

BETWEEN COERCION AND COOPERATION: THE FLICK CONCERN IN NAZI GERMANY BEFORE THE WAR

L. M. Stallbaumer
Bloomsburg University

ABSTRACT

This study examines two pivotal events in the Flick Concern's relations with the Nazi state: the manner in which it was coerced into supporting the establishment of the state-dominated Reichswerke Hermann Göring and the manner in which it cooperated with the state to fulfill its racial goal of "aryanizing" Jewish property. These two events, usually examined in isolation, share in common the Nazi principle of usufructuary (*Nutzniesser*) which gave the state the right to use private property as it saw fit and defined relations between industry and state.

Scholars have often operated on the assumption that Nazi economic policy lacked any sort of ideological coherency and was a series of half-measures formulated to meet the exigencies of the moment and the demands of rearmament.¹ They suggest that in the absence of ideological norms, the corporate elite of Germany took advantage, even manipulated, Nazi economic policies because of the state's single-minded goal of rearmament and recovery from the Depression.

Nazi economic ideology was founded on the principle that the economy must serve the political and social goals as defined by the state. The Nazis sought to create a fully integrated national community (*Volksgemeinschaft*) in which only members of the nation, defined in racial terms, belonged. As members of the national community, the state expected everyone to place the needs of the community before the needs of the individual.² This view is embodied in the concept of usufructuary (*Nutzniesser*) which is defined "as the right to use (*usufructum*) property belonging to the people as a whole, while the state is under obligation to supervise this use."³ Consequently, the Nazi economy was not anti-capitalist as such, but it was anti-liberal because the state progressively interfered with free competition and imposed greater systems of control on private enterprise.

Subsequently, the Nazi economic system altered the relationship between industry and state. For example, capitalists could continue to make profits, but they were expected to reinvest their capital in the state economy. Hence, Peter Hayes describes industry-state relations as a poker game where "the house shuffles, deals, determines the ante and the wild cards, and can change them at will, even when there is a ceiling on winnings, which may be spent only as the casino permits and for the most part only on the premises."⁴ A more concise description offered by Avraham Barkai, in his study of Nazi economics, suggests that industrialists were "sleeping partners" having "no real say with regard to far-reaching objectives of economic policy."⁵ In short, industrialists cooper-

ated with the state, but their relations cannot be described as friendly or equal. These terms are useless when one considers the potential power of the state embodied in the usufructary principle.

In order to understand how the state utilized the usufructary principle in its dealings with industry, an examination of individual cases where industrialists tested (consciously or not) the state's willingness to exercise this principle is useful. The Flick Concern, because it is usually thought to have enjoyed a favored position in the Third Reich, serves as a case study to examine its relations with the state more critically.⁶ The Flick Concern became one of the largest coal, steel, and manufacturing corporations in Germany during the Nazi era. Some of its expansion was made possible by virtue of German rearmament and racial policies — agendas set by the state that provided opportunities and risks that were inconceivable before the Nazi era.⁷

For example, executives of the Flick Concern were coerced to support the establishment of the state-dominated industrial concern, the Reichswerke Hermann Göring, at the same time, it cooperated with the state's racial policies to acquire Jewish-owned businesses, a process known as "aryanization," that contributed to the firm's efforts to create a fully integrated combine. When these two encounters with the state in peacetime are examined in isolation, which is the conventional approach, the nature of industry-state relations in the Third Reich appears to be defined by one of two extremes, either coercion or cooperation. However, the relations were more complex and fell somewhere in between depending upon the needs of the German national community as defined by the state, which was creating a state free of Jews and preparing Germany for war. The juxtaposition of the Flick Concern's involvement in the establishment of the Reichswerke Hermann Göring and its cooperation in the "aryanization" of Jewish coal mining operations, the Julius and Ignaz Petschek groups, provides evidence that the two goals share in common the principle of usufructary. This coherent and consistent ideology of the Nazis which brought both advantages and disadvantages to "aryan" corporations like the Flick Concern and was a definitive feature of its relations with the state.

Common knowledge maintains that Adolf Hitler was eager to rearm Germany as rapidly as possible, but practical obstacles to fulfilling this goal existed because of a shortage of domestic raw materials and foreign currency to purchase critical supplies abroad.⁸ In the field of iron production, a solution to shortages was to encourage greater exploitation of Germany's domestic resources. However, industrialists within Germany were reluctant to undertake such a project for several reasons, but the most important was the issue of cost. Iron ore was cheaper to purchase from abroad, especially Sweden and Spain, than investing in the more expensive methods of extracting and processing lower grade iron ore deposits located in Germany. But the question of higher costs to produce domestic iron ores proved a moot point from the Nazi perspective.

