GERMANY KNEW WHAT WAS MEANT BY DEFEAT and occupation. The four zones ruled by the Allied powers were being shaped according to the governmental philosophies of their victors. The Russians dismantled factories in their zone and shipped everything moveable to the Motherland. For years the deadening hand of Soviet occupation lay like a fearsome doomsday mantle on the German zone it controlled. In the British, French, and American zones the order to dismantle was never given, because the French and British and the governments of the Low Countries who had been freed by Allied victory decided they could rebuild new plants more compatible to their economies of the postwar years. The main thrust of
they were in one way or another in a mandatory-arrest category. It was on a purely hit-or-miss basis; there was no policy with regard to industrial and financial leaders. When we finished interrogating a man, we were faced with the problem: What authority do we have to hold him? By what test do we decide whether he is in or out? We began to face some criticism because we were holding Germans in prison without 'specific charges.' So, one after another, these men were released despite U.S. Joint Chiefs of Staff directive 1067, issued on May 10, 1945, which stated that Nazis and Nazi sympathizers holding important positions in industry, commerce, finance, and agriculture should be arrested and held for trial.

The situation was the same when military government investigators probed into the personnel of major banks. Bankers had arranged the financing of the war, and through their financial webs had established and maintained control over the economies of occupied Europe for the Third Reich. The officers and board members of the Big Six banks were picked up, but efforts of the military administration to follow through were resisted by other Allied departments of the occupation. Russell Nixon recalled that when he moved to arrest the bankers he was unable to get the U.S. Counterintelligence Corps to assign him men to do it. "So we had to deputize our own staff people to go out and pick them up." But the departmental infighting didn't stop there. Nixon had trouble getting jail space, and so "the bankers merely remained under house arrest, in their own homes." On the part of some of the American generals, "This was some sort of screwball idea, anyway; another of Colonel Bernstein's schemes to tear up Germany." Finally, the key bankers did go to prison for a time, but only to be interrogated about their financial activities in the war, including: "What happened to the money and other liquid assets you sent out of Germany after August 10, 1944, when Martin Bormann inaugurated his flight capital program?"

Not in question was such treasure as was discovered by the U.S. Third Army in a salt mine near Merkers in April 1945. A preliminary inventory of gold, bullion, currency, and miscellaneous made only from information on the Reichsbank tags attached to the sealed bags, boxes and parcels." In his letter dated 20 April 1945, to the Combined Chiefs of Staff Committee, General Smith asked the Treasury Department to send expert weighers of gold bars with their equipment. The final inventory was carried out in the vaults of the Reichsbank at Frankfurt, where the treasure had been moved. General Smith also said it obviously had belonged to the SS or the Gestapo. "Evidence indicates that part of the treasure represents loot taken from individuals who have been murdered, as it includes thousands of gold and silver dental crowns, bridges and plates and some personal articles. It may, therefore, constitute items of evidence, and should be considered in that light. It is believed that agencies engaged in the determination of evidence for the prosecution of war criminals should be informed, and at the proper time should be permitted to inspect and investigate this part of the property."

American and British treasury agents went to Frankfurt, performed their assessments, and the decision was ultimately made to put all the gold into an Allied "gold pot" for sharing as reparations, while the currencies (French francs, Belgian francs, Norwegian krones, Czech korun, Croatian kunas, Italian lire, Hungarian pengo) were returned to the central banks of these countries. Parcels containing the sad reminders of concentration camp victims were held for agencies concerned with war crimes. But scant useful information was obtained from the leading bankers and industrialists held for interrogation. To be sure, all had approved and complied with Bormann's program of flight capital to neutral safe havens in 1944; they had faith that the Fatherland, or at least those zones supervised by Britain, France, and the United States, would rise from the ashes of defeat. They knew too that the money, patents, and new manufacturing processes, along with scientists and administrators sequestered beyond reach of the Allies, would also be a necessary component in the resurgence of Germany. But they sidestepped acknowledging that billions had been sent from their country in the final nine months of the war, and that corporations outside the boundaries of Germany would be gen...
ered enough evidence to prove a definite pattern. As for the news media, it did not seem important, although long-term it was really the biggest of the postwar stories. Yet so quietly was it handled by the Germans and so indifferent was the reaction by the Allies, that few ripples rose to the surface, and investigators of the U.S. Treasury Department were taken off the case.

Allied correspondents were then more interested in the progress of the denazification program being carried out in the U.S. and British zones of occupation. The Allied administrators had removed 25,000 Nazis from banking and finance in the U.S. zone, but later found to their dismay that the individuals they were denazifying out of finance were going into related fields, a holding operation of sorts, until such time as they could move back into their old slots of influence and power—an identical process to that taking place in Japan. American and British newspapers played up the fact that 200,000 Nazis in the American zone had been removed from industry and government by 1946, which impressed readers in the United States and the United Kingdom, until later it came out that this had barely made a dent in the 2½ million Nazi Party members of the U.S. zone. Then, when Britain and America found themselves involved in a hapless cold war with former ally Russia, West German support was courted and welcomed, and the majority of those formally declared Nazis quietly folded themselves back into industry, banking, and government. Forgotten was General George Marshall’s clarion declaration of March 1945, when he listed 1,800 industrialists and bankers as “leaders who have thrived under National Socialism, welcomed it in the beginning, aided the Nazis to obtain power, supported them in office, shared in the spoils of expropriation and conquest, or otherwise benefited in their careers or fortunes under the Nazis.”

Realism superseded idealism when it was officially acknowledged by top occupation officers that permanent removal of such leadership from the West German scene would deal a devastating blow to German rehabilitation. Historically, men of talent and drive have a way of rising again to the surface following reverses, and this was the case in West Germany. Under the Marshall Plan, the money that was pumped into the economy arrived at the right time, enabling plant management to rebuild the factories that would provide jobs and employment.

None of it went for luxury items, as in Britain, to compensate a people who had been deprived of many items in five years of war. The people labored mightily and practiced thrift. Private investment money began to flow back from the banks of Switzerland, as bankers there recommended such investments to their customers, as well as to their own bank investment committees. Later, other money, which had found its way to the “ neutrals” under the Bormann program, began to flow slowly from these safe havens to Germany, although the reverse flow didn’t accelerate until the occupation ended and the destiny of the new Federal Republic of Germany was in German hands. Until that time the West German economy moved forward under the policy pronounced by Federal Chancellor Adenauer, the policy of a free economy: the greatest possible liberalization of the market. It had led to impressive increases in production and under Adenauer’s successor, Ludwig Erhard, the free market economy was christened the “economic miracle.” It was also made possible by a new labor supply, the influx of millions of refugees driven out of Eastern European countries by Soviet rule. There were 8 million expellees and 2 million refugees who arrived in industrialized West Germany between 1945 and 1961. They were integrated rapidly, making a real contribution to the growth of the Federal Republic by their desire to work hard and build a new life for themselves.

Currency reforms to halt inflation, the free market economy, and the hard work of the populace changed the economic climate of the new Federal Republic; money was worth something again and the supply of needed goods increased. Prices climbed, but they were slowly stabilized by an ever watchful government. By means of tax reductions and special privileges for investors, employers were encouraged to adopt policies of expansion. By mid-1951, 1936 levels of production were reached. West Germany was now turning out industrial products that were in great demand everywhere: machine equipment, electrical goods, autos, trucks, chemical products, steel, and electronic units. The industrial center of Germany expanded from the Ruhr to complexes in the Rhine/Main area and around the larger cities, like Stuttgart, Munich, Hanover, and Hamburg.

A substantial infusion of money into this new Federal Republic economy resulted from the Korean War in 1950. The United
States was not geared to supplying all its needs for armies in Korea, so the Pentagon placed huge orders in West Germany and in Japan; from that point on, both nations winged into an era of booming good times.

Daimler-Benz A.G. of Stuttgart expanded its output of autos and trucks, experiencing no difficulty in switching from Wehrmacht staff cars and tanks to Mercedes-Benz cars for the luxury-inclined of the world, and diesel-powered small cars that dominated taxi fleets from Cairo to Cape Town. A newly instituted bus line using Mercedes-Benz vehicles from Lagos to central Nigeria featured hi-fis and stewardesses bearing food, drink, and pillows; this prompted one delighted Nigerian to remark, “They certainly know how to make a customer feel wanted.”

Ferdinand Porsche, who had developed the Tiger tank, which was better than anything the Allies had during most of the war, put Volkswagenwerk back on its feet by redesigning his own VW as a postwar family car. He later set up his own company as a subsidiary of Volkswagenwerk and began producing the sporty and fast Porsche. Willy Messerschmitt, who had turned out the best fighter plane of the war, became vice chairman, a director and major shareholder of two peacetime Messerschmitt aircraft companies in Augsburg and Munich, and twelve subsidiary firms in France, Holland, South America, and the United States. During the 1960s, when the new Luftwaffe was being trained at Luke Air Force Base in Arizona, the historian of this operation, retired U.S. Air Force Colonel Barney Oldfield, now of Litton Industries, wrote that West Germany had paid $250 million for the U.S. jet fighters in which they trained, underwriting an annual payroll at Luke of $8 million. Willy Messerschmitt was invited to be guest speaker at one graduation; he flew his own jet to Luke Air Force Base from his own airfield in Augsburg. As he mounted the podium to speak, the 95 musicians of a German band struck up “Alte Kameraden” (Old Comrades). He died, esteemed, in Munich in 1978.

As the big industrialists, who had been convicted at Nuremberg for helping to create the German war machine, began emerging from prison in the 1950s, they too went back to work. Friedrich Flick, a farmer’s son who became one of Hitler’s biggest industrial supporters and had been a Reichsmark billionaire during the Third Reich, emerged from prison determined to pull together the shattered pieces of his coal and steel empire. As he left prison, reporters asked him what he planned to do. “Make steel,” was his reply. Oddly, the Allied decartelization policy of separating the giant industries contributed to his resurgence. He was forced to sell his 60 percent holdings in one of the Ruhr’s biggest coal combines. Unable to find a buyer in West Germany, he turned to his French associates of the prewar and occupation years and sold his stock to the large De-Wendel steel concern in France, which paid him $26 million in cash and $19 million in blocked funds, which could only be reinvested in France or in other areas linked to the French economy. This forced him to invest the French funds outside of Germany, and he started buying industrial bargains abroad, from Belgium to Brazil.

In 1955 Flick became the first German in the postwar period to buy openly into the French steel industry, purchasing a 25 percent controlling interest in Chatillon-Neuves-Maisons steelworks, one of France’s Big Five steelmakers. The following year he engineered a deal that gave him a significant stake in Belgian industry, buying the largest single block of shares of the Hainaut-Sambre steel combine at a cost of $5.5 million. But one of his most important holdings was a 40 percent interest in Daimler-Benz A.G. Through a holding company, he also operated a complex of companies making steel, locomotives and industrial machinery, paper, chemicals, explosives, and synthetic fibers. He died in 1972 at the age of eighty-nine, again a billionaire and again one of the most powerful men in Germany.

