

**Before the Storm**  
**German Big Business and the Rise of the NSDAP**

by  
Michael D'Antonio

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Approved: \_\_\_\_\_  
Dr. James Brophy  
Professor in charge of thesis on behalf of the Advisory Committee

Approved: \_\_\_\_\_  
Dr. David Shearer  
Committee member from the Department of History

Approved: \_\_\_\_\_  
Dr. Barbara Settles  
Committee member from the Board of Senior Thesis Readers

Approved: \_\_\_\_\_  
Michael Arnold, Ph.D.  
Director, University Honors Program

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## **ABSTRACT**

German big business and the Nazi Party held a dubious historical relationship during the Second World War, with industrialists helping to produce and run Hitler's war machine with forced labor from the concentration camps. But the ties between industry and Nazism were not always so strong and clear-cut; before 1933 and Hitler's acquiring of the German chancellorship, varying complex factors played a role in how the two groups viewed one another. Hitler and his ideological pillars matched well with the economic and political views of the Nazi business elite, and he attempted to build a relationship before 1933, through which he could secure funding from industrialists.

Some historians have used this evidence to imply that German big business played a substantial role in funding the Nazi Party during its rise to power. My research, however, will disprove this point and also explain why, even with Hitler's close ties to German industry, a relationship could not develop between the Nazi Party and business leaders. The project will focus considerably on the Nazi left-wing, which was the major road block in such a relationship taking flight. I will eventually prove that German big business did not provide major financial support to the Nazis before 1933, but also explain why the factors keeping the two groups apart would quickly disintegrate after Hitler's coming to power. This rapid disintegration would allow for the wartime relationship between Nazism and Germany industry, as well as the conquest of much of Europe.

## INTRODUCTION

There will forever be a dark shadow cast over German big business' role in European affairs of the early and mid-twentieth century. During Adolf Hitler and the National Socialist regime's attempt between 1939 and 1945 to brutally subjugate much of the western world, German industrialists and businessmen helped to equip and sustain the war machine that would devastate Europe and bring about the deaths of millions. Krupp and Thyssen steel were the building blocks of the Wehrmacht's armored units that rolled through Poland and France in 1939 and the Soviet Union in 1941; Siemens was integral in the Nazi state's electrical power production and lines of communication; and I.G. Farben produced the infamous Zyklon B for the mass extermination of Jews and others deemed "undesirable." All of these corporations additionally employed slave labor from the Nazis' internment camps. For example, the extermination camp Auschwitz was split into multiple sub-divisions, one of which was designated specifically for war production. It was centered near the Polish town of Monowitz, and "inmates worked for I.G. Farben's new Buna plant at Dwory. The Auschwitz camps also supplied labour for a number of other German firms, including Krupp, Borsig and Siemens."<sup>1</sup> It is undeniable that German big business played an integral role and harbors significant blame for the operations of the Nazi state between 1933 and 1945.

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<sup>1</sup> Mary Fulbrook, *A History of Germany, 1918-2008: The Divided Nation, Third Edition* (Chichester: John Wiley & Sons, 2009), 94.

After the National Socialist state toppled under the pressure of Allied armies, the examination of war crimes committed throughout its length vigorously began. This early examination, first by Nuremburg prosecutors and later by historians, wrongfully represented the full relationship between state and industry, and oversimplified its development in order to vilify industrialists. At the Nuremburg Trial of major industrial criminals in 1947, American prosecutors made a weakly supported correlation between the relationship the Nazis and German industrialists built during the years 1933-1945, and a fictionalized association of the two groups before Hitler's coming to power in 1933. They tried to claim that major industrialists, like Gustav Krupp von Bohlen, had financially supported the NSDAP during its rise to political power and that many of Germany's prominent businessmen had been adamant Nazi supporters before 1933. An American prosecutor, General Telford Taylor damningly wrote, "There was no crime such a state could commit—whether it was war, plunder, or slavery—in which these men would not participate. Long before the Nazis came to power, Krupp was a National Socialist model plant."<sup>2</sup> Furthermore, the prosecutors insisted that German big business was one of the greatest driving forces behind the Nazi *Machtergreifung*, or power takeover, and so they deserved much of the pre-war guilt. The accusations at Nuremburg were inspired less by facts than by the search for a scapegoat to explain Hitler's rise.

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<sup>2</sup> Harold James, *Krupp: A History of the Legendary German Firm* (Princeton: Princeton University Press, 2012), 224.

Adopting this viewpoint, some scholars added to the popular myth that big business had paid for Hitler's rise to power throughout the 1920s and early 1930s. Louis Lochner depicted the Nazis and industrialists each as a single ideologically homogenous block, claiming that both groups' political and economic ideologies were so similar that a partnership naturally developed before 1933.<sup>3</sup> George Hallgarten stated that the Nazis were on the verge of financial collapse throughout the Weimar period. It was only through the generous contributions of sympathetic industrialists and businessmen that the Nazis were saved from financial destitution and party failure.<sup>4</sup> Scholars James and Suzanne Pool took a different angle, concluding that the Nazis and Hitler were able to blackmail and frighten some industrialists into providing financial aid to the party by threatening to reveal many of their political secrets and conspicuous involvements.<sup>5</sup>

In 1981 David Abraham depicted a close relationship between the two groups because of similar views over class structure and an economic reorganization oriented towards capitalism.<sup>6</sup> Abraham asserted that "By early 1932 at the latest, the leading figures in the now decisive fraction of industry concluded that Nazi participation in or

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<sup>3</sup> Louis P. Lochner, *Tycoons and Tyrant: German Industry from Hitler to Adenauer* (Chicago: Henry Regnery Company, 1954).

<sup>4</sup> George W.F. Hallgarten, *Adolf Hitler and German Heavy Industry, 1931-1933* (The Journal of Economic History, Vol. 12, No3).

<sup>5</sup> James Pool and Suzanne Pool, *Who Financed Hitler: The Secret Funding of Hitler's Rise to Power, 1919-1933* (New York: The Dial Press, 1978).

<sup>6</sup> David Abraham, *The Collapse of the Weimar Republic: Political Economy and Crisis* (Princeton: Princeton University Press, 1981).

control of the government would provide the best way out of the political crisis” and as a result, prominent businessmen began providing significant funding to the NSDAP.<sup>7</sup> According to Abraham, they were drawn to the Nazis because of the party’s “lack of an economic class basis”, unlike, say, the SPD or DDP.<sup>8</sup> This argument, although somewhat valid in its ideological analysis of the Nazis and big business, ignored the lack of evidence linking industrialists to major financial contributions before 1933.<sup>9</sup> It also downplayed the role that the Nazi left served in the operation of the NSDAP and the fearful perception that this faction created amongst industrialist circles. Along with these issues, Abraham’s controversial argument was tormented by the misuse of important source material. His book, along with the works of other historians, inadvertently continued to validate the false claims of the Nuremburg trials, and for a lengthened period of time there was very little research that challenged this interpretation of the Nazi/industrialist relationship before 1933. It was asserted by many that Adolf Hitler and the leadership of the NSDAP had maintained a strong partnership with big business before the Nazis’ *Machtergreifung*.

In 1985 Henry Ashby Turner took a new stand on the topic, shattering many of the false-made assumptions. After extensive examination of source material, Turner concluded that big business did not provide significant financing to the Nazi party or

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<sup>7</sup> Abraham, 320.

<sup>8</sup> Abraham, 324.

<sup>9</sup> Henry Ashby Turner, *German Big Business and the Rise of Hitler* (Oxford: Oxford University Press, 1985).

Hitler before 1933, and that instead the Nazis raised most of their funds on the local level, “extracting from its [the party’s] members and followers at the grass roots an abundant upward flow of money.”<sup>10</sup> Turner stated conclusively in his work that “Only through gross distortion can big business be accorded a crucial, or even major, role in the downfall of the [Weimar] Republic.”<sup>11</sup> His reasoning for this lack of financial support and involvement with the party was deep ideological differences held by the powerful men of industry and by the core of the NSDAP, particularly Adolf Hitler. Industrialists and businessmen viewed these differences as threats to their very future existence as a section of German society, and so they distanced themselves from the Nazis before 1933.<sup>12</sup>

Turner even goes so far as to claim that financing for the Nazi regime after Hitler became Chancellor was “reluctant and non-voluntary,” something that businessmen were forced into rather than willingly chose.<sup>13</sup> He directs much of the guilt for the NSDAP’s rise to power towards entities other than German big business, stating that the only true blame for industrialists can be placed in their lack of action to stop the Nazis, but that this blame can also be evenly dispersed among all German elites of the 1920s and early 1930s.<sup>14</sup> Turner’s work was groundbreaking, but in its attempt to clear the name of many industrialists and businessmen, it too overlooked

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<sup>10</sup> Turner, 253.

<sup>11</sup> Turner, 340.

<sup>12</sup> Turner, 342-343.

<sup>13</sup> Turner, 341.

<sup>14</sup> Turner, 349.

some crucial aspects of their relationship before 1933 and went too far in distancing this prominent sector of German society from Hitler and the NSDAP.

Turner's work is thorough and correct in claiming that most industrialists and businessmen gave minimal financial support to Hitler's party before 1933; there is a clear lack of statistical and documentary evidence to prove otherwise. Individual studies on Krupp, I.G. Farben, Siemens, and many other firms have failed to find major monetary contributions to the Nazis that display any sign of strong political favoritism on the part of big business. These firm-specific studies will be examined in more detail throughout the paper. Primary sources, including those provided by close associates of the NSDAP before 1933, like Fritz Thyssen and Hjalmar Schacht, further refute significant financial backing from big business. These two forms of evidence dispel many of the unsupported claims of the Nuremberg trials and of certain historians.

Turner, however, goes too far in concluding that the lack of a major financial relationship between industry and the Nazis is explained by ideological differences between the core members of each group. German big business and the core leadership of the NSDAP, represented by Adolf Hitler, were strikingly similar in their politically and economically right-leaning ideological orientation. It was the existence and campaigning of a Nazi left-wing, led by Gregor Strasser, who attempted to win blue-collar workers' support, which drove industrialists and businessmen away from supporting the NSDAP before 1933. Despite the work and vehement attacks of this Nazi left wing, German big business never fully separated itself from the NSDAP,

particularly its conservative Bavarian core, and it worked consistently to undermine the Weimar Republic and indirectly assist Hitler's *Machtergreifung*. Once the Nazi state was formed and the true right-leaning orientation under the leadership of the NSDAP and Hitler was publically revealed, a strong relationship between party and industry blossomed. Hitler purged the Nazi ranks of many of its left-leaning elements, including Strasser, placating many of the fears held by big business. This relationship would help lead to the most devastating conflict and some of the most unimaginable crimes in human history. German industrialists, although not directly financing the NSDAP's rise to political prominence, held significant responsibility for the collapse of the Weimar system of government and were ideologically similar to Adolf Hitler and Nazi party that would develop after the *Machtergreifung*.