As early as February 1935, Wilhelm Keppler, an economic advisor to Hitler, had already suggested to industrialists in the Ruhr that the state might use forcible measures to gain the support of private industry to develop domestic iron ore production.⁹ The

THE FLICK CONCERN IN NAZI GERMANY

following year Hitler created the Office of the Four Year Plan under Hermann Göring's leadership, which promoted the production of domestic raw material resources and substitute materials. As Hitler laid out in the Four Year Plan, the future of Germany's war economy should not depend on imports, and if German industry did not support Hitler's new economic task, then a few industrialists "will go under."¹⁰ Profits and costs did not enter the state's calculations if the needs of the national community were at risk.¹¹

In December 1936, Göring warned, "if anyone cannot decide himself on the exploitation of the mines, he must sell his property, so that other people can do so."¹² This veiled threat to industrialists, who were reluctant to cooperate with the state's agenda, prompted a number of meetings between Ruhr industrialists including members of the Flick group, Göring, Keppler, and the eventual leader of the Reichswerke, Paul Pleiger. In the course of these talks, Keppler and Pleiger became convinced that German industrialists remained uncooperative and that the only way Germany could increase its exploitation of domestic iron ores was through the establishment of a state company that would exploit and process mineral deposits. In July 1937, Göring announced plans to do just this. Those companies which had begun extracting ores in the Ruhr's Salzgitter region would be compelled to hand over these supplies to the Reich in exchange for a percentage of the share holdings in the state company, but the state would retain a majority.¹³

At this point, several Ruhr industrialists became more active in resisting Göring's plans, tacitly challenging the state's commitment to exercise its usufructuary powers. Ernst Poensgen and Albert Vögler, both of the Stahlverein (Vereinigte Stahlwerke AG), led the opposition by composing a memo (*Denkschrift*) during a series of meetings, in which the men set out their opposition to Göring's plans. Göring, through hidden microphones, taped telephone conversations, and an inside informer, monitored the progress of these discussions.¹⁴

In these turn of events referred to by R. J. Overy as the "Reichswerke crisis," limited documentation exists on the Flick group's behavior, but it subtly defended its self-interests. Although Friedrich Flick disapproved of the establishment of the Reichswerke, he was unwilling to become embroiled in a fight over the larger issue of the freedom of private industry. He expressed concern that the Poensgen memo was too contentious and did not offer any alternative proposal.¹⁵ Because one of the companies in the Flick Concern (Eisenwerke Gesellschaft Maximilianshütte) had begun exploiting lower grade ores, Otto Steinbrink, one of Flick's associates, hoped to convince Göring of their willingness to cooperate.¹⁶ Therefore, while Flick and his associates participated in Poensgen's meetings to obstruct the state's initiative, they entered negotiations with state officials for the possible transfer of property.

Assessing Flick's behavior becomes even more problematical for the historian when we consider a thank-you note which Göring sent Flick on 13 August 1937. In the note, Göring acknowledged the negotiations which Steinbrinck was conducting with Pleiger of the Reichswerke, and he expressed his appreciation for Flick's willingness to place

himself “in opposition to other leaders of the German iron and steel industry.”¹⁷ Ten years later, the United States military tribunal prosecution team used this document to prove the existence of an “unholy trinity” between industry, state and the military in the Third Reich — an image that until recently has been widely accepted.¹⁸ Yet, to understand the significance of this document, it is necessary to place it in the larger context of events to determine if the thank-you note is evidence of a favored position.

What was Friedrich Flick’s immediate reaction to the note? He continued to participate in the discussions spearheaded by Poensgen which suggests that he was committed to keeping his options open. For example, in a meeting with Ruhr industrialists on 20 August, Flick expressed his preference that the Ruhr industrialists’ offer to create a community enterprise (*Gemeinschaftsunternehmen*) in lieu of the *Reichswerke*.¹⁹ A few days later, when the final draft of the memo was completed, Flick and several industrialists refused to sign it having received a veiled warning from Göring that opposition to the *Reichswerke* was increasingly taking the form of sabotage.²⁰ Opposition to the *Reichswerke* fell apart. Flick, who had already expressed a preference for the path of accommodation, focused solely on negotiations with Pleiger that took several months to finalize the cession of mines and investment in the *Reichswerke* project. Flick recognized the industrialists’ political impotence and acted on the morally neutral principle that “business is business.”

The “*Reichswerke* crisis” affirmed the Nazi principle of usufructuary and a willingness on the part of state officials to wield their power to obtain the cooperation of corporate leaders. In the eyes of Nazi officials, individual industrialists were not meeting the needs of the national community. What would have happened had the industrialists persisted with their opposition is unknown, but the rapidity in which the opposition collapsed suggests that the industrialists were intimidated or at least unwilling to take chances. The lesson which the Flick group took away from the affair suggests that Flick, cautious from the beginning, decided that accommodation with the state was the better course because it was willing to exercise its authority in defense of this principle.