But as tycoons retired or died off change came to big industry. The clans like Krupp, Thyssen, and Henschel that had dominated West German commerce from their headquarters in Düsseldorf and the nearby Ruhr coal and steel basin, are no longer active business managers. The last Krupp heir, Arndt von Bohlen und Halbach, was dispensed with in 1967 with a $800,000 pension to enjoy life as an international playboy. Heinrich Thyssen-Bornemisza runs his private Dutch-based investment group from Lugano, Switzerland, and his cousin, Count Federico Zichy-Thyssen, grandson of old Fritz Thyssen, exercises control over Thyssen A.G. from his base in Buenos Aires. Krupp, Thyssen, and similar giant firms are today run by professional managers with boards of directors strong in representation on
the major banks. The Krupp Company, formerly Germany's most powerful industrial enterprise, now occupies tenth place on the list of West German corporations, but it is a healthy tenth, having reorganized in the early 1970s, eliminating such unprofitable operations as truck manufacturing, a hotel, and a department store in Essen. It is aggressive in Eastern Europe, Russia, and the Middle East. Krupp and the French concern of Les Forges de Strasbourg, a metal construction group, set up a jointly owned subsidiary to produce and market power dam, bridge, and steel structure equipment in the French-speaking African countries where the French firm has long-standing contacts. This merger emphasizes the close ties between the two companies before and during World War II.

Krupp also has plans for expansion in the U.S. market, through all connections with the company, living quietly in Düsseldorf until his death in 1974.

Despite this family altercation, Friedrich Flick wanted to assure a role in the company for Otto-Ernst's three children, and especially for his two grandsons, Gert-Rudolf and Friedrich Christian. He arranged his bequests so that the two and their sister became owners of some 30 percent of the shares. He also specified that the two grandsons could become full partners upon reaching the age of twenty-eight.

From the time of the contretemps with Otto-Ernst, it was apparent that Friedrich Karl Flick was heir apparent. He became a full partner in 1961, the third member of a business triumvirate that included his father and Konrad Kaletsch, his father's cousin. Flick, Senior, preparing for the succession, enlarged the
South America. With this, added to another 200 million D-
marks realized from the sale of some smaller properties, it
bought for $400 million a 29.6 percent interest in W.R. Grace &
Co., a chemical giant and diversified multinational that earned
$222.6 million on sales of $5.27 billion in 1979. W.R. Grace &
Co. is described as having "recession-restraint" characteristics,
which appeals to the Germans. Flick, with its capital gains
from these sales of properties in West Germany, was able to
take advantage of the West German government's proffered
capital gains bonanza that offered up to $500 million in tax
benefits to industrial corporations that would invest up to $1
billion in the United States by December 30, 1978, in projects
deemed strengthening to the German economy or capable of
fostering international trade.

Flick likewise paid $100 million for a 34.5 percent interest in
U.S. Filter Corporation, a high-technology company specializing
in chemicals, pollution control equipment, and engineering ser-
vice. The buy-in to U.S. Filter was suggested to Flick by a New
York investment bank, Arnhold & S. Bleichroeder. An interesting
footnote is that the S. Bleichroeder segment of the firm was
founded in Germany in 1803, and later served as Bismarck's
banker. By the 1930s there were no Bleichroeders remaining in
the firm. Driven out of Germany by Hitler, it got together with
another old German-Jewish bank, Gebrüder Arnhold, founded
in 1864, and set up offices in London and New York.

But while Friedrich Karl Flick is today definitely the man
topping the Flick pyramid in Düsseldorf, which city he insists
will continue to be "my home and that of my company," the
strength behind him and his administration of assets, assembled
by his father the patriarch, is a strong professional management
team that works in the background. Flick, Senior, had the same
approach to family strength as did the elder Fritz Thyssen in
the last years of his life, when he established a structure of
immense managerial power that would aid his grandsons in
Buenos Aires in producing perpetual profits for family members
in Buenos Aires and Europe. In the shadows, of course, are the
bearer-bond holders of both holding companies representing the
Bormann organization, who are business realists and technici-
s of the first order. Before the restructuring of Friedrich
Flick Industrial Holding Company of Düsseldorf and its subse-
quent investments in W.R. Grace & Co., and in U.S. Filter
Corporation, it was felt by South American bearer-bond share-
holders and Deutsche Bank that promising opportunities were
being missed and that growth had flattened out. But today it's
a resurgence for the Flick Group, and Friedrich Flick again
presides over a balance sheet that is generally rock solid.

Peter W. Grace, heir to the company he assumed control of
in 1945 at age thirty-two when his father had a stroke, was de-
lighted with the fiscal strengthening of the company that his
grandfather founded. He has observed that he knew the late
Friedrich Flick, who was sentenced to a term of seven years in
prison, having been convicted of exploitation of slave labor
during World War II. A spokesman for Grace said in December
1978: "Peter Grace knew the late Flick well. . . . They were
friendly, and he respected him very much."

In these times it is of advantage to the Flick Group to buy
extensively into W.R. Grace & Co. Not only is Grace America's
fifty-first largest corporation, with annual sales of over $5 billion,
but its corporate structure and output along the west coast of
South America are strong. The founder, William R. Grace, was
an extraordinary immigrant boy from Ireland who worked him-
self into becoming a prosperous guano merchant, married the
daughter of a United States ship captain, and thereby became
an American citizen. By 1935 his company had extended over
western South America, and was in control of 43 different com-
panies, including sugar mills and five-eighths of the total cotton
output of Peru. Old William R. capped his amazing career by
twice being elected mayor of New York City, in the last cen-
tury. Grandson Peter W., reared as he was in both Peru and
New York, has always had an affinity for the family Flick as
well as for the German community of Peru, small in number
but dominant in the industrial and financial structures of this
nation. Peru has long been a province of foreign capital, repres-
ented chiefly by the International Petroleum Company, Cerro
Grace (of course), and various Swiss electrical interests. Al-
though the army runs the country, it is a small pool of the edu-
cated and advantaged class, crisscrossed by family relationships,
that dominates the economy. So it was altogether natural that
Peter Grace and Friedrich Karl Flick should arrive at a business
understanding in the domain of interlocking multinationals,
and that they should decide it was to their mutual interest to join forces.

Thyssen A.G., West Germany's most important steel corporation, employs 142,506 people, turns out 11.7 million tons of steel each year, and boasts annual sales amounting to $1 billion. He became notorious in German public life when he led the Ruhr coal and iron producers in their refusal to operate the mines during the French occupation of that area following World War I. Like Hitler and so many others, he despised the Treaty of Versailles as a "pact of shame," to be thrown aside if Germany were again to have
ister of economics “Leader of the War Economy” in the iron-producing industry. As for his personal opinion of Adolf Hitler, on July 13, 1945, he stated: “After all, I don’t think he did so many bad things. I don’t think that in the beginning he only told lies; but the influence of the Party and his surroundings was very bad.”

In 1936 disagreements began to appear between him and Hitler over certain Nazi policies and practices. Thyssen did not resign any of his public offices, however, until 1939, when he departed Germany for Switzerland. From there he moved with his family to France in 1940, collaborating on a book titled I Paid Hitler, which was to be published in New York City in 1941. Later he denied having anything to do with the book, but his handwritten corrections on the manuscript, written and approved on the letterhead of the Hotel de Paris in Monte Carlo, addressed to Emery Reves, on April 27, 1940, justify the affidavit made in 1945 by Reves that publication was with Thyssen’s knowledge and blessing.

Most significant in Thyssen’s deposition of 1945 was the following: “Before I left Germany, I kept my bank accounts with the Deutsche Bank in Düsseldorf and the same bank in Berlin, but the accounts were not large, for I had no confidence in German money. So much money was constantly being spent without being covered that I feared another inflation.”

Anticipating a weakening currency and inflation, Fritz Thyssen had for years been inconspicuously shifting funds and other assets to other countries, and placing them in corporations and banks he controlled. He swore to Allied financial investigators: “I have no bank accounts in other countries, and no safe deposits.”

In 1934 he had traveled to Argentina, and upon his return to the Third Reich reported to Hitler that the president of Argentina had proposed that Germany would get extra orders for its industry if Argentina could sell a considerable quantity of meat to Germany. Hitler was favorably inclined but the German farmers objected, fearing that this would lower the price of good German beef, so the overture was dropped. However, the central reason for this trip was Thyssen’s acquiring of South American properties and investments.

Investigation by the American Embassy in Buenos Aires produced the following report, of April 30, 1948:

The holdings of Fritz Thyssen in Argentina may be of interest. The local firm, Thyssen-Lametal Compania Industrial y Mercantil Thyssen Limitada, formerly importer and manufacturer of rolling mill equipment, rails and structural steel, has a paid-in capital of 5,000,000 pesos, and along with its subsidiaries, namely, “Tungar” S.A., Crefin S.A., Creditos y Financiaciones, T.A.E.M., Sperati Romanelli and Carbonera Buenos Aires S.A., is considered to have assets of approximately 20,000,000 pesos. This firm is controlled by Stahlunion of Düsseldorf, through the Dutch holding company Cehandro of Rotterdam. Information indicates that Cehandro is capitalized at 1,000,000 Reichsmarks, of which Thyssen is alleged to hold the controlling interest.

Files of the local company seized by the Junta (alien property custodian) at the time of intervention indicated that the actual shares were held in the name of Theo Urlich, a German of Rotterdam.

The only other property in Argentina in which Fritz Thyssen may be interested are two estancias (ranches), Don Roberto and Don Federico, the values of which are not known and which are alleged to belong to Colamine S.A., a Thyssen holding company.

So we see that Fritz Thyssen had become a one-man, pioneer, flight capital entrepreneur before Martin Bormann instituted his massive thrust to move German assets beyond seizure of the Allied nations in 1944–45. And because he was the first to undertake such a movement without benefit of official certification from the Reichsbank and from the economic policy of leadership of the Third Reich, he was labeled a traitor for contravening the currency policies of the Nazi state, which were voided by Reichsleiter Bormann in the national interest on the fateful date of August 10, 1944.

An OSS confidential report distributed in London and Washington disclosed not only that Thyssen had established a secret account in a Liechtenstein bank, but that he owned the bank itself.

Thyssen controlled the family Pelzer Endowment Fund in Switzerland, originally established with substantial funds by his mother under her maiden name, Pelzer. The fund also had
assets in Holland and Belgium. The business generated by this fund and by other Thyssen holding companies was important financially to Bank voor Handel and Rotterdamsche Trustees' Kantoor, due to the great amounts of money that Thyssen was siphoning from companies on two continents into safe havens. In 1937 he moved 1 million Swiss francs to his daughter's account in his Uebersee (overseas) Trust in Liechtenstein. He shifted 300 kilos of gold from the Pelzer fund to his safe deposit vault in a private bank in London, with the knowledge and approval of the Bank of England. He purchased stocks in the following Spanish, Dutch, and American corporations, according to an Allied investigative report of 1949 in Stuttgart and transmitted to headquarters of the investigative branch at Düsseldorf.

15,000 shares series E Compania Hispano-Americana de Electricidad-Chade
83,000 shares Kon. Nederl. Petroleum Maatschappij
17,000 4% Atchison Topeka 1995
10,000 4% Central Pacific 1949
7,000 3% Kansas City Southern 1950
7,000 4% Norfolk & Western 1996
50,000 4% Southern Pacific 1955

To understand the personal financial activities of Fritz Thyssen, one must know the genesis of his fortune and the ramifications of his family. The founder of the fortune was old August Thyssen, Senior, who died in 1926. He had been divorced in the 1880s, his wife agreeing to accept an annual income. Her share of the family fortune was then transferred to the four children, August, Junior, Heinrich, Fritz, and Hedwig.

August, Jr., died in the 1930s, with no interest in either the Compania de Electricidad-Chade or stock in Sea Island Sugar.