## THE COMPOSITION OF TWENTIETH CENTURY GERMAN INDUSTRY

Before examining more thoroughly the affiliation between German big business and the NSDAP, the history of German industry and business during the First World War and the Weimar Republic warrants attention. This provides a clearer understanding of the principles held by businessmen and industrialists during the period in question, and it also explains the methods they used to preserve their core values. In 1914, after the assassination of Archduke Franz Ferdinand in Sarajevo, Germany found itself drawn through a chain of alliances into the First World War. This was a new type of conflict on a scale of violence and mobilization unfamiliar to Europeans; waging “total war” upon the enemy required the mass production of weapons and supplies by all participating nations. By 1916, Germany, under the guidance of General Paul von Hindenburg and Erich Ludendorff, had committed itself entirely to such a strategy, and it turned to major industrialists and businessmen for implementation.

The strategy, known as the “Hindenburg Plan” gave government contracts and resources to large corporations with the expectation that they would efficiently produce mass amounts of war material in order to achieve victory.<sup>15</sup> This opportunity gave German big business not just as a chance to serve its *Vaterland* but also as a potentially profitable commercial venture. Carl Duisburg, the former chemist and

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<sup>15</sup> Roger Chickering, *Imperial Germany and the Great War, 1914-1918, Second Edition* (Cambridge: Cambridge University Press, 2004), 75-82.

executive of the chemical firm Bayer, was a great proponent of this method. “As fiercely patriotic as Fritz Haber and as ambitious for his business as the keenest of the kaiser’s generals was for success on the battlefield, he [Duisburg] both identified with his country’s war effort and took advantage of the unique opportunities for profit and growth that it had to offer.”<sup>16</sup> The Hindenburg Plan allowed for corporations like the chemical firm Bayer to profit significantly from the war, but at the same time it also shut down many small businesses in Germany, who could not compete with the economies of scale that were provided by their enormous competitors.<sup>17</sup> The majority of Germans suffered economically during the conflict, while a small group of prominent businessmen and industrialists prospered greatly.

The Hindenburg Plan also sped up a new trend in German big business: the formation of conglomerates. Some businessmen had dreamed of combining multiple firms into one mass business before the First World War. Duisburg had actually proposed such an idea within the chemical industry before 1914, believing that it would help German companies withstand foreign competition.<sup>18</sup> The need for mass production during the war transformed this dream into an achievable reality, and by the end of the conflict, many companies were close to joining together into such conglomerates. This sort of organization, as described by historian Henry Ashby

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<sup>16</sup> Diarmuid Jeffrey, *Hell’s Cartel: IG Farben and the Making of Hitler’s War Machine* (New York: Henry Holt and Company, 2008), 75.

<sup>17</sup> Gerald D. Feldman, *Army, Industry, and Labor in Germany, 1914-1918* (Princeton: Princeton University Press, 1966), 166-67.

<sup>18</sup> Jeffrey, 76.

Turner, allowed for control of a business on all levels, with almost total horizontal and vertical integration.<sup>19</sup> This meant control not only of multiple businesses within a particular industry, but also of the raw materials and final manufacturing methods involved in the complete process of production. For example, a company might own the coal mines that powered its factories or the modes of transportation through which products were moved, lessening uncertainty about price, quality, and delivery. The most famous of these conglomerates, which began its formation in 1916 and was completed in 1925, came to be known as I.G. Farben, or the *Interessen-Gemeinschaft Farbenindustrie*. It consisted of powerful and well-known chemical firms of the era, such as Bayer, BASF, Agfa, and Hoechst, and it would go on to become the third largest corporation in the world.<sup>20</sup> The new conglomerate was able to dominate the market for chemical products within Germany, internally regulating the costs of production and externally controlling the price of the products it sold at home and abroad.<sup>21</sup> This trend occurred not just in the chemical sphere, but across varying fields of business; for example, the insurance firm Allianz had, by 1921, merged with multiple other companies to cover varying insurance categories.<sup>22</sup> This trend, along

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<sup>19</sup> Turner, xvii.

<sup>20</sup> Jeffreys, 77.

<sup>21</sup> Peter Hayes, *Industry and ideology: IG Farben in the Nazi era* (Cambridge: Cambridge University Press, 1987), 9.

<sup>22</sup> Gerald D. Feldman, *Allianz and the German insurance Business, 1933-1945* (Cambridge: Cambridge University Press, 2001).

with the loss of business due to the Hindenburg Plan, was also bad for smaller German companies, which could not compete with the productivity of these massive firms.

In the economic ideological sphere, industrialists and businessmen of the early twentieth century staunchly opposed labor movements, unionization efforts, or growing power of the political left.

They [German industrialists] denounced governmental economic measures in the interest of wage earners, who constituted the bulk of the population, as demagogic politicization of the economy. Similarly, they viewed it as their right to combine in restraint of trade by forming cartels and expected the government to acquiesce to such combinations, whereas most of their number denied any legitimacy to trade union demands for collective bargaining and the use of the strike.<sup>23</sup>

The concept of the workers' union had grown significantly in Germany during the late nineteenth century, and by the time of the First World War, concrete labor organizations had come into fruition.<sup>24</sup> They threatened the production demanded by the Hindenburg Plan, as well as the new power that these gigantic German corporations had just recently obtained. Politically, German industrialists supported the conservative, Wilhelmian system of authority, and they wanted this system to remain intact.<sup>25</sup> They had grown rich from the militarization of the German economy and had benefited greatly from the government's suppression of such labor movements. Many industrialists were also fierce nationalists who were loyal to the

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<sup>23</sup> Turner, 5.

<sup>24</sup> Harold James, *The German Slump: Politics and Economics, 1924-1936* (Oxford: Clarendon Press, 1986), 164.

<sup>25</sup> Gerald D. Feldman, *Army, Industry, and Labor in Germany*, 3.

Kaiser, with some even continuing to support the return to a constitutional monarchy long after Wilhelm II had abdicated. Above all, big business feared movements of the left, particularly the communists, who threatened to destroy the state that protected industry's economic resources and political might.

In the power vacuum that followed the First World War, German industrialists were increasingly concerned with potential national instability. Multiple radical left-wing movements sprung up across the country as a reaction to the end of the conservative *Kaiserreich*. In Bavaria a new communist state, the Bavarian Council Republic, asserted itself as a new political entity under the leadership of Kurt Eisner, who became its minister-president.<sup>26</sup> In Berlin and other northern and western regions, Carl Liebknecht and Rosa Luxemburg supported the Spartacist movement, which advocated radical social reform and the formation of a new state along the lines of its southern counterpart.<sup>27</sup> Some of the founding principles behind these movements were the destruction of the current capitalist system, the nationalization of large corporations, and greater political and economic representation for workers. "People are saying that a Bavarian Soviet Republic has been declared," wrote future

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<sup>26</sup> Peter D. Stachura, *Political Leaders in Weimar Germany* (Hertfordshire: Harvester Wheatsheaf, 1993), 43.

<sup>27</sup> Fulbrook, 24.

I.G. Farben board member Ludwig Hermann, “but officially we know nothing about that as yet. In any case the mess is great.”<sup>28</sup>

Terrified of the potential consequences of these two movements succeeding, businessmen turned to recently disbanded troops from the Imperial German Army, who had served in both Western and Eastern Europe. These soldiers believed “that they had been betrayed by the liberal “politicians and Jewish businessmen” within the Kaiser’s government, and that that was why they had lost the war.”<sup>29</sup> Many of the men organized themselves into conservative mercenary units that were known as the *Freikorps*, set on combating those who they viewed as “enemies” of the German state. “Since state funds were in short supply, industrialists and bankers, particularly in Berlin and the Ruhr, where the [left-wing] extremists were most active, contributed heavily to finance the new mercenary units, as well as to disseminate ‘anti-Bolshevik’ propaganda.”<sup>30</sup> These troops brutally crushed the communist uprisings and murdered their ringleaders, solidifying, at least for the time being, the security of prominent industrialists and businessmen from the radical left.<sup>31</sup>

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<sup>28</sup> Stephan H. Lindner, *Inside IG Farben: Hoechst During the Third Reich* (Cambridge: Cambridge University Press, 2008), 80.

<sup>29</sup> Anthony Read, *The Devil’s Disciples: Hitler’s Inner Circle* (New York: W.W. Norton & Company, 2003), 109.

<sup>30</sup> Turner, 9.

<sup>31</sup> Peter Gay, *Weimar Culture: The Outsider as Insider* (New York: W.W. Norton & Company, 1968), 147-150.

It was amidst these violent and chaotic circumstances that, on November 9, 1918, a new democracy known as the Weimar Republic was born.<sup>32</sup> A democratic republic was for many business elites a repugnant political system. Yet, as Peter Gay explained, “They learned to live with the Republic, judged its advent a historical necessity, and respected some of its leaders, but they never learned to love it, and never believed in its future. They came to be called ‘rational republicans—*Vernunftrepublikaner*,’ republicans from intellectual choice rather than passionate conviction.”<sup>33</sup> This term, *Vernunftrepublikaner*, aptly explains German big business’ relationship with the Weimar government as well as the Nazi party. There was no true loyalty among their ranks to a democratic system of government; industrialists and businessmen just saw it as the most stable and safe alternative to a potential communist or left-wing state. They all agreed that “social instability was bad for business,” and that they had to make decisions based on survival and economic prosperity rather than personal preferences of government type.<sup>34</sup> Along with the stability that was provided by the Weimar government, industrialists did not openly protest against the new state because of an overarching loyalty to *Vaterland* and *Reich*. These were principles that had been instilled in them during the era of the Kaiser, and they carried them, although reluctantly, into the new system.<sup>35</sup>

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<sup>32</sup> Gay, v.

<sup>33</sup> Gay, 23.

<sup>34</sup> Jeffreys, 96.

<sup>35</sup> Turner, 14.

Another key reason big business tolerated the Weimar period was that the era allowed for a continued pattern of economic prosperity for many large corporations. They were not profiting at pre-war levels, but industrialists and businessmen were still achieving financial success under the democratic system of government.<sup>36</sup> The harsh reparations demanded by the Allies after the First World War in some ways actually helped German business to achieve this monetary feat. For example, “Against all expectations the inclusion of dyestuffs and fertilizers in the Allies’ list of reparations goods had actually helped create a secure export market for the IG’s [I.G. Farben’s] goods in tough trading years. The collapse in the value of the mark [in 1923] had paradoxically made many products cheaper and more attractive to foreign consumers...”<sup>37</sup> Even through the years of German hyperinflation in 1923-24, this success was still maintained. German big business benefited equally from a huge influx of foreign capital that poured into Germany from the West through the Dawes Plan. This aided German economic recovery and further growth.<sup>38</sup>

In the new Weimar system, industrialists preferred to keep a respectable distance from politics. For example, an Allianz executive wrote that his company “has practiced a self-evident reserve with respect to the political development, since politics

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<sup>36</sup> Turner, 31.

<sup>37</sup> Jeffreys, 118.

<sup>38</sup> Fulbrook, 31.

in general ought have nothing to do with business operations.”<sup>39</sup> However, it was important for business purposes to maintain friends within government ranks, and so many industrialists adopted a strategy to diversify and expand their bases of political friends. They dispersed their money, as well as their risk, across multiple parties, focusing mainly on centrist and right-wing political organizations. There was no firm allegiance to any one party, because a strong political association was dangerous and unnecessary. Friedrich Flick, the Ruhr coal and steel giant, adopted a method representative of this industrialist strategy. “With a prudent businessman’s desire to spread his risk, Flick arranged a series of financial contributions to political parties across the spectrum, ranging from the Social Democratic Party to the Nazi Party, with particular emphasis on the bourgeois parties of the right.”<sup>40</sup> The aforementioned Carl Duisburg noted that this was a method commonly used by successful American corporations, and so Bayer mirrored the U.S. business policy of diverse financial contributions.<sup>41</sup> And the powerful Deutsche Bank and its executives saw it as most beneficial to have a closer relationship with the government currently in power, rather than affiliating with a single political entity or movement. This meant adjusting and

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<sup>39</sup> Gerald D. Feldman, *Allianz and the German insurance Business, 1933-1945*, 65.

