

## CHAPTER ELEVEN

### Wall Street-Nazi Collaboration in World War II

Behind the battle fronts in World War II, through intermediaries in Switzerland and North Africa, the New York financial elite collaborated with the Nazi regime. Captured files after the war yielded a mass of evidence demonstrating that for some elements of Big Business, the period 1941-5 was "business as usual." For instance, correspondence between U.S. firms and their French subsidiaries reveals the aid given to the Axis military machine — while the United States was at war with Germany and Italy. Letters between Ford of France and Ford of the U.S. between 1940 and July 1942 were analyzed by the Foreign Funds Control section of the Treasury Department. Their initial report concluded that until mid-1942:

- (1) the business of the Ford subsidiaries in France substantially increased;
- (2) their production was solely for the benefit of the Germans and the countries under its occupation;
- (3) the Germans have "shown clearly their wish to protect the Ford interests" because of the attitude of strict neutrality maintained by Henry Ford and the late Edsel Ford; and
- (4) the increased activity of the French Ford subsidiaries on behalf of the Germans received the commendation of the Ford family in America.<sup>1</sup>

Similarly, the Rockefeller Chase Bank was accused of collaborating with the Nazis in World War II France, while Nelson Rockefeller had a soft job in Washington D.C.:

Substantially the same pattern of behavior was pursued by the Paris office of the Chase Bank during German occupation. An examination of the correspondence between Chase, New York, and Chase, France, from the date of the fall of France to May, 1942 discloses that: (1) the manager of the Paris office appeased and collaborated with the Germans to place the Chase banks in a "privileged position;" (2) the Germans held the Chase Bank in a very special esteem — owing to the international activities of our (Chase) head office and the

pleasant relations which the Paris branch has been maintaining with many of their (German) banks and their (German) local organizations and higher officers; (3)the Paris manager was "very vigorous in enforcing restrictions against Jewish property, even going so far as to refuse to release funds belonging to Jews in anticipation that a decree with retroactive provisions prohibiting such release might be published in the near future by the occupying authorities;" (4)the New York office despite the above information took no direct steps to remove the undesirable manager from the Paris office since it "might react against our (Chase) interests as we are dealing, not with a theory but with a situation."<sup>2</sup>

An official report to then-Secretary of the Treasury Morgenthau concluded that:

These two situations [i.e., Ford and Chase Bank] convince us that it is imperative to investigate immediately on the spot the activities of subsidiaries of at least some of the larger American firms which were operating in France during German occupation ....<sup>3</sup>

Treasury officials urged that an investigation be started with the French subsidiaries of several American banks — that is, Chase, Morgan, National City, Guaranty, Bankers Trust, and American Express. Although Chase and Morgan were the only two banks to maintain French offices throughout the Nazi occupation, in September 1944 all the major New York banks were pressing the U.S. Government for permission to re-open pre-war branches. Subsequent Treasury investigation produced documentary evidence of collaboration between both Chase Bank and J.P. Morgan with the Nazis in World War II. The recommendation for a full investigation is cited in full as follows:

## **TREASURY DEPARTMENT INTER-OFFICE COMMUNICATION**

Date: December 20, 1944

To: Secretary Morgenthau From: Mr. Saxon

Examination of the records of the Chase Bank, Paris, and of Morgan and Company, France,

have progressed only far enough to permit tentative conclusions and the revelation of a few interesting facts:

### **CHASE BANK, PARIS**

a. Niederman, of Swiss nationality, manager of Chase, Paris, was unquestionably a collaborator;

b. The Chase Head Office in New York was informed of Niederman's collaborationist policy but took no steps to remove him. Indeed there is ample evidence to show that the Head Office in New York viewed Niederman's good relations with the Germans as an excellent means of preserving, unimpaired, the position of the Chase Bank in France;

c. The German authorities were anxious to keep the Chase open and indeed took exceptional measures to provide sources of revenue;

d. The German authorities desired "to be friends" with the important American banks because they expected that these banks would be useful after the war as an instrument of German policy in the United States;

e. The Chase, Paris showed itself most anxious to please the German authorities in every possible way. For example, the Chase zealously maintained the account of the German Embassy in Paris, "as every little thing helps" (to maintain the excellent relations between Chase and the German authorities);

f. The whole objective of the Chase policy and operation was to maintain the position of the bank at any cost.