Throughout the years preceding and during the Third Reich were Fritz and Heinrich. Neither liked the other, so they agreed to divide their inheritance into two separate spheres of interest, cooperating only when it was necessary. Fritz's circle of interest became the German holdings, Thyssen Gewerkschaft A.G., Thyssen Co. A.G., Pelzer Stiftung (the endowment fund), and Faminta A.G. Heinrich devoted himself largely to holdings outside of Germany, Bank voor Handel en Scheepvaart, Rotterdamsche Trustees' Kantoor, N.V. Handels-en-Transport Maatschappij "Vulcan," Rotterdam, Press und Walzwerk A.G., August Thyssen Bank.

Heinrich Thyssen became Baron Heinrich Thyssen-Bornemisza when he married into Hungarian nobility. In this way he had acquired Hungarian nationality, which gave him dual nationality. He also changed his residence to Switzerland when German pressures became too alarming, and in time acquired Swiss nationality.

Despite the separation of interests and affections, Fritz always retained stock interests in Heinrich's banks and assorted companies.

With such an international background in trade and finance, it was natural for Fritz Thyssen to view the tax and other restrictions of the Third Reich as burdensome, to be circumvented. According to an investigative study of his fiscal activities of the thirties by British financial experts, signed by H.R. Priestly in Düsseldorf on September 3, 1949, Thyssen's first step in a long dance of tax and currency frauds began when he disposed of his shares in the Dutch Hollandische-Amerikanische Investment Corporation. On his instructions Dutch accountants valued the sale at RM 1,250,492.12, and this was reflected in a Dutch-British exchange rate of 1
many of Fritz Thyssen had been declared confiscated by the Reich.”

The relinquished property consisted of relatively small bank accounts in Deutsche Bank, an estate in Bavaria near Straubing, an estate in Mecklenberg, the house in which he lived near Muelheim, and the crowning jewel of his assets, the steel combine. As Thyssen stated in 1945:

“My chief property was my participation in the Thyssen company in Muelheim. Formerly this company owned the works in Muelheim, but these went over to the Vereinigte Stahlwerke, and my company became merely a holding company, without works. Of this company I held 60 percent; the other forty percent belonged to my cousins Hans and Julius.”

Thyssen added: “My 60 percent was confiscated on behalf of the Prussian government. Under the law originally proclaimed after the burning of the Reichstag, and directed then against communists, my nationality was taken away by the German government and my property confiscated. Under the law, it should have gone to the German state, but Goering, as Prime Minister of Prussia, was eager for it—not only for the property, but for my little art collection, and I believe this was the reason it was confiscated by the Prussian state.”

Goering did not keep the securities; he had the art collection. Thyssen’s securities were distributed to various individuals, but the majority shares were held by the Prussian state. However, the Thyssen holding company and the mills of Vereinigte Stahlwerke were blended into a vast combine, and the production of steel continued to roll under private management, although the government laid down the directives.

The knowledge that government administrators now possessed of Fritz Thyssen’s foreign properties and his activities in camouflaging these assets came to the attention of Bormann, who had succeeded Rudolf Hess. It was October 1941, and Bormann had approved the policy of providing assistance to a few large industrial firms so that they might divert discovery of their overseas assets. The decision was a prelude to the all-encompassing Bormann program of 1944 to establish 750 new firms as safe havens for fleeing German capital. An example of how this camouflage action was initially planned and carried out is revealed by documents found in the files of the Foreign Exchange Department at Düsseldorf by the Joint Special Financial Detachment, U.S. Group Control Council, Control Commission for Germany (British Element), Düsseldorf, August 31, 1945.

In 1941, political developments in South America prompted the Vereinigte Stahlwerke to camouflage its subsidiary company, Stahlunion Rio. A deal was worked out between the Vereinigte Stahlwerke, the Reich Ministry of Domestic Economy, the Foreign Exchange Department of Düsseldorf, and the German Embassy in Rio, in order to protect the capital, a large accumulation of profits and reserves, and merchandise of the Stahlunion Rio amounting to more than 20 million Milreis. On 23.10.41 the Reich Ministry of Domestic Economy and on 25.10.41 the Foreign Exchange Department Düsseldorf approved and authorized the planned transactions. Stahlunion Rio was immediately instructed to carry out independently all camouflage transactions. Mail or cable could no longer be considered safe communication.

The basic instructions to Stahlunion were as follows:

1. Cash on hand was to be used for the purchase of securities of German companies and other European companies in countries under German influence. These securities were to be deposited in bank-safes in the name of reliable foreigners or burnt by the German embassy in Rio. In the latter case a list was to be kept and properly safeguarded. This would later permit a reissue of securities.

2. All merchandise on hand was to be mortgaged and the proceeds were to be camouflaged as outlined in paragraph 1. Merchandise was also to be disposed of by sale at very low prices to reliable customers and agents who were to sell them for current prices and keep the profits in trust for Stahlunion Ltda.

3. Part of the funds was to be used for investments in Brazilian firms or purchase of factories in order to retain and employ the workers and the sales staff.

Sufficient quantities of the desired securities were not available on the Brazilian Stock Exchange. This fact caused a change in plans as follows:

1. Brazilian securities, which were prevalent, were to be purchased and deposited in bank-safes. Stahlunion Rio was to keep the keys.

2. If seizure or blocking of the safes appeared imminent, securities in the safes were to be removed and substituted by worthless objects.

3. Before communications were broken off, the loan of limited

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amounts to confidential persons was suggested as an additional camouflage measure. Siemens Electro Company Rio was mentioned in this connection.

4. A certain Mr. H and his relatives were to be used as trustees for many camouflage transactions. His full name is never mentioned in the records. [However, it was later stated that “Mr. H. was Dr. Heida of Rotterdam, a Fritz Thyssen proxy and collaborator who played an important role in Thyssen’s foreign transactions,” according to a statement on September 3, 1949, by H.R. Priestly, a financial investigator in the Control Commission for German–British Element at Düsseldorf.]

Supporting documents for this report are in possession of the Devisenstelle Team, Düsseldorf.

H.B. Resnik

Although the above report refers to Brazil it is to be expected that similar instructions were given for the Argentine.

Following these camouflage directives, Vereinigte Stahlwerke A.G. established these subsidiaries:

1. Cia. de Mineracao de Ferro e Carvao, Rio
2. Cia. Siderurgica Brasileira S.A., Rio
3. Syndicate Mineiro e Metallurgico de Brasil, Ltda., Rio
4. Soc. de Mineracao Catharinense, Blumenau

Stahlunion Export A.G., Düsseldorf, the export arm of Vereinigte Stahlwerke, A.G., paid Kurt von Dellinghausen, a German mining engineer employed by Vereinigte Stahlwerke to represent their interests in Brazil, and Dr. Salvatore Pinto Junior; they had a hand in every subsidiary in Brazil.

Pinto’s chief interest, however, was the Companhia de Mineracao de Ferro e Carvao S.A., of which he was co-manager with Dellinghausen and nominally majority shareholder. Both served as proxies for Fritz Thyssen and were the conduits for vast sums of money to the Thyssen interests in Buenos Aires.

Stahlunion Ltda., Vereinigte Stahlwerke A.G.’s chief subsidiary in Brazil, was vested by Brazilian authorities in 1942 before the Germans could transfer all shares to nominal Brazilian ownership.

These lessons were observed by Reichsleiter Martin Bormann when he received confidential reports on the Brazilian camou-

flage operations from the German Ministry of Economics in Berlin. He determined that when he set up his safe haven flight capital program, he would not duplicate the mistakes of 1941 made by the Ministry of Economics.

In Lugano, Switzerland, meanwhile, Fritz Thyssen was examining his options. There was no future for him in Germany while the war continued, although he had his clandestine arrangements. The German underground leaders had talked to him about participation, but although he sympathized he knew their cause would fail. The Nazis had the country by the throat, and would relinquish power only by defeat on the battlefield; such reverses would be a long time coming. In Lugano he had talked on several occasions with Hans Bernd Gisevius, who worked for Hjalmar Schacht, head of the Reichsbank. Gisevius was shortly to leave Schacht and become number one man to Admiral Canaris, head of the Abwehr and a silent force in the Schwarze Kapelle, the underground movement that aspired to capture Hitler or to assassinate him, and then to substitute a government that would sue for peace. Failing to enlist Thyssen, Gisevius became Allen Dulles's pipeline to Admiral Canaris, who had arrived in Berne in 1942 as chief of station for the OSS and President Roosevelt's personal representative for clandestine operations in Switzerland and on the European continent. Gisevius had a good run as a Dulles agent until uncovered by the Gestapo and obliged to flee to Berne in 1943. After six weeks in hiding, he crossed the Swiss border with false Gestapo credentials.

Thyssen thought about England. His prewar connections gave him entry into the highest circles. This included Winston Churchill himself. All of them knew they wouldn't last a week were Germany to overrun the tight little island, whether by war or by treaty, which is why Churchill underplayed the arrival of Rudolf Hess in 1941 as an emissary of peace. Thyssen had handsome bank deposits in London, including the 300 kilos of gold belonging to the family Pelzer Endowment Fund. There was also his steel subsidiary in Wales, under the direction of Sir William First. Although his British funds were blocked, the knowledge that they were there was comforting. In his deposition of 1945 to Allied investigators, Thyssen told of the visit paid to him in Lugano in March 1940 by Sir William First, who said the Bank
of England and the British government wanted him to surrender the gold in exchange for an equivalent amount in pounds sterling credit. Thyssen agreed to the exchange, after obtaining permission from his eighty-five-year-old mother in Brussels, who had founded the endowment.
Berlin, on the assumption that Thyssen was mad because he had voted against the war. Treatment in the asylum was good, with distinguished prisoners such as the Archduke of Austria paying for their maintenance. Hermann Goering arrived one day to interrogate Thyssen, probing about his assets and testing to see if the industrialist had changed his mind about the war. Goering learned nothing about Thyssen’s foreign assets, and was told that he and Hitler were on the wrong course. Goering remarked that they would be invading Russia the following year.

Gestapo examinations were intense and lasted for many weeks, always breaking off at the end of a regular work day. Thyssen said, “My life was never threatened by the Gestapo. I was not submitted to physical torture. One of my interrogators... offered his hand, but I refused it. He was quite angry, but did not hit me.

“Another gentleman who questioned me, Abendroth, was very polite, probably because he thought I had helped another gentleman of the same name in Switzerland. The latter’s wife was of Jewish origin.”

Fritz Thyssen’s episodes with the Gestapo never took a nasty turn because Bormann had instructed SS General Mueller to handle Thyssen with care. Bormann was Thyssen’s protector for old times’ sake, and he admired the man who had given so much aid to the party when it sorely needed it. Also, Bormann felt Thyssen was his ace in the hole if he ever needed a personal pipeline to Allen W. Dulles. Dachau and Buchenwald both received Thyssen, but in both instances Bormann had the Thyssens quartered in a house outside the main concentration camp areas. Then, when the Third Reich was reeling from the onslaught of Allied forces, he had them moved south to the Tirol, where they would be set free by advancing American troops. It was the best Bormann could do; he could not free Thyssen, for he was outranked by Goering and Himmler, and Hitler would have been affronted at the release of the man who had disdained him in the late thirties. “Not only did he write insulting letters to me questioning my decisions but he openly consorted with Jews in Düsseldorf,” Hitler had complained to Bormann. In 1936, 1937, and 1938 Thyssen had the leading Jewish bankers of Düsseldorf join him each week for luncheon. It rankled the Fuehrer that the meetings were held in the same club where he had been Thyssen’s guest speaker in 1932, the occasion that had brought him the support of the Ruhr industrialists. As Thyssen told it:

It is a very funny thing about Hitler’s influence at such meetings. I don’t actually remember but it is possible that at the close of the speech I cried out “Heil Hitler!” as I have been reported in the New York Times to have done; I think the “Heil Hitler!” salute was used at that time. It was a very successful speech; he persuaded them that he had a lot to offer Germany, that he had a good program for Germany.

