

A dark, textured illustration of a military uniform, likely a German officer's jacket, featuring a prominent swastika patch on the right chest and several medals on the left. The background is a mottled, brownish-grey color with some geometric shapes.

Declassified documents
reveal secret links between American
big business and Nazi Germany
in World War II.

THE UNHOLY ALLIANCE

Recently declassified World War II documents contain evidence that E. I. du Pont de Nemours & Company and General Motors Corporation—America's largest corporate complex and most important producer of war goods—dealt with the Nazis before and during the war. These new revelations, which are contained in documents made available by the State and Defense Departments, concern agreements made before the war as well as sales to and meetings with the enemy during the war by the two giant American companies.

Illustration By Jerry Podwill

BY THOMAS DE BAGGIO



Until 1963, Du Pont, America's leading chemical maker, dominated General Motors, the world's largest auto manufacturer, through stock ownership and directors. Lamont du Pont, who was both chairman of GM and president of Du Pont, was probably America's most important industrialist during the two decades between the First and Second World Wars. He was intimately allied with far-right causes during the 1930's, which in some circles gave him the reputation of a superpatriot. (At the time of his death in 1952, he still held \$28,000 in unpaid loans to the American Liberty League.)

However, in Germany after World War II, he was thought of by some Nazis as a friend. In a formerly secret intelligence report contained in the files of the military occupation government that is now in the National Archives, this reputation is spelled out graphically.

The report discloses a conversation that was held in a military prison between Georg von Schnitzler, Paul Hoefliger, and Günther Frank-Fahle, who were jailed as war criminals for the part they played as executives of I. G. Farbenindustrie, the giant German explosives and chemical combine which manufactured the poison for Hitler's gas chambers. The three were hunting for an escape plan and they hit on Lamont du Pont as someone who "could be depended upon to intervene in their behalf," according to the report.

A member of the du Pont family was an obvious choice for the Farben executives. The Du Pont Company had an intimate relationship with Farben dating from 1926. As a result of this close association, created through scores of business deals and joint ventures around the world, these Farben executives knew that Du Pont had:

- Surrendered the fruits of its research and technical know-how in a handful of

agreements negotiated on the eve of the war. These included Freon for refrigeration (from the Du Pont-General Motors joint venture, Kinetic Chemicals), nylon, and synthetic rubber.

- Helped disguise Farben patents so that American authorities would think they were Du Pont patents. This prevented their seizure as alien property.

- Owned over \$2 million worth of shares of Farben stock. Farben, in turn, owned \$838,412.50 in Du Pont stock, according to records captured by the U.S. military authorities.

- Helped German munitions makers violate the treaty that ended World War I by keeping silent about the illegal trade in munitions conducted by German firms. Du Pont went so far, according to a formerly secret wartime Justice Department report, that it purchased over 11,000 shares of stock in two German arms makers to aid the firms in "consolidating their position and business in Germany."

- Put secret trade agreements before national policy by refusing to sell tetra-cene-primed ammunition to Great Britain in 1940 at a time when the British were begging American aid and President Roosevelt had declared the U.S. to be an "arsenal for democracy."

But I. G. Farben was not the only German munitions maker with which Du Pont had dealings that caused concern among America's war policy makers. A telegram sent to the State Department on March 21, 1942, some three months after the U.S. declared war on Germany, caused secret shock waves. The telegram was from the U.S. legation in Bern, Switzerland (a key European listening post swarming with members of the U.S. intelligence community, including Allen Dulles, who was to become head of the CIA). It reads:

"The following just received with spe-

cial request that French sources be not (repeat, not) disclosed.

"Representatives of Du Pont de Nemours recently met with representatives of Hermann Göring Works. Meeting commenced at Montreux but has moved to St. Moritz for greater privacy.

"In reply to informal inquiry by my informant, high Swiss Foreign Office official readily confirmed the report adding that this was not the first time the parties had met; that Vichy was fully informed; and in conclusion reminded my informant that one of the president's sons had married a du Pont."

