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## STAFF EVIDENCE ANALYSIS

## DESCRIPTION OF ATTACHED DOCUMENT (Under following headings).

Title and Nature: Two drafts of General Thomas entitled "FUNDAMENTS FOR A HISTORY OF THE GERMAN WAR AND ARMAMENT ECONOMY."

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SOURCE OF ORIGINAL: 63

PERSONS IMPLICATED: KEITEL, Wilhelm; GOERING, Hermann; HITLER, Adolf; SCHACHT, Hjalmar; WARLIMONT, Walter; FUNK, Walter; JODL, Alfred; KRAUCH, Carl; ZANGEN, Wilhelm; KOERNER, Paul; BACKE, Herbert; SPEER, Albert; LEEB, Wilhelm von; RIBBENTROP, Joachim von; KRUPP Alfred; ROECHLING, Hermann.

REFERENCES TO INDEX HEADINGS (Key to Par. nos. of Summary below):  
AGGRESSIVE WAR, STATEMENTS AND PLANS--PREPARATION FOR WAR: Economic measures; Domestic; Foreign; Military--INDUSTRIALIST GROUPS--REICH GOVERNMENT AGENCIES--FORCED LABOR--SPOILIATION OF FOREIGN PROPERTY: Direct seizure; Indirect spoliation--FOREIGN PENETRATION: Economic: Controlled Governments--PUBLICATIONS: "The War Economic News" (P.477-- WEHRMACHT: OKW: Army: OKH: Air Force; OKL: Navy: OKM: General Staff.

LEADS: See document and summary. The appendices mentioned in the document are missing. Their procurement would supplement the value of the evidence substantially.

## SUMMARY OF RELEVANT POINTS (with page references):

1. The documents given an extremely comprehensive picture of the general conspiracy for aggressive war in Germany. Thomas goes back to the year 1923 in his War Economic Data. The collaboration between the OKW, All Reich Government Agencies, Industry and Scientists is depicted throughout this opus. The documents give information as to the time when the preparations for war were started. German exploitation of conquered territories is sketched. Foreign penetration is explained. All in all one of the most incriminating documents about the over-all conspiracy of all German agencies. This holds true notwithstanding the fact that the appendices mentioned are missing.

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PREAMBLE

1) The Wehrmacht has handled the large field of War and Armament Economy practically alone. This includes the first preparations and the entire process until the outbreak of the war.

2) During the war, the main work was done by the Wehrmacht until the Ministry for Armament and Ammunition was founded.

The Wehrmacht must have an interest to put its share in the organization of the industrial basis for the prosecution of the war into the appropriate historical light.

3) This compilation is mainly a collection of factual source material for a history to be written at some later time.

A later work will have to deal with the main sectors of War (Wehr), Economy: evaluation of own and enemy material war strength; economic exploitation of occupied territories; material support of allied nations; economic cooperation with neutral states, and so on.

4) It will also have to deal with the Armament Industry: Organization; Commitment of Human Power; Raw Materials; Machinery; Funds; Transportation and so on.

For this conclusive work the following monographs are essential which have been written upon order of the former Chief of the Office for Economy and Armament with the OKW. Ten different volumes are mentioned on pages 4 to 6. (For authors and titles, see documents.)

6) The merits of the officers, civil service employees and employees of the Economy and Armament Staff as well as of the Foreign Staff of the OKW have been specially emphasized. This was done to preserve the performance of these men for the future history of the war. They had to relinquish the bases of their work to their successors of the Ministry for Armament and Ammunition.

II

THE WAR-ECONOMIC PREPARATORY WORK UNTIL ASSUMPTION OF THE POWER BY THE NAZIS

12) The pioneers of the first systematic preparation were the Chiefs of the Armed Forces' Office for Weapons, the Generals Wurzbacher and Ludwig, with the officers of their Supply Staff, Major Soldan, Major Jansen, Captain Hanneken and Ministerial Councillors Schmidt and Ziehm. In Autumn 1927, General Ludwig requested Captain Thomas for this Staff. Later General von Vollard-Bockelberg, who was appointed Chief of the above-mentioned Office, earned himself great merits for the armament and mobilization work of the Armed Forces.

The work had to be carried out with utmost secrecy as it was prohibited by the Reich Government.

On 24 November 1924, in a conference of the Supply Staff, it was requested to compile all data regarding the war economic strength of the German industry in order to obtain a picture about the possibilities concerning a future rearmament.

P.13) The office for Troops, the Navy Direction and the Office for Defense ascertained the supply demands and forwarded them to the Armed Forces Office for Weapons with the instruction to prepare the orders.

Proposals of the Armed Forces Office for Weapons--the creation of War Economic General Staff in 1925, the establishment of a War Economic Mobilization Program in 1925--had to remain theoretical deliberations unless immediate contact with the industry was possible.

P.14) With the conviction that such a task should be best handled by the men of the economy themselves, the Armed Forces Office for Weapons found suitable, nationalistically-inclined personalities within the industry. On 26 January 1926 the "Statistic Society", abbreviated "Stega," was founded under the direction of the Armed Forces Office for Weapons. President was Dr. von Borsig. The ostentatious purpose of the society was of a "public utility nature with the task to obtain statistical and technical information for interested groups." The active elements worked on an honorary basis. The Main Commission had its seat in Berlin. Local "Regional Commissars" worked at the seats of Military Districts. The real purpose of this organization was to obtain the data which the Armed Forces Office for Weapons needed for the preparations of the war economic mobilization. The main point was that neither a participation of military nor of any other official offices appeared to the outer world.

The Regional Commissars were furnished blueprints of Wehrmacht devices to facilitate their work.

Due to the fact that the Regional Commissars were overburdened and because the ~~detour~~ via the "Stega" consumed too much time, the Armed Forces Office for Weapons organized its own connecting links.

15) In 1926 so-called "Economic Officers" were appointed at the Military Districts and attached to the Regional Commissars. They were usually recruited from members of the old Wehrmacht who had occupied themselves in the meantime in economy. These Economic Officers can be regarded as the later "War Economy" or "Armament-Inspections," those military-economic officers which will always remain insolubly associated with the great German warfare.

The whole work depended on the cooperation of industrial groups. Trustworthy men had to be found. They had to undergo

P. 16) a security check and had to be approved by the Reichswehr Ministry. This was a difficult task but thanks to the initiative of the Economic Officers, they succeeded in obtaining information about the industry and in building up a skeleton crew of reliable economic advisors. Many of these were former officers.

The whole task had to be camouflaged. Not even the industrial cooperators could be fully informed. Correspondence had to be avoided.

Even within the Military District Staffs, knowledge of the Economic Officers' tasks was usually limited to the Chief of the Staff and his experts.

P. 17) Whenever it was necessary to inform a larger circle of officers or industrialists, it was done upon instruction of, but never by, the Economic Officers themselves.