He declared that he favored:
1. Restoration of the Hohenzollern in the form of a moderate kingdom like England;
2. Alliance with England;
3. Alliance with Poland.

All this was very reasonable and I believed him. My faith in his words was strengthened by his promise to establish a social order according to the plan of Dr. Klein (of I.G. Farben) and myself, a plan which should realize the ideas of Pope Leo XIII as expressed in the famous encyclical “Rerum novarum.” When Hitler had formed his new government everything seemed to be all right. He made an alliance with Poland, he concluded the fleet arrangement with England, he arranged the Concordat with the Pope, he made nonaggression pacts with different countries, and he declared that in the future he would live in peace with France.

But after the burning of the Reichstag Hitler showed more and more of his real face. He began to act against the constitution by dissolving all parties with the exception of his own, he allowed Rosenberg’s propaganda against the Catholic Church, he broke the Concordat, and the persecution of the Jews got more and more intense.

In 1936 Thyssen concluded that his influence with Hitler had come to an end. He began to utilize his foreign subsidiaries as collection points for money that never even entered Germany, and within the Third Reich he stonewalled the tax collectors by keeping two sets of books. When the German army took over Holland, suspicious German tax officials searched for records of the Pelzer Endowment Fund in Rotterdam, but the records and files had been destroyed. Under examination by the Gestapo in 1940, Thyssen was vague in his recollections of for-
eign assets. The Gestapo held Thyssen for four and a half years. Following his release by American troops in the Tirol, he was equally vague when it came to pinpointing the locations and extent of his funds. Allied examinations stretched from 1945 to 1949, a period when Thyssen was fighting for return of his German holdings, as well as those in Holland and Belgium. As late as September 3, 1949, a British government financial investigator complained:

Thyssen continuously evades . . . or else gives contradictory replies. . . . He seemed to be perfectly in the picture on matters relating to the foundation of the Overseas Trust Company, and the transfer of assets from the Pelzer endowment into that company, being well aware of the fact that assets belonging to his daughter were in question. . . . He refused to give any further information under the flimsy pretext that these were matters which concerned his daughter.

Fritz Thyssen knew by 1949 that he was just about home free. Being stripped of his German nationality by the Third Reich was a plus in the postwar years, when Allied occupation forces were trying to determine the true ownership of securities and other assets that had been seized by the Nazis. He put in claims for all he had owned in Germany, Holland, England, Belgium, Argentina, and the United States, using the fact of being a “stateless person” as sufficient reason for return of the confiscated property. In time, it all flowed back to him.

prosperity through Thyssen A.G. Elder grandson Count Federico Zichy-Thyssen of Buenos Aires was placed on the board of this German steel trust. When the count votes at board meetings in Düsseldorf three or four times a year, he votes for the entire Thyssen family of South America and Europe.

Count Federico Zichy-Thyssen, who has a younger brother Count Claudio Zichy-Thyssen, represents the largest single shareholding group, with 25 percent of the stock of Thyssen A.G. The remainder of the stock is diffused into Deutsche Bank in Frankfurt and Buenos Aires, which holds shares for many individuals on both continents, including those representing the Bormann group.

Countess Zichy resides permanently in West Germany. Her Hungarian husband had supervised the turning of thousands of ranchland acres into productive farm and cattle land, following their flight from Europe in 1940. These ranches in Argentina and Paraguay and the villa in Buenos Aires are occupied by her two sons and their families, who, it is said, “represent the old wealth of Buenos Aires.”

Fritz would have liked that.

But if the heirs of the old German elite are moving away from industry, the opposite is the case with the hard-driving professionals who manage the destinies of the giant firms that continue to bring prestige and profit to the Federal Republic, who are the engineers of the German economic leadership.
Washington and London, and from the shareholders of the old Farben stockholders protective committee, who lobbied for their interests in Bonn, the Allied High Commission agreed to a plan of 159 I.G. plants’ being formed into the Big Three (BASF, Bayer, and Hoechst). Agfa also went into the Bayer structure and Cassella and Huels went their way as independents. In October 1954, treaties were signed in Paris ending the occupation of West Germany. In 1955, when the Federal Republic of Germany became a sovereign government, the shareholders of the new companies held their first annual meeting. Most were former I.G. stockholders, and one of the first motions passed was to change the Allied bylaws, mandating changing from open stock ownership back to the secrecy of bearer shares. There was relief in Switzerland and in South America, where financial secrecy is a way of life; it is quite necessary to the continuation of the Bormann organization.

The Big Three are today the largest chemical companies in the world. Each is now larger than I.G. itself in its heyday, and the growth potential seems unlimited. The chairman of Bayer A.G. has set a goal of $1 billion in the U.S. market for Bayer A.G.’s subsidiary in America, Mobay Chemical Company. The Allied Liquidation Commission had separated the big banks from their branches. But when occupation ended the banks coalesced again and Deutsche Bank, Commerzbank, and Dresdner Bank continue their leadership.

The German business blitzkrieg in the United States is due to the patient professionalism of German managers backed up by heavy spending on market research. William Watson, a U.S. acquisition man for German firms in America, observed, “In many cases there’s a very seductive natural ‘fit’ where a German buyer can marry a U.S. firm’s selling skills and strong market base with its own financial strength and often superior technology and wider product range.”

Mr. Watson described the circumstances of one such bargaining session. The German firm of Boehringer Mannheim wanted five U.S. firms that were marketing in its U.S. drug-product area, all controlled by Bio-Dynamics. At one point the six motels surrounding the Bio-Dynamics head office near Indianapolis airport were each a headquarters for competitive teams angling for the prize, Bio-Dynamics. “Not only did the German team camp on the spot for the three-week siege, it was led by the president of Boehringer, Kurt Englehorn.” Recalls Watson: “I never saw a more tenacious group. They beat out the others with thoroughness and staying power.”

West German firms such as these are today generally model multinationals, having come a long way toward their goal of understanding people generally, and Americans in particular. Still, the new Farben image is best observed on the French-German border at Strasbourg. On any working day you can stand on the river frontier where a bridge straddles the Rhine—a traditional invasion route of three wars—and watch 10,000 Alsatians streaming across the border from France to their jobs in the German chemical plant of Badische Anilin und Soda-Fabrick, the giant electrical firms of Siemens and Bosch, and Dow Chemical. The Alsatians say working conditions and pay are better than in France.

According to Chancellor Helmut Schmidt, West Germany is to become increasingly an “exporter of patents, process, technology, and blueprints.” Companies like Volkswagen brought the Federal Republic through the sixties in good shape, but now nearly all German industrial authorities agree that the future belongs to manufacturers of sophisticated equipment like that turned out by such firms as Siemens. Siemens A.G. of Munich keeps 30,000 engineers and technicians busy at four research centers. The company registers 20,000 patents a year and markets 100,000 individual products in almost every sector of electrical engineering, accounting for $16 billion in worldwide sales annually. It continues strong in South America, and has current contracts ranging from the $1.1 billion addition to Argentina’s Atucha nuclear power complex to a $41.5 million telecommunications installation in Paraguay for their good friend President Stroessner. They expect sales in the United States to average $500 million annually, but, above all, the United States offers Siemens a hunting ground for the small electronics companies that it has been buying up, such as the Microwave Semiconductor Corporation in New Jersey, or Aerotron, Inc., a North Carolina manufacturer of radio and telephone equipment.

The Federal Republic has become Russia’s biggest trading partner. In 1977 the two countries exchanged about $5 billion worth of goods, as U.S.-Soviet trade dropped 28 percent to
about $1.75 billion. The West Germans are currently building a gigantic multibillion-dollar steel plant and refining complex at Kursk, site of the greatest tank battle in history, waged by the Panzer divisions of the Wehrmacht and Soviet armored divisions in 1943. The Germans have also gained contracts from Russia by paying for the use of licensed patent processes owned by American firms. The firm of A.E.G.-Telefunken, by using licenses from General Electric, won a $732 million contract for gas turbine pumps for the “Friendship” gas pipeline from western Siberia to the West German border in 1976. The 25-year trade pact signed by the Federal Republic of Germany and the Soviet Union in 1978 was hailed as a new breakthrough. But the Germans were not so sanguine. Otto Wolff von Amerongen, head of West Germany’s industry and trade association, discounted the importance of the agreement:

“It is not a historic accord. It gives German industrialists the chance to plan better and the possibility to accelerate exchanges.”

He meant that each future industrial contract would be carefully scrutinized by the Germans. If previous loans made to the Russians are not in the correct repayment stream, there will be no substitution of sheep and plum jelly for cash in return for German machinery and steel pipes.

The intensity and drive of German businessmen has also produced a feeling of rejection among the young of West Germany, who can’t quite figure out why so much energy is being expended on making money. This attitude in turn puzzles their parents, who feel the affluent young have been pampered and do not appreciate the monumental struggle of the past thirty or so years to build a thriving nation out of rubble.

The older Germans also wonder why these young people, student activists and even terrorist sympathizers, should be dissatisfied. Dr. Michael Haltzel, an American who has worked in West Berlin for several years, questioned whether a nation could in the long run sustain itself with a philosophy so prosaic as “enrich yourself.”

The Germans of the present decade are handling their relations with the United States public and the Congress with the greatest of skill. Even BASF of Frankfurt has received American awards for imaginative work in improving relations between its American plants and the neighboring communities. By the 1970s the West Germans had concluded that influencing U.S. public opinion is better accomplished with a skillful touch than with a meat cleaver, which had characterized their efforts during the two world wars. An example of such skill was the staged news event of June 5, 1972, when Willy Brandt announced at Harvard University that the Federal Republic of Germany would donate 150 million marks ($47 million) to establish a foundation in honor of the Marshall Plan—a statesmanlike approach to the recovery of former enemies, and to the recovery generally of Western Europe. Brandt stated that the money would arrive in equal installments for the next fifteen years, for the establishment and operation in the United States of an independent American-run educational foundation specializing in solutions to European problems, to be known as the “German Marshall Fund of the United States—A Memorial to the Marshall Plan.”

The overriding function of this German George C. Marshall Research Foundation is public relations, to cosmetize the German industrialists and bankers whose corporations had worked so successfully for the Third Reich. In October 1978 the Marshall Foundation was utilized as a platform for Dr. Hermann J. Abs, now honorary president of Deutsche Bank A.G., as he addressed a meeting of businessmen and bankers and members of the Foreign Policy Association in New York City on the “Problems and Prospects of American–German Economic Cooperation.” This luncheon meeting was chaired by his old friend, John J. McCloy, Wall Street banker and lawyer, who had worked closely with Dr. Abs when McCloy served as U.S. High Commissioner for Germany during those postwar reconstruction years. At that time, Hermann Abs, as chief executive of Deutsche Bank, was also directing the spending of America’s Marshall Plan money in West Germany as the chairman of the Reconstruction Loan Corporation of the Federal Republic of Germany.