The significance of Göring’s thank-you note to Flick extends beyond the immediate context of the “*Reichswerke* crisis” because of the image it promotes of an “unholy trinity.” Historians suggest that Flick was rewarded for cooperation in the founding of the *Reichswerke* by being invited to expand his concern through “*aryanization*.”²¹ However little evidence exists to support this suggestion with the exception of the timing of the events. “Cooperation” during the *Reichswerke* crisis did not carry over into other facets of industry-state relations. Rather, in the fall of 1937, when pressure to “*aryanize*” Jewish property began to mount, the Flick group insinuated itself into “*aryanization*” projects. It convinced state officials, some of the same men involved in the creation of the *Reichswerke*, that it needed the Jewish property and could provide effective leadership to “*aryanize*” it.

Countless factors came into play during each “*aryanization*” in which the Flick group participated making generalizations difficult. These factors included the willingness of

THE FLICK CONCERN IN NAZI GERMANY

individual Jews to sell their businesses or share holdings, the terms of negotiation such as demanding payment in cash or foreign currency, the potential international business connections of the Jewish firm, the ability to find an "aryan" willing and able to purchase assets, the priority assigned by the state to individual cases of "aryanization," and what sort of coercive measures the state used which increased as Germany came closer to war. Between 1937 and 1939, the Flick group involved itself in three "aryanization" projects in order to expand its lignite coal supplies. This paper focuses on the "aryanizations" of the separately owned and operated Julius and Ignaz Petschek enterprises because these projects were assigned to Flick by Hermann Göring.

The starting point for most historians examining the "aryanizations" of the Petschek properties has been a mandate given to Friedrich Flick by Hermann Göring in January 1938. The text of the mandate is brief enough to quote in its entirety:

For the preliminary solution of the Petschek problem, I herewith empower you to take up negotiations with the responsible persons of the Ignaz Petschek and Julius Petschek groups for the purpose of ascertaining the possibilities of acquisition and the groups terms of acquisition for the whole property. I authorize you to carry on the negotiations alone, but you are also entitled to act on behalf of a group. Before the conclusion of the negotiations I have to be approached for a decision. [Handwritten] The right of distribution of the property I reserve to myself.²²

When this mandate is read in isolation, it undoubtedly proves that the Flick group enjoyed a favored position with the state in comparison to other industrialists in the Third Reich. Flick's leadership received privileges above other "aryan" industrialists interested in the Petscheks' properties giving the Flick group a distinct advantage. However, historical accounts that begin with the January mandate ignore two important facts.

First, the Flick group obtain the authorization from Göring only after several weeks of negotiations with Keppler and other officials in the Four Year Plan to persuade them that it should be given due consideration in the distribution of Jewish property.²³ Through the scope of these talks, Flick and his associates learned that the best possible means to guarantee its inclusion in this process was by persuading pertinent state officials, particularly Hermann Göring, of its ability to negotiate a deal with the Petscheks. When the Julius Petschek's negotiations with two other German firms fell apart in December 1937, the Flick group stepped in and got the opportunity to prove their leadership abilities.²⁴

Second, Göring's caveat reserving the right to approve any deal and distribute the property as he saw fit was a succinct expression of the usufructary principle. This had the potential of working against Flick's own interests which is readily obvious when we examine the longevity of the mandate during both the "aryanizations" of the Julius and Ignaz Petschek properties. Göring's potential veto gave him the power to intervene in the negotiations at any time, and he could have revoked the mandate if the Flick group failed to accomplish its goal. And Friedrich Flick believed this was possible as demon-

strated in the "aryanizations" of both Petschek groups. During the negotiations with the Julius Petschek group, Flick sought assurances from Göring that he would not supplant the concern's efforts and simply seize the property for the state. And in the "aryanization" of the Ignaz Petschek property the mandate proved useless in guaranteeing the Flick Group that it would acquire any part of the Ignaz Petschek lignite coal mines.

