Profits and Persecution

What role did German big business play in the persecution of European Jews during the Holocaust? What were its motivations? And how did it respond to changing social and economic circumstances after the war? *Profits and Persecution* examines how the leaders of Germany's largest industrial and financial enterprises played a key part in the catastrophes and crimes of their nation in the first half of the twentieth century. Drawing on evidence concerning the roughly 100 most significant German firms of the Nazi era, Peter Hayes explores how large German corporations dealt with Jews, their property, and their labor. This study unites business history and the history of the Holocaust to consider both the economic and personal motivations that rendered German corporate leaders complicit in the actions of the Nazi Party. In doing so, it demonstrates how ordinary, familiar thought processes came to serve the ideological purposes of the Third Reich – with lethal consequences.

Peter Hayes is Theodore Zev Weiss Holocaust Educational Foundation Professor Emeritus at Northwestern University. He is the author of the bestselling *Why? Explaining the Holocaust* (2017), as well as thirteen other books and more than 100 articles and book chapters on the history of the Nazi era. Hayes served for twenty years on the Academic Committee of the United States Holocaust Memorial Museum and as its Chair from 2014 to 2019.

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German Big Business in the Nazi Economy and the Holocaust

Peter Hayes
Northwestern University

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In memory of
Annyong and Maebe,
who helped me write this book,
and to
Volt
forever and forever

Motiv ändert die Wirkung nicht (Motive does not change the effect).
—Otto von Bismarck

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Part IV Aftermath, 1945–2024

PREFACE

This book has been five decades in the making. In 1975, a couple of years into graduate school, I began studying the role of German big business in the catastrophic Third Reich, and I have not let go since. In part, my continuing fascination stems from the deeply unsettling issues of human corruptibility and delusion that the subject presents, which I hope this book will lay bare. Another source of my persistence is the sheer exhilaration I have found in immersing myself in alternatingly fragmentary and copious records and trying to decipher the ways that people in an extreme past situation tried to manage what still are contemporary problems of political risk, market analysis, corporate strategy, and personal and professional ethics. And then, I suppose, there is the matter of my skeptical temperament. Because this field of study seemed to me afflicted with an overabundance of William Butler Yeats' "passionate intensity," much of it more in service to ideology or self-satisfaction than to historical accuracy, I have been unable to shake my late, admired friend Michael Marrus' admonition "to get it right," which is a time-consuming process.[1]

Debate over the subject was particularly intense during the Cold War of 1946–90, when virtually all commentators outside Germany highlighted and condemned the complicity of the German business elite in the Reich's crimes but differed on the source of this misconduct. Western liberal writers, like the American prosecutors at the Nuremberg trials, depicted German industrialists and financiers as aberrant capitalists, imbued with Prussian militarism and a sense of Teutonic superiority that made them eager to help devise, then

participate in, campaigns of aggression and exploitation.[2] Communist and other Marxist writers insisted, on the contrary, that these corporate leaders were prototypical capitalists, ambitious for greater markets and resources, determined to suppress and exploit workers, and both ready and able to use fascism for these characteristic goals of their economic system.[3]

Within Germany, the government of the communist east promoted the Marxist analysis, but in the free market west a much more apologetic view prevailed, thanks to the corporate world's effective public relations machinery and to firms' almost universal refusal to grant access to what in many cases were expansive extant archives. According to this line of advocacy, German big business had been much more sinned against than sinning in the Third Reich, subjected by a tyrannical and terrorizing regime to a "command economy" (*Zwangswirtschaft*) that reduced executives to obeying orders and relieved them of responsibility for any "excesses" (*Ausschreitungen*) that occurred in the process.

Since the fall of the Soviet Empire and the reunification of Germany, writing on business–state relations in the Third Reich has become less polarized, though interpretive differences remain. As Marxist critiques ceased to threaten German business, but global markets became increasingly important to it, reticence about the Nazi past declined in corporate circles, archives opened, and a wave of (often massive) empirical studies of firms and industries during the Nazi era followed, most of these in German. One purpose of this book is to mediate between a broad public and this rich and informative literature, to make its most important pieces of evidence and its most revealing findings more widely available and accessible. The chief variation within this body of scholarship concerns motives or rationales for acquisitive or exploitative behavior by German firms. Some works assign great importance to shared ideological convictions with the Nazi regime, at least in the cases of specific enterprises or executives, whereas the overall tendency is to ascribe most conduct to routine and rational calculations of corporate self-interest in the given economic context. Both arguments represent considerable improvement on the continuing emphasis in the popular literature on this topic, both in Germany and abroad, on crude notions of greed as the driving impulse.

This book seeks to avoid the simplifications embedded in the Western, Marxist, apologetic, and popular accounts of corporate

behavior in the Third Reich, as well as any implication of exoneration that might be read into the more recent "rationalist" scholarship. Caricaturing all or even most German business leaders as collectively racist, bloodthirsty, and avaricious exploiters and expansionists is factually inaccurate, and treating their deeds as "rational" runs the risk of detoxifying or even normalizing them. One of my central arguments here is that by acting rationally in the context of the Third Reich, corporate leaders in effect acted ideologically, since their choices generally served the regime and its purposes, whether intentionally or not. Among the most terrifying features of the Third Reich was its capacity to make ordinary, familiar thought processes have lethal consequences. So lethal, in fact, that belaboring the question of whether most corporate executives grasped all or even much of what they were enabling misses the essential point, which is their complicity, whatever its mainsprings.