<sup>40</sup> Marcus O. Jones, *Nazi Steel: Friedrich Flick and German Expansion in Western Europe, 1940-1944* (Annapolis: Naval Institute Press, 2012), 29.

<sup>41</sup> Hayes, 48.

adapting with political change, no matter what the government type or the orientation of a particular party.<sup>42</sup>

Yet underneath this strategy of political networking and neutrality, and in spite of the money being made during the 1920s, German industrialists and businessmen still harbored many frustrations with the new Weimar political system, some of which tested their status as *Vernunftrepublikaner*. First and foremost among these was the disdain for the Weimar government's *Sozialpolitik*. "In the context of the Weimar Republic that term stood for an array of welfare-state measures designed to improve the lot of wage earners."<sup>43</sup> Industrialists and businessmen feared any sort of such regulations that would allow their workers to organize, demand higher wages, or obtain partial ownership of a firm. Gustav Krupp von Bohlen believed these policies of the Weimar system were too radical and populist, bereft of intelligent political decision making.<sup>44</sup> Krupp was a man who believed in treating his workers fairly, but he did not appreciate government intervention and instruction. Duisburg echoed this anti-populist sentiment when he declared that Germany needed "leaders who can act without concern for the caprices of the masses."<sup>45</sup> As mentioned previously, big business also usually aligned itself with central and right-leaning nationalist parties, reminiscent of their previous loyalty to the Kaiser. For example, Hoechst, a chemical

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<sup>42</sup> Harold James, *The Nazi Dictatorship and the Deutsche Bank* (Cambridge: Cambridge University Press, 2004), 92.

<sup>43</sup> Turner, 37.

<sup>44</sup> James, *Krupp: A History of the Legendary German Firm*, 188.

<sup>45</sup> Jeffreys, 168.

firm that later became a member of I.G. Farben, sympathized mostly with “the bourgeois-liberal centrist parties, the liberal DDP (German Democratic Party), and above all the nationalist-liberal DVP.”<sup>46</sup> They provided less funding for the parties that represented best the Weimar system of democracy, like the Social Democratic Party (SPD).

German businessmen and industrialists also viewed the Weimar government as the main culprit behind the Versailles Treaty of 1919 that had ended World War One. Although they had had few realistic alternatives in negotiating peace with the Allies, the Weimar cabinet signed the treaty which inflicted harsh reparations upon Germany after the war.<sup>47</sup> Due to its demands, many of the patents and products previously held and protected by German firms became confiscated property of the Allies and ended up in the hands of American, British, and French corporations. This put German businessmen at a competitive disadvantage in an international market with many similar products. They had lost established overseas markets when German colonies in Africa, mainland Asia, and the Pacific were seized, and so this hurt German corporate interests.<sup>48</sup> Gustav Krupp von Bohlen made the importance of these colonial possessions to German industrialists clear with a government minister during the First World War. “The meaning of such a colonial empire for the future of Germany in connection with industrial concerns,” wrote Krupp, “like the supply of raw materials,

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<sup>46</sup> Stephan H. Lindner, *Inside IG Farben: Hoechst During the Third Reich*, 64.

<sup>47</sup> Fulbrook, 25-27.

<sup>48</sup> Jeffreys, 103.

as well as the furthering of German cultural prestige in the world, requires no more explanation.”<sup>49</sup> Finally, there was the important factor of nationalism. The demands of the Treaty of Versailles were shameful to a once-strong German nation, which was militarily weakened and economically crippled. German industrialists and businessmen, much like other social groups, were disturbed by the decrease in political and economic status of their nation. In sum, the Weimar government and German big business tolerated one another to a certain level throughout the 1920s. But in the eyes of businessmen, a better and more practical settlement could certainly take its place.

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<sup>49</sup> Willi A. Boelcke, *Krupp und die Hohenzollern in Dokumenten: Krupp-Korrespondenz mit Kaisern, Kabinettschefs und Ministern, 1850-1918* (Frankfurt am Main: Akademische Verlagsgesellschaft Athenaion, 1970), 251.

## THE RISE OF THE NSDAP AND ITS ECONOMIC ORIENTATION

As industrialists were solidifying power after the First World War and establishing their newfound relationship with the young Weimar Republic, a new political party was taking shape in the Bavarian city of Munich. The NSDAP, or *Nationalsozialistische Deutsche Arbeiterpartei* (German National Socialist Workers Party), formed initially in 1920 under the guidance of Anton Drexler, a former machine-fitter and locksmith, as well as a few other early members.<sup>50</sup> It was a party, as the name implies, made up of a significant number of blue-collar workers, mixing labor principles with a racist *völkish* ideological orientation that blamed the Jews and Marxists for many of Germany's problems.<sup>51</sup> In 1920 Drexler composed a party program, consisting of twenty-five core points that would continue to loosely form the basis of the official NSDAP program through Hitler's coming to power in 1933.

Three of the program's articles particularly vilified German industrialists and businessmen at the time of the Nazi party's foundation. Article twelve of the program demanded the "ruthless confiscation of all [First World War] war profits", and claimed that anyone who had made money from the conflict should be considered a criminal of the state. Almost every major German industrialist qualified, therefore, as an enemy of the party. Article thirteen advocated the nationalization of large businesses and the destruction of trusts and conglomerates, a direct shot at behemoth firms like I.G.

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<sup>50</sup> Peter D. Stachura, *Political Leaders in Weimar Germany*, 38-39.

<sup>51</sup> Fulbrook, 42.

Farben. Finally, article fourteen demanded “profit-sharing in large industrial enterprises,” a direct threat to private ownership and industrial financial structure.<sup>52</sup> It is estimated that between thirty and thirty-five percent of individuals attending meetings in the first few years of the Nazi party’s existence were skilled or unskilled laborers, and antipathy to big business was well represented by these particular points.<sup>53</sup> In these early years, it seems unfathomable that any sort of working relationship between the NSDAP and German industry was possible when the core values of the party remained so anti-big business.

The NSDAP changed significantly in its orientation, however, when Adolf Hitler rose to prominence and eventually obtained total leadership over its ranks. When initially trying to decipher Hitler’s opinion of big business and his views on economic policy, the results are mixed, as exemplified by the writings of one of Hitler’s own early economic advisors, Otto Wagener. Wagener, who leaned to the left on many economic topics and favored a more pure form of socialism himself, wrote, “Clearly he [Hitler] had conflicting feelings. He was a socialist and determined to remain one. But his inner attachment to nature led him time and again to observe and acknowledge as a law of nature the struggle for existence, the struggle to defeat the

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<sup>52</sup> Anton Drexler, “Program of the German Workers’ Party (1920)”, (*German History in Documents and Images*, vol. 6).

<sup>53</sup> H. Max. Kele, *Nazis and Workers: National Socialist Appeals to German Labor, 1919-1933* (Chapel Hill: The University of North Carolina Press, 1972), 35.

other.”<sup>54</sup> This absence of clarity over Hitler’s views may have come more from the *Führer*’s lack of understanding of economic theory than his actual ideological orientation.

Hitler’s position of power over the NSDAP was built not upon an expert knowledge within the spheres of politics or economics, but instead around the concept of the *Führerprinzip*. This placed him as the absolute judge in disputes over politics, economics, or other issue concerning the party, as well as the mediator that sat above all petty party disagreements. In fact, Hitler encouraged disagreement and competition within the ranks of the NSDAP because it forced others to turn to him for answers. “Instead of challenging Hitler’s authority, the [NSDAP] factions competed for his support. The charismatic source of authority placed factions on the secondary levels of leadership and elevated the charismatic leader [Hitler] to the position of broker, arbiter, and ultimate judge.”<sup>55</sup> In many cases, like in the economic sphere which we are currently exploring, Hitler, as judge, did not commit himself fully to one side of the discussion or another, and yet was still able to maintain power and close ties with varying party members. This ambivalence was one of his greatest skills and one of the underlying factors behind his early success. Beyond Hitler’s noncommittal

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<sup>54</sup> Otto Wagener, *Hitler—Memoirs of a Confidant*. Trans. by Ruth Hein. Edited by Henry Ashby Turner (New Haven: Yale University, 1985), 114.

<sup>55</sup> Joseph Nyomarkay, *Charisma and Factionalism in the Nazi Party* (Minneapolis: University of Minnesota Press, 1967), 36.

party rhetoric and charismatic personality, his true economic orientation and views on German big business were taking shape.

We often associate the Nazi party in a broad historical sense with the conservative, totalitarian state that eventually established itself in the mid-1930s. While the NSDAP did eventually develop into such an entity, the organization and ideological orientation of the party before 1933 was not so clear-cut. On economic matters, there was a stark divide within the Nazi party during the 1920s and early 1930s. Hitler and his closest associates were part of “the southern end of the party, based in Munich, which pursued an essentially national-racist anti-semitic and anti-Marxist course.”<sup>56</sup> This part of the party, which would eventually come to dominate after 1933, broke from many of the early “socialist” concepts of the twenty-five point party program. Led by Adolf Hitler, they were more interested in obtaining absolute power and less interested in the plight of the German worker and the sins of German big business, like early members under Anton Drexler had been.

Hitler’s *Mein Kampf* provides clarity on his economic stance and his view of the NSDAP’s future relationship with business.<sup>57</sup> Rather than attacking industrialists in his writing, Hitler creates common ground with them, insisting that they would have a prominent place under his system of governance. At one point he writes, “In the new programme everyone gets everything he wants. The farmer is assured that the

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<sup>56</sup> Peter D. Stachura, *Gregor Strasser and the Rise of Nazism* (London: George Allen & Unwin Ltd., 1983), 40.

<sup>57</sup> Fulbrook, 31.

interests of agriculture will be safeguarded. The industrialist is assured of protection for his products. The consumer is assured that his interests will be protected in the market prices.”<sup>58</sup> There are no violent attacks on industry in the book, no calls for nationalization of business, no insistence on profit-sharing. Hitler even takes the side of industrialists on a very controversial point, condemning what he calls “class warfare” and the idea of independently organized trade unions. He advocates instead for one state-run workers’ union which would be significantly weakened and work hand-in-hand with German business.<sup>59</sup> Hitler’s writing reveals no intense dislike or distrust of German big business; instead it portrays businessmen and industrialists as crucial to the revival of Germany. He even blames the profiting actions of German industry during the First World War on “faithful henchmen in the Marxist movement,” deflecting blame from most big businessmen and claiming that they attempted to stop these greedy activities.<sup>60</sup> Overall, the passages in *Mein Kampf* come across as an attempt to establish friendship with German big business rather than to attack it and paint it as an enemy of the NSDAP.