### **MORGAN AND COMPANY, FRANCE**

a. Morgan and Company regarded itself as a French bank, and therefore obligated to

observe French banking laws and regulations, whether Nazi-inspired or not; and did actually do so;

b. Morgan and Company was most anxious to preserve the continuity of its house in France, and, in order to achieve this security, worked out a modus vivendi with the German authorities;

c. Morgan and Company had tremendous prestige with the German authorities, and the Germans boasted of the splendid cooperation of Morgan and Company;

d. Morgan continued its prewar relations with the great French industrial and commercial concerns which were working for Germany, including the Renault Works, since confiscated by the French Government, Puegeqt [sic], Citroen, and many others.

e. The power of Morgan and Company in France bears no relation to the small financial resources of the firm, and the enquiry now in progress will be of real value in allowing us for the first time to study the Morgan pattern in Europe and the manner in which Morgan has used its great power;

f. Morgan and Company constantly sought its ends by playing one government against another in the coldest and most unscrupulous manner.

Mr. Jefferson Caffery, U.S. Ambassador to France, has been kept informed of the progress of this investigation and at all times gave me full support and encouragement, in principle and in fact. Indeed, it was Mr. Caffery himself who asked me how the Ford and General Motors subsidiaries in France had acted during the occupation, and expressed the desire that we should look into these companies after the bank investigation was completed.

## RECOMMENDATION

I recommend that this investigation, which, for unavoidable reasons, has progressed slowly up to this time, should now be pressed urgently and that additional needed personnel be sent to Paris as soon as possible.<sup>4</sup>

The full investigation was never undertaken, and no investigation has been made of this presumably treasonable activity down to the present day.

## **American I.G. in World War II**

Collaboration between American businessmen and Nazis in Axis Europe was paralleled by protection of Nazi interests in the United States. In 1939 American I.G. was renamed General Aniline & Film, with General Dyestuffs acting as its exclusive sales agent in the U.S. These names effectively disguised the fact that American I.G. (or General Aniline & Film) was an important producer of major war materials, including atabrine, magnesium, and synthetic rubber. Restrictive agreements with its German parent I.G. Farben reduced American supplies of these military products during World War II.

An American citizen, Halbach, became president of General Dyestuffs in 1930 and acquired majority control in 1939 from Dietrich A. Schmitz, a director of American I.G. and brother of Hermann Schmitz, director of I.G. Farben in Germany and chairman of the board of American I.G. until the outbreak of war in 1939. After Pearl Harbor, the U.S. Treasury blocked Halbach's bank accounts. In June 1942 the Alien Property Custodian seized Halbach's stock in General Dyestuffs and took over the firm as an enemy corporation under the Trading with the Enemy Act. Subsequently, the Alien Property Custodian appointed a new board of directors to act as trustee for the duration of the war. These actions were reasonable and usual practice, but when we probe under the surface another and quite abnormal story emerges.

Between 1942 and 1945 Halbach was nominally a consultant to General Dyestuffs. In fact Halbach ran the company, at \$82,000 per year, Louis Johnson, former Assistant Secretary of War, was appointed president of General Dyestuffs by the 'U.S. Government, for which he received \$75,000 a year. Louis

Johnson attempted to bring pressure to bear on the U.S. Treasury to unblock Halbach's blocked funds and allow Halbach to develop policies contrary to the interests of the U.S., then at war with Germany. The argument used to get Halbach's bank accounts unblocked was that Halbach was running the company and that the Government-appointed board of directors "would have been lost without Mr. Halbach's knowledge."

During the war Halbach filed suit against the Alien Property Custodian, through the Establishment law firm of Sullivan and Cromwell, to oust the U.S. Government from its control of I.G. Farben companies. These suits were unsuccessful, but Halbach was successful in keeping the Farben cartel agreements intact throughout World War II; the Alien Property Custodian never did go into court during World War II on the pending anti-trust suits. Why not? Leo T. Crowley, head of the Alien Property Custodian's office, had John Foster Dulles as his advisor, and John Foster Dulles was a partner in the above-mentioned Sullivan and Cromwell firm, which was acting on behalf of Halbach in its suit against the Alien Property Custodian.