With them on the dais were Henry H. Fowler, Wall Street investment banker and former U.S. Secretary of the Treasury; Henry Cabot Lodge, former U.S. ambassador to the Federal Republic of Germany; George C. McGhee, another former American ambassador to West Germany, also a trustee of the Marshall Foundation and a member of various private and gov-
government advisory groups. These, along with the others on the dais and in the audience, represent firms and banks that are among the most prestigious in the United States and throughout the world; all benefited from the rebirth and rebounding prosperity of the new Federal Republic of Germany. Knowingly or not, these figures and their corporations are indebted to the man who was not there, the financial and administrative genius who set the foundation for the postwar recovery of West Germany, Martin Bormann.

This stroking of American public opinion by German interests, as by those of Japan, is calculated to open further the American market. The United States remains the richest and the most profitable market on the face of the earth, and these businessmen and bankers know that they either buy their way in or negotiate their way in. They know that if they are going to succeed as world companies they must have a generous slice of the U.S. market, and today this can be accomplished only through ties, treaties, and agreements, no longer entirely through retained earnings and bank lines of credit.

A pair of living representatives of separate branches of the Thyssen family learned such facts of corporate life at an early age. Count Federico Zichy-Thyssen acquired his knowledge from grandfather Fritz Thyssen; his cousin Baron Hans Heinrich Thyssen-Bornemisza acquired similar corporate wisdom from his father, old Fritz's brother, Heinrich Thyssen. The latter became Baron Heinrich Thyssen-Bornemisza and took up residence in Lugano, Switzerland, gaining Swiss citizenship. As Count Zichy represents the largest shareholder group in Thyssen A.G. from his home in Buenos Aires, the young baron directs his interest from his Villa Favorita in Lugano.

One such holding in the United States is Indian Head, Inc., with American corporate headquarters at 1200 Avenue of the Americas, New York City. Thyssen Inc. has its U.S. offices farther down this avenue at number 1114, in the W.R. Grace & Co. building. Indian Head is a wide-ranging manufacturing conglomerate, with 42 plants in the United States and 10,400 employees. It enjoys annual net sales of close to $60+ million. For an industrial corporation of such size it has a remarkably low profile. It distributes no annual report—"We are a privately held corporation." Like Thyssen Inc., in the United States, it has no background ownership file with the SEC because it has never had to go public. When Thyssen bought Budd Manufacturing for $275 million, it was in cash, and therefore there was no requirement for corporate disclosures to the Securities and Exchange Commission.

Still, good will is cherished, and German industrialists and bankers continue to strive to project a friendly German image in the United States. One noteworthy announcement, made from Washington, D.C., in March 1979 was that 57 priceless Old Master paintings from the collection of Baron Thyssen-Bornemisza would be taken on a tour of the United States in 1979 and 1980. This collection of great masterworks is said to be—except for the Royal Collection of the queen of England—the greatest private art collection now in existence. This public traveling exhibit constituted a major achievement as a public relations ploy. Ever cautious, however, no German firm underwrote the tour; Indian Head was kept out of the picture. Instead, a major U.S. corporation was chosen to underwrite the masterworks tour. United Technologies of Hartford, Connecticut (152,000 employees, 200 plants, and a worldwide marketing operation in power, flight systems, industrial products and services), agreed to underwrite the cost of the venture as a favor to its German friend in Lugano, Switzerland. The project was initiated from Lugano; the baron, after consulting with his corporate image advisors, agreed to United Technologies rather than Indian Head with its hidden shareholders. The foundation that made all arrangements was another privately endowed, nonprofit organization, International Exhibition Foundation. It made the approach to United Technologies and also brought aboard the prestigious Andrew W. Mellon Foundation and the Federal Council on the Arts and Humanities.

When the baron came to Washington for the official press preview of the tour he arrived, trim and bouncy, and at fifty-eight years of age, fit, fluent in French, Italian, English, and German. He expressed delight with American cooperation. A speaker at the Washington press ceremonies was Hubert Faure, president and chief executive of United Technologies Otis Group and a director of UT. He spoke warmly of his long-time friendship with Baron Hans Heinrich Thyssen-Bornemisza.

It was a job well done. Old August Thyssen, Senior, who had
founded the family fortune, would have given good marks to his descendant for perspicacity in a country where good will and image mean so much.

Following the two world wars, the Germans have always

up Textile Mills. The outcome was a sordid tax case, which turned up in law books under the title, Commissioner of Internal Revenue v. Textile Mills Securities Corporation, with the latter losing, its appeal denied by the U.S. Supreme Court.
polish up their image in the United States. Julius Klein & Associates, a Chicago-based public relations firm, was handsomely paid, for Ruhr industrialists calculated that having a Jew fronting for them in the United States would be good business.

During June and July of 1966 Klein occupied the attention of a Senate Committee on Ethics, which was looking into the foreign agent activities of Mr. Klein. He had been lobbyist, political public relations counsel, and foreign agent for the Society for German–American Cooperation, an umbrella for such firms as Mannesman A.G. of Düsseldorf, Rheinmetall of Düsseldorf, Flick A.G. of Düsseldorf, Daimler-Benz of Stuttgart, Der Spiegel magazine of West Germany, the State of Hesse in Frankfurt, and Bayer Aspirin and Pharmaceuticals. When Chairman Fulbright opened hearings in the Senate on May 14, 1963, Julius Klein was hesitant in identifying his German principals:

The Chairman: On April 6, 1960, you filed the first registration for a committee representing German industrialists and civic leaders, is that correct?

Julius Klein: Yes, Mr. Chairman. The committee doesn’t like to have their name in newspapers or registered and so on and so forth, therefore, they call it a group. Every time when I came to Germany, three or four times a year, they had a group together, about 150 or 200, that I addressed. They agreed that they would permit me to file the name of the board, which I did. But the Frankfurter Bank was the principal, Mr. Chairman.

The Chairman: Was the bank employing you or was the bank merely the conduit for payment?

Julius Klein: No, the bank was the agent for this group, Mr. Chairman. As a matter of fact, the head of the bank was the chairman of the group, and he was the toastmaster at every dinner that I appeared at, at Frankfurt.

The Chairman: It doesn’t help me yet as to who your principal is. Will you please try to clarify in my mind and the committee record as to whom you represent?

Julius Klein: Well, Mr. Chairman, I represent a society in Germany for the purpose of promoting good relations between the United States and Germany. These are my principles and to the best of my knowledge I translated into English the name of that society (Foerderkreis fur Deutsch-Amerikanische Zusammenarbeit, the Society for the Promotion of German-American Cooperation). That society does not alone promote the good will between Germany and the United States but with all Latin American countries, so I am only a little part of the activities for their group.

The Chairman: The law is quite clear that you should identify your principals. You don’t question that, do you? Now to state that you represent a good will society or friendship society without stating any of the people—

Julius Klein: I have the list here.

The Chairman: State who the members of the society were.

Julius Klein: The General Secretary is a distinguished counsel—

The Chairman: Were these the officers in 1960 when you filed?

Do they control the society?

Julius Klein: Yes, sir.

The Chairman: Who are they? Put their names on record.

Julius Klein: Dr. Gerhard Hempel, former mayor of Weimar, now the General Secretary of the group—

The Chairman: Is he the man with whom you negotiated the contract?

Julius Klein: Yes, sir.

The Chairman: Did you file his name when you negotiated, when you filed in 1960?

Julius Klein: No, in 1960 I negotiated with Dr. Janssen, the president of the Frankfurter Bank, and that is the way I registered.

The Chairman: Why didn’t you file the names so we could identify your principals? This is a major point I would like to make. I just wondered why you didn’t do this? You identified Mr. Hempel. Was there anyone else?

Julius Klein: Yes, sir.

The Chairman: Who are they?

Julius Klein: Dr. Walter Leiske, former mayor of Frankfurt.

The Chairman: What is he now?

Julius Klein: He is a distinguished consultant on economics, he is an economist.

The Chairman: Consultant to whom?

Julius Klein: To industries in Germany.

The Chairman: Who else?

Julius Klein: Mr. Udo Boczoer, banker from Stuttgart, and Dr. Paul Schroeder, another banker from Stuttgart. They constitute the executive committee for the board of directors.

The Chairman: How do they procure their funds?

Julius Klein: Well, Mr. Chairman, that should be addressed to the group. All I am interested in is to get paid. Where they get the money from and how is their business.

The Chairman: You are not interested in who pays you?
Julius Klein: I don’t care where the money comes from, as long as it doesn’t come from Nazis or Communists.

The Chairman: If you don’t know how to use a computer.

Abs, then and now doyen chief of Deutsche Bank and a director of Daimler-Benz and Siemens.
cellor Adenauer was arranged by Dr. Ludger Westrick, state secretary in the Office of the Federal Chancellor, likewise a director of the Society for German-American Cooperation. On his return to Washington Senator Dodd sent a fulsome letter of praise, written by Klein, to Ludger Westrick, who had been promoted to minister. One phrase therein, “I know of your splendid record,” was not without unintended irony. For Westrick had another type of record, which had been concealed but which was known to the OSS. He was a classified “Wehrwirtschaftsfuehrer,” a leader associated with notorious Nazi enterprises, and he had also been a district economic advisor to Reichsleiter Martin Bormann.

The Senate committee found Senator Dodd’s relationship with Julius Klein indiscreet, one that went beyond the proper role of a United States senator. But because of an inability to identify and question Klein’s German clients, they declined to pass a formal motion of censure on Dodd’s relationship with him. However, as the Klein association was only one of many indiscretions of Senator Dodd that the committee had under investigation, this Senate committee on ethics later censored Dodd for diverting to his use more than $100,000 in campaign funds.

The importance of the Klein affair, hardly earth-shaking in retrospect, is the clear picture it presented to the American public as to how press agents and lobbyists for foreign interests work themselves into the mainstream of United States political power and contort legislative processes to the gain of their clients. Today there are 647 registered and active Americans so occupied, and this figure does not include the many thousands of foreign nationals residing in the United States and spending all their time promoting their own national interests; Koreagate is but one example.

While not really illegal, it was Julius Klein’s boldness of manner in suborning an elected member of the United States Senate to his own ends that projected him onto the front pages and frightened off his West German clients, who preferred, as always, to hide their movements, and to act with circumspection and secrecy. One of the first to leave the Klein client listing was Friedrich Flick of Düsseldorf, the tycoon who had also been an ardent contributor to Himmler’s Third Reich club known as “Friends of the Reichsfuehrer-SS.” The characteristic secrecy surrounding the actions of German industrialists and bankers during the final nine months of the war, when Bormann’s flight capital program held their complete attention, was also carried over into the postwar years when they began pulling back the skeins of economic wealth and power that stretched out to neutral nations of the world and to formerly occupied lands.

There was a suggestion of this in France. Flora Lewis, writing from Paris in the New York Times of August 28, 1972, told of her conversation with a French publisher:

“It would not be possible to trace ownership of corporations and the power structure as in the United States. ‘They’ would not permit it. ‘They’ would find a way to hound and torture anyone who tried,” commented the publisher.

“They” seem to be a fairly small group of people who know each other, but many are not at all known to the public. “They” move in and out of government jobs, but public service apparently serves to win private promotion rather than the other way around.

The Government “control” that practically everyone mentions cannot be traced through stock holdings, regulatory agencies, public decisions. It seems to function through a maze of personal contacts and tacit understandings.

The understandings arrived at in the power structure of France reach back to prewar days, were continued during the occupation, and have carried over to the present time. Lewis, in her report from Paris, commented further: “This hidden control of government and corporations has produced a general unease in Paris.”

Along with the unease, the fact that France has lingering and serious social and political ailments is a residue of World War II and of an economic occupation that was never really terminated with the withdrawal of German troops beyond the Rhine. It was this special economic relationship between German and French industrialists that made it possible for Friedrich Flick to arrange with the De-Wendel steel firm in France for purchase of his shares in his Ruhr coal combine for $45 million, which
was to start him once more on the road back to wealth and power, after years in prison following his conviction at Nuremberg.