In late January, the Flick group met for the first time with representatives of the Julius Petschek interests, an American, George Murnane. The Petscheks were in the process of selling their assets to an American-British holding company United Continental Corporation in an effort to delay or prevent "aryanization." Quickly, the negotiations between Flick and Murnane stalled over the issue of payment in foreign currency which the American representative demanded.²⁵ This was a form of payment which Hermann Göring ruled out because Germany was already suffering from a foreign currency shortage. Subsequently, for several weeks very little occurred in the negotiations with the Petscheks, but state officials were becoming impatient.²⁶ In fact, in April 1938, when Göring issued a decree against Jews in the economy, which tacitly gave him the authority to expropriate Jewish property and appeared to supplant the Flick group's efforts, Friedrich Flick sought personal reassurance that Göring had no intention of simply confiscating the Petschek property by exercising its usufructary power.²⁷

By late May, George Murnane struck a deal; he realized that his negotiating position was being weakened by the radicalization of Nazi persecution of Jews. He lowered the asking price to half the original amount but still demanded payment in foreign currency. Given the much lower price, Flick was able to secure Göring's approval to pay Murnane in American dollars. Göring's concession, while it aided the Flick group, was dictated by the Nazi racial imperative to eliminate Jews from the economy, not a manifestation of friendship with Flick.²⁸ Indeed, the Flick group discovered in the "aryanization" of the Ignaz Petschek property how tenuous advantages could be.

The January 1938 mandate from Göring applied in theory to both the Ignaz and Julius Petschek groups. However, the Ignaz Petscheks were not looking for a buyer. In fact, no one company would have had enough capital to buy out the Petschek conglomeration, and no evidence exists to indicate that the Flick group attempted to speak directly with this group.²⁹ Instead, Flick and his associates, convinced that the state would play a more dominant role in "aryanizing" this property, sought to guarantee that their interests would be given proper consideration in the distribution of the Ignaz Petschek property.³⁰ Therefore, rather than using the mandate to assume leadership over the "aryanization" of the Ignaz Petschek properties, the Flick group tried to invoke the mandate in order to justify their inclusion in the distribution of the property.³¹

Because the Ignaz Petschek group was unwilling to negotiate with either the state or private industry, by mid July 1938, an inter-ministerial committee was established to "solve the Petschek problem."³² This committee was composed primarily of representatives from the Ministries of Justice, Economics, and Finance, who began to investigate the various assets of the Petschek holdings in an effort to find a "legal" way to expropriate

THE FLICK CONCERN IN NAZI GERMANY

the property. The Petscheks were investigated for alleged tax violations, and ultimately this created the pretense to seize the property.³³ But for several months the inter-ministerial committee was reluctant to seize the Petschek property outright because they were concerned that an illegal expropriation of property, even Jewish property, could engender fears among the German public that the state was anti-capitalist and lead to lawsuits by foreign and "aryan" investors.³⁴

By the end of 1938 and early 1939, when the confiscation of the Ignaz Petschek property would be partially affected by the establishment of a trusteeship over the property (e.g. usufructary), the Flick group briefly considered invoking Göring's mandate in an effort to become one of the trustees.³⁵ This proved to be futile and the Flick group sought reassurances from government officials that they would be included in the redistribution of lignite properties belonging to the Ignaz Petschek group.³⁶ Perhaps realizing that their group might even be excluded from this, Friedrich Flick and Otto Steinbrinck entered negotiations with the Reichswerke Hermann Göring, which they assumed would receive part (if not all) of the Petschek properties. Therefore, they "put out feelers" to see if the Reichswerke would engage in an exchange of property.³⁷

The Reichswerke possessed a greater need of hard coal (*Steinkohle*) properties located in the Ruhr than in the lignite (*Braunkohle*) properties belonging to the Petscheks in central Germany. Flick proposed to exchange part of his hard coal mines (Harpener Bergbau AG) located in the Ruhr for the Petschek lignite mines located in central Germany; the location would strengthen Flick's market position in this region. For the Reichswerke, the advantage of entering these negotiations was rooted in Pleiger's efforts to secure a private source of hard coal free from the market controls of the coal syndicate which dominated coal transactions.³⁸ When the Ignaz Petschek property was placed under a trusteeship, these negotiations were pursued with conviction but fraught with difficulties and often degenerated into acrimonious debates over details. Yet, these were not debates between equal participants because the Reichswerke was a state company and had the potential to wield extensive powers as evident when the company was established in 1937.

The negotiations revolved around two major issues: the selection and valuation of properties to be exchanged and the means in which the lignite property would be transferred and exchanged.³⁹ Pleiger, given the political necessity of his task to produce domestic iron ore, consistently dismissed arguments made by Flick and Steinbrinck that an even exchange was unfair.⁴⁰ This stance not only led to an escalation in demands on both sides, but when war appeared imminent, the state threatened the Flick group with the possibility that its hard coal mines, which the Reichswerke wanted, would simply be expropriated without any compensation.⁴¹ The negotiations became so tense that by November 1939, Flick, threatened to pull out of the negotiations entirely. When Flick sought Göring's personal intervention, he was rebuffed with the explanation that he was busy with other matters.⁴² In addition, Flick had lost credibility with state officials involved in armaments production. For example, some officials within the Ministry of

Economics condemned the Flick group's negotiating tactics as counter-productive to the needs of the state at war and not in the interests of the community.⁴³ The Flick group and the Reichswerke did conclude an agreement in which Flick received parts of the Ignaz Petschek property in exchange for a large percentage of his hard coal mines, but the deal was no longer on Flick's terms and he would later express disappointment.⁴⁴ The exchange deal with the Reichswerke proved that Göring was unwilling to intervene on Flick's behalf and confirms the tenuous nature of any favorable position which the industrialist might have enjoyed. Capitalists operated in a world in which the state tolerated free enterprise if it benefited the national community.