When Reich Chancellor Bruening was reproached in Paris with a number of violations against the Versailles Treaty, the Allies were not in a position to prove one individual case. In view of a large circle of persons involved, this fact represents a beautiful proof for the conception of duty and nationalistic self-discipline of all collaborators, including the skilled workers.

P. 19) All findings were compiled in a "Central Index File." The following subdivisions were used:

1. A Firm Index File with important data regarding the firms which could be employed as contractors or subcontractor for armament orders. The potential war production and the necessary prerequisites were indexed too.

2. Local index files, listing the local industry of a military district arranged according to towns and villages.

3. Machinery index file, listing the entire stock of material of a military district which was essential for war production. This index file served mainly for an equitable distribution of machinery in the war plants during mobilization.

4. Individual files for each firm which accumulated all facts about, and the correspondence with, the firm.

P. 20) The "Stega" attempted to divide the orders through a "Stega program." This proved inefficient because the production program was established in too schematic a fashion without consideration for the regional differences. Therefore, the Armed Forces Office for Weapons decided to take matters in its own hands.

P. 21) Two five-year plans were to provide the supply for sixteen divisions by 1933, and for twenty-one divisions by 1938.



In March 1929, during a "Stega conference, Reich Minister Groener emphasized that it was not of interest what industry could deliver after a long period of preparation, but that it was of decisive interest what can be delivered in the shortest possible time.

- P.23) Captain Thomas submitted a memorial on "purpose, necessity and size of the economic preparatory work" to the Reichswehrminister in November 1928. This proves that already at that time the principles of economic mobilization, which were later practically applied, had been clearly recognized. The memoria is attached under Annex II, 1.

The inner and foreign political constellation did not permit its execution on a large scale. Nevertheless, substantial measures to increase the potential war strength were undertaken in the years 1928 to 1933. Among other steps taken, the following concrete examples are given: erection of secret ammunition plants; the enlargement of gunpowder and explosives plants; the erection of proving grounds for modern military devices like planes, tanks, communications, etc.

- P.24) The annex II, 2, a memorial of the Armed Forces Office for Weapons proves to what extent the preparatory work for the production capacity of the war industry had progressed by 1929.

Annex II, 3, gives a picture of the war economic situation which was the basis for the rearmament starting in 1933.

### III

- P.25) THE DEVELOPMENT OF THE WAR ECONOMIC ORGANIZATION AFTER THE ASSUMPTION OF POWER BY THE NAZIS

- P.25) to 34) This chapter describes the controversies between the three branches of the Wehrmacht. Particularly the endeavor of the Air Force under Goering and Milch to go their own ways in regard to obtaining armaments and supplies are sketched. All attempts to create a centralized office for armaments and supplies failed on account of Goering's objections. Only in 1944, General Field Marshal Milch entered the Reich Ministry for Armament and War Production.

### IV

- P.35) INFLUENCE OF THE TOP ORGANIZATION UPON THE ESTABLISHMENT AND THE ACTIVITY OF THE WAR ECONOMY ORGANIZATION

The top organization of the highest Reich Agencies, which was ordered for the case of war, exercised such a strong influence on the establishment and activity of the War Economic Organization that it is necessary to discuss this in detail.

This subject had been discussed already in 1933 but was fundamentally changed through the Reich Defense Law of 21 May

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1. The civilian solution - leave the war economic preparations and the future direction during the war in civilian hands. This should have been done under the direction of the Ministry for Economy. Undesirable from the soldier's point of view.

P. 41) 2. The military solution - leave everything in the hands of the Reich War Minister. Undesirable because the Minister would have been overburdened with economic problems and because the experiences of the civilian ministries would have been excluded.

3. The third solution was the one which was always propagated by the War Economic Staff. It suggested the inclusion of the Chief of the War Economic Staff as State Secretary for economic war preparation in the Staff of the General Deputy for Economy. Simultaneously, he should be charged with representing the war economic interests in the Staff of the Reich War Minister. Thus a centralized office would have been created. However, the proposal was even disapproved by the Reich War Minister.

P. 42) Thus the organization problem, as regulated by the Reich Defense Law, has become a fateful problem for the development and the activity of the War Economic Organization. The objective which its founder, Col. Thomas, had decided upon could not be reached. Only the developments of events in the fifth year of war brought the consolidation of all competences in the Ministry for Armament and War Production-- the solution propagated from the beginning by the Chief of the War Economic Office.

Chapter V will show the practical repercussions of this organizational mistake.

## V

### 44) THE DOUBLE TRACK OF THE WAR ECONOMIC PREPARATIONS FOR THE WAR

In pages 44 to 54, Thomas explains and repeats the reasons for the insufficient economic preparations for war. The main factor, in his eyes, is the split authority.

## VI

### . 55) THE THEORY BEHIND THE ACTIVITY OF THE WAR ECONOMIC ORGANIZATION

. 55) The theory behind the war economic activity is discussed on pages 55 to 62.

. 62) The following are the conclusions regarding the chief problems of the War Economic Staff:

1. Clarification of the significance of the economy for the coming war.

2. The preparation of the economy during peace and its conversion for war.

3. The compilation of the military and other demands on the economy during the war.

4. The preparation of the economic war.

5. The study of the war economic strength of the probable enemy and allied nations.

## VII

### . 63) THE WAR ECONOMIC FUNDAMENTS FOR REARMEMENT.

On pages 63 to 69 the controversial opinions regarding world economy and autarchy are discussed. The point of view of the War Economic Staff supported the theory of Germany's participation in world economy and preparation for a long war. This opinion lost out against the theory of blitz war and autarchy.

## VIII

### . 70) THE COOPERATION OF THE WAR ECONOMIC ORGANIZATION PERTAINING TO THE GERMAN REARMEMENT

Pages 70 to 87 report about the activity of the War Economic Staff and the propaganda campaign carried out in industry and officer circles regarding the necessity of a war economy. The cooperation with universities and research institutions is described.

## IX

### . 88) THE DIRECTIVES FOR THE PREPARATION OF THE WAR ECONOMIC MOBILIZATION

89) The War Economic Staff was charged to prepare the "directives for the preparation of the war economic mobilization." This had to be created out of nothing. Within one year it was created, an exceptional performance which never found the appropriate recognition from the highest authority. The officers who carried it out were Major Warlimont, Major Beutler, Major Mueller, Major Becht and their co-workers.

The directives were divided into three large sections for the war economic mobilization:

1. The establishment of a war economic system.
2. The establishment of a mobilization plan for armament.
3. The work on the directives for the prosecution of the production program.



The three phases of the work are described on pages 90 to 101.

X

P 102) THE TRAINING OF THE WAR ECONOMIC ORGANIZATION

The training of the personnel of the War Economic Organization is described on pages 102 to 106.

XI

P 107) THE WAR ECONOMIC LEADERS CORPS  
to 111)

This chapter deals with the integration of Business leaders on an unofficial basis into the War Economic Organization. They were trained by the War Economic Staff.