There were other conflict of interest situations we should note. Leo T. Crowley, the Alien Property Custodian, appointed Victor Emanuel to the boards of both General Aniline & Film and General Dyestuffs. Before the war Victor Emanuel was director of the J. Schroder Banking Corporation. Schroder, as we have already seen, was a prominent financier of Hitler and the Nazi party — and at that very time was a member of Himmler's Circle of Friends, making substantial contributions to S.S. organizations in Germany.

In turn Victor Emanuel appointed Leo Crowley head of Standard Gas & Electric (controlled by Emanuel) at \$75,000 per annum. This sum was in addition to Crowley's salary from the Alien Property Custodian and \$10,000 a year as head of the U.S. Government Federal Deposit Insurance Corporation. By 1945 James E. Markham had replaced Crowley as A.P.C. and was also appointed by Emanuel as a director of Standard Gas at \$4,850 per year, in addition to the \$10,000 he drew as Alien Property Custodian.

The wartime influence of General Dyestuffs and this cozy government-business coterie on behalf of I.G. Farben is exemplified in the ease of American Cyanamid. Before the war I.G. Farben controlled the drug,

chemical, and dyestuffs industries in Mexico. During World War II it was proposed to Washington that American Cyanamid take over this Mexican industry and develop an "independent" chemical industry with the old I.G. Farben firms seized by the Mexican Alien Property Custodian.

As hired hands of Schroder banker Victor Emanuel, Crowley and Markham, who were also employees of the U.S. Government, attempted to deal with the question of these I.G. Farben interests in the United States and Mexico. On April 13, 1943 James Markham sent a letter to Secretary of State Cordell Hull objecting to the proposed Cyanamid deal on the grounds it was contrary to the Atlantic Charter and would interfere with the aim of establishing independent firms in Latin America. The Markham position was supported by Henry A. Wallace and Attorney General Francis Biddle.

The forces aligned against the Cyanamid deal were Sterling Drug, Inc. and Winthrop. Both Sterling and Winthrop stood to lose their drug market in Mexico if the Cyanamid deal went through. Also hostile to the Cyanamid deal of course was I.G. Farben's General Aniline and General Dyestuffs, dominated by Victor Emanuel, banker Schroder's former associate.

On the other hand, the State Department and the Office of the Coordinator of Inter-American affairs — which happened to be Nelson Rockefeller's wartime baby — *supported* the proposed Cyanamid deal. The Rockefellers are, of course, also interested in the drug and chemical industries in Latin America. In brief, an American monopoly under influence of Rockefeller would have replaced a Nazi I.G. Farben monopoly.

I.G. Farben won this round in Washington, but more ominous questions are raised when we look at the bombing of Germany in wartime by the U.S.A.F. It has long been rumored, but never proven, that Farben received favored treatment — i.e., that it was not bombed. James Stewart Martin comments as follows on favored treatment received by I.G. Farben in the bombing of Germany:

Shortly after the armies reached the Rhine at Cologne, we were driving along the west bank within sight of the undamaged I.G. Farben plant at Leverkusen across the river. Without knowing anything about me or my business he (the jeep driver) began to give me a lecture