An argument that the establishment of the Reichswerke and the "aryanization" of Jewish property share a common element, the state's use of its usufructary powers, may contribute to an apologetic view of industrialists. This is not the intent. But the experience of the Flick Concern must be contextualized by recognizing that Nazi economic ideology had greater coherency and consistency than most scholars suggest. And the consistent element in the states relations with the Flick Concern during the "Reichswerke crisis" and the "aryanization" cases was its willingness to supervise the use of private property (*usufructum*) — a principle that carried far beyond the mere acquisition or investment in property discussed here. Scholars who fail to take this into account miss the point when they use phrases like "friendly understanding" and "favored position" to describe the Flick group's relations with the state. These terms were relative to the political circumstances at any given moment in the Third Reich. Dealing with state officials in the foundation of the Reichswerke and the subsequent negotiations for Ignaz Petschek property were unpleasant experiences for the Flick group; they were reminded that their interests were subordinate to the state's goals. Conversely, Göring's mandate facilitated the acquisition of the Julius Petschek coal mines by excluding "aryan" competitors and pressure to bear on Petschek representatives. Undoubtedly, in this case, state actions benefited the Flick group, but this was done to further the racial goal of "aryanization," not the expansion of private industry *per se*.

Avraham Barkai's concept of "sleeping partners" or Peter Hayes' analogy to a poker game are useful in understanding the defining features of industry-state relations in the Nazi era. These analogies certainly seem to apply to Friedrich Flick and his associates. Although not stated in so many words, the Flick group recognized the usufructary principle and behaved opportunistically, even if agreements did not always occur on its terms. After all, "business is business," and little room existed for moral compunction when the expansion of your firm and control of markets was at stake. Revisiting the events of the "Reichswerke crisis," particularly noting Flick's participation, demonstrates the authority which the Nazi state officials were willing to use if necessary. Juxtaposing this occasion with less well known "aryanization" of the Julius and Ignaz Petschek property, in which the Flick group has traditionally been thought to have an advantage, begs for a more critical approach to numerous other encounters between industry and state where the former is often seen as having considerable latitude.