Otto Wagener, Hitler’s economic advisor in the late 1920’s, also wrote a great deal about Hitler’s economic views and his opinion of German big business. As previously mentioned, Wagener was left-leaning in many of his policies, yet even he

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<sup>58</sup> Adolf Hitler, *Mein Kampf: Unexpurgated Edition* (Los Angeles: Angriff Press, 1981), 210.

<sup>59</sup> Hitler, *Mein Kampf: Unexpurgated Edition*, 331-333.

<sup>60</sup> Hitler, *Mein Kampf: Unexpurgated Edition*, 136.

depicted Hitler as generally friendly towards industry. He clarifies that Hitler did not want to eliminate private property, something that was associated with far-left communist and Marxist ideology.<sup>61</sup> More important to German business, Hitler was an advocate of private business ownership, dispelling industrialists' fears of a worker ownership structure or the nationalization of industry.<sup>62</sup> Wagener attributes this decision by Hitler to his fierce belief in Social Darwinism and the overarching concept of competition as natural for a society. Hitler even dispels Wagener's idea of a socialist system being established immediately upon the Nazis conditional obtaining of power. The *Führer* insisted that the current capitalist system, with its businessmen and industrialists, was needed to establish and maintain the envisioned National Socialist state.<sup>63</sup>

Hitler also went so far as to make attempts to court big business personally; on January 26, 1932 he spoke to a large audience from an industrialist club in the city of Düsseldorf.<sup>64</sup> In his speech Hitler advocated the acquisition of "new living space [*Lebensraum*] and the development of a great internal market or protection of German economic life."<sup>65</sup> This would have appealed to industrialists, who were interested in replacing the overseas markets and access to resources they had lost because of the

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<sup>61</sup> Wagener, 17.

<sup>62</sup> Wagener, 40-41.

<sup>63</sup> Wagener, 127.

<sup>64</sup> Hayes, 62.

<sup>65</sup> Adolf Hitler, "Hitler's Speech to the Industry Club in Düsseldorf (January 27, 1932)", (*German History in Documents and Images*, vol. 6).

Treaty of Versailles, as well as acquiring new land for German settlement. Gustav Krupp confirmed industrial support of this even before Hitler's rise. In a 1915 letter he wrote, "We must annex further provinces, in which we can settle large volumes of farmers. That can only be in the east."<sup>66</sup> As a result of this support, the concept of *Lebensraum*, particularly in Eastern Europe, was a popular topic of discussion for Hitler when addressing representatives of big business. In his Düsseldorf speech specifically, Hitler spoke as though the fate of the nation hinged on the support of German industrialists, and he continuously appealed to their nationalistic principles.

Although speeches like these were not very successful in garnering massive business support for the NSDAP, Hitler won over a few prominent businessmen to his cause. Fritz Thyssen, the German steel tycoon, was one, and he helped to pay in 1931 for the construction of the new Nazi headquarters in Munich, known as the Brown House.<sup>67</sup> Thyssen remained a close associate of the NSDAP until his falling out with the party in 1937. Albert Speer, Hitler's minister of armaments during the Second World War, also revealed that Emil Kirdoff, a powerful Ruhr industrialist, helped the Nazis to pay off some of their early party debts during the 1920s.<sup>68</sup> Hitler continued throughout his rise to power to speak with industrialist circles in order to acquire funding and support from other members of German big business. This showed his

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<sup>66</sup> Boelcke, 250.

<sup>67</sup> Fritz Thyssen, *I Paid Hitler*. Trans. by Emery Reeves (Port Washington: Kennikat Press, 1972), 98.

<sup>68</sup> Albert Speer, *Spandau: The Secret Diaries* (New York: Macmillan Publishing Co., Inc., 1976), 77.

lack of loyalty to any true “socialist” doctrine and his favor towards big business. Historian Joseph Nyomarkay summarizes Hitler’s view of socialism simply as a tool to obtain power when he writes, “For him [Hitler] socialism did not necessarily imply the nationalization of private property or distribution of wealth—these socialist tenets should be considered tactical weapons to be used only when necessary. He declared that he saw no need to change the existing system of economic organization.”<sup>69</sup> This sounds far from threatening to industrialists fearful of a new socialist or Marxist system of government.

The positive view Adolf Hitler held towards big business is further confirmed by his close associates in Munich. Hitler surrounded himself with many who had ties with industry, or at the very least, viewed industry in a positive light. The most prominent of these men was Hermann Göring, the future commander of the Luftwaffe and Hitler’s close confidant. Göring came from the Prussian aristocracy, and so he held ties with the upper levels of society and many of Germany’s powerful industrialists. Hitler recognized this and often used Göring as an intermediary to approach businessmen for support.<sup>70</sup> Göring himself confirmed this role after the war at the Nuremberg Trials when he stated, “To these circles belonged, as has already been mentioned, the industrial and intellectual groups. Since I had connections with and access to all these circles, it was quite natural that the *Führer* considered me

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<sup>69</sup> Nyomarkay, 99.

<sup>70</sup> Ronald Smelser and Rainer Zitelmann, *The Nazi Elite* (New York: New York University Press, 1993), 64.

specially suited for this task, as he could depend upon me absolutely in this respect and knew that I would use all my powers to advance our ideas.”<sup>71</sup> Göring even played this role while in Austrian exile after the failed Beer Hall Putsch of 1923, attempting to win financial support from wealthy Austrians while Hitler was in Landsberg prison.<sup>72</sup>

Otto Wagener also recounted a private encounter he had with Hermann Göring, in which Göring revealed his true economic allegiances: “What is meant by ‘Workers’ Party’? Are you [Otto Wagener] a worker? Are you trying to tell me that, as a former member of the general staff, as an industrialist, as a rich man, you identify with the workers? I, for my part, make no such claim.”<sup>73</sup> This disdain for socialist policy was representative of the Munich circle that was closer to Hitler than any other party members. Hermann Göring was even on the payroll of some big firms, like the insurance conglomerate Allianz, who viewed him as a friend and valuable ally of big business within the NSDAP. He received consistent funding in order to pay for his lavish lifestyle and political activities. “[Göring] has good political ideas and we must help him,” wrote Allianz board member Kurt Schmitt. “I will get the Allianz Insurance Company to send him a check for RM 5,000.”<sup>74</sup> Göring exercised immense

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<sup>71</sup> International Military Tribunal, *Trial of the major war criminals before the International Military Tribunal, Nuremberg, 14 November 1945-1 October 1946: Volume IX*. (Nuremberg: Germany, 1948), 243.

<sup>72</sup> Read, 112-113.

<sup>73</sup> Wagener, 119.

<sup>74</sup> Feldman, *Allianz and the German insurance Business, 1933-1945*, 54.

influence over Hitler, especially during the earlier years of the party, and so helped to steer him towards a more conservative economic policy that these businessmen desired.

Gottfried Feder, another of Hitler's close associates and an economic advisor in Munich, was even asked by Hitler in 1927 to refine and tweak the original twenty-five point party program of 1920.<sup>75</sup> Feder was no great friend of German big business; early in his career, he wrote scathingly against the high interest rates of banks, blaming Jews and international influence for this issue.<sup>76</sup> But he envisioned a future Nazi state in which industry would play a prominent role and work hand-in-hand to achieve NSDAP goals.<sup>77</sup> Feder made this clear in the new party program of 1927, which distanced itself significantly from Marxist ideology by embracing both private property and private enterprise.<sup>78</sup> The official party document would have provided some assurance to industrialists that Hitler and his closer circle were no great enemies of German big business or harbored intentions of instituting radical socialist reform. Gottfried Feder even wrote in the document that the Nazi party was not opposed to firms making a profit, as long as it is done in a manner that assists the state as a whole. He specifically praises certain German firms for their operations:

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<sup>75</sup> Peter D. Stachura, *Political Leaders in Weimar Germany*, 47-48.

<sup>76</sup> Lane, 34.

<sup>77</sup> Kele, 43.

<sup>78</sup> Gottfried Feder, *Hitler's Official Programme and its Fundamental Ideas* (New York: Howard Fertig, Inc., 1971), 67.

If he [the industrialist] puts these things first in his business, he is ‘supplying the necessities of life’ in the best and highest sense, and his profits will come of themselves without his making them his first object. The finest and most universally known example of this kind of manufacturer is Henry Ford. There are other names in our own heavy industries which stand equally high—Krupp, Kirdorf, Abbe, Mannesmann, Siemens, and many more.<sup>79</sup>

Feder and the NSDAP created common ground with industry through official statements like this one. It is interesting that the Nazis praised one of the world’s greatest industrialists, Henry Ford, and offered him, as well as others like Krupp and Siemens, as models of the party’s ideal firm.

Hitler, who instructed Feder to compose this document and oversaw its completion, had, then, very little true animosity toward German big business. And he surrounded himself in Munich with men of a similar economic orientation and vision of a future NSDAP state. Pertaining to the debate over private property, Hitler even issued his own direct clarification on April 13, 1928, putting to rest the debate that he held intentions of instituting radical social change. The statement declares:

Because of the mendacious interpretations on the part of our opponents of Point 17 of the [1920] programme of the NSDAP, the following explanation is necessary: Since the NSDAP is fundamentally based on the principle of private property, it is obvious that the expression "confiscation without compensation" refers merely to the creation of possible legal means of confiscating when necessary, land illegally acquired, or not administered in accordance with the national welfare. It is therefore directed in the first instance against the Jewish companies which speculate in land.<sup>80</sup>

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<sup>79</sup> Feder, 85.

<sup>80</sup> “Programme of the NSDAP, 24 February 1920.” Accessed January 24, 2016. <http://www.hitler.org/writings/programme/>.

## THE NAZI LEFT-WING AND ITS ATTACK ON INDUSTRY

What then, prevented the Nazis and German big business from developing a closer relationship before Hitler's coming to power in 1933? The Nazi party leadership in the south, although sometimes critical of industry, clearly envisioned a future German state in which major firms would be important and secure. The answer to this historical dilemma lies in the existence of Gregor and Otto Strasser's section of the NSDAP, the Nazi-left, a political movement which did not represent the economic views of Hitler but which was prominent throughout much of the 1920s. This section of the party clung closely to the NSDAP's original twenty-five points of 1920. Gregor was a former soldier and socialist critic of the Weimar government, while Otto had served in a *Freikorps* unit to put down the Munich revolution and held similar political views to his brother.<sup>81</sup> The divide within the party is described well by Historian Peter Stachura, who writes, "The NSDAP's dilemma in this respect was intensified at the outset because of a certain dichotomy in its own ranks; the conflict implicit in the emergence of a northern section of the party committed, however vaguely, to a form of 'socialism' and to attracting blue-collar industrial workers, alongside the southern end of the party, based in Munich..."<sup>82</sup> The north, with its major industrial cities and large concentration of workers was prime for the faction under Gregor Strasser to achieve success in winning over a new demographic for the NSDAP.

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<sup>81</sup> Read, 116-117.

<sup>82</sup> Stachura, *Gregor Strasser and the Rise of Nazism*, 40.