A notation in the State Department files indicates that a paraphrase of the cable was turned over to the Federal Bureau of Investigation "in strict confidence." FBI files and documents prepared during this period remain classified.

(The mention of the du Pont-Roosevelt marriage was a reference to the wedding of Ethel du Pont, daughter of Eugene du Pont, Jr., and Franklin Roosevelt, Jr., the president's son. The marriage ended in divorce.)

The Hermann Göring Works controlled hundreds of manufacturing firms throughout Nazi-occupied Europe. It was Europe's leading coal supplier and the second largest steel producer. Its armament division absorbed many of Europe's leading munitions makers. The huge conglomerate was designed to aid the Nazis in attaining the goals of Hitler's four-year plan of increased production for German rearmament.

It must be stressed that the Du Pont Company had for years maintained such a close relationship with the U.S. military that industry officials saw the company as "almost a subdivision" of the War Department. As early as 1919, U.S. officials agreed to give Du Pont unique access to secret gov-

WHAT WAS GOOD FOR GENERAL MOTORS WAS GOOD FOR THE COUNTRY...EVEN IF IT MEANT CONTRIBUTING TO THE NAZI WAR MACHINE IN EUROPE!

ernment military research.

(Germany was not the only enemy country with whom Du Pont had dealings. Another dispatch in State Department files details the 1943 offering for sale in Italy, through agents, of a patent owned by Du Pont which covered a process to treat metal—something that had possible strategic value to the Italians.)

Top State Department officials were even more concerned about the activities of Du Pont's General Motors, however. Papers in the National Archives disclose that these government officials suspected that key GM executives were pro-Nazi and that their proclivities were behind the automaker's secret trading with the enemy.

Assistant Secretary of State Adolf A. Berle, Jr., in 1941 expressed his views on GM Vice-President Graeme K. Howard to a colleague in a short memo. Howard, said Berle, "was endeavoring to defend the right of General Motors to maintain Axis propagandists as agents in South America on the ground that 'General Motors could not become concerned in political problems.'" Howard had written a book defending Nazi aggression in Europe and argued that the U.S. should acknowledge Nazi hegemony.

A second General Motors vice-president and director, James D. Mooney, came under suspicion somewhat later. A still-secret communication from the chief wartime censor in Canada to the U.S. State Department reveals an intercepted letter. This letter, according to a description of it in archive records, led the censor to feel that "Mr. Mooney of GM is pro-German." Censorship intercepts were sealed under presidential order and cannot be made public.

In a "strictly confidential" note, dated May 31, 1941, note to FBI Director J. Edgar Hoover, Assistant Secretary Berle re-

quested "a most discreet investigation be conducted of Mr. Alfred P. Sloan, President of General Motors Corporation; Mr. Howard, vice-president of that corporation and president of General Motors Export Company; and Mr. James D. Mooney, who is connected with the General Motors organization."

The trio were all directors of GM and GM's German subsidiary, Adam Opel A.G. Sloan had made known his feelings toward the Nazis when he reportedly told a group of stockholders in 1939 that the war in Europe, soon to engulf the world, was a "petty international squabble."

When the U.S. clamped down on American corporate relations by prohibiting trade with foreign firms owned or managed by Germans or Nazi sympathizers, GM tried to thwart the blockade.

In Bolivia, according to a May 31, 1941, telegram, the U.S. legation had been told "in extreme confidence" that "arrangements are being made between General Motors Export Corporation and Gundlach [C.F. Gundlach, who also represented Du Pont interests in Bolivia] pro-totalitarian agent for that company in Bolivia, so that business may be operated nominally under the name of Viuda Velez de Otero."

In Guatemala, the U.S. Naval attaché reported in a secret intelligence report of February 14, 1941, that GM's replacement for a pro-Nazi firm was a "salesman named Montano" who was financed by German bankers.

A series of similar attempts to violate restrictions on trading with the enemy brought another State Department call for a "thorough" FBI investigation of Mooney and General Motors Export Corporation. The June 8, 1942 memo alludes to "previous grave suspicions attaching to the dealings" of the firm.

