, and distribution of the Zyklon B gas, used in Nazi concentration camps. Zyklon B was pure Prussic acid, a lethal poison produced by I.G. Farben Leverkusen and sold from the Bayer sales office through Degesch, an independent license holder. Sales of Zyklon B amounted to almost three-quarters of Degesch business; enough gas to kill 200 million humans was produced and sold by I.G. Farben. The Kilgore Committee report of 1942 makes it clear that the I.G. Farben directors had precise knowledge of the Nazi concentration camps and the use of I.G. chemicals. This prior knowledge becomes significant when we later consider the role of the American directors in I.G.'s American subsidiary. The 1945 interrogation of I.G. Farben director von Schnitzler reads:

Q. What did you do when they told you that I.G. chemicals was [*sic*] being used to kill, to murder people held in concentration camps?

A. I was horrified.

Q. Did you do anything about it?

A. I kept it for me [to myself] because it was too terrible .... I asked Muller-Cunradi is it known to you and Ambros and other directors in Auschwitz that the gases and chemicals are being used to murder people.

Q. What did he say?

A. Yes: it is known to all I.G. directors in Auschwitz.<sup>7</sup>

There was no attempt by I.G. Farben to halt production of the gases — a rather ineffective way for von Schnitzler to express any concern for human life, "because it was too terrible."

The Berlin N.W. 7 office of I.G. Farben was the key Nazi overseas espionage center. The unit operated under Farben director Max Ilgner, nephew of I.G. Farben president Hermann Schmitz. Max Ilgner and Hermann Schmitz were on the board of American I.G., with fellow directors Henry Ford of Ford Motor Company, Paul Warburg of Bank of Manhattan, and Charles E. Mitchell of the Federal Reserve Bank of New York.

At the outbreak of war in 1939 VOWI employees were ordered into the Wehrmacht but in fact continued to perform the same work as when nominally under I.G. Farben. One of the more prominent of these Farben intelligence workers in N.W. 7 was Prince Bernhard of the Netherlands, who joined Farben in the early 1930s after completion of an 18-month period of service in the black-uniformed S.S.<sup>8</sup>

The U.S. arm of the VOWI intelligence network was Chemnyco, Inc. According to the War Department,

*Utilizing normal business contacts Chemnyco was able to transmit to Germany tremendous amounts of material ranging from photographs and blueprints to detailed descriptions of whole industrial plants.*<sup>9</sup>

Chemnyco's vice president in New York was Rudolph Ilgner, an American citizen and brother of American I. G. Farben director Max Ilgner. In brief, Farben operated VOWI, the Nazi foreign intelligence operation, before World War II and the VOWI operation was associated with prominent members of the Wall Street Establishment through American I.G. and Chemnyco.

The U.S. War Department also accused I.G. Farben and its American associates of spearheading Nazi psychological and economic warfare programs through dissemination of propaganda via Farben agents abroad, and of providing foreign exchange for this Nazi propaganda. Farben's cartel arrangements promoted Nazi economic warfare — the outstanding example being the voluntary Standard Oil of New Jersey restriction on development of synthetic rubber in the United States at the behest of I. G. Farben. As the War Department report puts it:

*The story in short is that because of Standard Oil's determination to maintain an absolute monopoly of synthetic rubber developments in the United States, it fully accomplished I.G.'s purpose of preventing United States production by dissuading American rubber companies from undertaking independent research in developing synthetic rubber processes.*<sup>10</sup>

In 1945 Dr. Oskar Loehr, deputy head of the I.G. "Tea Buro," confirmed that I. G. Farben and Standard Oil of New Jersey operated a "preconceived plan" to suppress development of the synthetic rubber industry in the United States, to the advantage of the German Wehrmacht and to the disadvantage of the United States in World War II.

Dr. Loehr's testimony reads (in part) as follows:

Q. Is it true that while the delay in divulging the buna [synthetic rubber] processes to American rubber companies was taking place, Chemnyco and Jasco were in the meantime keeping I.G. well informed in regard to synthetic rubber development in the U.S.?