The Nazi left subsequently attacked what they viewed as the capitalist orientation of the Weimar government and the industrialists who profited within its system. They criticized political movements like the Dawes Plan which brought foreign financial aid to big business, as well as the Locarno Pact, which formally recognized the German borders and economic agreements established by the Versailles Treaty of 1919.<sup>83</sup> One of Gregor Strasser's most famous speeches, titled "Thoughts about the Tasks of the Future" sums up this disdain for the current economic system: "We are Socialists, are enemies, deadly enemies of the present capitalist economic system with its exploitation of the economically weak, with its injustice in wages, with its immoral evaluation of people according to wealth and money instead of responsibility and achievement, and we are determined under all circumstances to destroy this system..."<sup>84</sup> This type of rhetoric went against many of the statements and writings of Hitler and his close associates in Munich, and it directly threatened German industrialists and businessmen who were making money under the Weimar government. Another speech of Strasser's from 1930, "The Nature and Aim of the National Socialist Idea", was extremely critical of a capitalist export-based economy and the concept of international trade, two things that German big business

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<sup>83</sup> Stachura, *Gregor Strasser and the Rise of Nazism*, 41-42.

<sup>84</sup> Barbara Miller Lane and Leila J. Rupp, *Nazi Ideology before 1933: A Documentation* (Austin: University of Texas Press, 1978), 89.

wanted to see maintained and expanded under the Weimar system to increase profits and maintain influence.<sup>85</sup>

The Nazi left even adopted many of the “concepts, slogans, and symbols of SPD and KPD propaganda” in their attempt to win over German workers to the NSDAP cause. They used words like “comrade” and “fellow worker” in their writings, statements that reminded businessmen of the feared communist and Marxist ideologies that threatened them.<sup>86</sup> The left-wing Nazis mixed this socialist rhetoric with the other racist and nationalistic principles of the party. Some men within the left-wing of the NSDAP even tried to draw comparisons between Nazi ideology and Bolshevism itself; one of these party members was a subordinate of Gregor Strasser who would go on to be one of the most prominent members of the National Socialist regime after 1933. Joseph Goebbels, the future minister of propaganda and enlightenment, eventually came to advocate the party’s more conservative economic line, but his early years tell a different story.<sup>87</sup>

In the early and mid-1920s, Goebbels was a disillusioned former student of German literature and a socialist thinker who worked with Strasser in the north to spread the Nazi left’s radical messages.<sup>88</sup> Goebbels made a speech titled “National Socialism or Bolshevism,” in which he drew comparisons between the two political

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<sup>85</sup> Lane, 130.

<sup>86</sup> Kele, 111.

<sup>87</sup> Fulbrook, 63.

<sup>88</sup> Read, 129-134.

ideologies and violently attacked both the systems of capitalism and democracy.<sup>89</sup> He insisted that the ranks of big business were filled with Jews who had to be rooted out of German politics and society. Goebbels himself also attacked the treaties of the Weimar government, declaring in a speech, “We [Germans] go from one conference on reparations to another. We signed Versailles, Dawes, and Young. Each treaty meant more hunger, more torture, more terror, more horror for the suffering German people.”<sup>90</sup> Although Joseph Goebbels differed with Hitler and his close associates on many economic topics like these, he remained a fierce adherent to the *Führerprinzip*. His loyalty to the party leader never waned, and he continued to hold the false belief that Hitler could be won over to the ideological side of the Nazi left, as exemplified by an entry in his preserved diary: “Hitler stands half-way in between. But he is about to come over to our side. For he is young and knows about sacrifice. It is all a matter of generations. Old or young! Evolution or revolution! Social or socialist!”<sup>91</sup>

Gregor Strasser, joined by the likes of Goebbels and his brother Otto, worked tirelessly in the industrialist north and the western region of the *Ruhrgebiet* to win over blue-collar workers, primarily by focusing on the original party program of Anton Drexler.<sup>92</sup> The Nazi left also directly attacked industrialists and German big

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<sup>89</sup> Lane, 80-81.

<sup>90</sup> Randall L. Bytwerk, *Landmark Speeches of National Socialism* (College Station: Texas A&M University Press, 2008), 34.

<sup>91</sup> Joseph Goebbels, *The Early Goebbels Diaries: 1925-1926* (New York: Frederick A. Praeger, Publisher, 1962), 34.

<sup>92</sup> Kele, 48.

business through a vehement propaganda campaign. The *Kampfverlag* was a propaganda agency run by the Nazi left that focused on painting industry as the enemy of any future NSDAP state.<sup>93</sup> Gustav Krupp von Bohlen and his firm came under criticism, along with others, for unnecessarily laying off workers and contributing to Weimar Germany's major issue of unemployment.<sup>94</sup> I.G. Farben was also constantly attacked by the *Kampfverlag* and the leaders of the Nazi left-wing. The firm's prominent members were described as "agents of destructive Jewish international finance", and some of the Jewish board members were singled out as enemies of the state.<sup>95</sup> Such attacks undermined the relationship between the Nazis and big business. Strasser and his close associates appeared to businessmen as no better than the revolutionaries of 1919 who had threatened to destroy German industry and its economic organization. Even Hitler's statements of big business support were not enough to stem the fear of returning to those unstable times.

Just as frightening to German big business, Strasser and Goebbels also worked together in 1926 to put together a new version of the NSDAP's twenty-five point party program, differing greatly from the document Hitler would eventually encourage Gottfried Feder to write in 1927. Titled a "Draft of a Comprehensive Program of National Socialism," the document returned to many of the fundamental assertions of the original 1920 version. At one point the two men demanded, "All businesses which

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<sup>93</sup> Nyomarkay, 90.

<sup>94</sup> Kele, 119.

<sup>95</sup> Hayes, 65.

on a stated day in the past employed twenty or more employees are to be converted into joint stock companies.”<sup>96</sup> These companies were to maintain significant number of their own employees and blue-collar workers as stockholders. Additionally, Strasser and Goebbels insisted that “The employees in each of these industrial enterprises are to be grouped in a workers-union which will receive 10 percent of the stock of the company...”<sup>97</sup> This policy went against all industrial beliefs, which, as previously mentioned, were violently opposed to the unionization of labor. Strasser and Goebbels also did not promise the security of private property or business enterprise like the work of Feder and the southern part of the NSDAP would eventually do. All of this rhetoric frightened German big business, which was turned away from supporting the Nazis as a whole by such striking threats to its existence and prosperity.

Hitler had the chance later in 1926, after the release of this unofficial party program, to silence the left wing of the NSDAP and to rein in the attacks of Gregor Strasser and the northern faction on big business. This appears to have been a logical move, since the messages of the left were in many ways polar opposite to his own economic beliefs, as well as the beliefs of men like Hermann Göring in his inner circle. Breaking the power of the Strasser faction would have also given Hitler the opportunity to eliminate a strong rival who was somewhat threatening to his sole party

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<sup>96</sup> Lane, 85.

<sup>97</sup> Lane, 84-85.

leadership. Strasser had insisted since joining the party in 1925 that he be treated as “a colleague, not a follower” of Hitler, and the *Führer* feared he could emerge as a legitimate rival.<sup>98</sup> Strasser and Goebbels had also gone outside of their responsibilities by drafting a new program without the approval of Munich, and this warranted punishment. Most importantly, however, an NSDAP devoid of Gregor Strasser and the movement of the Nazi left could have also potentially built the real and steady relationship with German big business that the Nuremberg Trials eventually fictionalized. Gottfried Feder himself warned Hitler that the left-wing in the north was a “great danger for the ‘internal stability of the movement.’”<sup>99</sup>

Hitler did in fact call a nationwide party meeting in 1926 in the Bavarian town of Bamberg.<sup>100</sup> At the conference, he discarded the proposed party program of Strasser and Goebbels, later resolving that issue by allowing Feder to compose the new official document the following year. He reprimanded some of the northern party organizers and reasserted himself as the head and sole arbiter of the NSDAP; Hitler would not allow for another within the organization to own the same rank as himself. Joseph Goebbels in particular was extremely discouraged by the events at Bamberg; he had believed that the party meeting was a great opportunity for Hitler to adopt the cause of the Nazi left and to take up a more socialist policy. After the conference, however, he wrote in his diary, “Hitler speaks for two hours. I am almost beaten.

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<sup>98</sup> Read, 123.

<sup>99</sup> Ronald Smelser and Rainer Zitelmann, *The Nazi Elite*, 35.

<sup>100</sup> Goebbels, 65.

What kind of Hitler? A reactionary? Amazingly clumsy and uncertain. Russian question: altogether beside the point. Italy and Britain natural allies. Horrible!”<sup>101</sup>

But for all the drama in his tone, the outcome of the party meeting was not nearly as devastating to the Nazi left as Goebbels portrayed it; in describing the conference, historian Max Kele writes, “...Hitler did not ‘suppress’ the left wing of his party during 1925-26. At the Bamberg meeting Hitler effectively disciplined the left-wingers for their excesses, but in the years from 1926 to 1928, he showed their leaders numerous favors.”<sup>102</sup> There was no destruction of the Nazi left, no disposing of their smear campaigns against German big business at Bamberg. Instead, they were allowed to continue their attacks on industry and business in the north and win Germans to their cause. The only real clarification from the meeting had been to establish that Hitler was the uncontested leader and voice of the Nazi party.

This lack of action seemed to go against all the principles that Hitler and his Munich associates stood for. The continued attacks from Strasser and the Nazi left were extremely detrimental to the personal efforts that Hitler, Göring, and others had made in courting big business for the NSDAP. After Bamberg, building a strong relationship with German industrialists became highly unlikely before the taking of power in 1933. Hitler, however, was a shrewd politician, and he recognized that the most important factor in the NSDAP rise to political power was votes, not financial

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<sup>101</sup> Goebbels, 67.

<sup>102</sup> Kele, 212-213.

backing. Such support did not include industrialists, who were a small and closely guarded group, but, rather, a grassroots base of voters. “The Nazis intended to fashion a broad-based, monolithic party of the masses,” writes Max Kele, “and National Socialism appealed to all segments of the German population. Thus the party’s aim could not be realized without winning at least a portion of the largest voting group in Weimar Germany—the workers.”<sup>103</sup>

Adolf Hitler allowed the northern wing of the party to continue to subsist and to “agitate” against industry because he knew they were winning the political backing of a portion of German workers.<sup>104</sup> It was part of his political skill, and was one of the benefits of adhering to a *Führerprinzip* which allowed him to distance himself from taking concrete sides in internal ideological arguments. While his associates in Munich stood on one side and vehemently opposed social policies in order to win conservative voters, Strasser and his supporters in the north attempted to attract an entirely different section of German society. Yet the *Führer* was able to remain in the middle, masking his true conservative economic beliefs and staying above NSDAP factionalism. Hitler decided to put the effort of building a closer relationship with German big business on temporary hold while he tried to garner the popular vote necessary to bring himself and his party to power within the Weimar democratic system.

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<sup>103</sup> Kele, 4.

<sup>104</sup> Kele, 216-217.

Although Hitler found it politically advantageous at Bamberg to allow the Nazi left to subsist and agitate, his decision did not represent any real shift in Hitler's ideological orientation. He still favored big business, and he still attempted to win over its support, even with the contradictory messages of the Nazis, during the late 1920s and early 1930s. The new phenomenon of mass politics was just too appealing of an option for Hitler and the Nazis to pass up as a tool towards gaining power. Fritz Thyssen, the aforementioned industrialist and early NSDAP supporter, wrote later in his life, "The National Socialists never had a real economic plan. Some of them were entirely reactionary; some of them advocated a corporative system; others represented the viewpoint of the extreme Left. In my opinion, Hitler failed because he thought it very clever to agree with everybody's opinion."<sup>105</sup> But Thyssen, like many of his compatriots, failed to recognize the value of mass politics and that Hitler's strategy of continuous "agreement" was precisely why he was so effective in maintaining the NSDAP on its course to power. He was able to keep his party united and gain more voter support while putting out seemingly contradictory messages on policy.