West Germany's economic power structure is fueled by a two-tier system: the corporations and individuals who publicly represent the products that are common household names around the world, and the secretive groups operating in the background as holding companies and who pull the threads of power in overseas corporations established during the Bormann tenure in the Third Reich. As explained to me, "These threads are like the strands of a spider's web and no one knows where they lead—except the inner circle of the Bormann organization in South America."

That there is a Bormann organization is unquestionably true. I know from personal experience. During years of research for this book, I have become aware of Heinrich Mueller and his security force, which provides protection for the leadership in Latin America and wherever else they may travel to Europe and to the United States to check on investments and profits. Through intermediaries, I have attempted unceasingly to penetrate to the central core of the organization in South America, but have been denied access. At the last meeting that I know about, it was voted: "Herr Manning's writing would focus undue attention on our activities and his request must once again be denied." The elderly leaders, including Reichsmminister Bormann, who is now eighty, wanted me on the scene to write of their side of the story, above all his story, of one of the most amazing and successful financial and industrial cloaking actions in history, of which he is justifiably proud.

I had sent word to Bormann that the true story, his firsthand account, should become a matter of historical record, and stated that I would be agreeable to writing it if I could tell his true story, warts and all. Back came the word: "You are a free world journalist, and can write as you think best. We, too, are interested only in truth." They agreed to my request to bring along a three-man camera crew from CBS News to film my conversations with Martin Bormann, and even approved my wish for at least a personal thumbprint of the former Reichsleiter and party minister, which would be positive proof of his identity. At the organization's request, I sent the background, names, photos, and credentials of the particular CBS cameramen: Lawrence Walter Pierce, Richard Henry Perez, and Oden Lester Kitzmiller, an award-winning camera crew (which got the exclusive film coverage of the attempted assassination of Governor George Wallace when he was running for president).

I am sorry to say that the younger leaders, the ones now in virtual command, voted "No." They did agree, however, that 232 historical documents from World War II, which Bormann had had shipped out of Berlin in the waning days of the war, and which are stored in his archives in South America, could be sent to me anonymously, to be published. They said their lengthy investigation of me had produced confidence that I was an objective journalist, as well as a brave one, for their probing stretched back to World War II days, and up to the present.

Heinrich Mueller, now seventy-nine years old, who also serves as keeper of these archives as well as chief of all security for the NSDAP, rejected this decision; when the courier reached the Buenos Aires international airport bearing these documents for me he was relieved of them by the Argentine secret police acting under an initiative from Mueller.

As Mueller had explained previously, he had nothing against me personally; I had been cleared of any "strange connections" by his agents in New York City, whose surveillance efforts were supplemented by the old pros of the Gestapo up from South America to assist in watching me. This continued intermittently for years, and efforts were stepped up in response to the intensity of my investigations. The statement I had originally made to their representatives in West Germany, that I was only a diligent journalist trying to dig out an important story, finally proved satisfactory to them. I observed that Mueller hadn't lost his touch in the field of surveillance, judging by the quality, skill, and number of men and women who tracked me, at what must have been enormous cost, wherever I went in New York City, Washington, and overseas. In rejecting my request for a meeting with Bormann, and in intercepting the documents, Mueller sent word that other factors outweighed any consideration for me: the KGB, the CIA, and President Stroessner of Paraguay, "who just does not like inquiring reporters." I then got the information from West Germany that Israeli agents had somehow learned of my project, and they were also follow-
ing me. I asked one of the SS men if the Israeli exterior secret service, the Mossad, was good. His reply: “Yes, but they learned everything from us.”

So this is a facet of the secret world surrounding Reichsminister Bormann in South America today. Many of his associates can travel back home under other names and false passports, and they do. General Hermann Buch, adjutant to Heinrich Himmler during World War II and Bormann’s brother-in-law, was invited to address the “Old Comrades” of Das Reich Division at their annual reunion. He made his way from Buenos Aires to Rosenheim in West Germany, where he spoke, recalling the old glory days for them all. But Reichsminister Bormann must ever remain in exile, although those who represent him bring credit to his organization and to the new Germany of today. Among the distinguished industrialists and financiers of the Society for the Promotion of German-American Cooperation (including Latin America) who gathered three or four times a year in Frankfurt to listen to Julius Klein tell them what he was doing to promote their cause in the United States, were many representatives of the Bormann organization, links in the chain between German South America and the elite industrial power structure of West Germany. Even General Gehlen, when he was chief of the Federal Republic’s intelligence service, sent his agents to confer with General Heinrich Mueller in South America. One West German business leader dear to the hearts of the Bormann group was Hanns-Martin Schleyer, a victim of abduction and murder by terrorists in 1977. He had been president of the West German employers and industry federation, and German newsmen called him “the top boss in the country.” Schleyer, a brilliant administrator and a graduate in law from Heidelberg and Innsbruck, had joined the Nazi Party and the SS; in 1943, at the age of twenty-eight he became the administrative chief at headquarters of the industrial federation in Nazi-occupied Prague, charged with making the Czech economy productive for the Third Reich. After the war, he became an economic administrator, headed the foreign trade department of the Chamber of Commerce and Industry of Baden-Baden, and in 1951 joined the Daimler-Benz Company. Helped along by the support of Friedrich Flick and the shadowy men in South America, he became a member of the board of directors and handled labor relations and personnel. With Daimler-Benz as his managerial base, he became influential in the metal industry, and during a bitter labor dispute was instrumental in the lockout of 300,000 workers.

As West Germany entered a period of attack by terrorists, Hanns-Martin Schleyer held no illusion that he might not be a target. He is reported to have written a memorandum months before his death, that were he captured by terrorists he would refuse to be traded for jailed extremists. When captured, the terrorists attempted just that, to exchange him for the release of eleven imprisoned comrades. There was no deal, and Schleyer, sixty-two, was found dead.

The German–South American group also had direct access to the Nixon White House through their representatives in Washington, and were proud of the fact that Bebe Rebozo was President Nixon’s closest friend. For, knowingly or unknowingly, Rebozo processed millions of their dollars through his Florida bank as part of normal commercial operations. They were also amused, perhaps flattered, that H.B. Haldeman, Nixon’s chief of staff, liked to refer to himself as the Martin Bormann of the White House.

It amuses them too that the penetration of the American market is referred to as a German invasion, a blitzkrieg, so to speak—the term invented by the Nazis when they went to war in 1939. When Chancellor Helmut Schmidt, a former artillery officer on the Russian front, told U.S. Treasury Secretary W. Michael Blumenthal in 1978 that the United States should do more to put its economic affairs in order, they concurred with the advice, thinking it quite appropriate, as well as indicating the status enjoyed today by the Federal Republic of Germany. It views the establishment of factories in the United States as a welcome portent of German–American equality. The residents of New Stanton, Pennsylvania, are not so sure; they have welcomed Volkswagen A.G. and the assembly lines that will produce 200,000 Rabbits annually, yet their emotions are mixed. The mayor of New Stanton speaks of jobs and money being pumped into the local economy. Still, many say, “We know this is progress of sorts, but we also see coming traffic, pollution, and other problems. If we wanted to live in Detroit, we would have moved there.”
Like the Japanese, the Germans appear to be exporting many of their polluting industries to the detriment of the environment wherever they go. Concerned that host countries will be forced to institute protectionist measures against them, the Japanese are keeping a low profile, as do German entrepreneurs of the Rhineland, while they grope for the winning friendship formula to install them in the good graces of Americans.

Americans today, particularly those old enough to have participated in World War II, may ponder at times as to who really won this struggle that cost so dearly. The entire world and the Federal Republic of Germany, to say nothing of Japan, have come a long way since the German surrender at Reims and the Japanese capitulation aboard the U.S.S. Missouri.

The memory of those days continues clear and present in today's Federal Republic of Germany. There are political divisions in the new republic, but there is a common unity over the question of the Third Reich and the crimes of Nazism: The German people and their leaders want to put away the past, “the darkest chapter of German history,” as former Chancellor Willy Brandt declares, and move forward in a spirit of common reconciliation. Mr. Brandt told the editors of Der Spiegel, the West German newsweekly, at the occasion of an editorial roundtable in June 1978, that “our people, of which millions became Nazis, cannot live with a wound remaining open ... it is not right that a people should be continuously burdened by something in which they became entangled ... we must be aware of the differences among guilt and error and idealism that has become misused.” He also remarked that “half of the people of Germany today were born after the war and they need not be concerned about the Nazi era. But the great majority of our people wish to put an end to the nonsensical theme of collective guilt; an ending of the matter can, in my opinion, be done only on a morally unobjectionable ground, namely to hide nothing that happened, but also not be like the Pharisees, an ancient and notably self-righteous Jewish sect, which emphasized strict interpretation and observance of doctrines and religious practices.”

While Mr. Brandt urges “Let’s forget the whole thing,” mindful that the free world cannot exist divided against itself, the former German chancellor is fighting an uphill battle. Jews the world over are determined that their persecution by the Nazis will not be forgotten, and in Washington, D.C., the powerful Jewish lobby pushed through the House a $2 million appropriation for a Nazi Crime Litigation Unit to investigate even at this late date 147 alleged Nazis, most of them non-Germans but East Europeans who had aligned themselves with the SS, who have lived in the United States for over twenty years. The work of this congressional investigative unit will go right on making occasional headlines, although not with the impact of the Holocaust book and TV series of 1978, which had been carefully timed as a Zionist reminder to the supportive American Congress of Jewish suffering, and thus a reiteration that Israel should be neither downgraded nor abandoned during an era critical in Middle East history.

Further, the sometime headlined surfacing of Nazi concentration camp commanders such as Gustav Franz Wagner, who had been residing modestly for thirty-three years in Brazil, makes the Brandt spirit of reconciliation and amnesty more arduous. But inasmuch as it was Mr. Brandt and his government that provided Martin Bormann with what amounted to a “passport to freedom” in 1973 by stating that the former Hitler aide had perished in Berlin in 1945, it may be possible to achieve the philosophical unification he seeks for West Germany.

While Germany's bankers were collectively responsible for the financing of Hitler's war effort, the dean of them all is Hermann Josef Abs. Money was his life, and his astuteness in banking and international financial manipulations enabled Deutsche Bank to serve as leader in fueling the ambitions and accomplishments of Adolf Hitler and Martin Bormann. His dominance was retained when the Federal Republic of Germany picked itself up from the ashes; he was still there as chairman of Deutsche Bank, director of I.G. Farben, and of such others as Daimler-Benz and the giant electrical conglomerate, Siemens. Abs became a financial advisor to the first West German chancellor, Konrad Adenauer, and was a welcome visitor in the Federal Chancellery under Mr. Adenauer's successors, Ludwig Erhard and Kurt George Kiesinger. However, relations with Kiesinger chilled when in May 1969 he advised against revaluation of the West German
mark. Kiesinger thought this advice was responsible for his election defeat that year; but, more likely, it was his revealed Nazi background that did him in.

Although top bankers of the world, even such as Abs, make their mistakes like everyone else, they operate in such insulated and rarefied milieus, that misjudgments are covered up. This was the case when Abs led the drive in the United States in the 1960s to free German assets seized in World War II by retaining a Chicago press agent and lobbyist with close ties to members of Congress.