A. Yes.

Q. So that at all times I.G. was fully aware of the state of the development of the American synthetic rubber industry?

A. Yes.

Q. Were you present at the Hague meeting when Mr. Howard [of Standard Oil] went there in 1939?

A. No.

Q. Who was present?

A. Mr. Ringer, who was accompanied by Dr. Brown of Ludwigshafen. Did they tell you about the negotiations?

A. Yes, as far as they were on the buna part of it.

Q. Is it true that Mr. Howard told I.G. at this meeting that the developments in the U.S. had reached such a stage that it would no longer be possible for him to keep the information in regard to the buna processes from the American companies?

A. Mr. Ringer reported it.

Q. Was it at that meeting that for the first time Mr. Howard told I.G. the American rubber companies might have to be informed of the processes and he assured I.G. that Standard Oil would control the synthetic rubber industry in the U.S.? Is that right?

A. That is right. That is the knowledge I got through Mr. Ringer.

Q. So that in all these arrangements since the beginning of the development of the synthetic rubber industry the suppression of the synthetic rubber industry in the U.S. was part of a preconceived plan between I.G. on the one hand and Mr. Howard of Standard Oil on the other?

A. That is a conclusion that must be drawn from the previous facts.<sup>11</sup>

I.G. Farben was pre-war Germany's largest earner of foreign exchange, and this foreign exchange enabled Germany to purchase strategic raw materials, military equipment, and technical processes, and to finance its overseas programs of espionage, propaganda, and varied military and political activities preceding World War II. Acting on behalf of the Nazi state, Farben broadened its own horizon to a world scale which maintained close relations with the Nazi regime and the Wehrmacht. A liaison office, the *Vermittlungsstelle W*, was established to maintain communications between I.G. Farben and the German Ministry of War:

*The aim of this work is the building up o.[ a tight organ ization for armament in the I.G. which could be inserted without difficulty in the existing organization of the I.G. and the individual plants. In the case of war, I.G. will be treated by the authorities concerned with armament questions as one big plant which, in its task for the armament, as far as it is possible to do so from the technical point of view, will regulate itself without any*

*organizational influence from outside (the work in this direction was in principle agreed upon with the Ministry of War Wehrwirtschaftsamt) and from this office with the Ministry of Economy. To the field of the work of the Vermittlungsstelle W belongs, besides the organizational set-up and long-range planning, the continuous collaboration with regard to the armament and technical questions with the authorities of the Reich and with the plants of the I.G.<sup>12</sup>*

Unfortunately the files of the *Vermittlungsstelle* offices were destroyed prior to the end of the war, although it is known from other sources that from 1934 onwards a complex network of transactions evolved between I.G. and the Wehrmacht. In 1934 I. G. Farben began to mobilize for war, and each I.G. plant prepared its war production plans and submitted the plans to the Ministries of War and Economics. By 1935-6 war games were being held at I.G. Farben plants and wartime technical procedures rehearsed.<sup>13</sup> These war games were described by Dr. Struss, head of the Secretariat of I.G.'s Technical Committee:

*It is true that since 1934 or 1935, soon after the establishment of the Vermittlungsstelle W in the different works, theoretical war plant games had been arranged to examine how the effect of bombing on certain factories would materialize. It was particularly taken into consideration what would happen if 100- or 500-kilogram bombs would fall on a certain factory and what would be the result of it. It is also right that the word Kriegsspiele was used for it.*

*The Kriegsspiele were prepared by Mr. Ritter and Dr. Eckell, later on partly by Dr. von Brunning by personal order on Dr. Krauch's own initiative or by order of the Air Force, it is not known to me. The tasks were partly given by the Vermittlungsstelle W and partly by officers of the Air Force. A number of officers of all groups of the Wehrmacht (Navy, Air Force, and Army) participated in these Kriegsspiele.*