As expected, the continued existence of the Nazi left and its public attempts to attack big business led many industrialists to move away from potential support of the NSDAP as a realistic political alternative to the Weimar system. Although Hitler held many common views with their ranks, industrialists regarded the Nazis as a whole as too drastically left-oriented. Historian Harold James writes that "Gustav Krupp was

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<sup>105</sup> Thyssen, 134.

not a supporter of National Socialism before 1933. He remained a man of the late Wilhelmine era, uncomfortable with modern mass politics. He found Hitler and his movement too radical, too populist, and too Socialist.”<sup>106</sup> The persistence of the Nazi left made men like Krupp doubt Hitler’s true orientation, and he was not a leader they were yet ready to follow into the future. Even after the Nazi *Machtergreifung* in 1933, Gustav Krupp von Bohlen was still skeptical of the Nazis, writing, “I can only with difficulty come to terms with the new turn of events. I fear that as [Krupp’s son] Harald expresses it, the mixture of hydrogen and oxygen will be explosive.”<sup>107</sup> Many industrialists and businessmen also disliked the aggressive anti-Semitic attacks by the NSDAP left on their firms, which targeted specific members and blamed them for the failure of the German economy. “As a result of the political transformation,” wrote Allianz board member Carl Gehrke, “we have repeatedly had to defend ourselves against the complaint that we are Jewish-oriented.”<sup>108</sup> Industrialists held many social and political prejudices themselves, but most did not harbor the violent hatred for Jews that the Nazis, including Hitler and his southern associates, continuously preached and encouraged.<sup>109</sup>

The NSDAP branch under Gregor Strasser and his northern faction continued to attack firms across various fields of business, painting them as greedy centers of

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<sup>106</sup> Harold James, *Krupp: A History of the Legendary German Firm*, 187.

<sup>107</sup> Harold James, *Krupp: A History of the Legendary German Firm*, 188.

<sup>108</sup> Gerald D. Feldman, *Allianz and the German insurance Business, 1933-1945*, 69.

<sup>109</sup> Turner, 348.

Jewish influence. They targeted I.G. Farben through propaganda because the company had multiple Jews on its management board.<sup>110</sup> Any Jewish representation in positions of power, according to the Nazis, revealed an overall weakness on the part of the firm and showed a lack of national loyalty. Many banks, including the prominent Deutsche Bank, were shown in leftist attacks as strongholds of Jewish greed and corruption.<sup>111</sup> They were also continuously blamed for the hyperinflation of the early 1920s and the economic depression in the first part of the 1930s. Georg Solmssen, a member of Deutsche Bank's management board, expressed his concern for the Nazi movement when he stated:

I would point to the necessity of mobilizing against the dangers contained in the national socialist program. This is so excessive, agitatorial and unrealistic, in economic matters, especially in regard to financial issues, that in my view something must be done to illuminate the contents and ensure that those circles who are attracted by the national ideas of the party, who believe that the government inadequately represents the national idea, should move away from the extremists and towards a truly conservative party based on the Conservative People's Party.<sup>112</sup>

The Krupp firm was also attacked for mass layoffs and pay cuts made during the economic downturn. Employment in the main factories in Essen had fallen forty-one percent between 1928 and 1932, and the firm had demanded that workers take a pay cut of fifteen percent.<sup>113</sup> This made them easy targets of Nazi left propaganda and industrial criticism. When conditions for workers were not viewed as acceptable,

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<sup>110</sup> Jeffreys, 162.

<sup>111</sup> Harold James, *The Nazi Dictatorship and the Deutsche Bank*, 39.

<sup>112</sup> Harold James, *The Nazi Dictatorship and the Deutsche Bank*, 44.

<sup>113</sup> Harold James, *Krupp: A History of the Legendary German Firm*, 169.

the Nazi left even encouraged strikes in industrial regions. “National Socialists! Do your Duty!” read a 1930 article in the *Völkischer Beobachter*, which encouraged Berlin metal workers to strike. “No wheel must turn and no hand must do any work. He who engages in strikebreaking will be excluded from the NSDAP.”<sup>114</sup> This was a clear attempt to create a united front between German workers in the north and other contingents of the party. The same newspaper even ran an article contradicting a key ideological viewpoint set out by Hitler in *Mein Kampf*, when it stated that trade unions were something that the Nazi party openly accepted. A piece released in July of 1931 declared, “The national Socialist Movement has not just recognized the great significance of the trade union question today, but much earlier, and has always agreed with the existence of trade unions.”<sup>115</sup> The Nazis even went so far as to collaborate with their political opponents in some of these strikes, and this kind of action led Ruhr industrialist Paul Reusch to write in 1932, “I make no secret of the fact that the National Socialists, toward whom I was quite sympathetic, have disappointed me sorely during the past weeks. Quite apart from their other gaucheries, they have lost much sympathy through their collaboration with the Communists.”<sup>116</sup>

Hitler did eventually remove Gregor Strasser before 1933 as a rival from the party by publically humiliating and destroying him. “The whole Nazi assembly in the

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<sup>114</sup> Detlef Mühlberger, *Hitler's Voice: The Völkischer Beobachter, 1920-1933, vol. II.* (Bern: Peter Lang AG, 2004), 159.

<sup>115</sup> Mühlberger, 162.

<sup>116</sup> Turner, 286.

Reichstag, 196 deputies, was summoned by telegram to meet Hitler on 7<sup>th</sup> December [1932],” writes Roger Manvell. “At this meeting, which took place in the Reichstag itself, Hitler turned on Strasser, accusing him of treachery in his dealings with [Kurt von] Schleicher. As his voice rose in denunciation, no one, not even Strasser, who was pale with shock and mounting anger, dared to interrupt.”<sup>117</sup> Shortly after this disgraceful meeting, Strasser resigned from the party in rage, leaving Adolf Hitler as the undisputed head of the NSDAP. Yet, even then, in 1932 when the Nazis were stronger than ever and rising in political power, the *Führer* still allowed for the Nazi left to spread propaganda and win new demographics over to his movement. The left continued the methods implemented by Strasser without the danger of being associated with disloyalty to Hitler.

As a result of these continued attacks, the vast majority of industrialists and businessmen, particularly in the prominent Ruhr Valley, did not support Hitler’s candidacy for the presidency in 1932.<sup>118</sup> A report from the Hansa-Bund, an organization representing various banking, commercial and manufacturing entities, called the Nazis a “vigorous enemy of the individualist and capitalist order for which we stand.”<sup>119</sup> They preferred to continue their support for a candidate like Paul von Hindenburg, who best represented their old loyalties to the *Kaiserreich*, their fierce nationalism, and their fear of social change. Hindenburg was a First World War hero

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<sup>117</sup> Manvell, 84-85.

<sup>118</sup> Turner, 221.

<sup>119</sup> Turner, 124.

and a strong authoritarian from the class of the landed elite.<sup>120</sup> Conversely, there was too much unknown in Hitler's potential candidacy to pass up on Hindenburg, with the risk of influence from the Nazi left looming ominously over any agreement with or support of the NSDAP. In a second set of 1932 presidential elections, Hindenburg victoriously finished with 19 million votes, but Hitler was in close second with 13.5 million, displaying the benefits of his party's shift towards mass politics.<sup>121</sup> Hitler did not win mass worker support during this presidential race, but he was able, for example, to wrestle votes away from the Communist candidate Ernst Thälmann in Berlin, where the Nazi candidate went from 247,300 to 314,900 votes by the second election, while the communist lost almost 60,000 supporters in the industrialized city.<sup>122</sup> Even small gains like these were beneficial to the NSDAP cause. The Nazis also continued to achieve success in local elections and were becoming a major political force, which warranted attention and interest even from the most prominent members of German society

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<sup>120</sup> Stachura, Peter D. *Political Leaders in Weimar Germany*, 83-84.

<sup>121</sup> Gay, 161.

<sup>122</sup> Kele, 205.

## A ROLE TO PLAY IN THE DESTRUCTION OF DEMOCRACY

Although the German industrialists did not adamantly support the NSDAP in these elections, they did indirectly assist the Nazi party by helping to undermine the stability of the Weimar political system. This is an aspect of German industrial history that historian Henry Ashby Turner downplays in his work, claiming that industrialists bear equal blame with the rest of the upper level of German society for the NSDAP takeover. But what Turner fails to recognize is that the men of German big business were the richest and most influential citizens in the entire nation. Their financial support of the government, as well as a general loyalty to the Weimar democracy, could have helped to save the system and prevented the Nazis from taking power. Instead, they worked to disable the government, knowing all too well that the NSDAP and Hitler were rising on the political scene. Unlike the Prussian landed elite, known as *Junkers*, who held most of their power in their noble title, industrialists and businessmen had the concrete resources to create real change or provide stability in the German political system.<sup>123</sup> They chose, however, to act very minimally.

In 1930, Heinrich Brüning, a Centre party politician, was appointed German chancellor by President Hindenburg, remaining in office until May 30, 1932. Upon taking the office, Brüning “promised continuation of a conciliatory foreign policy, demanded vigorous action in the economic sphere, and called, in almost bullying

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<sup>123</sup> Fulbrook, 17-18.

tones, for cooperation from the Reichstag in this emergency. His program was agricultural tariffs, higher excise taxes, government economies—deflationary policies designed to cheer conservative and appall the workers.”<sup>124</sup> But even with these seemingly industrial-friendly policies, big business did not provide the Brüning cabinet with the financial support it needed. Industrialists and businessmen were critical of his government because of the removal of foreign capital, something that they had grown accustomed to during the 1920s in order to boost their business. Although much of this removal was due to the world depression and other struggling western economies, Brüning and his associates drew most of the blame and were eventually forced to resign.<sup>125</sup> Meanwhile, ordinary Germans witnessed the inability of the Weimar democracy to provide a stable cabinet, leading many to turn to more radical political groups, like the NSDAP on the right or the communists on the left.

In the July elections of 1932, the Nazis achieved more voting success than any opposition party, gaining 230 seats in the Reichstag. Even with a slight setback in another election in November, the Nazis were still by far the strongest party in Germany’s governing body.<sup>126</sup> In that same year the Brüning cabinet handed over power to the conservative Franz von Papen, who from the beginning lacked any real mass support for his government; he was opposed by the Nazis, the Communists, and

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<sup>124</sup> Gay, 159.

<sup>125</sup> Turner, 162-164.