Several of the new generation of West German bankers maintain that Abs, now eighty-two years old and retired, has outlived his usefulness, although he is still respected for his past accomplishments. One hip young German banker remarked, "He reminds me of a perfume bottle that is empty yet still smells good." He added, "Politically speaking, bankers in Germany have been devalued."

Yet Dr. Abs can never be devalued. In June of 1978 this adroit financier, considered by the majority of Germans to be a patriot, pulled a coup noted around the world. Painstakingly and in secret, he headed up a West German consortium that snatched from the hands of speculators of other nations nearly $20 million of German art treasures to be returned to museums in the Fatherland; the achievement took place at Sotheby Park Bernet's London auction gallery. This fabulous collection had been the property of Baron Robert von Hirsch, a German-reared Jew who had fled with his treasures to Switzerland in the 1930s when the political situation was growing ominous. He died in Basel in 1977, aged ninety-four, and in his will ordered that the works of art be sold at public auction. Since the collection was of immense importance to German museums and to all culturally and historically inclined Germans, federal, state, and art authorities turned to Hermann Abs for guidance in retrieving it all. It was he who planned the strategy and coordinated the winning bids. For his assault on Sotheby's he assembled a network of art dealers in several nations, according to Rudi Walther, a member of the Bundestag and of Abs's team. Most thorough, the German banker even calculated and prepared a set of special signals to cue his team of international buyers. "He put different strawmen to bid for each item on our list. Then he showed them how to bid with the usual signals to prevent anyone from catching on, you know, stamping his foot, twitching his eye, raising a finger, and so on," Walther commented.

Of the $20 million made available to Mr. Abs by West German federal, state, and museum authorities, the Abs bidders dispensed more than $19 million to bring back home these priceless works of early and later German masters. Interior Minister Gerhart Baum declared: "The preservation of these precious art works for German culture is a good example of successful cooperation involving private donors, art experts, and federal and state governments." In addition, it was agreed among West German art professionals that recouping the von Hirsch collection was, to quote one of them, "the last opportunity to preserve art objects of a unique quality for German culture."

Today in Frankfurt, the many friends of Hermann Josef Abs agree that he has not lost his touch.

Nor has Deutsche Bank, the largest in Europe and third largest in the world, lost its touch for international investments on behalf of its clients residing in West Germany and South America. It has bought two skyscrapers in Houston, Texas, the Pennzoil and the Shell buildings. As Vice President Ferdinand Krier of Deutsche Bank remarked, "Our clients believe American real estate is an attractive proposition at this time. Our goal is to offer interesting opportunities to our clients."

One of the more stupendous investment opportunities currently interesting this West German bank is the purchase of the massive World Trade Center in lower Manhattan.

The economic unification of West Germany is complete, and if there is any doubt in Europe who in the long run won the peace there is none whatsoever among the former German leaders dwelling in South America. It is a good bet that if Hermann Schmitz were alive today he would hear witness as to who really won. Schmitz died contented, having witnessed the resurgence of I.G. Farben, albeit in altered corporate forms, a money machine that continues to generate profits for all the old I.G. shareholders and enormous international power for the German cadre directing the workings of the successor firms. To all appearances he died in relatively reduced circumstances, in 1960, at the age of seventy-nine, though immensely wealthy.
during his lifetime. Any information about his fortune seemingly vanished with his death; but those who knew him believe it still exists. He was the master manipulator, the corporate and financial wizard, the magician, who could make money appear and disappear, and reappear again. His whole existence was lègèr-de-maint, played out on the gameboard of I.G. Farben and his beloved Germany. The son of poor parents, born in Essen in 1881, a loner who made it to the top through ability, diligence, hard work, and singleness of purpose, he resembled Martin Bormann, who likewise had more than just a feel for mathematics but never went beyond high school, and had to make it on his own. Their association was close and trusting over the years, and it is the considered opinion of those in their circle that the wealth possessed by Hermann Schmitz was shifted to Switzerland and South America, and placed in trust with Bormann, the legal heir to Hitler.

Schmitz’s wealth—largely I.G. Farben bearer bonds converted to the Big Three successor firms, shares in Standard Oil of New Jersey (equal to those held by the Rockefellers), General Motors, and other U.S. blue chip industrial stocks, and the 700 secret companies controlled in his time by I.G., as well as shares in the 750 corporations he helped Bormann establish during the last year of World War II—has increased in all segments of the modern industrial world. The Bormann organization in South America utilizes the voting power of the Schmitz trust along with their own assets to guide the multinationals they control, as they keep steady the economic course of the Fatherland.

It is true that the resurgence of West Germany was due to hard work by its people, assistance from the Marshall Plan, an infusion of buying orders from the United States military establishment during the Korean War, and a fair and free commercial enterprise system that enabled business and industry to wheel and deal in world markets and come up with profits and favorable trade balances for the new federal republic. The new Deutschemark has grown to high status as the envy of other currencies and the equal of the coveted Swiss franc. Allowing business to have its head was, to go back, the formula adopted by Hitler during the 1930s; he harnessed the people instead of nationalizing industry and emphasized that German wealth for one and all depended on German production.

But it is just as true that the river of wealth back into West Germany from assets sequestered by Martin Bormann and the corporations that participated in his brilliantly conceived program of flight capital was a major factor in the recovery of the nation—and the best-kept secret in all German history. The return of capital began slowly. As factories were rebuilt and revved up for production, money from Swiss banks representing their secret accounts flowed into the Rhineland. It was termed investment money, and the first corporations to enjoy its impact were those with demand products: automobiles, steel, and chemicals. Ferdinand Porsche, who designed the famed “Tiger” tank, redesigned Hitler’s “people’s car,” the Volkswagen, and a new factory was erected to turn it out. Daimler-Benz shortly had its Mercedes cars and trucks rolling from the assembly lines, and as the giant industrial complexes geared once again for full production and business, the smokestacks of Essen told a story of full employment and the eagerness of workers and managerial staffs to get on with the job of climbing up from zero to total output. The Swiss bankers themselves, watching the funds they were directed to invest in these German industries, also invested their own funds and those of their German, British, French, Belgian, Swiss, and American clients. One American occupation officer was advised by his Swiss banker to invest his modest army salary in West German automotive firms.

“I gave him carte blanche with my account,” said the officer, “and months later on a visit to Zurich I discovered my few thousand dollars had escalated to $250,000, and was still appreciating.” Regrettably, a problem soon arose: following his discharge from the army and his return to the United States he couldn’t declare his secret account, because he had consistently failed to include it on his U.S. tax returns. A pillar of his community, he had to go abroad to spend these gains.

Money continued to trickle into West German firms from the private investment sector during the late forties, but not until May 5, 1955, when the Federal Republic of Germany became a sovereign government and the Allied occupation forces had left, did the enormous sums shifted from the Third Reich.
away from threatened Allied seizure become available to those groups in West Germany that had participated in Martin Bormann’s program of flight capital.

Some idea of the liquid assets that had arrived in bulk in South America during those chancy years was given me by an SS friend of Bormann who had worked closely with him. On one day alone, he recalled, while he was standing alongside Bormann and Mueller and others, he helped unload and list the contents of one courier pouch. He recorded in excess of $4.5 billion in assorted currencies, diamonds, stocks, and bearer bonds representing blue chip corporations in Germany, Switzerland, Spain, and the United States.

His statement is believable when you consider the discipline and resourcefulness of a smart group determined to move assets from one country to another. It can be done even nowadays, as was illustrated during February 1979, when 25,000 Teheran Jews fled the Iranian capital with their own flight capital program. Those 10,000 who flew directly to Israel arrived at Lod Airport with treasure that strained the counting capabilities of Jerusalem banks as Jewish owners disgorged their liquid wealth. One Jerusalem bank manager reported a record one-day deposit of $72 million in thousand-dollar bills, and one Persian rug was declared to be worth $30 million when it was unrolled, revealing diamonds and gold stitched into the fabric.

By 1956 the three major multinationals (Hoechst, BASF, and Bayer) reshaped from the 159 companies within Germany that had comprised I.G. Farben were generating record profits for the original 450 major Farben stockholders, who had organized themselves into the I.G. Farben Stockholders Protective Committee in Bonn. The Big Three went on expanding, tripling capitalization in 1956 from investment funds that poured in from the interlocking companies established in safe haven countries by Martin Bormann and Hermann Schmitz. There was a return, moreover vigorous than ever, of the huge, monolithic industrial multinationals that dominated the German economy before and during World War II.

Each of these three spinoffs from I.G. Farben today does more business individually than did Farben at its zenith, when its corporate structure covered 93 countries. BASF and Bayer individually boast worldwide sales of nearly $10 billion annually, while Hoechst, now the world’s largest chemical company, generated $16.01 billion in worldwide sales in 1980. Each does more business than E.I. du Pont de Nemours, with sales of $9.4 billion. The United States is, of course, the major market, one into which these German corporations continue to pour investment money for both new capital construction and corporate takeovers. BASF and Hoechst have each invested in excess of $1 billion in such expansions, and chief executive Herbert Grunewald of Bayer A.G. has said that they plan a $1 billion expansion in the United States within five to ten years. In Europe, Bayer A.G. is parent of some 380 subsidiary operations. In the United States, it controls Mobay Chemical, whose annual sales in 1978 of $779.5 million make it the Bayer group’s most formidable foreign subsidiary. Miles Laboratories (maker of Alka-Seltzer), Chemagro, Rhinechem, Cutter Laboratories, and Harmon Colors are additional Bayer A.G. interests in this country that Grunewald says he plans to double as part of his American expansion program.

Together, these three multinationals assure permanent prosperity for the original 450 Farben stockholders, their banks, and the shadowy shareholders of the Bormann organization in South America who guard and vote the Herman Schmitz trust fund through intermediaries at the annual meetings of BASF, Bayer, and Hoechst.

At the most recent annual meetings of these three chemical giants, West German banks, while not holding substantial direct investments in these companies, voted proxies on behalf of more than 80 percent of the shares. Direct industrial holdings have long been accepted in West Germany as normal bank-industry ties. While the exact extent and size of a bank’s holdings are a closely guarded secret, Hermann Beyer-Fehling of the Bonn Finance Ministry characterizes the banks as “the largest power with the most impenetrable connections,” which is one reason the Bormann organization continues to grow in stature and strength.

As German corporations have moved into the U.S. market, German banks have not been far behind, and in 1979 Deutsche Bank, the largest non-American bank in the world, opened its
doors in New York City, and will be a formidable competitor to American banks. A prime objective will be to service the needs of the growing number of subsidiaries of German and other European companies in the United States. But Deutsche Bank, which will not seek consumer deposits, intends to compete with America's largest banks for the entire range of corporate business, from handling companies' daily cash accounts and short-term borrowings to piecing together intricate multicurrency credits and, through a subsidiary, even underwriting corporate securities offerings. There is no doubt that the Deutsche Bank, with $79.9 billion in assets and more than 1,100 branches in Germany and elsewhere in the world, including fiscal strongholds throughout South America, will be able to compete successfully in the U.S. financial market.

As for Martin Bormann, this now elderly recluse is ever a keen watcher and manipulator in the silent, gigantic struggles among worldwide industrial and financial powers. Atop an organizational pyramid that dominates the industry of West Germany through banks, voting rights enjoyed by majority shareholders in significant cartels, and the professional input of a relatively young leadership group of lawyers, investment specialists, bankers, and industrialists, he is satisfied that he achieved his aim of helping the Fatherland back on its feet. To ensure continuity of purpose and direction, a close watch is maintained on the profit statements and management reports of corporations under its control elsewhere. This leadership group of twenty, which is in fact a board of directors, is chaired by Bormann, but power has shifted to the younger men who will carry on the initiative that grew from that historic meeting in Strasbourg on August 10, 1944. Old Heinrich Mueller, chief of security for the NSDAP in South America, is the most feared of all, having the power of life and death over those deemed not to be acting in the best interests of the organization.