*The places which were hit by bombs were marked in a map of the plant so that it could be ascertained which parts of the plant were damaged, for example a gas meter or an important pipe line. As soon as the raid finished, the management of the plant ascertained the damages and reported which part of the plant had to stop working; they further reported what time would be required in order to repair the damages. In a following meeting the consequences of the Kriegsspiele were described and it was ascertained that in the case of Leuna [plant] the damages involved were considerably high; especially it was found out that alterations of the pipe lines were to be made at considerable cost.<sup>14</sup>*

Consequently, throughout the 1930s I. G. Farben did more than just comply with orders from the Nazi regime. Farben was an initiator and operator for the Nazi plans for world conquest. Farben acted as a research and intelligence organization for the German Army and voluntarily initiated Wehrmacht projects. In fact the Army only rarely had to approach Farben; it is estimated that about 40 to 50 percent of Farben projects for the Army were initiated by Farben itself. In brief, in the words of Dr. von Schnitzler:

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

## **Polishing I. G. Farben's Public Image**

This miserable picture of pre-war military preparation was known abroad and had to be sold — or disguised — to the American public in order to facilitate Wall Street fund-raising and technical assistance on behalf of I. G. Farben in the United States. A prominent New York public relations firm was chosen for the job of selling the I.G. Farben combine to America. The most notable public relations firm in the late

1920s and 1930s was Ivy Lee & T.J. Ross of New York. Ivy Lee had previously undertaken a public relations campaign for the Rockefellers, to spruce up the Rockefeller name among the American public. The firm had also produced a syncophantic book entitled *USSR*, undertaking the same clean-up task for the Soviet Union — even while Soviet labor camps were in full blast in the late 20s and early 30s.

From 1929 onwards Ivy Lee became public relations counsel for I. G. Farben in the United States. In 1934 Ivy Lee presented testimony to the House Un-American Activities Committee on this work for Farben.<sup>15</sup> Lee testified that I.G. Farben was affiliated with the American Farben firm and "The American I.G. is a holding company with directors such people as Edsel Ford, Walter Teagle, one of the officers of the City Bank .... " Lee explained that he was paid \$25,000 per year under a contract made with Max Ilgner of I.G. Farben. His job was to counter criticism levelled at I.G. Farben within the United States. The advice given by Ivy Lee to Farben on this problem was acceptable enough:

*In the first place, I have told them that they could never in the world get the American people reconciled to their treatment of the Jews: that that was just foreign to the American mentality and could never be justified in the American public opinion, and there was no use trying.*

*In the second place, anything that savored of Nazi propaganda in this country was a mistake and ought not to be under. taken. Our people regard it as meddling with American affairs, and it was bad business.*<sup>16</sup>

The initial payment of \$4,500 to Ivy Lee under this contract was made by Hermann Schmitz, chairman of I.G. Farben in Germany. It was deposited in the New York Trust Company under the name of I. G. Chemic (or the "Swiss I.G.," as Ivy Lee termed it). However, the second and major payment of \$14,450 was made by William von Rath of the American I.G. and also deposited by Ivy Lee in New York Trust Company, for the credit of his personal account. (The firm account was at the Chase Bank.) This point about the origin of the funds is 'important when we consider the identity of directors of American I.G., because payment by American I.G. meant that the bulk of the Nazi propaganda funds were not of German origin. *They were American funds earned in the U.S. and under control of American directors, although used for Nazi propaganda in the United States.*

In other words, most of the Nazi propaganda funds handled by Ivy Lee were *not* imported from Germany.

The use to which these American funds were put was brought out under questioning by the House Un-American Activities Committee:

Mr. DICKSTEIN. As I understand you, you testified that you received no propaganda at all, and that you had nothing to do with the distribution of propaganda in this country?

Mr. LEE. I did not testify I received none Mr. Dickstein.

Mr. DICKSTEIN. I will eliminate that part of the question, then.

Mr. LEE. I testified that I disseminated none whatever.

Mr. DICKSTEIN. Have you received or has your firm received any propaganda literature from Germany at any time?

Mr. LEE. Yes, sir.

Mr. DICKSTEIN. And when was that?

Mr. LEE. Oh, we have received — it is a question of what you call propaganda. We have received an immense amount of literature.