THE FLICK CONCERN IN NAZI GERMANY

NOTES

1. Avraham Barkai, *Nazi Economics: Ideology, Theory and Policy*, trans. Ruth Hadass-Washitz (new Haven: Yale University Press, 1990), 1-20.
2. The German phrase is "*Gemeinnutz geht vor Eigennutz*." Ibid., 27.
3. Ibid., 37.
4. Peter Hayes, *Industry and Ideology: I. G. Farben in the Nazi Era* (New York: Cambridge University Press, 1987), 79.
5. Ibid., 17.
6. There is as yet no comprehensive scholarly study of the Flick Concern during the Nazi era, although this is ultimately the goal of my own research. For a more complete bibliography on the topic of the Flick Concern see L. M. Stallbaumer, "Strictly Business? The Flick Concern and 'Aryanizations': Corporate Expansion in the Nazi Era," Ph. D. University of Wisconsin-Madison, 1995.
7. This paper draws upon untapped records of the Flick Concern that are part of two microfilm collections, *Records of Private Austrian, Dutch and German Enterprises*, United States National Archives, Collection of Seized Enemy Records, RG242, T83, rolls 42-73; and *Flick Konzern*, Captured German Records Filmed at Berlin, United States National Archives, Collections of Seized Enemy Records, RG242, T580, rolls 933-934.
8. The establishment of the Reichswerke has been recounted elsewhere. For further reading, see Matthias Riedel, *Eisen und Kohle für das Dritte Reich. Paul Pleigers Stellung in der NS-Wirtschaft* (Göttingen: Musterschmidt, 1973), and R. J. Overy, "Heavy Industry and the State in Nazi Germany: The Reichswerke Crisis," *European History Quarterly* 15 (1985): 313-340.
9. Riedel, *Eisen und Kohle*, 32-33, 135-138.
10. Wilhelm Treue, "Hitlers Denkschrift zum Vierjahresplan 1936," *Vierteljahresheft für Zeitgeschichte* 3 (1955): 184-210.
11. R. J. Overy, *Goering: 'The Iron Man'* (London: Routledge & Kegan Paul, 1984), 52.
12. Overy, "Heavy Industry and the State," 317.
13. Kipper Memo, 24 July 1937, Meeting Regarding Utilization of German Iron Ores on 23 July 1937, Gutehoffnungshütte (GHH) File, Box 102, Decartelization Branch, OMGUS (Office of the Military Government of the United States); Lübsen Memo, 24 July 1937, Speech of Minister President Göring [on 23 July 1937], GHH File, Box 102, Decartelization Branch, OMGUS, United States National Archives (USNA). Riedel, *Eisen und Kohle*, 171; Overy, "Heavy Industry and the State," 322.
14. Overy, "Heavy Industry and the State," 322-323.
15. Riedel, *Eisen und Kohle*, 205.
16. Kellermann File Note, 4 August 1937, GHH File, Box 102, Decartelization Branch, OMGUS; Kellermann to Reusch, 7 August 1937, Ibid.
17. Göring to Flick, 13 August 1937, NI-3488, M891/14/0833. The microfilm citations in this paper are cataloged at the United States National Archives.
18. Telford Taylor, Opening Statements, *Trials of War Criminals before the Nuernberg Military Tribunals under Control Council Law No. 10: Case 5. The Flick Case*, vol. 6 (Washington, D.C.: Government Printing Office, 1952), 32-33. Hereinafter referred to as TWC.
19. Riedel notes that Klöckner and Zangen agreed with Flick. Riedel, *Eisen und Kohle*, 205.
20. For the text of the telegram, "Telegramme Görings an neun industrielle und Krupp v. Bohlen," Dokument Nr. 33, *Aus Göring's Schreibtisch. Ein Dokumentenfund* (Berlin: Historisches Kabinett, Allgemeiner Deutscher Verlage, 1947; Berlin: Dietz, 1990), 82-83; Riedel, *Eisen und Kohle*, 213-214; Overy, "Heavy Industry and the State," 322-323.
21. Raul Hilberg, *The Destruction of the European Jews* (Chicago: Quadrangle Books, 1961), 54, 76-81; Helmut Genschel, *Die Verdrängung der Juden aus der Wirtschaft im Dritten Reich* (Göttingen: Musterschmidt-Verlag, 1966), 147, 213-214, 223, 224; Avraham Barkai, *From Boycott to Annihilation: The Economic Struggle of German Jews, 1933-1943*, trans William Templar (Hanover: University Press of New England, 1989), 75;

ESSAYS IN ECONOMIC AND BUSINESS HISTORY (1999)

England, 1989), 75; Karl-Heinz Thieleke, *Fall 5: Urteil, Anklagepladoyer, Dokumente und Materialien des Flickprozesses (Mit einer Studie über die 'Arisierung' des Flick-Konzerns)* (Berlin: Deutscher Verlag der Wissenschaften, 1965), 405, 409-410.

22. The English translation, Göring to Flick, 21 January 1938, NI-900, TWC, VI, 460. For the German text, Göring to Flick, 21 January 1938, NI-900, M891/14/0497. Two weeks later, on 1 February 1938, Göring sent Flick a more strongly worded reaffirmation of his 21 January mandate, which emphasized Flick's "exclusive right to negotiate" thereby eliminating the possibility of future competition from other "aryan" businessmen. Göring to Flick, 1 February 1938, NI-899, TWC, VI, 464. For the German text, Göring to Flick, 1 February 1938, NI-899, M891/14/0530.

23. Kellermann File Note, 4 August 1937, GHH File, Box 102, Decartelization Branch, OMGUS; Kellermann to Reusch, 7 August 1937, GHH File, Box 102, Decartelization Branch, OMGUS; Riedel, *Eisen und Kohle*, 205.

24. Steinbrinck Memo, 4 November 1937, T83/61/3431252; Steinbrinck Memo, 16 November 1937, NI-10123, M891/16/0666; Steinbrinck Memo, 20 November 1937, T83/61/3431257-3431261 (also known as NI-10124, M891/16/0669-0673); Steinbrinck Memo, 10 December 1937, NI-5589, M891/14/0431-0432; Steinbrinck Memo, 16 December 1937, St-51, M891/31/1208-1210; Steinbrinck Memo, 21 December 1937, T83/61/3431294-3431296; Steinbrinck Memo, 23 December 1937, St-57, M891/31/1231-1232; Steinbrinck Memo, 29 December 1937, T83/61/3431315-3431316; Steinbrinck Memo, 5 January 1938, NI-3252, TWC, VI, 440-441; Flick Memo, n.d., TWC, VI, 461-463; Flick Memo, 19 January 1938, NI-784, TWC, VI, 450-456.