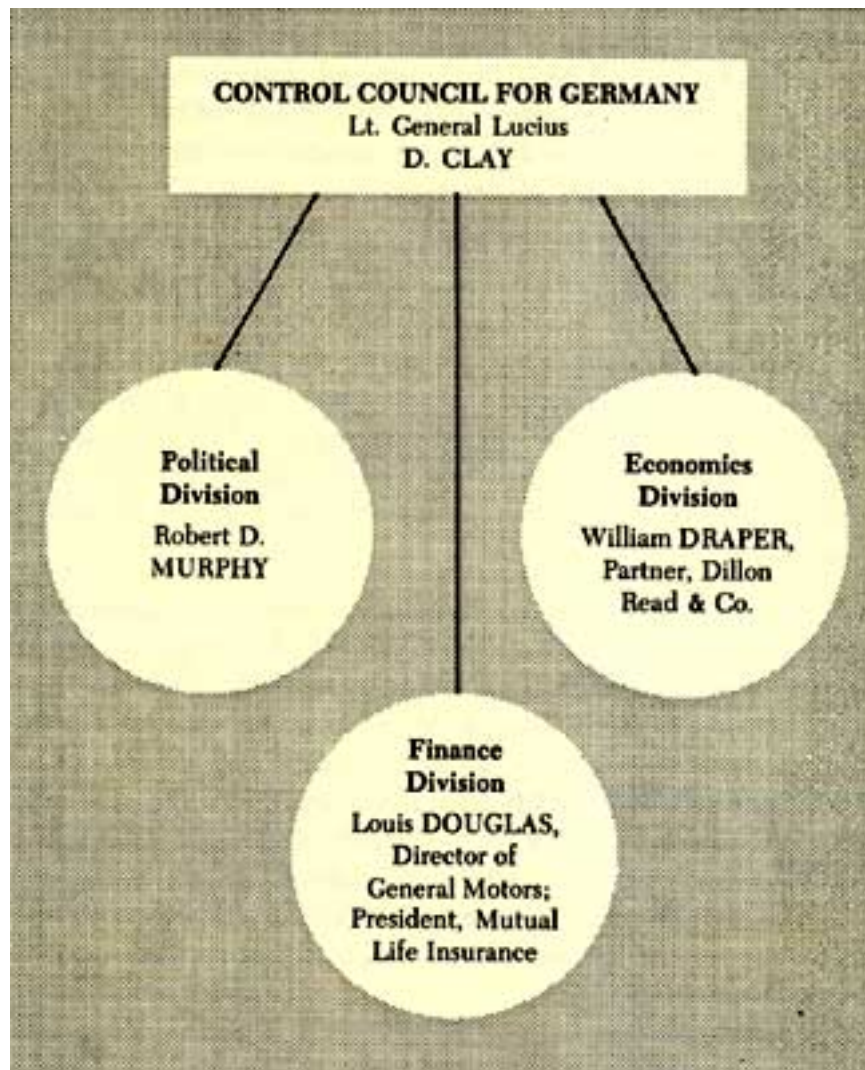
about I.G. Farben and to point at the contrast between the bombed-out city of Cologne and the trio of untouched plants on the fringe: the Ford works and the United Rayon works on the west bank, and the Farben works on the east bank..<sup>5</sup>

While this accusation is very much of an open question, requiring a great deal of skilled research into the U.S.A.F. bombing records, other aspects of favoritism for the Nazis are well recorded.

At the end of World War II, Wall Street moved into Germany through the Control Council to protect their old cartel friends and limit the extent to which the denazification fervor would damage old business relationships. General Lucius Clay, the deputy military governor for Germany, appointed businessmen who opposed denazification to positions of control over the denazification proceeds. William H. Draper of Dillon, Read, the firm which financed the German cartels back in the 1920s, became General Clay's deputy.

Banker William Draper, as Brigadier General William Draper, put his control team together from businessmen who had represented American business in pre-war Germany. The General Motors representation included Louis Douglas, a former director of G.M., and Edward S. Zdenke, a pre-war head of General Motors in Antwerp, appointed to supervise the Engineering Section of the Control Council. Peter Høglund, an expert on German auto industry, was given leave from General Motors. The personnel selection for the Council was undertaken by Colonel Graeme K. Howard — former G.M. representative in Germany and author of a book which "praises totalitarian practices [and] justifies German aggression .... "<sup>6</sup>





Treasury Secretary Morgenthau was deeply disturbed at the implications of this Wall Street monopoly of the fate of Nazi Germany and prepared a memorandum to present to President Roosevelt. The complete Morgenthau memorandum, dated May 29, 1945, reads as follows:

## MEMORANDUM

May 29, 1945

**Lieutenant-General Lucius D. Clay, as Deputy to General Eisenhower, actively runs the American element of the Control Council for Germany. General Clay's three principal advisers on the Control Council staff are.**