In June 1943 the previous suspicions

were confirmed. The State Department caught GM trading with the enemy. The violation, as spelled out in a series of confidential cables, showed that General Motors' Swiss subsidiary had imported thousands of dollars of material from enemy territory. Moreover, GM also continued to receive sales figures, transmitted through its office in Switzerland, for cars and trucks sold behind enemy lines. The State Department looked askance at the practice.

State Department officials kept on top of GM affairs through secret telegrams sent to them from all over the world. But particular attention was drawn to the activities of GM's Opel subsidiary in Germany. Opel began aiding Hitler's bloody drive for world domination as early as 1935, six years before Germany declared war on the United States.

In 1935 GM built a large modern plant in Brandenburg, about 200 miles from the main Opel plant at Russelsheim. "The Brandenburg works was built . . . at the instigation of the [German] government with the object of building military cars and trucks and heavy commercial vehicles," states a formerly secret British wartime report on Opel. The vehicles produced at Brandenburg became, in the words of an American intelligence report, "the backbone of the German Army transportation system."

By the late 1930's the modern conveyor belts at Brandenburg and at the recently enlarged Russelsheim factories were whirring smoothly—but not with the precision and speed desired by the Nazis. In November 1938 the German auto industry, including Ford and Opel, was called to a special meeting with Field Marshal Hermann Göring. A memo on the meeting is contained in a confidential report prepared by the wartime U.S. Justice Depart-

ment. The memo, written by Dr. H. F. Albert, chairman of Ford Motor Company's German operations, reveals Nazi unhappiness that "the German automotive industries had not met the expectations placed in them." According to the memo, Göring dressed down the automakers for producing "too expensive cars, much too heavy units" which "were not fit, in their present composition, to carry through the increase in production which, for military reasons appears necessary." Automakers' profits of from 40 to 50 percent were also criticized by Göring.

Göring also went on to tell the automakers, according to the memo, that "the fortification of the western frontiers could not have been carried through if American units had not been reverted to. These American cars had met all the expectations placed in them." Ford and GM produced the bulk of the trucks for the Nazi military.

GM's Russelsheim plant was converted into a large-scale aircraft-parts factory in 1939, and a year later it was the leading producer of components for the GU-88, the Luftwaffe's most important bomber. Half of the propellant systems for this aircraft were assembled during the war at Russelsheim. The facility also assembled jet engines for the world's first jet fighter, the ME-262.

General Motors retained control of its German factories until the spring of 1941 when Cyrus Osborn, chairman of Opel's board of managers and the firm's chief operating executive, returned to America. Carl Luer, a former member of the GM-selected board of directors, was named as trustee a year later.

Before the outbreak of hostilities, Chairman Alfred P. Sloan, a Du Pont Company director, was an Opel director, along with Graeme K. Howard, James D. Mooney, and David F. Ladin, all GM officials. Opel's founder, Wilhelm von Opel, continued as chairman of the Opel board. His son Fritz, jailed in the U.S. during the war as an enemy alien, had been a GM director in Detroit until 1938.

Although its German factories were obviously important to the Nazi war effort, General Motors had already made an even more basic contribution to the conflagration that engulfed Europe. In 1935 it went into business with I. G. Farben making tetraethyl lead, the chief ingredient in high-octane gasoline. This was the first time the antiknock compound had been produced outside the United States since it was discovered in 1921 by GM's Charles Kettering.

The venture—joined by Exxon, then known as Standard Oil of New Jersey—was essential if petroleum-short Germany was to mount a war. "Without lead-tetraethyl," a captured I. G. Farben wartime document explained, "the present method of warfare would be unthinkable."

When part of the story of GM's aid to the Nazis was made public in 1974, testimony before the U.S. Senate by Bradford C.

Snell, a Senate antitrust subcommittee counsel, General Motors reacted angrily. "Following the German declaration of war on the United States on December 11, 1941," GM said in a prepared statement, "the relationship with Opel was entirely severed. No Americans sat on the board of directors, even nominally, after that time."

However, documents in the National Archives disclose that General Motors was able to retain some measure of control over Opel—even during the war. This was done through Albin D. Madsen, a wartime director of Opel, who represented General Motors, according to a 1948 report by the U.S. military's decartelization branch.