25. Steinbrinck File Note, 28 January 1938, NI-3245, TWC, VI, 248-251; Steinbrinck Memo, 28 January 1938, T83/61/3431367-3431368; Flick, "Erkd@rung, heute abzugeben!", 29 January 1938, T83/61/3431307-3431309; Steinbrinck Memo, 29 January 1938, NI-3450, M891/14/0516-0520 (also T83/61/3431400-3431404); Steinbrinck Memo, 31 January 1938, NI-3451, M891/14/0524-0527; Steinbrinck Memo, 31 January 1938, T83/61/3431394-3431395; Steinbrinck Memo, 31 January 1938, T83/61/3431396-3431397.

26. Murnane to Roseborough, 11 February 1938, T83/62/3432333; Steinbrinck to Wetzell, 23 February 1938, T83/62/3431375-3431376; Hinniger to Steinbrinck, 26 February 1938, T83/62/3432327-3432328; Steinbrinck Memo, 17 February 1938, NI-3241, TWC, VI, 465-466; Steinbrinck Memo, 21 February 1938, T83/61/3431499; Steinbrinck Memo, 23 March 1938, NI-3239, M891/14/0558-0559; Kaletsch Memo, 24 March 1938, NI-3238, M891/14/0552-0555; Murnane to Hinniger, 7 April 1938, T83/61/3431339-3431340.

27. "Decree Concerning the Registration of Jewish Owned Property, 26 April 1938 Reichsgesetzblatt, part I, page 414," 1406-PS, TWC, VI, 469-471; Flick Memo, 25 April 1938, T83/61/3431349-3431353. Technically, the decrees did not apply to the Petscheks who claimed they had sold their assets to the American-British owned UCC.

28. Throughout the first half of 1938, Flick hinted to Murnane that he could gain approval for payment in foreign currency if the asking price was lower. Murnane's initial asking price was \$16,000,000, and the contract provided that a direct cash payment of \$4,750,000 was to be made immediately, and UCC would extend Flick an additional credit of \$3,500,000 whether this latter amount was paid has not been determined. "UCC Vertrag v. 21 May 1938," T83/61/3431511; Steinbrinck Memo, 25 May 1938, T83/61/3431490-3431492. Göring approved the deal out of political necessity because technically Flick was negotiating with a British-American company, not Jews. Koerner to Flick, 25 May 1938, NI-3320, TWC, VI, 475-476.

29. Steinbrinck Memo, 10 January 1938, NI-3254, TWC, VI, 447-449; Steinbrinck File Note, 19 January 1938, NI-3249, TWC, VI 457-459; Bergat Ebert Memo, 18 January 1938, T580/429; Wohlthat File Note, 2 August 1938, T83/71/3443639-3443646.

30. Steinbrinck Memo, 4 November 1937, T83/61/3431250-3431252; Steinbrinck Memo, 20 November 1937, T83/61/3431257-3431261; Steinbrinck Memo, 17 February 1938, NI-3241, TWC, VI, 465-466; Steinbrinck Memo, 2 May 1938, NI-10135, M897/41/0873-0875; Hugo Dietrich to Steinbrinck, 20 June 1938, NI-898, TWC, VI, 480-484; Flick Memo, 5 July 1938, Fl-55, TWC, VI, 487-488.

31. Steinbrinck Memo, 6 August 1938, NI-3225, TWC, VI, 489-492.

THE FLICK CONCERN IN NAZI GERMANY

32. Hilberg, *Destruction of the European Jews*, 79; Steinbrinck Memo, 22 December 1938, St-54, M891/31/1224-1225.

33. Flick Memo, 5 July 1938, Fl-55, TWC, VI, 487-488; Wohlthat File Note, 2 August 1938, T83/71/3443639-3443646; OBR Richter, [10 or 11] September 1938, T580/430; Wohlthat Memo, 24 October 1938, T580/429; Wohlthat File Note, 22 December 1938, T580/429.

34. Steinbrinck Memo, 6 August 1938, NI-3225, TWC, VI, 489-492. Concern also existed about how foreign investors in the Ignaz Petschek enterprises from Great Britain notably might respond to expropriation. Wohlthat Memo, 24 October 1938, T580/429; Wohlthat File Note, 6 December 1938, T580/429. Even after the Ignaz Petschek property had been expropriated, fear of repercussions persisted, see Steinbrinck Memo, 4 December 1939, NI-940, M891/14/0839-0840.

35. Steinbrinck Memo, 14 January 1939, NI-3290, TWC, VI, 504-507; Steinbrinck Memo, 20 February 1939, T83/62/3433012. Numerous companies expressed an interest in acquiring part of the Ignaz Petschek properties, Wohlthat to Gabel, 10 January 1939, T580/430.