Mr. DICKSTEIN. You do not know what that literature was and what it contained?

Mr. LEE. We have received books and pamphlets and newspaper clippings and documents, world without end.

Mr. DICKSTEIN. I assume someone in your office would go over them and see what they were?

Mr. LEE. Yes, sir.

Mr. DICKSTEIN. And then after you found out what they were, I assume you kept copies of them?

Mr. LEE. In some cases, yes; and in some, no. A great many of them, of course, were in German, and I had what my son sent me. He said they were interesting and significant, and those I had translated or excerpts of them made.<sup>17</sup>

Finally, Ivy Lee employed Burnham Carter to study American newspaper reports on Germany and prepare suitable pro-Nazi replies. It should be noted that this German literature was not Farben literature, it was official Hitler literature:

Mr. DICKSTEIN. In other words, you receive this material that deals with German conditions today: You examine it and you advise them. It has nothing to do with the German Government, although the material, the literature, is official literature of the Hitler regime. That is correct, is it not?

Mr. LEE. Well, a good deal of the literature was not official.

Mr. DICKSTEIN. It was not I.G. literature, was it?

Mr. LEE. No; I.G. sent it to me.

Mr. DICKSTEIN. Can you show us one scrap of paper that came in here that had anything to do with the I.G.?

Mr. LEE. Oh, yes. They issue a good deal of literature. But I do not want to beg the question. There is no question whatever that under their authority I have received an immense amount of material that came from official and unofficial sources.

Mr. DICKSTEIN. Exactly. In other words, the material that was sent here by the I.G. was material spread — we would call it propaganda — by authority of the German Government. But the distinction that you make in your statement is, as I take it, that the German Government did not send it to you directly; that it was sent to you by the I.G.

Mr. LEE. Right.

Mr. DICKSTEIN. And it had nothing to do with their business relations just now.

Mr. LEE. That is correct.

## **The American I.G. Farben**

Who were the prominent Wall Street establishment financiers who directed the activities of American I.G., the I.G. Farben affiliate in the United States promoting Nazi propaganda?



American I.G. Farben directors included some of the more prominent members of Wall Street. German interests re-entered the United States after World War I, and successfully overcame barriers designed to keep I.G. out of the American market. Neither seizure of German patents, establishment of the Chemical Foundation, nor high tariff walls were a major problem.

By 1925, General Dyestuff Corporation was established as the exclusive selling agent for products manufactured by Gasselli Dyestuff (renamed General Aniline Works, Inc., in 1929) and imported from Germany. The stock of General Aniline Works was transferred in 1929 to American I.G. Chemical Corporation and later in 1939 to General Aniline & Film Corporation, into which American I.G. and General Aniline Works were merged. American I.G. and its successor, General Aniline & Film, is the unit through which control of I.G.'s enterprises in the U.S. was maintained. The stock authorization of American I.G. was 3,000,000 common A

shares and 3,000,000 common B shares. In return for stock interests in General Aniline Works and Agfa-Ansco Corporation, I.G. Farben in Germany received all the B shares and 400,000 A shares. Thirty million dollars of convertible bonds were sold to the American public and guaranteed as to principal and interest by the German I.G. Farben, which received an option to purchase an additional 1,000,000 A shares.

**Table 2-2: The Directors of American I.G. at 1930:**

**American I.G.**

<b>Director</b>	<b>Citizenship</b>	<b>Other Major Associations</b>
Carl BOSCH	German	FORD MOTOR CO. A-G
Edsel B. FORD	U.S.	FORD MOTOR CO. DETROIT
Max ILGNER	German	Directed I.G. FARBEN N.W.7 (INTELLIGENCE) office. Guilty at Nuremberg War Crimes Trials.
F. Ter MEER	German	Guilty at Nuremberg War Crimes Trials
H.A. METZ	U.S.	Director of I.G. Farben Germany and BANK OF MANHATTAN (U.S.)
C.E. MITCHELL	U.S.	Director of FEDERAL RESERVE BANK OF N.Y. and NATIONAL CITY BANK
Herman SCHMITZ	German	On boards of I.G. Farben (President) (Germany) Deutsche Bank (Germany) and BANK FOR INTERNATIONAL SETTLEMENTS. Guilty at Nuremberg War Crimes Trials.
Walter TEAGLE	U.S.	Director FEDERAL RESERVE BANK OF NEW YORK and STANDARD OIL OF NEW JERSEY
W.H. von RATH	Naturalized	Director of GERMAN GENERAL U.S. ELECTRIC (A.E.G.)
Paul M.	U.S.	First member of the FEDERAL