Madsen was managing director of GM's subsidiary in Denmark, General Motors International, according to a company history prepared by the American legation in Stockholm, Sweden, in March of 1944.

The report discloses that after Denmark was overrun by the Nazis in April, 1940, GM's plant was *not* seized as the property of enemy aliens and run by a German-appointed trustee as the Opel plants were in Germany. On the contrary, GM continued to run the factory without German intervention until early 1943, according to the report. The GM management in Denmark tried to put off Nazi overtures with arguments that "consideration should be given to the fact of the American ownership of the company," the report explains.

State Department officials, relying on company managers for much of their information, tell of a set of complex negotiations which led to GM's relinquishing its new factory in Copenhagen to the Germans. The terms made it appear that the Nazis had used force; but in fact the GM factory was in effect *rented* to the Germans through the Danish government. The Germans used it as an aircraft engine repair facility. GM retained complete control over all its remaining manufacturing facilities in Denmark, according to the report.

In order to protect its wartime profits, the report notes, GM "purchased a . . . real estate company which owned a large block of modern flats in Copenhagen" in mid-1943. This was just one stratagem used by the GM-Du Pont complex to squirrel away Nazi war profits.

GM officials claimed in 1944 that they had resisted German entreaties as long as possible, but, the report acknowledges, "a considerable section of the Danish population views the company as undesirable by reason of the fact that many people believe it cooperated with the Germans in making available its plant."

Protecting Nazi war profits was difficult for America's premier corporations during World War II. GM's scheme of keeping the money under its control in the foreign country until after the end of hostilities was only one method.

After the war ended both Du Pont and GM made attempts to reap the rewards of their corporations' silent dealings with the Nazis. General Motors, for instance, was

successful in obtaining more than \$16 million in direct awards and another \$16.8 million in tax savings as a result of bombing damage to its German war plants.

DuPont, without damaged plants to collect on, went to the Foreign Claims Settlement Commission in an attempt to get its share of profits on war goods sold to the Nazis by firms it partially owned in Germany.

The largest single pile of German war profits that Du Pont tried to tap was held by the German Foreign Debt Conversion Office. The money, \$121,407.39, according to Du Pont, consisted of dividends from a majority interest in Duco, AG, of Berlin, a joint venture Du Pont owned with Schering, AG, Germany's second largest chemical and pharmaceutical firm. Although Schering had control of 51 percent of the voting shares of the company, Du Pont owned additional nonvoting stock which gave it a majority of the profits.

The profits Du Pont attempted to collect through the commission represented returns for the years 1940 through 1943. But in 1967 the claims commission rejected Du Pont's bid for the money because awards could be granted for damaged property but not for debts.

Du Pont also tried to collect \$15,494.50 in royalty payments for the use of its synthetic rubber patents in Czechoslovakia. Under the licensing arrangement, Bata Corporation was to pay Du Pont \$35 a ton. The corporation produced 442 tons for the Nazis, but the commission again thwarted Du Pont's lust to collect enemy war profits.

Du Pont also attempted to collect royalties through the State Department for payments on war material produced by I. G. Farben. The German firm was taken over by Allied military authorities after the war and Du Pont could only be compensated by appealing to the U.S. government. Du Pont expected thousands of dollars in profits as a result of patent arrangements with I. G. Farben. Available records do not indicate whether the company was paid.

Du Pont had agreements with other companies producing war goods for the Nazis. Nylon patent rights had been sold on the eve of World War II by Du Pont in Germany, Italy, and France. How much was collected in wartime profits from these concerns is unknown since it was not necessary for Du Pont to take formal action with the U.S. government to collect the money. Presumably, the firms paid what Du Pont demanded as its share figured under contracts negotiated before the war.

Du Pont also owned shares in a number of important Axis firms. Aside from stock in I. G. Farben, Du Pont held about 4 percent of the stock of Deutsche Gold and Silber Scheideanstalt. Nicknamed DEGUSSA, the firm was second only to I. G. "in the range, variety, and importance of its manufacture of chemical products," according to an assessment made by military authorities after the war. Du Pont valued its DEGUSSA shares at \$430,066.18 in 1930.