XII

P 112) THE COOPERATION WITH THE FOUR-YEAR PLAN

The first suggestion to establish a several-years plan came from Lt. Col. Thomas, at that time Chief of the Staff of the Armed Forces Office for Weapons. He explained to the Reich War Minister in a Memorial the necessity of planned work.

a. For the procurement plans of the three branches of the Wehrmacht regarding rearmament;

b. For a systematic development of the food and raw material economy as a fundamental of the national defense.

The next impulse for planning originated in the development of the foreign currency and raw material situation. Large amounts of foreign currency expended in the years 1934 to 1935 for nutritional needs created large gaps in the foreign currency funds. These affected the progress of rearmament seriously.

P. 113) New demands of the Ministry for Nutrition were sharply rejected by the Minister for Economy in March 1936. (See Annex XII, 1) In April 1936, a Minister conference took place (Annex XII, 2), followed by a Fuehrer Order which charged Goering to take the necessary steps for an improvement of the foreign currency and raw material situation.

Reich Minister Schacht submitted a report on the present raw material and foreign currency situation on 23 April 1936. (See Annex XII, 3).

Goering announced his plan about the execution of this mission in a Minister meeting (minutes in Annex XII, 4). He ordered the creation of a Raw Material and Foreign Currency Staff. Lt. Col. Loeb was appointed Chief of Staff. Goering requested Col. Thomas from the OKW.

114)

The missions were the procurement of foreign currency for the rearmament and the securing of further armament production through clarification of the raw material situation. For both missions, foreign currency was the main point. Serious differences of opinion existed between Goering and Schacht about the means of obtaining foreign currency (See Annex XII, 6). The outcome was to augment the export substantially in order to procure raw materials. The Minister of Nutrition was forced to procure the German nutrition without foreign currency.

115)

After the recognition of the existing large gaps in the fields of nutrition and raw materials became more obvious, Hitler appointed Goering head of the Four-Year Plan on 18 October 1936. With this measure began a substantial part of the economic preparation for war.

The tasks of the Four-Year Plan were mainly the following:

1. Direction of the German foreign currency economy.
2. Direction of the measures towards furthering of Germany's independence as to nutrition.
3. Measure to improve the raw material situation.
4. The direction of manpower for armament and other public projects.

The work of the Four-Year Plan had tremendous significance for the rearmament. It led to an intimate cooperation between the offices of the FYP and the War Economic Staff.

The extent of the work increased continuously. The Raw Material and Foreign Currency Staff was soon elevated to the Office for German Raw and "Ersatz" Materials under the direction of Col. Loeb. The office comprised the following divisions and expert sections:

1. General Planning and Statistics....under Maj. Dr. Czimatis
2. Mineral Oil Economy.....under Maj. von Hoemskerck
3. Research and Development.....under Dr. Krauch
4. Financing.....under President Lange
5. Iron and Metals.....under Mr. Fleiger
6. Textiles.....under Mr. Kehrl
7. Lumber.....under Chief of Forestry von Homloy
8. Chemistry and Hard Rubber.....under Dr. Eckell
9. Gunpowder and Explosives.....under Maj. Wimmer

- P. 118) The cooperation between and Schacht did not work out (see Annexes XII, 8 and 9). In 1938 Schacht was replaced through Reich Minister Funk.

XIII

P. 119) THE STUDY OF THE WAR ECONOMIC STRENGTH OF FOREIGN STATES

This chapter describes the set-up and the sources for intelligence of a war economic nature. Among other sources of intelligence, the research work of large German industrial concerns is mentioned. The following firms are listed on page 121: I. G. Farben; Siemens; Deutsche Bank; Reichskreditgesellschaft; Metallgesellschaft; etc.

The method of evaluating and cataloging the intelligence obtained is depicted.

The chapter comprises pages 119 to 125, inclusive.

XIV

P. 126) THE WAR ECONOMIC AND ARMAMENT SITUATION IN 1937

This chapter, pages 126 to 134 inclusive, is an estimation of the situation in the fields of war economy, armament and nutrition.

XV

P. 135) THE MEASURES PERTAINING TO WAR ECONOMY AND ARMAMENT SINCE THE ANNEXATION OF AUSTRIA (1938) UNTIL THE MOBILIZATION IN 1939

This chapter, pages 135 to 149, deals with the experiences gained in Austria, the Sudetenland and the Protectorate. The immediate exploitation of the newly-acquired territories for war economic purposes is explained.

- . 135) The conference between Hitler and Schuschnigg on 12 February 1938 led to the military-political measures against Austria which were concluded with the entry of troops into Austria on 13 February 1939. This operation against Austria had been prepared in a very short time under the code name "Otto." It provided a wealth of experiences which were extremely valuable for future operations.

- . 136) The War Economic Staff was not involved in the operation "Otto."

- . 141) The experiences gained in Austria induced the OKW to issue new directives which provided a division of the mobilization. Economy and Wehrmacht were to be mobilized separately. A mobilization of the Wehrmacht without public announcement ("X case") was provided for. The measure for this secret "X" mobilization was ordered by the OKW on 5 July 1938. The objections of the WE Staff and of the General Deputy for Economy were re-

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This chapter, pages 181 to 188, relates the various phases of the economic mobilization and its relationship to the military mobilization.

On this page, the author, General Thomas, uses the first person. He says, literally: "Before I describe the actual course of the economic mobilization, I consider it my duty to refer to the position which I have taken in my capacity as Chief of the WE Staff with regard to the war economic possibilities of a successful prosecution of the war in the days of August 1939." He then states that he did not consider the war against Poland a problem, but that he considered Germany's war economic situation too weak for a prolonged war.

P. 182) The tension which existed between Germany and Poland since July 1939 gave the pretext to prepare all the measures necessary for a surprise attack on Poland. This included the speeding-up of armament deliveries and the organization of war economic units to be attached to the attacking armies. On 1 August 1939 the Liaison Officers of the War Economic Staff who were to be attached to the Commanders-in-Chief of the Armies were appointed and instructed. On 24 August 1939 the War Economic units for the various attacking armies were established. On 25 August 1939 the order for the camouflaged mobilization was issued. First "X" day was 26 August 1939. (See Annex SVIII, 1 and 2). On 25 August 1939, at 1830, excerpt of the "X" mobilization order was issued to the War Economic Inspections. Then follow a number of technical measures and orders to subordinate offices. (P. 183-184)

## XIX

P. 189) THE WAR ECONOMIC AND ARMAMENT MEASURES FROM THE OUTBREAK OF THE WAR UNTIL THE END OF 1939

Pages 189 to 193 represent a vindication of the work of the WE Staff. Certain accusations are refuted, and it is emphasized that the WE Staff insisted from the beginning of the war on a total mobilization of the German economy.