WARBURG

RESERVE BANK OF NEW  
YORK and BANK OF  
MANHATTAN

W.E. WEISS

U.S.

Sterling Products

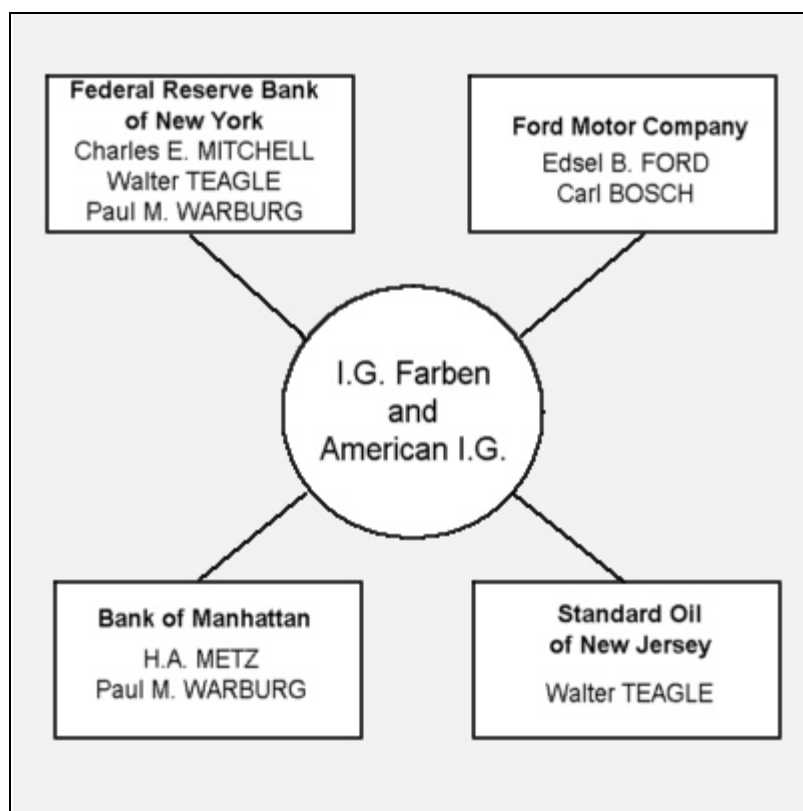
*Source:* Moody's Manual of Investments; 1930, p. 2149.

*Note:* Walter DUISBERG (U.S.), W. GRIEF (U.S.), and Adolf KUTTROFF (U.S.) were also Directors of American I.G. Farben at this period.

The management of American I.G. (later General Aniline) was dominated by I.G. or former I.G. officials. (See Table 9.9.) Hermann Schmitz served as president from 1929 to 1936 and was then succeeded by his brother, Dietrich A. Schmitz, a naturalized American citizen, until 1941. Hermann Schmitz, who was also a director of the bank for International Settlements, the "apex" of the international financial control system. He remained as chairman of the board of directors from 1936 to 1939.

The original board of directors included nine members who were, or had been, members of the board of I.G. Farben in Germany (Hermann Schmitz, Carl Bosch, Max Ilgner, Fritz ter Meer, and Wilfred Grief), or had been previously employed by I.G. Farben in Germany (Walter Duisberg, Adolph Kuttroff, W.H. von Rath, Herman A. Metz). Herman A. Metz was an American citizen, a staunch Democrat in politics and a former comptroller of the City of New York. A tenth, W.E. Weiss, had been under contract to I.G.