A list of foreign investments dated

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January 24, 1944, supplied to the State Department by Du Pont, showed holdings in French and Italian chemical industries. In France, German-occupied during the war, Du Pont owned 17.5 percent of the stock in Société Français Duco, an outfit manufacturing Du Pont paint products similar to the German Duco firm.

Du Pont also maintained an interest in the Italian chemical giant, Montecantini, a firm which historians say had a large role in bringing about the fascist dictatorship of Benito Mussolini. Du Pont also held 16 percent of the stock in Società Italiana Delle Cellulòide, a holding company in which the firm had maintained a controlling interest prior to the war.

In addition to making money, these foreign investments had an indirect benefit for Du Pont. They helped the company divide the world into exclusive markets in which there would be no competition.

These formerly secret government documents help cast light on the hidden recesses of American corporate activity in times of international tensions. They show the actions behind the business axiom formulated by Pierre du Pont, the patriarch of the modern American corporation. "We cannot assent to allow our own patriotism to interfere with our duties" to achieve "reasonable profits for our stockholders," he said in testimony before the Senate Committee to Investigate the Munitions Industry in the 1930's.

"It may, of course, be argued that participating in both sides of an international conflict, like the common corporate practice of investing in both political parties before an election, is an appropriate corporate activity," says Senate Aide Snell in a study done for the Senate antitrust and monopoly subcommittee. "Had the Nazis won, General Motors . . . would have appeared impeccably Nazi; as Hitler lost, these companies were able to reemerge impeccably American. In either case, the viability of these corporations and the interests of their respective stockholders would have been preserved."

Snell, however, sees the inevitability of the conflicting loyalties created by this credo as having a "potential for abuse" which would suggest "that in the case of powerful concentrated industries engaged in war-convertible production multinational expansion may adversely affect America's legitimate interest in national security."

A special report by the Foreign Economic Administration prepared in 1945 came to similar conclusions about the activities of multinational corporations. It based its conclusions on World War II experiences.

"International cartel agreements were one of the effective means employed by

the Nazis in preparing for World War II," the classified report said. "Such agreements were used not only to develop the Nazi military potential and to weaken the preparedness position of Germany's potential enemies, but also to provide a screen for espionage activities."

These cartel agreements were entered into by various corporations in order to protect profits by dividing up sales territories among them and to swap patented information. "Loyalty to such agreements is usually supranational and, consequently, exceedingly dangerous to national security," the report noted.

These business agreements among corporations "perform the functions of an international government," the report said. "International security demands the adoption of an international cartel convention designed to eliminate all restrictive measures imposed by international cartels and the creation of such international agencies as may be essential to the implementation of the convention."

No meaningful controls were ever placed on multinational corporations. Today, among the few congressional aides who have interested themselves in these problems there are two schools of thought. There are those whose idealism has been shocked by what they view as the inevitable threat to America by international corporations. They talk in hushed tones of legislation which would force these giant

firms to sell their foreign holdings. While they talk about such a proposal, however, they are not optimistic about its success in Congress because they feel the case for such drastic economic action has not been made with sufficient force and drama to sway public opinion and votes.

Other congressional opinion favors less severe restrictions. Some type of monitoring system which would require disclosure of now-secret holdings and deals is a first step favored by some on the Senate Multinational Subcommittee. The proponents of this and other proposals to restrict and regulate American multinationals see American corporate power with some ambivalence. In their view there are good and bad corporations. The good corporations can immeasurably aid foreign nations in a variety of ways. Under their suggested scheme the bad would be weeded out. The catch is how to set up criteria to determine "good" and "bad" corporations.

Implicit in all the arguments is the idea that America's corporations form an unacknowledged world empire. Even a few first steps at regulating the nation's multinational giants would have to set some international standards of behavior for American companies.

That it has taken this long to even begin tentative discussions about the problem is a measure of corporate power as much as it is an indication of the complexity of the issue. 