- 1. Ambassador Robert D. Murphy, who is in charge of the Political Division.**
- 2. Louis Douglas, whom General Clay describes as my personal adviser on economical, financial and governmental matters." Douglas resigned as Director of the Budget in 1934; and for the following eight years he attacked the government's fiscal policies. Since 1940, Douglas has been president of the Mutual Life Insurance Company, and since December 1944, he has been a director of the General Motors Corporation.**
- 3. Brigadier-General William Draper, who is the director of the Economics Division of the Control Council. General Draper is a partner of the banking firm of Dillon, Read and Company,**

**Sunday's *New York Times* contained the announcement of key personnel who have been appointed by General Clay and General Draper to the Economic Division of the Control Council. The appointments include the following:**

- 1. R.J. Wysor is to be in charge of the metallurgical matters. Wysor was president of the Republic Steel Corporation from 1937 until a recent date, and prior thereto, he was associated with the Bethlehem Steel, Jones and Laughlin Steel Corporation and the Republic Steel Corporation.**
- 2. Edward X. Zdunke is to supervise the engineering section. Prior to the war, Mr. Zdunke was head of General Motors at Antwerp.**
- 3. Philip Gaethke is to be in charge of mining operations. Gaethke was formerly connected with Anaconda Copper and was manager of its smelters and mines in**

**Upper Silesia before the war.**

**4. Philip P. Clover is to be in charge of handling oil matters. He was formerly a representative of the Socony Vacuum Oil Company in Germany.**

**5. Peter Høglund is to deal with industrial production problems. Høglund is on leave from General Motors and is said to be an expert on German production.**

**6. Calvin B. Hoover is to be in charge of the Intelligence Group on the Control Council and is also to be a special advisor to General Draper. In a letter to the Editor of the *New York Times* on October 9, 1944, Hoover wrote as follows:**

**The publication of Secretary Morgenthau's plan for dealing with Germany has disturbed me deeply ... such a Carthaginian peace would leave a legacy of hate to poison international relations for generations to come... the void in the economy of Europe which would exist through the destruction of all German industry is something which is difficult to contemplate.**

**7. Laird Bell is to be Chief Counsel of the Economic Division. He is a well-known Chicago lawyer and in May 1944, was elected the president of the *Chicago Daily News*, after the death of Frank Knox.**

**One of the men who helped General Draper in the selection of personnel for the Economics Division was Colonel Graeme Howard, a vice-president of General Motors, who was in charge of their overseas business and who was a leading representative of General Motors in Germany prior to the war. Howard is the author of a book in which he praises totalitarian practices, justifies German aggression and the Munich policy of appeasement, and blames Roosevelt for precipitating the war.**

**So when we examine the Control Council for Germany under General Lucius D. Clay we find**

that the head of the finance division was Louis Douglas, director of the Morgan-controlled General Motors and president of Mutual Life Insurance. (Opel, the General Motors German subsidiary, had been Hitler's biggest tank producer.) The head of the Control Council's Economics Division was William Draper, a partner in the Dillon, Read firm that had so much to do with building Nazi Germany in the first place. All three men were, not surprisingly in the light of more recent findings, members of the Council on Foreign Relations.

## **Were American Industrialists and Financiers Guilty of War Crimes?**

The Nuremberg War Crimes Trials proposed to select those responsible for World War II preparations and atrocities and place them on trial. Whether such a procedure is morally justifiable is a debatable matter; there is some justification for holding that Nuremberg was a political farce far removed from legal principle.<sup>7</sup> However, if we assume that there *is* such legal and moral justification, then surely any such trial should apply to *all*, irrespective of nationality. What for example should exempt Franklin D. Roosevelt and Winston Churchill, but not exempt Adolf Hitler and Goering? If the offense is preparation for war, and not blind vengeance, then justice should be impartial.

The directives prepared by the U.S. Control Council in Germany for the arrest and detention of war criminals refers to "Nazis" and "Nazi sympathizers," not "Germans." The relevant extracts are as follows:

*a. You will search out, arrest, and hold, pending receipt by you of further instructions as to their disposition, Adolph Hitler, his chief Nazi associates, other war criminals and all persons who have participated in planning or carrying out Nazi enterprises involving or resulting in atrocities or war crimes.*

*Then follows a list of the categories of persons to be arrested, including:*

**(8) Nazis and Nazi sympathizers holding important and key positions in (a) National and Gau Civic and economic organizations; (b) corporations and other organizations in which the government has a major financial interest; (c) industry, commerce, agriculture, and finance; (d) education; (e) the judicial; and (f) the press, publishing houses and other agencies disseminating news and propaganda.**