Directors of American I.G. were not only prominent in Wall Street and American industry but more significantly were drawn from a few highly influential institutions:



The remaining four members of the American I.G. board were prominent American citizens and members of the Wall Street financial elite: C.E. Mitchell, chairman of National City Bank and the Federal Reserve Bank of New York; Edsel B. Ford, president of Ford Motor Company; W.C. Teagle, another director of Standard Oil of New Jersey; and, Paul Warburg, first member of the Federal Reserve Bank of New York

and chairman of the Bank of Manhattan Company.

Directors of American I.G. were not only prominent in Wall Street and American industry but more significantly were drawn from a few highly influential institutions. (See chart above.)

Between 1929 and 1939 there were changes in the make-up of the board of American I.G. The number of directors varied from time to time, although a majority always had I.G. backgrounds or connections, and the board never had less than four American directors. In 1939 — presumably looking ahead to World War II — an effort was made to give the board a more American complexion, but despite the resignation of Hermann Schmitz, Carl Bosch, and Walter Duisberg, and the appointment of seven new directors, seven members still belonged to the I.G. group. This I.G. predominance increased during 1940 and 1941 as American directors, including Edsel Ford, realized the political unhealthiness of I.G. and resigned.

Several basic observations can be made from this evidence. First, the board of American I.G. had three directors from the Federal Reserve Bank of New York, the most influential of the various Federal Reserve Banks. American I.G. also had interlocks with Standard Oil of New Jersey, Ford Motor Company, Bank of Manhattan (later to become the Chase Manhattan), and A.E.G. (German General Electric). Second, three members of the board of this American I.G. were found guilty at Nuremburg War Crimes Trials. These were the German, not the American, members. Among these Germans was Max Ilgner, director of the I.G. Farben N.W. 7 office in Berlin, *i.e.*, the Nazi pre-war intelligence office. If the directors of a corporation are collectively responsible for the activities of the corporation, then the American directors should also have been placed on trial at Nuremburg, along with the German directors — that is, if the purpose of the trials was to determine war guilt. Of course, if the purpose of the trials had been to divert attention away from the U.S. involvement in Hitler's rise to power, they succeeded very well in such an objective.

Footnotes:

<sup>1</sup>German firms have a two-tier board of directors. The *Aufsichtsrat* concerns itself with overall supervision, including financial policy, while the *Vorstand* is concerned with day-to-day management.

<sup>2</sup>Taken from *Der Farben-Konzern 1928*, (Hoppenstedt, Berlin: 1928), pp. 4-5.

<sup>3</sup>*Elimination of German Resources*, p. 943.

<sup>4</sup>*Ibid*, p. 945.

<sup>5</sup>*New York Times*, October 21, 1945, Section 1, pp. 1, 12.

<sup>6</sup>*Ibid*, p. 947.

<sup>7</sup>*Elimination of German Resources*.

<sup>8</sup>Bernhard is today better known for his role as chairman of the secretive, so-called Bilderberger meetings. See U.S. Congress, House of Representatives, Special Committee on Un-American Activities, *Investigation of Nazi Propaganda Activities and Investigation of Certain other Propaganda Activities*. 73rd Congress, 2nd Session, Hearings No. 73-DC-4. (Washington: Government Printing Office, 1934), Volume VIII, p. 7525.

<sup>9</sup>*Ibid* p. 949.

Ibid p. 952.

<sup>11</sup>Ibid p. 1293.

<sup>12</sup>Ibid p. 954.

<sup>13</sup>Ibid p. 954.

<sup>14</sup>Ibid, pp. 954-5.

<sup>15</sup>U.S. Congress. House of Representatives, Special Committee on Un-American Activities, *Investigation of Nazi Propaganda Activities and Investigation of Certain Other Propaganda Activities*, *op. cit.*

<sup>16</sup>Ibid, p. 178.

<sup>17</sup>Ibid, p. 183.

<sup>18</sup>Ibid, p. 188.

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