(A)

P. 194) Organization and War Economy

Like the combat units, so were the Liaison Officers' war economic organizations set up under the camouflaged pretext "Autumn Maneuver 1939," and had been transported for deployment into the border territory.

The following War Economic Liaison Officers were ready for action when the mobilization began:

Maj. Weber, attached to AOK 3 in Mohrungen/East Prussia  
Lt. Col. Gutscher, attached to AOK 4 in Jastrow/Pomerania  
Lt. Col. Dr. Freiherr von Schroetter attached to AOK 8  
in Breslaw

Lt. Col. Dr. Petri, attached to AOK 10 in Oppeln  
Col. Nagel, attached to AOK 14 in Neutitschein/Moravia

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The Liaison Officers had technical war economic units and reconnaissance outfits at their disposal.

Then the activity of the War Economic Organization and its organizational set-up in occupied Poland is described on pages 194 to 201. At the end of this sub-chapter, the monographs "German Armament Economy in Poland, 1939/1940" by Capt. Varain, and "History of the Armament in the General Government" are referred to for a detailed picture of the War Economic and Armament Organization in Poland as well as of the economic exploitation of Poland.

P. 201)

P. 202) WAR ECONOMIC NEGOTIATIONS WITH ALLIED AND NEUTRAL STATES, AND WAR DELIVERIES TO THEM

Pages 202 and 203 deal with negotiations and war economic trade with Russia, Italy, Rumania, Hungary, Yugoslavia, Bulgaria, Sweden, China and, during the Spanish Civil War, Spain.

. 203)

On 4 September 1939 a committee was founded to carry out the Russian business. It included Ambassador Ritter, State Secretaries Landfried and Neumann, as well as General Thomas.

(B)

. 204)

Armament Economy

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The consequences of the divided and secret mobilization.

On pages 204 to 207 the inadequacy of the divided mobilization is discussed.

. 208)

2. Planning, Priorities and State of the Production Programs.

On pages 208 to 223 the overlapping, difficulties and inefficiency which followed are explained. A number of pages deal with the surprisingly high consumption of gunpowder and explosives during the Polish war, and with huge new production programs in this field.

224)

3. Raw Material Situation.

Discussion of the raw material situation and estimates of how long Germany would be able to hold out. (Pages 224 to 227)

227)

Iron

Iron stocks, iron production and imports are reported on pages 227 to 230.

P. 230)

Iron and Steel Distribution

The difficulty of the distribution of iron and steel is explained on pages 230 to 238. The calculations are based on the production in Germany, Austria, the Protectorate and Poland, plus imports from Sweden.

II The Situation in the Field of Metals

## A. Supply Situation

P. 239)

1. Heavy Metals--On pages 239 to 243 the situation pertaining to copper, lead, nickel and tin is discussed. Germany is largely dependent on import. The calculations of the available stocks include the spoil in Poland. Up to the day of the report, the following quantities were taken from Poland:

P. 240)

|          |                   |
|----------|-------------------|
| Copper   | about 15,000 tons |
| Lead     | about 500 tons    |
| Tin      | about 160 tons    |
| Nickel   | about 9 tons      |
| Aluminum | about 1,000 tons  |

P. 243)

2. Light Metals--The situation in the field of aluminum is discussed.

P. 244)

3. Alloy Metals--The situation regarding cobalt, mercury, antimony and other alloys is discussed.

## B. Measures to Safeguard the War Essential Production

Various means to safeguard the demands of the war production are suggested on pages 244 to 245.

P. 245)

## C. Measures to Improve the Supply Situation

Various measures to improve the supply situation are discussed in pages 245 to 247.

P. 248)

III Supply Situation of Mineral Oil Products

The critical situation regarding mineral oil supplies is sketched on pages 248 to 254.

The situation evaluation of the Reich Ministry for Economy has luckily been too pessimistic. However, it has to be pointed out that the Wehrmacht consumption in the first half year of 1940 has been much smaller than expected. On top of it, the large booty procured through the Western war has changed the supply situation at once in Germany's favor. Without this spoil, many fields of supply would have presented substantial difficulties in the course of 1940.

P. 255)

## 4. The Commitment of Manpower.

On pages 255 to 259 the lack of skilled workers is discussed.

- P. 260) 5. Situation regarding Transportation.

The transportation problems are taken up on pages 260 to 261.

XX

- P. 262) THE WAR ECONOMIC AND ARMAMENT MEASURES DURING THE YEAR 1940

- P. 263) A. Organization

The duplication of work, the lack of cooperation between Reichminister Todt and the OKW are described in detail on pages 263 to 272, inclusive.

- P. 273) B. War Economy

The value of the War Economic Organization was fully proven in the operations against Denmark, Norway, Holland, Belgium and France. The year 1942 supported this opinion still more.

1. War Economic measures during the occupation of Denmark and Norway.

The W1 Rü Amt was informed about the planned invasion of Denmark and Norway at the end of February 1940.

The preparatory work of a war economic nature is described on pages 274 to 276.

The following pages, up to 282 inclusive, represent a report of the work of the offices of the War Economic Organization in Denmark and Norway. Special emphasis was put on the economic exploitation of these countries. The entire organizational set-up, the names of officers, etc., are given.

- .283) 2. The Western Campaign.

- .284) End of 1939 the preparations for the invasion of Holland, Belgium and France assumed first place. The organizational set-up is given on pages 283 to 285. The title "War Economic Liaison Officer" was changed to "Army Economic Leader."

- .285) Besides the War Economic Liaison Officers attached to the military staffs, parts of the War Economic Organization were fused with the military administration prepared by the General Q. M. for the Western Territories.

The detailed breakdown, as far as the War Economic Organization is concerned, is sketched on pages 285-286.

- .286) The Deputy for Economy with the General Q. M. was State Secretary Dr. Posse. War Economic Liaison Officer with the Commander-in-Chief of the Armed Forces was, in the beginning, Maj. Fabst, then Maj. von Gusovius, and later, Maj. Dr. Just.



P. 287) A number of "technical war economic units" were specially trained for their coming missions in the months before the beginning of the operations. This preparation was under the direction of the Economy Armament Office (Wi Ru Amt), and was carried out by Col. Nagel and other experienced Economic Officers. The basis for the training was the directives for the administration of the occupied territories (Collective folder Economy), issued by the General W. M., and the directives of the Wi Ru Amt about the management of the industrial and armament economy. (See Appendix XX, 8).

The fast seizure and operation of the Dutch, Belgian and French economy and their extremely fast integration with the German War Economy are the best proof for the thorough and systematic preparation of the War Economic Offices.

P. 288) Pages 288 to 294 describe the functioning of the War Economic Organization during the combat operations in the West.

P. 295) One of the special tasks of the Office of the War Economic Organization in Holland was to break the resistance of the Dutch Government against the use of the Dutch economy for armament. This could only be started after General Winkelmann, the demobilization commissar in Holland, had been removed on 5 June 1940.