**Top American industrialists and financiers named in this book are covered by the categories listed above. Henry Ford and Edsel Ford respectively contributed money to Hitler and profited from German wartime production. Standard Oil of New Jersey, General Electric, General Motors, and I.T.T. certainly made financial or technical contributions which comprise prima facie evidence of "participating in planning or carrying out Nazi enterprises."**

**There is, in brief, evidence which suggests:**

**(a) cooperation with the Wehrmacht (Ford Motor Company, Chase Bank, Morgan Bank);**

**(b) aid to the Nazi Four Year Plan and economic mobilization for war (Standard Oil of New Jersey);**

**(c) creating and equipping the Nazi war machine (I.T.T.);**

**(d) stockpiling critical materials for the Nazis (Ethyl Corporation);**

**(e) weakening the Nazis' potential enemies (American I.G. Farben);**

**and,**

**(f) carrying on of propaganda, intelligence, and espionage (American I.G. Farben and Rockefeller public-relations man Ivy Lee).**

**At the very least there is sufficient evidence to demand a thorough and impartial investigation.**

**However, as we have noted previously, these same firms and financiers were prominent in the 1933 election of Roosevelt and consequently had sufficient political pull to squelch threats of investigation. Extracts from the Morgenthau diary demonstrate that Wall Street political power was sufficient even to control the appointment of officers responsible for the denazification and eventual government of post-war Germany.**

**Did these American firms know of their assistance to Hitler's military machine? According to the firms themselves, emphatically not. They claim innocence of any intent to aid Hitler's Germany. Witness a telegram sent by the chairman of the board of Standard Oil of New Jersey to Secretary of War Patterson after World War II, when preliminary investigation of Wall Street assistance was under way:**

**During the entire period of our business contacts, we had no inkling of Farben's conniving part in Hitler's brutal politics, We offer any help we can give to see that complete truth is brought to light, and that rigid justice is done.**

**F.W. Abrams,  
Chairman of Board**

**Unfortunately, the evidence presented is contrary to Abrams' telegraphed assertions. Standard Oil of New Jersey not only aided Hitler's war machine, but had knowledge of this assistance. Emil Helfferich, the board chairman of a Standard of New Jersey subsidiary, was a member of the Keppler Circle before Hitler came to power; he continued to give financial contributions to Himmler's Circle as late as 1944.**

**Accordingly, it is not at all difficult to visualize why Nazi industrialists were puzzled by "investigation" and assumed at the end of the war that their Wall Street friends would bail them out and protect them from the wrath of those who had suffered. These attitudes were presented to the Kilgore Committee in 1946:**

***You might also be interested in knowing, Mr. Chairman, that the top I.G. Farben people and others, when we questioned them about these activities, were inclined at times to be very indignant. Their general attitude and expectation was that the war was over and we ought now to be assisting them in helping to get I.G. Farben and German industry back on its feet. Some of them have outwardly said that this questioning and investigation was, in their estimation, only a phenomenon of short duration, because as soon as things got a little settled they would expect their friends in the United States and in England to be coming over. Their friends, so they said, would put a stop to activities such as these investigations and would see that they got the treatment which they regarded as proper and that assistance would be given to them to help reestablish their industry.<sup>8</sup>***

---

**Footnotes:**

**<sup>1</sup>*Morgenthau Diary (Germany).***

**<sup>2</sup>*Ibid.***

**<sup>3</sup>*Ibid.***

**<sup>4</sup>*Ibid., pp. 800-2.***

**<sup>5</sup>*James Stewart Martin, All Honorable Men, op. cit., p. 75.***

**<sup>6</sup>*Morgenthau Diary (Germany), p. 1543. Colonel Graeme K. Howard's book was entitled, America and a New World Order, (New York: Scribners, 1940).***

**<sup>7</sup>*The reader should examine the essay, "The Return to War Crimes," in James J. Martin, Revisionist Viewpoints, (Colorado: Ralph Mules, 1971).***

<sup>8</sup>*Elimination of German Resources, p. 652.*

**BACK**