Still, as the subtitle of the book suggests, the publishing wave of the last three decades enables us to see that understanding the evolution of the Nazi economy is inseparable from explaining corporations' part in the Holocaust. One cannot grasp the latter without attention to the former. The cooptation of business interests to state purposes proceeded in tandem; economic adaptation and engagement in persecution were intertwined. German enterprises' accommodation to the state's manipulation of market mechanisms in the mid 1930s embedded the demands of public policy in the interests of firms and the expectations of their managers to such a degree that corporate involvement in atrocity inexorably followed.[4] This causal chain explains the order of chapters within Parts I to III: Discussion of the commercial context in each period precedes and lays the indispensable basis for understanding the part German big business played in dispossession, immiseration, and murder.

That said, this book is intended as neither an indictment nor an exculpation but as a warning. This is a story of a social and professional group that responded to changing political and economic conditions in a self-serving, self-protecting fashion that had catastrophic consequences. Although the leaders of German big business between 1918 and 1945 included extremists who helped bring about their nation's cataclysm, as well as wiser heads who sought to evade or minimize it, the predominant and prevailing spirit was pragmatic, conformist, and opportunist. At the personal level, this sort of groupthink paid off for

many of these executives. Apart from losing relatives and property in the war, most corporate leaders were not punished or professionally set back for long by their poor economic performance in the Weimar period or by the common cause with Nazism that they made later. For countless others, however – from the victims of Nazi aggression and racism to bombed-out and displaced Germans – the results of the German corporate elite's pursuit of myopic definitions of self-interest were devastating.

Most members of this elite never signed on to an explicit conspiracy with Nazism to overthrow the Weimar Republic, persecute the Jews and other supposed enemies of the Reich, and conquer *Lebensraum* (living space), contrary to what Marxist writers have contended since the 1930s and Allied prosecutors claimed in somewhat different form during the 1940s. German big business leaders did not propel or necessarily even intend these developments and thus do not bear the bulk of the guilt for them. But the corporate world's pursuit of self-interest evolved into participation in an implicit conspiracy to these ends, into an accessory status that confers considerable responsibility and liability on the major German companies of the time and their leaders. To paraphrase Karl Marx, although people make their own history, they do not do so under conditions or with consequences of their own choosing. Yet they can and often must be called to account. For many years after 1945, German corporate executives, like German society in general, labored to dodge such a reckoning by spreading a historical narrative that downplayed or excused their complicity. Those days are now largely over in the corporate sector, thanks to the opening of those long-blocked archives. But if the cover-up was not worse than the crimes in this case, it was of a piece with them and, therefore, also should not be forgotten.

A few words about definitions. First, "big business." This book draws primarily on evidence regarding the 100 most heavily capitalized German firms, those with nominal share issues of 20 million Reichsmark or more, plus the principal joint stock banks, leading family-owned enterprises, major holding companies, and dominant trading firms in the period 1927–45.[5] Allowing for mergers, as well as ascents into and descents from these ranks during the period, the focus is on approximately 120 large German enterprises, with occasional references to subsidiaries in which they had a controlling interest. Though the historical record is better for some firms than others and contains

some notable blind spots, it is broad and deep enough to permit generalization within and across industries and business sectors. I expect that record to improve in the coming years, given several ongoing research projects, but I think these are unlikely to upset the patterns of decisions and motives that I have laid out here. Second, "Holocaust." I regard that term as referring specifically to the persecution and murder of European Jews, and not to the maltreatment and murder of other groups by the Nazi regime. This book focuses, therefore, on how large German firms dealt with Jews, their property, and their labor, and discusses corporations' sometimes parallel conduct toward non-Jews only as necessary for contextualizing or comparative purposes.

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I also want to express my respect and gratitude to the scholars whose findings I have drawn upon here. The studies that emerged from the boom in the study of businesses under National Socialism (NS-Boom) of recent years have been of high quality, and their authors deserve recognition for their ability to penetrate complicated records to bring forth coherent, often less than flattering accounts of their subject firms and/or persons. One of those authors, my longtime and now late friend Christopher Kobrak, deserves special mention. I have tried to do justice to his scholarly legacy, especially in Chapter 1, but I cannot send this book out into the world without saying how much I and our field of study miss him.

Finally, I had the assistance of two astute anonymous readers' reports obtained by Cambridge University Press. These contained many valuable suggestions for making the text more accessible and broadening its potential readership. Although I could not act on all this advice, I followed quite a lot of it. I hope the anonymous readers will recognize their contributions and accept my thanks.

My appreciation goes to each and all these people and institutions. They are, of course, neither responsible for the views I express in the text, nor culpable for any errors I have made.