P. 295) The following pages up to 307 show to what extent and with what planned thoroughness the West Economic were exploited for the sake of German war production. The large stocks of various raw materials meant a substantial relief for the German war economic situation. The organizational breakdown, with names, is outlined.

P. 302) One of the missions of the War Economic Offices in France was the transfer of French labor to Germany.

P. 302) Substantial transport facilities were taken away from France.

P. 306) A compilation of the direct and indirect Wehrmacht orders placed in France give the following value in dollars (computed on the pre-war exchange rate of 40 cents to 1 reichmark):

|              | <u>End of 1941</u> | <u>End of 1942</u> | <u>End of 1943</u> |
|--------------|--------------------|--------------------|--------------------|
| France       | \$1,240,685,200    | \$785,496,000      | \$1,060,140,400    |
| Belgium      | 223,488,000        | 173,256,000        | 228,796,000        |
| North France | 83,900,000         | 45,124,000         | 56,648,000         |
| Holland      | 368,666,000        | 253,824,800        | 270,936,800        |

P. 308) 3. Participation in the French Armistice Conditions.

The Wi Ru Amt did not participate in the formulation of the Armistice Conditions because Hitler refused to include economic obligations in the Armistice Treaty.

" In the execution and supervision of the Armistice, the Ru Amt played an important role. This is described on pages 308-309.

P.310) 4. England.

The first war economic preparations for an operation against England have been made already before the war by a special study and reconnaissance of Great Britain's war economy. The result of this work was compiled in the early part of the summer of 1940 under the title: "The War Economy of Great Britain."

The practical preparations against England were introduced through an establishment of a Work Staff "England" under Admiral Anker (Ru In X) with Lt. Col. Petro, Chief of Staff.

A special war economic organization for England was ordered on 30 July 1940.

The preparations were carried out under the code name "See Loewe."

P.311) The entire war economic organization for England was ready for action from 15 September 1940 on.

Beginning October 1940, it became obvious that the operation against England was not feasible for the time being.

P.312) 4 October 1940 it was ordered to transmute the War Economic Staff "England" again into a Work Staff. On 28 October 1940, the order came out to dissolve the Workd Staff "England."

P.313) War Economic Negotiations with Allied States and with Neutrals, as well as War Materiel Deliveries.

On the basis of the German-Russian Treaty of 19 August 1939, Germany was to deliver goods on a credit basis up to a value of 200 million marks in the next 2 years. As the Russians had delivered as first barter payment one million tons of grain, 500,000 tons of wheat, 900,000 tons of oil products, 100,000 tons of cotton wool, 500,000 tons of phosphates, 80 million Reichsmarks worth of lumber, 10,000 tons of flax, manganese ore, platinum and the transit transportation of one million tons of soya beans, the problem of fast German reciprocal deliveries became acute. To meet this problem, a special office was established by the Wi Ru Amt.

P.314) On 30 March 1940 the Fuehrer ordered to give the deliveries to Russia a higher priority than the deliveries to the German Wehrmacht.

P.315) On 14 August 1940 the Chief of the Wi Ru Amt was informed by Goering that Hitler desires punctual delivery to the Russians only until the Spring of 1941. After that time, Germany is no longer interested in a complete fulfillment of the Russian wishes. This hint induced the Chief of the Wi Ru Amt to emphasize the study on the Russian War Economic Situation.

End of October 1940, Goering took once more occasion to insist on faster delivery to Russia.

Later the urgency of Russian deliveries became of secondary importance because the preparations for the Eastern War were already in progress.

The Russians carried out their deliveries up to the time of the attack according to plan. Even during the last days, they brought hard rubber in express transit trains from the Far East.

The deliveries to Finland were carried out by Goering's orders secretly and camouflaged until the summer of 1940. On 14 August 1940 the instruction was passed on that the Fuehrer desired fast and substantial deliveries to Finland. Lt. Col. Veltjens was dispatched by Goering to Marshal Mannerheim to learn the Finnish desires.

P.316) The war materiel business which resulted was conducted by General Grandell for the Finnish side and by the Wi Rü Amt for Germany. Upon order of Goering, the entire business was to be directed over the firm Veltjens. The deliveries increased continuously, especially after Finland and Germany took up the war against Russia.

In the ensuing paragraph, the war materiel business with Rumania is discussed. It was based on the oil purchases from Rumania. On account of the German-Rumanian rapprochement in 1940, the mass of the Polish booty was sold to Rumania. On the Rumanian side, General Rezin led the negotiations with the German Wi Rü Amt. After Rumania's entry into the war, the sales and deliveries increased.

P.317) The Italian war materiel is described in the following paragraph. The negotiations were intensified after the Italian failures in Albania. The negotiator for Italy was General Favagrossa.

The water materiel business with Portugal assumed larger proportions for political and economic reasons in 1940.

Upon directive of Hitler, the war materiel business with Bulgaria was substantially furthered through deliveries of ammunition, sea mines and some coastal guns in autumn of 1940.

P.318) C. Armament Economy

1. Development of the program.

P.319) The difficulties in attaining the original ammunition program are described and a reduced program is established. The Reichminister for Armament and Ammunition ordered General Direction Zangen, head of the Reichgroup Industry, to create work communities within the ammunition-producing plants. Th



P.320) Already before conclusion of the Western War, Hitler ordered the armament program of the Wehrmacht changed.

P.321) On 7 June 1940, Keitel informed the Chief of the Wf. Ru. Amt "Hitler expects the collapse of France soon. Reconversion of armament for fight against England to be carried out as fast as possible. Offer to England to be expected after collapse of France. Armed Forces to be reduced to 120 divisions. Strong increase of armored units. Strongest increase of airforce and U-Boats. Thirty thousand tons of steel from Armed Forces and 13,000 tons of steel from gunpowder and explosives program to be diverted for this purpose."

The following program served entirely the preparations of the war against England.

On 2 August 1940 the Chief of the Wf. Ru. Amt was informed that the Fuehrer considered the over-all situation now differently than at the conclusion of the Western War. For the year 1941, preparations had to be made to meet any political development.

The order decreasing the Armed Forces was rescinded and the Armed Forces were informed to bring the strength up to at least 180 divisions.

End of July 1940 a Fuehrer decree ordered faster preparations for the landing in England. ("See Loewe").

P.323) The constantly changing plans forced continuous changes of the armament program.

P.324) On 27 October 1940 new changes were caused by giving highest priority to the production concerned with preparation for the "Achse" (Africa) operations.

The various contradictory programs induced Keitel to request from Hitler a clarification of the priority problem. On 3 December 1940 the WFSt issued its official point of view, attached in Appendix XX, 35.

This was of importance for future measures because:

- 1) It speaks no more about the landing in England. Only the siege of England is mentioned;
- 2) For the first time, the aerial defense of Germany is emphasized, and
- 3) The coming war against Russia is referred to for the first time and its postponement for a later time is regarded as possible.