36. Steinbrinck Memo, 20 February 1939, T83/62/3433012; Steinbrinck Memo, 28 February 1939, NI-6007, TWC, VI, 526-528. Bergassessor Dr. Leising, a representative of the government-owned operation, PrueBische Bergwerks- und Hhtten AG, was made the trustee by the Reich Ministry of Economics. Reich Ministry of Economics, no addressee, 19 January 1938, NI-892, TWC, VI, 508; Leising to no addressee, 27 January 1939, NI-6013, TWC, VI, 518-521.

37. Until the establishment of the trusteeship, the Flick group believed that Wohlthat, who was in charge of the inter-ministerial committee, still favored a solution in the private industrial sector. Steinbrinck Memo, 13 October 1938, NI-894, TWC, VI, 496-497; Steinbrinck Memo, 14 January 1939, NI-3290, TWC, VI, 504-507; Steinbrinck Memo, 2 February 1939, NI-889, TWC, VI, 511-514.

38. Flick Memo, 30 June 1938, T83/61/3431570-3431573; Flick Memo, 28 October 1938, Fl-56, M891/31/0668-0675; Steinbrinck Memo, 2 February 1939, NI-889, TWC, VI, 511-514; 14 February 1939, NI-6013, TWC, VI, 518-521. Pleiger's operations lacked the capital simply to purchase Petschek property and was resorting to a system of bartering to expand the Reichswerke.

39. Steinbrinck Memo, 28 February 1939, NI-6007, TWC, VI, 526-528; Steinbrinck Memo, 25 February 1939, T83/61/3431629-3431631; Pleiger to Funk, 3 March 1939, T580/431; Kehrl to Gabel, 10 March 1939, T580/431; Abteilung Bergbau [Gabel] Memo, 21 March 1939, T580/431.

40. As early as the fall of 1938, Pleiger and Flick had discussed the possibility of an exchange. Flick Memo, 28 October 1938, Fl-56, M891/31/0668-0675. The negotiations can be traced in the following documents: Steinbrinck Memo, 3 March 1939, T83/62/3433008-3433009; Flick Memo, 3 April 1939, T83/62/3433004-3433005; Flick Memo, 10 May 1939, T83/62/3432923-3432924; Flick Memo, 1 June 1939, T83/62/3432858-3432869; Flick Memo, 2 June 1939, T83/62/3432853-3432857; "Fur die Besprechung mit Herrn Pleiger," 6 June 1939, T83/62/3432832-3432838; Flick Memo, 8 June 1939, T83/62/3432825; Steinbrinck Memo, 7 July 1939, St-77, M891/32/0048; Ph/Schz [Philipps] Memo, 6 July 1939, T83/62/3432617; Steinbrinck Memo, 25 July 1939, Fl-60, M891/31/0692-0699; Flick Memo, 17 August 1939, T83/62/3433425-3433430.

41. Even before the outbreak of war, the Flick group's negotiations with Pleiger and the Reichswerke were almost made null and void when some officials on the inter-ministerial committee grew impatient with delays in the distribution of the Petschek property, see "Niederschrift uber die Besprechung in Sachen Petschek im Reichswirtschaftsministerium, Abteilung Bergbau, am 28 Juni 1939," T580/429; Steinbrinck Memo, 30 June 1939, T83/61/3431651-3431656. For the tensions between Flick and various state officials after the outbreak of war, Flick Memo, 11 September 1939, T83/62/3432564-3432566; Flick Memo, 11 September 1939, T83/62/3432561-3432563; Flick Memo, 27 September 1939, T83/62/3433281-3433287; Flick Memo, 19 October 1939, T83/62/3433233-3433240.

42. Flick Memo, 8 November 1939, T83/62/3433165-3433167. The Flick group believed that Göring would favor them because they had exhibited good will in the negotiations, see Steinbrinck Memo, 17 November 1939, T83/62/3433136-3433141.

43. Flick tried to attach a number of pre-conditions to any agreement he might reach with Pleiger, and this delayed the conclusion of the negotiations. "Preliminary Contract between Flick's Harpen Company and the Hermann Göring Works," 9 December 1939, NI-937, TWC, VI, 563-568; Steinbrinck Memo, 15 De-

ESSAYS IN ECONOMIC AND BUSINESS HISTORY (1999)

ember 1939, NI-3392, M891/14/0890-0895; Reich Ministry of Finance to Reich Ministry of Economics, 18 January 1940, NI-3394, M891/14/0923-0930; Werning Memo, 17 January 1940, NI-10124, TWC, VI, 571-572; Landfried to Flick, 5 March 1940, NI-3436, M891/15/0856-0857.

44. Flick to Funk, 13 May 1943, Fl-67, M891/31/0742-0749.