<sup>126</sup> Gay, 162.

even by his own former Centre party within the *Reichstag*.<sup>127</sup> “I considered his government could not be long lived,” wrote Allianz executive Kurt Schmitt, “as it possessed too narrow a base among the parties.”<sup>128</sup> And so eventually, without the support of big business or the German people, von Papen was forced to sacrifice his position to Kurt von Schleicher, a member of the German *Reichswehr* and close advisor of Hindenburg.<sup>129</sup> At the same time, Communist gains in the Reichstag in 1932, had started to worry industrialists, like Gustav Krupp von Bohlen, who were fearful of a leftist radicalization of the parliament. But even with this growing concern, Krupp, along with many other industrialists, was very critical of the more conservative Schleicher cabinet and provided it with minimal financial support. Schleicher had proposed economic policies that would significantly strengthen labor movements, and as a result, German industrialists allowed his administration to crumble.<sup>130</sup> Schleicher’s cabinet was eventually dissolved on January 28, 1933, creating a dangerous scenario for the Nazis to come to power.<sup>131</sup>

The role of German big business in weakening the Weimar political system is summed up well by Harold James’ writing on Deutsche Bank during the period:

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<sup>127</sup> Richard W. Rofls, *The Sorcerer’s Apprentice: The Life of Franz von Papen* (Lanham: University Press of America, Inc., 1996), 179-180.

<sup>128</sup> Feldman, *Allianz and the German insurance Business, 1933-1945*, 50.

<sup>129</sup> Martin Broszat, *Hitler and the Collapse of Weimar Germany*. Trans. by V.R. Berghahn (Leamington Spa: Berg Publishers Limited, 1987), 69.

<sup>130</sup> William Manchester, *The Arms of Krupp, 1587-1968* (Boston: Little, Brown and Company, 1964), 361-362.

<sup>131</sup> Gay, 163.

“Bankers did not after all—despite the fantasies held by conspiracy theorists of the National Socialist party regarding the power of finance capitalism—make German politics. In some cases, however, some individual bankers made the consequences and repercussions of German political decisions more damaging and pernicious for the victims than they would have otherwise have been.”<sup>132</sup> This meant, on a larger scale, withholding financial contributions and support from parties and leaders, even conservative ones, attempting to maintain the democracy. By 1933, many of these prominent figures from German big business could no longer be counted as *Vernunftrepublikaner*; in fact, they made countless irrational decisions that would lead to a total regime change. German industry was never able to move away from its disdain for the Weimar government, which in business’ mind would always be linked to a disastrous Versailles Treaty and dangerously leftist social policy. Their lack of support for the varying Weimar cabinets, mixed with dire economic conditions in Germany and the plight of the common German, led directly to the Nazi takeover.

On January 30, 1933, President Hindenburg, desperate to build a cabinet that would garner the support of a large demographic of Germans, used his emergency powers one final time. By a clause in the Weimar Constitution, known as Article 48, the president was allowed, in situations he deemed as necessary, to dissolve a cabinet and appoint a chancellor without the vote of the Reichstag.<sup>133</sup> He did just that on the

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<sup>132</sup> Harold James, *The Nazi Dictatorship and the Deutsche Bank*, 224.

<sup>133</sup> Broszat, 147.

30<sup>th</sup>, naming Adolf Hitler the next chancellor of Germany. As already stated, the Nazis had been able to win a huge following, in part because of their seemingly contradictory messages that reached many social groups. Interestingly, between 1930 and January of 1933, the NSDAP added 233,000 workers, classified as *Arbeiter* in the Nazi records, to its official membership.<sup>134</sup> The work of the Nazi left and Gregor Strasser by no means achieved dominance in worker support, but it, mixed with the dire economic conditions of the early 1930s, succeeded in winning some worker backing to enhance the NSDAP's political strength; the left-wing movement also fit with the pattern of mass politics that the Nazis used to cater to varying demographics. Hindenburg and his advisors hoped to harness this mass support by creating a cabinet that could benefit from Nazi popularity, but also control Hitler and his compatriots from radical action.<sup>135</sup> They planned to surround Hitler with conservative advisors and cabinet members, like von Papen, who would neutralize him. This is clearly displayed in a preserved correspondence between von Papen and other Hindenburg advisors:

Entrusting the leader of the largest national group [Hitler] with the responsible leadership of a presidential cabinet which harbors the best technical and personal forces will eliminate the blemishes and mistakes with which any mass movement is perforce affected; it will incite millions of people, who today are still standing apart, to a positive attitude.<sup>136</sup>

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<sup>134</sup> F.L. Carsten, *The German Workers and the Nazis*. (Aldershot: Scolar Press, 1995), 3.

<sup>135</sup> Broszat, 147-148.

<sup>136</sup> Manchester, 362.

What conservatives got instead, however, was a demagogue who was able to convince the Reichstag and the German people that it was time to grant him and the Nazis emergency powers to rescue Germany from its economic and political troubles.

Through political campaigning as well as intimidation and unjust methods, the Nazis were able to pass the “Enabling Act” on March 23, 1933, effectively beginning the destruction of Weimar democracy.<sup>137</sup> Article two of the act allowed for Hitler and his cabinet to enact laws outside of constitutional legality, essentially rendering the constitution meaningless. Article four also allowed for the new chancellor and his advisors to complete actions of foreign policy without the approval of the Reichstag or other elected bodies.<sup>138</sup> This was the first major step in creating a dictatorship that would eliminate popular power and the influence of the people in Germany’s political system. It would also allow for the chancellor to openly pursue aggressive and reckless foreign policies with Germany’s neighbors in the 1930s which led to war.

The rapidity with which German big business was able to build a relationship with the new National Socialist government after Hitler acquired the chancellorship is the final piece of proof in revealing the true similarities in Adolf Hitler and German industry’s ideological orientations. On February 20, 1933, shortly after taking up office, Hitler, Hermann Göring, and Hjalmar Schacht privately met a large group of prominent German businessmen and industrialists. Schacht was an economist and

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<sup>137</sup> Fulbrook, 56-58.

<sup>138</sup> “The ‘Enabling Act’ (March 24, 1933)”, (*German History in Documents and Images*, vol. 6).

banker who helped Hitler to raise funds in the early 1930s and was critical of the Weimar government's social policies.<sup>139</sup> A thorough description of the meeting was given at the Nuremberg Trials by Georg von Schnitzler, who was a board member of I.G. Farben and attended the event. Schnitzler eventually went on to assist Farben in the takeover and consolidation of the Polish and French chemical industries after Germany's victories in 1939-40. He recollected that during the meeting Hitler first spoke at length about his vision of a future close relationship between industry and the NSDAP, eventually departing the room and leaving the group with Göring and Schacht. "After Hitler had left the room, Dr. Schacht proposed to the meeting the raising of an election fund of – as far as I remember – RM [*Reichsmark*] 3,000,000."<sup>140</sup> This fund was intended to go directly towards passing the "Enabling Act" and work to destroy the democratic Weimar government.

Rather than push the Nazis away and reject a closer relationship like they had previously done as *Vernunftrepublikaner*, industrialists at the meeting quickly agreed to the recommended contributions. According to Schacht, "Krupp von Bohlen rose and in the name of the assembled guests expressed his complete willingness to support the Hitler Government. I [Schacht] was astonished because I knew that four weeks previously this same Krupp von Bohlen had turned down an invitation from Fritz

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<sup>139</sup> Edward Norman Peterson, *Hjalmar Schacht: For and Against Hitler* (Boston: The Christopher Publishing House, 1954).

<sup>140</sup> George von Schnitzler, "Georg von Schnitzler on Hitler's Appeal to Leading German Industrialists on February 20, 1933 (Affidavit, November 10, 1945)", (*German History in Documents and Images*, vol. 7).

Thyssen...<sup>141</sup> Thyssen himself even verifies Schacht's claim, stating that Krupp soon became one of the Nazi regimes most loyal adherents.<sup>142</sup> This industrial acceptance of the financial demands was done not by any true change of heart, but by the fact that Hitler and the Nazis now held the position of political power, and that Hitler continued to preach his friendly message of a National Socialist state that needed German industry on its side. On February 20 many key members of the German big business community became for the first time major financial contributors to the Nazi party, and their money helped to pass an act that would drive the final stake in the heart of a dying Weimar democracy.

The meeting of major industrialists with Hitler, Göring, and Schacht did not represent, however, the only close ties the Nazis built with German industrialists and businessmen after their coming to power in 1933. Ludwig Hermann, a German chemist and executive for the firm Hoechst, built strong ties with the NSDAP and Hitler in the same manner as Krupp. "Hermann was a nationalist, a conservative, a reactionary. In the Weimar republic he probably supported or voted for the nationalist-liberal DVP... After 1933 he did not just welcome the establishment and consolidation of the Nazi regime but even became an enthusiastic supporter of Hitler and his economic and foreign policy."<sup>143</sup>

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<sup>141</sup> Hjalmar Schacht, *Confession of "The Old Wizard."* Trans. by Diana Pyke (Westport: Greenwood Press, Publishers, 1974), 276.

<sup>142</sup> Thyssen, 103.

<sup>143</sup> Lindner, 83.

Similarly, Kurt Schmitt, a prominent board member of Allianz, became a strong supporter of the Nazis and Hitler's regime. Schmitt, who had been at the secret meeting on February 20 and had contributed funds in the name of his company to help the NSDAP win Reichstag votes, would eventually serve as Reich Economic Minister and would remain a loyal party member.<sup>144</sup> Even before the Nazi takeover, Schmitt had harbored strong feelings of anti-Semitism, something that made his transition to NSDAP loyalty easier than most.<sup>145</sup> The view that Allianz held toward the Nazis after February 1933 is well represented by the letter of another insurance executive, Walter Eggers, sent to Schmitt. "It would be clever tactics on our part," Eggers wrote, "to cultivate the acquaintanceship of leading Nazi personalities earlier rather than at a later date so as to win thereby a voice in the shape of the economic program of the Party."<sup>146</sup>

Within the banking industry, Emil Georg von Stauss of Deutsche Bank also became a close adherent to the new Nazi regime. Von Stauss was a banker and board member at Deutsche Bank who, like Hermann Göring, Hjalmar Schacht, and Fritz Thyssen, had helped introduce certain Nazis to prominent German industrialists and

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<sup>144</sup> Gerald D. Feldman, *Allianz and the German Insurance Business, 1933-1945*, 3-7.

<sup>145</sup> Gerald D. Feldman, *Allianz and the German Insurance Business, 1933-1945*, 59.

<sup>146</sup> Gerald D. Feldman, *Allianz and the German Insurance Business, 1933-1945*, 53.

businessmen before 1933.<sup>147</sup> He, like many others within his level of society, never became a formal member of the NSDAP after Hitler acquired the chancellorship, but von Stauss was still a willing participant and contributor to the Nazi regime. These aforementioned names are only a few of the prominent businessmen, bankers, and industrialists who quickly threw away their allegiances to the Weimar democracy in order to build new bonds with the National Socialist state and its charismatic leader, Adolf Hitler.

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<sup>147</sup> Harold James, *The Nazi Dictatorship and the Deutsche Bank*, 93.

## THE NEW NAZI STATE AND INDUSTRY

The last step in the transition of big business' loyalties shifting over to the Nazi party came in the fulfillment of Hitler's promise to create a state that was industry-friendly and which had no true intentions of bringing into fruition the demands and claims of the Nazi left. As already mentioned, Gregor Strasser had been driven out of the party in 1932, eliminating a major enemy of German big business and moving one step closer to a relationship between the National Socialists and industry. But Hitler had continued to allow the Nazi left to agitate until he was absolutely certain of his political might and until the need for democratic elections was fully eliminated. This came into existence with the victorious Reichstag vote in March of 1933 and the passing of the "Enabling Act." The time was finally right for Hitler to display his true economic orientation and to begin the formation of a Nazi state that needed industry to achieve its militaristic and racially charged goals.