P.325) 2. Commitment of Labor.

The difficulty of obtaining the necessary manpower is outlined and, also, the unwillingness of the German workers to cooperate.



On the following pages, up to page 331, various measures to improve the labor situation, mainly in regard to skilled labor, are explained.

P. 331) The use of women labor proved a failure early in 1940. The reasons are described in the following paragraph.

P. 332) Through moral pressure and skilful recruiting, this situation was remedied by the end of the summer of 1940. The possibility of compulsory labor service was only hesitantly applied.

After the fortunate outcome of the present wars, the use of foreigners and PWs for labor in the armament production suggested itself. Due to the necessary preparatory measures, it could not be employed for the ordered increase of the armament production in 1940.

P. 334) 3. Production Means, 1940.

P. 336) The lack of sufficient machine shops and training shops had a great influence on armament production. It was alleviated by the transfer of Polish machines (4,000 in 1940) to Germany. The tool factories in Poland, France, Belgium and Holland were exploited for Germany.

P. 337) Imports from Switzerland and other neutral countries are mentioned.

P. 339) 4. Raw Materials.

On pages 339 to 348 the raw material situation during 1940 is sketched. Substantial improvement was derived from the war booty in various countries and from the economic exploitation of these countries.

P. 349) Fuel Oil Situation.

The fuel oil situation was considerably improved by the booty acquired in Norway, Holland, Belgium and France. Nevertheless, the situation is not satisfactory from the viewpoint of a prolonged war. This and various measures to combat it are described on pages 349 to 353.

P. 353) The OKW has ordered Prof. Dr. Krauch, the General Deputy for special problems of the chemical industry, to handle the increase of the fuel oil production with priority and to establish a new production program.

P. 354) Other measures to improve the situation are ordered by Goering.

P. 355) The booty in Norway, Holland, Belgium and France totaled

|                   |              |
|-------------------|--------------|
| Carburetor Oil    | 363,000 tons |
| Diesel Oil        | 65,000 tons  |
| Aviation Gasoline | 120,000 tons |
| Fuel              | 150,000 tons |

P. 355) The following pages give accounts of total supplies and  
to 358) of probably future consumption. The demands in Diesel for th  
P. 357) probable war against Russia cause the Wi Ru Amt to regard the  
situation for 1941 with a certain apprehension.

P. 359) 5. Transportation Situation.

The difficulties of transportation are sketched.

P. 360) One hundred thousand wagons were taken away from France.

## XXI

P. 362) The War Economic and Armament Measures during 1941.

P. 362) A - Organization:  
to 367)

The differences of opinion between Dr. Todt and the OKW are described. Todt is attempting to absorb more and more power.

The War Economic organization was not changed during 1941. Additional offices were established in the Balkan countries and the occupied Eastern territories. The organizational breakdowns with names are mentioned.

P. 368) B - War Economy:

From a war economic point of view, the preparations for, and the execution of, the operations in the Balkans, Russia and Africa were preponderant in the year 1941.

The preparations go back to the year 1940.

In August 1940 a War Economic Staff Rumania and in October 1940 a War Economic Staff Africa were established. Col. Spaloke went in November 1940 to Rumania as was economic and armament representative.

In November 1940 the Chief of the Wi Ru Amt, State Secretaries Koerner, Neumann, Backe and General von Hanneken were informed by Goering about the planned Eastern operation.

P. 369) The preparations for the war against Russia comprised the following tasks:

1. Thorough study of the Russian armament industry, its location, production capacity and internal relationship.

2. Study of the individual large industrial centers and their dependence from each other.

3. Study of the power and communication network of the Russian economy.

4. Study of the raw material and oil sources.

5. Study of the non-armament industry of Russia.

These points were compiled in one large volume, "War Economy of Soviet Russia," including extensive maps.

Besides this, an index file of all important Russian plants was made up, as well as a German-Russian economic dictionary for the use of the War Economic Organization.

In January 1941 a Work Staff Russia was established. Col. Luther was succeeded by General Schubert as Commanding Officer of this staff.

P. 370) The work was done according to instructions of the Wi Ru Amt.

Other preparatory measures are described.

P. 371) Balkan

While the preparations for Russia were made according to plan, the measures in the Balkans had to be improvised, due to the uprising in Yugoslavia. Only the measures for an invasion of Greece had been prepared in advance.

Then follows a report of the activity of the War Economic Organization in the Balkan countries. The organizational set-up is described, with names.

P. 372) The exploitation of Serbia and Croatia proved a valuable support of the German war economy because the copper, bauxite, tin, chromium, asbestos and mica deliveries were of substantial importance.

P. 373) Greece was left to the Italians for economic exploitation.

P. 374) Italy and Africa

When the participation of German units in the Italian Africa campaign was considered, a study of the war economic facts in the North African territory was ordered unofficially by the Wi Ru Amt in the spring of 1940. A War Economic Staff was only established in October 1940.

The entry of Italy into the war led to a closer war economic relation with Germany. This was based on:

- P. 375)
1. Exchange of raw materials, and delivery of coal and fuel oil to Italy;
  2. Technical assistance for the Italian industry;
  3. Transfer of German orders to Italy;
  4. Sending of Italian labor to Germany.

Beginning of January 1941, the Chief of the Wi Ru Amt had a discussion with the head of an Italian commission which disclosed that Italy was entirely unprepared for the war.

- P. 376) The Fuehrer ordered the complete equipment of ten Italian divisions from the French war booty.

Hungary, Bulgaria and Switzerland

- P. 377) OKW decided to establish War Economic Offices in these countries, which were opened:

- a. On 7 May 1941 as "German War Economic Officer Sofia;
- b. On 11 June 1941 as "German War Economic Officer Hungary;"
- c. On 11 June 1941 as "German Industrial Commission Bern."

Besides other tasks, these offices had to be the "watchful eye" of the Wi Ru Amt in the countries mentioned.

- P. 378) The Eastern War

The war-economic preparations for the war against Russia had been carried out in a very thorough fashion and earned the special praise of Goering.

- P. 379) The exploitation of the agriculture and of industry is due mainly to the work of the War Economic Organization.

- P. 380) Pages 380 and 381 reproduce the conclusive points of the  
381) preparatory program for the war with and the occupation, a exploitation of Russia, issued in a special volume entitled "War-Economic Consequences of an Operation in the East."

- P. 382) Further activity of the War-Economic Organization is re-  
391) ported on pages 382 and 391. Particularly the fact that the War Economic Organization pointed out again and again that the collapse of Russia depended on the occupation of the Ural territory. Thomas complains that his judgment, which was proved correct by events, had been disregarded. The economic work performed is described.

- P. 392) France

A compilation of war-essential raw-material, experted from France to Germany, is shown on page 392.

- P. 393) Up to 1 August 1942, 17,000 tool machines, 8,000 motors and 700 machines for machine records were transferred to Germany from France.