Some still envision a Fourth Reich. This is but the dream talk of aging adventurers who will soon pass from the mortal scene. What will not pass is the economic influence of the Bormann organization, whose commercial directives are obeyed almost without question by the highest echelons of West Ger-

man finance and industry. "All orders come from the share-
holders in South America," I have been told by a spokesman for Martin Bormann.

And, today, how fares Martin Bormann? After a unique lifetime of struggle to the very top, then the years of hiding and being declared officially dead by the Federal Republic of Germany to absolve them from conducting a manhunt they have never been impelled to make, Adolf Hitler's heir lives a life of ease. He resides in a luxurious estate on an Argentine estancia—a ranch, so to speak—in the province of Buenos Aires. Seventeen percent of all land in this "Queen Province" belongs to 82 family groups, 17 cattle and crop-raising companies, and 20 smaller owners. One ranch comprises 260,000 acres, and a medium-sized spread is 120,000 acres. Aside from sheep, cattle, horses, and grain, and the peons who work the land, these estancias have their own railway stations, churches, hospitals, telephone and telegraph exchanges, and shops for a handful of people. The economic power of these propertied families is of course vast in their own milieu, but it is augmented in the capital city of Buenos Aires. There the senior family member speaks for the rest in dealings with banks, investments, and industry, in Argentina as elsewhere, such as West Germany and the United States.

To many of these family corporations the acknowledged benefactor is Martin Bormann, who brought a surge of new industry to Argentina in the late 1940s, making it possible for them to broaden and amplify their income base by linking them into banks, insurance holding companies, and the many industrial firms established by the newly arrived Germans with the vast sums he sent to Buenos Aires for safe haven.

Bormann is as protected from seizure as the money and investments he guards, for those he has benefited are grateful. Simon Wiesenthal, the famed hunter of Nazis, found this out when traveling to Buenos Aires in search of Bormann. He was told in no uncertain terms by the Jewish leadership there to cease stirring up trouble, and to leave the country, which he did. On a directive from Bormann, Jewish and gentile bankers and businessmen alike are represented in the management of German-Argentinian firms, as well as in other West German
corporations in Brazil, Chile, Bolivia, Paraguay, Ecuador, and Mexico. For these reasons, and because he was not personally involved in the Holocaust, the Israeli intelligence service no longer has an interest in the capture of Martin Bormann, who they too know is alive and well in South America. Mengele, the infamous doctor of Auschwitz, is another matter. If they could reach into Paraguay and spirit him away without causing international political and commercial repercussions, they would do so.

At eighty, Bormann is preoccupied with writing his memoirs. Not being a man of intellectual depths, however, he tires quickly of this self-appointed task. He knows that within himself he has a revealing and historically important story to tell, but he simply cannot get all the right words out. He writes with pencil, and his writing is quickly typed into manuscript form by an elderly female secretary. Nothing is ever completed, but the pages pile up, and he knows words are his limitation.

If he were working on action-packed directives, as he did during the years of the Third Reich, or checking the bottom line of balance sheets to learn the profits and losses of the 750 corporations he established in his flight-capital program, he would be the effective man of action, a man in his right milieu.

His thoughts of the past and present are coherent. He speaks of Albert Speer with disdain, saying that this “technocrat which we [Hitler and Bormann] made is a traitor to the party. His memoirs twisted the history of those days out of all proportion.” As for Adolf Eichmann, he tells his intimates, “I told him to leave Buenos Aires and establish himself somewhere in the interior. He was always a magnet for Jewish kidnappers seeking symbolic retribution.”

The nearest he ever got to one of Himmler’s concentration camps was the set of photographs (blown up to eleven-by-fourteen inches) presented to him and the Fuehrer by Reinhard Heydrich some months after he had opened the first concentration camp on orders from Goering and Himmler. The sight of the dead and near-dead rocked Hitler, and the Reichsleiter had to lead him away from the conference room. Heydrich, a real butcher who reveled in his task, was never invited to the Fuehrer’s headquarters again. Bormann remembers this incident clearly but seldom says something of why the Jews were treated the way they were, lest words won’t come. Perhaps he has to do with barrier that surrounded the Fuehrer’s head- days. Some knew what was happening; others never to inquire. Even Field Marshal Erwin Rommel, during the collapse of Warsaw, turned a blind eye to Polish Jews whose fate, once deported, did not occur to him. He and he was soon lost in the frenzy of preparing to attack Panzer division. It was convenient to know that the matter was play, and he forgot them.”

“Himmler’s mental scars are there, the bad memories mixed with good mementos of those days: the ranch is decorated with Rembrandts and other fine paintings that he had purchased or acquired and signed on April 29, 1945, in the Fuehrer’s cellar. In his will, Hitler instructed Reichsleiter Bormann to sell off the paintings, although he expressed the wish that they be kept in Berlin in an art gallery in his native town of Linz. They are for sale and not practical long before these last days Realizing that they had had the Hitler art collection crated to South America. Bormann knew that otherwise and shipped them there by the Allies, and he regarded the paintings as securities of the Third Reich that should likewise be used to pay for a safe harbor as the party treasurer. He has been responsible for that characterization of Martin Bormann when he was the Third Reich as Reichsleiter did not serve Hitler and made it to South America. Everyone wanted to disappear when he sat on it like the chairman of a bank. It belongs to the party, and I am the party treasurer,” he would say, and unless he himself requested contributed to the growth of the money corporate entities the banks. He wanted no layabouts, and the news would remain in that he was a tight-fisted leader.

One of the few Nazis in exile who never looked to Bormann speaks of it. He wants to include in his memoirs. It was when they were, words won’t come. Perhaps he has to do with barrier that surrounded the Fuehrer’s head- days. Some knew what was happening; others never to inquire. Even Field Marshal Erwin Rommel, during the collapse of Warsaw, turned a blind eye to Polish Jews whose fate, once deported, did not occur to him. He and he was soon lost in the frenzy of preparing to attack Panzer division. It was convenient to know that the matter was play, and he forgot them.”

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One of the few Nazis in exile who never looked to Bormann
for money was Dr. Mengele, of Auschwitz notoriety. He was independently wealthy from his family-owned tractor business in Germany, which had a related assembly plant in Argentina, and this provided all the means a man in hiding would ever need, especially in Paraguay.

Bormann can still be a man of towering rages, and when this happens his associates walk quietly until the mood subsides. Some Nazi-army veterans in West Germany are occasionally beguiled by tales of wealth to be had in South America. A story involving ninety-five tons of gold, supposedly controlled by an Adolf Hundhammer in Bolivia, became part of the journalistic legends of 1966. It was read with interest by an officer of the Gehlen espionage security forces, who then had himself assigned to South America on a temporary basis. He met with General Mueller but not Bormann, then went in quiet search of this gold treasure. Bormann heard about it from Mueller, exploded, then issued an order for termination. The officer was never seen again. As Bormann reasoned, if the Gehlen agent failed to find the gold, he would begin ferreting elsewhere, and who knew what that could lead to.

Martin Bormann speaks wistfully of returning one day to the Federal Republic, but realist that he is, he accepts that this can never be. He did return to Europe in secret for a brief period in 1948, proceeding first to Spain, then to Switzerland, where he attended to some of his numbered secret accounts in Swiss banks. He traveled as Monsignore Augustin von der Lange-Lanbach, on a forged Vatican passport. Once his new banking arrangements had been concluded, he visited the grave of his wife in the monastery of Merano in northern Italy, then returned to Buenos Aires.

He enjoys small intimate parties these days in his well-guarded pampas home and discussions with his old comrades about the war, which was lost by such a narrow margin. Winston Churchill's great qualm in 1944 was that Hitler would suddenly withdraw into Germany all along the perimeters of his defense. The result might have been a fortress Germany, marking time and costing far more than Germany's economic revival is worth. The Nazi SMB had the capacity to operate as a vast multinational corporation, controling stock ownership and major investments. Today, the company is known as the Fuhrer's party treasury, and keeps a close eye on the investments and corporations controlled through stock ownership by the organization. The leadership in position today remains relatively young and viable. It is run as a tight operation insofar as expenses are concerned, and the team of accountants and business representatives who travel twice yearly to Europe to check things out must detail all expenses in the manner of normal corporate procedures anywhere. This team of traveling auditors is accompanied by a covey of protective security guards provided by SS General Mueller, who enjoys to this day the title of Reich minister of the interior in exile. His teams range far afield, even to the United States, when bottom lines are to be checked out and on-site investments evaluated. It is said that General Mueller is utterly paranoid about his possible capture, which is not quite true. As a former inspector of detectives in Munich who became an old Gestapo hand when selected for the job by Heydrich, he learned total caution early, and that is the principle by which he lives today.

As security chief for the Nazi organization in South America and Europe, General Mueller keeps a close eye on the leadership and on those he feels might threaten them. Israeli agents who move too closely to these centers of power are eliminated. One such termination was Fritz Bauer, formerly attorney general for the State of Hesse in Frankfurt, a survivor of Auschwitz and the man who tipped off the Israeli Mossad about the presence of Adolf Eichmann in Buenos Aires, was killed on orders of General Mueller. His body was found in his bathtub and listed as “death by heart attack” by the Frankfurt police. The real cause: cyanide spray that induces heart stoppage without detection; the same modus operandi that Mueller used to kill the Bormann stand-ins who were placed in the Berlin freight
periodically even nowadays, yet there is every indication of a growing tolerance of the several million who joined the party before and during World War II but who did not participate in the excesses of the SS and the concentration camps. In May 1979, Karl Carstens was elected president of the Federal Republic of Germany; this choice of the electorate followed election of the previous president, Walter Scheel; both were former Nazis.

Pervasive unease remains a characteristic of the nation, despite the stunning material achievements and its enviable solid economy. Perhaps this insecurity has its roots in memories of two sweeping defeats in this century, as well as the strain of having to live with the secrets of the Martin Bormann program for more than four decades, the secrets that enabled the West German leadership to stage one of history’s most resounding comebacks in the arena of international commerce.

Martin Bormann knows this to be so, and confides to his intimates that while he can never return to Germany, his lines of communication remain ever open. This man, who legally succeeded Hitler and therefore is the leader of over several million NSDAP members in South America and Germany, demonstrated the ultimate in clout in 1971, when he summoned the president of the Federal Republic of Germany, then Walter Scheel, and the latter’s wife Mildred, to Bolivia, whence they quickly returned to Europe with a newly adopted one-year-old boy who bore the first name Simon-Martin. The child, now eleven years of age, is being reared and educated in one of Germany’s most influential families. The belief is, of course, that he is a son of Martin Bormann, who insisted that this child of his old age be brought up as an upper-class German in his Fatherland and receive appropriate advantages befitting a son of the leading Nazi.

Is Martin Bormann proud of his achievement? Indeed he is. A man of many moods, which can be traced to an exile of thirty-five years from his homeland, and suffering the physical vagaries that go with a robust but eighty-year-old body, he turns cheerful when commenting on the economic leadership of the Federal Republic of Germany. He didn’t do it all, he admits, but the economic bastions of power that he established in the neut-
tal nations of the world in 1044 were the bedrock enabling the

In a lifetime of struggle, vast power, and peace, Martin