During the late 1920s Hitler had begun this process by planting a man more loyal to his own ideology, Robert Ley, into the northern NSDAP movement to watch over Strasser and his followers. Historian Ronald Smelser writes, "Although Strasser continued to be loyal to Hitler and share his ideas with him, tension between the two men increased, and as it did so, Ley became more and more important to Hitler, as his

eyes and ears in Strasser's organization."<sup>148</sup> This went along with Hitler's attempt after the Bamberg party meeting in 1926 to reign in the Nazi left and solidify himself as sole leader of the NSDAP. Ley, who would go on to head the movement known as the German Labour Front under the established Nazi regime, himself viewed Strasser as too radical and was more oriented towards the concerns of German big business than those of the German proletariat.<sup>149</sup> It speaks for itself that Hitler would eventually appoint Ley, a business-friendly party member, to one of the most important worker-oriented administrative positions in the Third Reich. After Gregor Strasser was eliminated from the party in 1932, Robert Ley replaced him as leader of the Nazi movement in northern Germany. In this capacity, he was greatly influenced and controlled by Hitler himself, further providing German big business with proof that the NSDAP would become no radical socialist party.<sup>150</sup>

Any inkling of hope that remained for the establishment of a true socialist state was utterly crushed by Hitler and the NSDAP in June of 1934, during an event that came to be known as the "night of the long knives." This affair focused mainly on the purging of the SA, the Nazi paramilitary wing. The SA, or *Sturmabteilung*, was founded in 1920 to agitate, defend prominent Nazi politicians, and combat rival

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<sup>148</sup> Ronald Smelser, *Robert Ley: Hitler's Labor Front Leader* (Oxford: Berg Publishers Limited, 1988), 94.

<sup>149</sup> Ronald Smelser, *Robert Ley: Hitler's Labor Front Leader*, 74.

<sup>150</sup> Ronald Smelser, *Robert Ley: Hitler's Labor Front Leader*, 96.

parties, like the Communists, across Germany.<sup>151</sup> Eventually led by the party member Ernst Röhm, it was a violent organization whose participants threatened, beat up, and murdered the enemies of Nazism to aid Hitler's cause. But many conservative leaders of the NSDAP viewed them as too radical and extremely dangerous to the consolidation of a future Nazi state. Historian Anthony Read describes the SA appropriately when he writes, "Röhm and many of his SA members, including a hard core of leaders, took the 'socialism' in the party's title seriously, and wanted to destroy capitalism, big business, landed estates, the aristocracy, and the old officers corps in their 'second revolution.'"<sup>152</sup>

Because of these viewpoints, Röhm created himself enemies not just within the business community and the upper echelons of German society, but also within the NSDAP itself. Hermann Göring, a member of the Prussian aristocracy, was extremely fearful of Röhm and the SA's potential revolution, warning Hitler that they could be a threat to his sole position of leadership.<sup>153</sup> Göring had grown wealthy and powerful through his party position and his dealings with industrialists, and he feared losing that power, and even potentially his life, to a leftist Nazi movement. Along with Göring, the German army, or *Wehrmacht*, also saw the SA as a radical threat to their power. Ernst Röhm envisioned that the SA would eventually replace the *Wehrmacht* as the new military might in Germany, and so army leaders worked to build closer ties with

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<sup>151</sup> Fulbrook, 43.

<sup>152</sup> Read, 349.

<sup>153</sup> Read, 350.

Hitler in order to prevent such events.<sup>154</sup> They, along with his associates from Munich, ultimately convinced Hitler to destroy this branch of the party in one swift action, eliminating once and for all the threat of radical socialism that German big business had for so long been weary of.

On June 30<sup>th</sup>, 1934, Adolf Hitler himself, accompanied by members of the Nazi SS, accused Röhm of planning a *Putsch* against the state and arrested him and many of his closest associates.<sup>155</sup> They were all executed shortly after, more names added to the list of casualties that was central in the founding of the new NSDAP government. But the purge did not just encompass key members of the SA; it also targeted old enemies associated with left-wing economic and political policies. Hermann Göring had told Hitler that he believed Gregor Strasser, the old leader of the Nazi left, was planning with Röhm to take over the state. Göring also insisted that Kurt von Schleicher, the former chancellor, was equally involved in this leftist scheme.<sup>156</sup> As a result, both were arrested during the purge, with Schleicher being immediately murdered and Strasser being imprisoned. His end came shortly after, as described by an eyewitness account from the prison: “The man who had formerly been next in importance to Adolf Hitler in the Nazi Party was to be moved to an

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<sup>154</sup> Eleanor Hancock, *Ernst Röhm: Hitler's SA Chief of Staff* (New York: Palgrave Macmillan, 2008), 171.

<sup>155</sup> Hancock, 153-154.

<sup>156</sup> Read, 351.

individual cell. No one thought anything of it as Strasser walked slowly out of the room. But scarcely a minute later they heard the crack of a pistol.”<sup>157</sup>

With the death of Strasser and the purge of the SA, the last fledgling dreams of an NSDAP state which adhered to a radical socialist ideology were subdued, clearing the final roadblock on the path to a cordial relationship between German big business and the Nazi party. Hitler had also built a close alliance with the German army during the events of 1934, which was necessary for the plans of rearmament and eventual conflict that he had in mind. After the “night of the long knives”, all members of the *Wehrmacht* would swear a personal oath of loyalty to Hitler himself, creating an undeniable bond between *Führer* and soldier.<sup>158</sup> This newfound partnership was highly beneficial to industrialists and businessmen as well, who envisioned new profits and territorial opportunities in a remilitarized Germany. The Nazi state was moving into the future under the conservative economic and political policies of Hitler and his close associates, and German industry was finally ready to loyally follow.

The summer months of 1934 are as far as the scope of this research delves, particularly because after this period, the relationship between the NSDAP and big business became one of close cooperation rather than questionable involvement. German rearmament and the lead-up to war provided many industries with business prospects and profits that eclipsed the Weimar period, and big business helped to

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<sup>157</sup> Read, 372.

<sup>158</sup> Hancock, 165-166.

create a war machine that would eventually threaten most of Western Europe. As a result, the crimes committed during the Second World War and the close association with Hitler's regime and the atrocities it brought about will forever hang over the heads of major German firms. But we must not let these events cloud our conception of the Nazi/industrialist relationship before Hitler's ascendancy. That is not to say that big business was guilt-free in the rise of the Nazis; as this research has shown, they were far from innocent in creating a political environment which the NSDAP was ready to take advantage of. Big business and the Nazis had a far more complex relationship before 1933, which cannot be explained simply by industrialist greed or reactionary Nazi politics.

Henry Ashby Turner came close in clarifying the connection between German big business and the Nazi party. Through thorough research, he proved that industrialists and businessmen did not provide major funding to the NSDAP before 1933. It is true that they contributed some amounts to the Nazis, particularly NSDAP members that they viewed as favorable to their interests. But they practiced this same method with many other parties in the Weimar system, and they tended to lean most toward support of traditional nationalistic center and right-wing conservative parties. Turner also highlighted the fact that there were major ideological differences between the Nazis and big business. He attributed these differences, however, to the Nazi party and its leadership as a whole rather than the real culprit, the Nazi left-wing. This was a branch led by Gregor Strasser that attacked capitalism and German industry, and worked to gain the support of German blue-collar workers.

While Hitler and his close associates in Munich advocated economic policies that were favorable to industry and while they were trying to win over big business to their cause, Strasser and his supporters attacked, through aggressive propaganda, major firms like Krupp, I.G. Farben, Deutsche Bank, and many others. Industrialists could relate to the messages of Hitler and Göring, but they could not eliminate the fear they sustained from these attacks, anxious that the Nazis would implement radical socialist policies if acquiring political power. They kept their financial contributions minimal, waiting to see if the conservative branch of the NSDAP, led by Hitler, would put an end to the leftist rhetoric and proposals of Strasser.

This curbing of the Nazi left never came in the quantity German big business hoped to see before 1933, not because Hitler believed in the socialist message of Strasser and his associates, but because he saw potential in the value it could provide to his growing party. Strasser and the Nazi left were able to win over some German workers to the NSDAP cause, as well as draw away potential supporters from the rival communists. This is supported by Jürgen Falter, who asserted “that between 1928 and 1933 the NSDAP made particular efforts to mobilize workers...something that is willingly overlooked by supporters of the middle-class hypothesis.”<sup>159</sup> Falter estimated that between a third and 40 percent of Nazi voters in the 1930s would have been considered members of the “working class”, which constituted not just industrial

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<sup>159</sup> Conan Fisher, *The Rise of National Socialism and the Working Classes in Weimar Germany* (Providence: Berghahn Books, 1996), 36-37.

laborers, but also craftsman and agricultural workers.<sup>160</sup> These working voter gains did not singularly determine, but did play a role in, electoral victories that eventually convinced president Hindenburg to appoint Adolf Hitler as German chancellor in 1933, representing the beginning of the end for Weimar democracy. After Hitler had obtained his governmental position in early 1933 and then emergency power through the “Enabling Act” later that year, he was ready to court German industry closely once more and prove to them his true political and economic orientation. Through murdering and silencing his left-wing and socialist competitors within the party, Hitler did just this, paving the way for a close relationship between industry and the NSDAP going into the mid-1930s.

It is inappropriate to say that the operations of German big business were the only, or even the greatest reason for the Nazi takeover, as prosecutors claimed at the Nuremberg trials. Some guilt must fall upon the Weimar politicians who falsely believed they could play the system and reap the benefits of a popularly supported Nazi cabinet while controlling the dangers of Hitler and his party. Likewise, the flawed Weimar constitution, with its Article 48 which provided the president with immense and unchecked power, must also bear some of the blame for Hitler’s ability to gain the chancellorship. Dire economic conditions during periods of the 1920s and the late 1930s can also be implicated in driving many Germans to support radical political movements which promised change and relief from the failing Weimar

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<sup>160</sup> Fisher, 35.

system. But even with all these other factors considered, it is impossible to deny that German industrialists contributed significantly to the decline and collapse of Weimar democracy during its short lifespan. With the vast financial resources in Germany, big business had the power and the responsibility to maintain political stability and to work within the democratic system to obtain their needs and demands. They chose, however, to withhold support from some democratically chosen cabinets, while openly criticizing others, which led to their expedient collapses and the radicalization of German politics. Initially considered *Vernunftrepublikaner*, industrialists became some of the greatest critics of the Weimar state at a time when what it needed most were loyal supporters. Because of this, as well as their continued hope to return to a more conservative system of government, German businessmen and industrialists must bear a substantial portion of the blame for the rise of the Nazi party and the eventual destruction of the Weimar political system.

Finally, the relationship between business and politics that was so vital in Weimar Germany has not become any less important in this modern era. The financial contributions that industrialists and businessmen provide or withhold from candidates and parties in today's democracies are as relevant to the outcome of elections and changes in government as those in Weimar Germany. Consequently, studying the relationship of German big businessmen to the Nazis and other political parties before 1933 is beneficial not just to historians of the era, but to anyone hoping to learn about the power of big money in democratic political systems. The actions and mistakes of German big business are not simply a minor chapter in the history of the Nazi party,

but a crucial aspect of the past that we can examine to shape our own political and economic future.

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