Apart from the exploitation of the French economy is described.

P. 394)

The War Economic Organization participated substantially in the deportation of French labor to Germany and was able to support the work of the German Labor Supply Administration through its knowledge.

P. 395)

Norway and Sweden

-396)

The difficulties due to duplication of competence are described.

P. 397)

England

As the preparations for a landing in England had been stopped end of 1940, the work of the War Economic Organization was limited to keep the Airforce informed as to target-material. The navy received advice for the U-boat war and for the disturbance of the sea-traffic between England/America and England/Russia.

P. 398)

A situation estimate as to the war-economic condition of England is presented.

P. 399)

America

The study of the American war-economy has been emphasized by the WE Staff before the war already.

For this purpose the then Major Warlimont of the WE Staff had been ordered to the USA for one year. He returned with good data about the organization of the USA war-economy. The judgment of the W1 RÜ Amt about the USA at the beginning of the war was:

- 1) In case of surprise outbreak of war, the USA will be just able to supply her forces.
- 2) For reconversion of USA industry one year is necessary to produce large quantities of war material.
- 3) After one to one and half year preparatory work, the USA will achieve a production capacity far above all other States.

Therefore the W1 RÜ Amt emphasized always that a war against America should be avoided under all circumstances.

. 400)

This opinion was not appreciated. The military opinion was that the war would be finished long before the industrial reconversion of the USA could be carried out. Furthermore, the statements of the W1 RÜ Amt regarding the American production capacity were rejected as too pessimistic, and this at the end of 1942! Apart from this, the W1 RÜ Amt pointed out

repeatedly that after the USA had invested heavily in the war she would not finish it before it had become a profitable business.

P. 401) Negotiations with Allied and Neutral States  
and war-materiel deliveries

The negotiations with Italy are described. The Italian were granted a price reduction of 25% upon request of Hitler. Because it had been ascertained that the Italians resold weapons delivered from Germany, the Wi Ru Amt obliged them to resell any war materiel delivered from Germany.

P. 402) A number of war materiel delivered to Italy is listed.

P. 403) On pages 403 and 404 the numbers of Italian workers to  
404) furnished Germany are enumerated.

Until June 1941 negotiations with Russia were carried on.

P. 405) The German industry was instructed upon request of the Foreign Office to accept all Russian orders, even if punctual delivery was impossible. Since deliveries of major importance had to be made in May 1941 to the German Navy, the German industry was advised to let the Russian control commission accept all deliveries in due course. Then, however, the material should be so routed that it would not cross the border before beginning of the German attack.

Negotiations with Minister Bartha of Hungary are described. The Hungarians were permitted assistance in all fields from the summer 1942 on. By them it was expected to have the Russian war finished.

P. 406) Negotiations regarding war materiel with Rumania and Finland took place. Upon instruction of Hitler, the Rumanian wishes were to be granted, while the Finnish demands should be put off.

The Bulgarian desires could only be complied with on a small scale.

Special importance was attached to the negotiations with Turkey. The Wi Ru Amt was instructed to cultivate these negotiations particularly. Partly for military-political reasons and partly to force the Turkish chromium deliveries.

P. 407) Japanese negotiations regarding war materiel are mentioned.

P. 408) C. Armament Economy

The armament program 1941 was entirely under the influence of the coming respectively started Russian war. On

pages 408 to 422 various armament programs are discussed, difficulties are illuminated, and internal strife between German agencies is pointed out.

- P. 419) The enterprise "Peenemuende," rockets, receives top priority. This is in accordance with an old wish of the HWaA (Armed Forces' Office for Weapons).

P. 423 Means of Production

Through the outbreak of the war in the East, the machine ordered by Russia became available for the German industry. They were distributed in agreement between the Wi Rü Amt and Director Lange, the German Deputy for Machine Production.

- P. 424) The placing of orders for machines in Switzerland is discussed.

P. 425) Transportation Situation

The mounting difficulties in the transportation system and the discrepancies in the direction of it are described on pages 425 to 430.

P. 431) Raw Material Situation

General von Hanneken reports on the coal, ore, steel and metal situation on pages 431 to 435.

- P. 434) Specific reference is made to the church bell collection  
435) which should produce some 5,000 tons of tin. This action, which has been ordered by Goering, caused heavy opposition in the occupied territories.

- P. 436) Compilation of Raw-Material demand, allotment and consumption in 1941.  
437)

- P. 442) General Director Koppenberg of the Junkers concern proposed a plan for production of aluminum in Norway.

- P. 443) Exploitation of raw-material sources in Yugoslavia, Greece, Russia is referred to.

Director Pleiger has been appointed Deputy for Coal Mining.

P. 445) Hard Rubber

Because it was to be expected that the war with Russia would stop imports from the far East, it was attempted to obtain, through negotiations with the Soviet Government, as many transit deliveries of hard rubber from the Far East as was possible before an attack on Russia. This maneuver succeeded.

The buna production is described.

P. 446) Gun Powder and Explosives

The supply situation in those fields is regarded as secured.

P. 447) Substitute Material

The demand was rising continuously.

P. 448) Ethyl, Alcohol, Anti-Freezing - and Solution - Agents.

The alcohol - balance for the year 1940/1941 is given.

XXII

THE WAR YEAR 1942

A. Organization

Thomas reports about the strife between the General Deputy for Economy, the Reich Minister for Armaments and War Production Speer and himself as Chief of the Wi Ru Amt. Speer won out and Thomas resigned as Chief of the Armament Office within Speer's Ministry. His job was taken over by General Waeger.

P. 461)

P. 463) To keep up a connection between Wehrmacht and economy, Speer ordered the establishment of an Armament Counsel with the following members:

Fieldmarshal Milch, General Leeb, General Thomas, Admiral Witzel, General Directors Voegler, Fuecher and Roehnert.

Germany: A number of organizational changes of the War Economy Organization are described on pages 463 to 466.

P. 466) France: Reorganization of France in War-Economic districts is depicted on pages 466 to 468.

P. 468) Russia: The reorganization of the war-economic administration of this territory is explained.

P. 471) On the basis of experiences gained during the first year in the East, the reedited chapter "Economic Organization" was published in the "Directives for the Direction of the Economy in the Occupied Eastern Territories" (Gruenemappe on 7 July 1942).

P. 472) Special measures regarding exploitation of Russian oil are mentioned.

Other economic measures are described on page 473.



P. 474) War Economic Offices in Greece, Portugal and Spain are referred to.

P. 475) The cooperation between the War Economic Organization and the German Foreign Office is described, and discussions with Ambassador Ritter are mentioned.

P. 477) "The War Economic News" for the offices of the War Economic Organization

This publication was created in Autumn 1942 for the members of the WEO. The individual issues of the paper give valuable data about the activity of the organization.

The introductory essay of General Thomas in the first issue was entitled: "The War Economic Organization of the Wehrmacht, a Fundament for the Prosecution of War."

The essay gives a review of the work from 1924 on.

Germany could only apply practically the war-economic experiences gained during the World War after assumption of the power by the Nazis in 1933. Since 1924 the Reichswehr Ministry had prepared the plans for a rebuilding of the German war economic strength in all secrecy. The in 1933 created WE Staff received the mission in conjunction with the civilian organizations to carry out the war economic reconstruction.

P. 479) Thomas says verbatim: "History will know four cases where a State has directed already during peace the economic forces as deliberately and as systematically for war requirements, as Germany was forced to do during the interim between the two World Wars."

P. 479) 483) The following pages underpin the advantages derived from this peaceful planning for war, and represent an eloquent eulogy of the WEO, whose activity is discussed.

P. 483) B. War Economy

The work of the war economic organization in Russia is discussed on pages 483-497. Exploitation of the Russian territories is described which was seriously hampered by the transportation problem and, partly, by enemy action.

P. 497) The WE Staff prepared for Egypt was dissolved after Rommel's retreat.

P. 498) The activity of the WEO in France, especially in view of the newly occupied Southern part of France, is described.

P. 500) Contact with the German Armistice Delegation for Economy was maintained as formerly. Problems which were handled in

cooperation with this office were: occupation costs; currency problems; foreign exchange problems; release of neutral tonnage; French food situation; mineral oil problems; war risks, etc.

- P. 501) Discussions with Rumania, which demanded to participate in the economic exploitation of Russia, are mentioned.

The activity of the War Economic Office in Bern, Switzerland, is outlined. Also the difficulties which were created on one side by the English and Americans, and on the other by "Deliko," purchasing office of the German Airforce, are related.

- P. 502) The activity of the WEO in Finland is reported.

On pages 502 to 505 various phases of activity of the WEO are mentioned.

- P. 506) Negotiations with allied and neutral countries and their delivery with war materiel

Italy: On pages 506 to 510 the Italian demands for war materiel are outlined, and both the lack of Italian war preparation and the unreliability of the Italians is lamented.

- P. 510) Rumania: The negotiations with Rumania deal with the increase of oil production and deliveries, equipping Russian military units, exploitation of Russian occupied territory by Rumania, etc. The discussion covers pages 510 to 513.

- P. 514) Hungary: Negotiations re exchange of raw material and war materiel are outlined.

- P. 515) Turkey: Negotiations with Turkey are depicted on pages 515 to 516.

- P. 517) Bulgaria: In November 1942 Bulgaria asked for a number of commodities through General Russew, the Chief of the Bulgarian Office for Procurement and Armaments. He pointed out that Bulgaria should be treated on the same level with Rumania and Italy and to be regarded as a nation at war.

- P. 517) Finland: The war materiel exchange between Finland and Germany was substantial.

- P. 519) Japan: Long and difficult negotiations led to negligible results due to the transportation problem.

- P. 519) The pages 519 to 523 report war-economic negotiations and trade with Croatia, Portugal, Sweden and Spain.

- P. 524) B. Armament Economy

Gives an account of Speer's work and the centralizing of the entire planning of war production. The various fields of

war materiel production, the labor situation, the cooperation with industry and so on are discussed on pages 524 to 539.

P. 540)

Means of Production

The difficulties in the production of machines is outlined.

P. 541)

Transportation Situation 1942

P. 542) The increasing difficulties in railroad transportation led to the resigning of State Secretary Kleinmann and the appointment of State Secretary Dr. Ganzonmueller in his stead.

P. 543) Measures pertaining to improvements regarding the repair and production of locomotives were instituted.

The Mayor of Nurnberg, Liebel, was appointed by Speer to control the demands of all concerned parties in the field of transportation.

All these measures brought about a lessening of tension in regard to means of transportation.

P. 546)

The heavy losses in the Africa traffic led to a lack of tonnage. Even though quite sizeable quantities of tonnage were acquired through purchase respectively confiscation in France, Spain and other countries, the lack of tonnage remained constant. Reich Deputy Kaufmann was appointed Reich Commissar for the merchant marine to cope with this problem.

P. 548)

Raw Material Economy

The work of Speer and his collaborators in the main fields of raw material is sketched on pages 548 to 556 a.

P. 549)

The coal production was increased through the efforts of General Director Pleiger.

P. 551)

To let industry take over the responsibility for production, a Reich Organization Iron was created. This organization was headed by Roechling, Roland and Krupp von Bohlen, J.

The following pages 552 to 555 deal with a new distribution system of steel and iron.

P. 555)

The situation regarding non-ferriferous metal is discussed.

P. 556a)

The electric power supply and that of gas are outlined and shortages are mentioned.

## The War Year 1943

P. 557) A. Organization

P. 559) The year 1943 signifies the complete transfer of all armament tasks to the Reich Minister for Armament and War Production. It led to a dissolving of the War-Economic Office.

The following pages 560 to 564 show the transfer of practically all War Economic Branch Offices to Speer's organization.

P. 565) B. War Economy

P. 565) The organizational performance of the WEO in the occupied  
569) Eastern and Southeastern Territories is described. It deals to a large extent with the destruction of the just rebuild oil mines and the evacuation measures.

P. 569) The work in Norway and the differences with the Reich  
570) Commissar there are related.

P. 570) The activity of the WEO in Africa, after the invasion by  
572) the Allied Forces, is described.

P. 572) Negotiations with allied and neutral States in regard to war materiel are described.

Bulgaria: The results of the negotiations are referred to on page 572 to 573.

P. 573) Italy: Difficulties with the Italian Wehrmacht are related.

P. 575) Rumania: Negotiations with this country are discussed.

Finland: New negotiations with the Chief of the Finnish War Economic Office, General Grandell, are described.

P. 577) Japan: Economic negotiations with Japan are regarded as rather illusory due to the impossibility of transport.

P. 578) Spain: Negotiations with General Martinez de Campos are mentioned.

P. 580) Croatia: A delivery program to this country was established after the Fuehrer had decreed the reorganization of the Croat Wehrmacht under German direction.

Sweden: Negotiations with Sweden are referred to.

P. 581) Turkey: List of articles delivered to Turkey.



- P. 583) Hungary: The Hungarian business suffered under the influence of the military events in the East.
- P. 584) Switzerland: The negotiations with Switzerland touched two main points:
- a) Continuation of Swiss machine deliveries.
  - b) The combatting of Allied attempts to disturb the placing of German orders in Switzerland.
- P. 585) A visit of Col. Neef of the Armament Division of the Wehrmacht Amt proved that the overlapping German attempts to place orders in Switzerland were more detrimental than the measures of the Allied representatives.
- P. 586) Pages 586 to 587 represent a deliberation about the oil situation. The necessity to turn to German sources appears imminent.
- P. 588) Due to the fact that blockade breakers are not getting through any longer, the German Buna production has to be intensified and better protected against air attacks.