

TO : I.N. Pincus and H.J. Barnett

SUBJECT : Observations on Trip Through Germany, 2 May -  
10 May, 1945

1. Our recent trip through Germany was undertaken to obtain first-hand check on the effects of bomb damage, which we had been studying for two years through the imperfect means offered by photographic and ground intelligence, as well as to perform the more strictly utilitarian function of meeting G-5 and G-4 officers at the Army Groups. In pursuing this wider purpose, we set ourselves no formal task in terms of specific questions. Nonetheless, on rereading the rough notes I made each evening during the course of the trip, I find that certain broad general observations can be drawn from them. These are set down in the following paragraphs for your information and comments.

2. How severe was bomb damage in relation to the target problem and the reparations problem?

The factory visits confirmed strongly our previously held view that the bombing of Germany had not so severely damaged German industry as to render the whole reparations discussion meaningless, because there was no plant left to give away, or to produce output which could be given away. In quantitative terms, it caused us to raise our estimate of the amount of industrial equipment and capacity remaining to Germany, rather than lower it; with the caveat always that its capacity to produce depended on the solution of the problem of organization. Our previous view, as it was stated in the summary paper produced for Mr. Baruch, was based largely on the appreciation that the majority of industrial establishments escaped anything more serious than minor damage; effective bombing, with repeated heavy attacks, had touched only a few selected industries. In the course of our trip we made a point of visiting plants which had been badly damaged judged from intelligence and photo cover in fairly recent attacks (since Sept. 1944) directed against the specific factories. Therefore we were viewing the state of that part of the industrial system which we had more or less written off in arriving at estimates such as we gave Baruch. We all came to the conclusion that the amount of salvageable equipment in such plants was very considerable; and the amount of more or less immediately useable equipment, which could be put to work in situ after minor repairs and roofing was also great. This observation held good for all the engineering plants we saw. In the case of the one synthetic oil plant, it was not valid; here damage had been widespread and serious.

This conclusion does not in itself mean anything for the problem of the effectiveness of bombing, since we could come to only general conclusions from an inspection such as ours as to the effectiveness of any degree of damage in interfering with production in an operating plant. But it did seem to mean that the ability of Germany to pay reparations, both by yielding capital equipment in the short run, and - provided the organization problem is solved - by producing a flow of goods over time has not been reduced to nearly zero or even by any very large amount, by bomb damage alone.

3. What pertinent conclusions about the state of our intelligence could be drawn?

The importance of one intelligence problem which we had latterly tended not to emphasize was pointed up to us again sharply - the aiming point problem. Two important tank producers we visited - Krupp Grusonwerk and MIAG - were big plants, where many other products beside tanks had been turned out. In both cases the location of the tank producing sections was not known. In each case, when the plant had been badly damaged, and stood suspended on the CSTC priority lists (Sept. for MIAG, Oct. for Krupps) the tank shop had not in fact been touched, and tank production had continued. In Krupps the central portion of the plant which had been identified with tank production was in fact a gun assembly shop, while in MIAG the main portion of the plant was still producing the old line of rolling mills, mining machinery, etc. Which means that aerial interference with German tank production was by so much less efficacious. The point, of course, is not that a good aiming point report would have enabled the air force to hit the tank shops, but that it would have enabled CSTC Working Committees to tell whether or not the target should have been suspended.

Other non-correspondences between our information and fact were more along the lines we had expected; production estimates and product composition at some of the synthetic plants varied from what we had estimated; Scholven had only one set of water gas generators, that the old section of the plant, and not one each in the old and new sections, etc. These pointed up nothing in particular other than that it is always useful to have more intelligence.

4. The only Germans we spoke with were a small number of plant managers and technicians; did our conversations with them give rise to any deduction as to the attitude of the general group from which they were drawn?

All the plant managers and technicians to whom we spoke were clearly and strongly interested in as speedy a return to business as possible; as they naturally would. It seemed, from all the cases except MIAG (where what brief conversation we had with a manager did not touch on the problem) that a return to business meant a return to business as usual in the sense of continuance of the same corporate relationships, dealing with the same suppliers, customers, banks; again a fairly natural reaction. In those cases in which the subject arose, (four) all expressed a great fear of the Russians. This ranged from an expression of apprehension relative to the personal treatment they would receive at their hands (Krupps, Magdeburg) to a fear that the Russians are inspiring a communist political movement to take over all Germany (Delsenberg, coking, Delsenkirchen). In this latter connection, anxiety was expressed over the encouragement given to trade union organization by MC (same plant), and the statement was made that the unions are a cloak for this communist activity. In general, managers talk of the "menace" of Communism, and look for Anglo-American protection from the "menace". There is apparently great belief in the essential antagonism of interest between Communism and Western capitalism, and this group would most willingly join us in an alliance in the struggle which they hope and believe will necessarily arise. (This last observation is a projection of the opinions expressed, or an extrapolation of them, rather than a record of anything specifically said.)

In the minds of this management group, there exists with the desire to get back to "business as usual" at least enough belief that the Anglo-American occupying power will permit a return to the business order to provide a motivation for the companies concerned to initiate repair work on plants themselves, using such materials as they have on sites and locally available labor. MC permits them to do so, even in the case of a synthetic oil plant, for instance (Scholven Buer, Gelsenkirchen) Major Gottlieb, of Economic Section, G-4, G AG, recorded this existence of managerial initiative in undertaking reconstruction with a view to as immediate a resumption of operations as possible and MC would permit. He spoke with approval of the enthusiasm of the Germans for undertaking repairs, getting things started, etc. and their willingness to work. In further discussion it was clear that the source of this enthusiasm was the managerial group, but not necessarily the community at large or what was left of the civil administrative structure.

5. Was there any visible sign of policy difference between the American and British Zones of occupation?

Industrial activity both in terms of repair at damaged plants and actual operation was much more evident in the Ruhr area - a zone of British occupation (but still largely policed by American forces) than in the south Rhineland area which the Americans are now occupying. The existence of this difference was patent. It is exemplified by the fact that Frankfurt looked completely dead, plants such as Adler and Toves were not being repaired at all, nor was there even any evacuation activity or guarding of the premises by company officials while in the Ruhr, coal mines, power stations, cokeries were in operation, and other plants, which had been badly damaged were being repaired. Even further east in the British area - Brunswick say, plants such as MIAG were doing some work and undertaking clearance and repair.

This evidence must be carefully scrutinized, however; and it does not seem to offer conclusive indication of a difference in policy. The greatest difference was that between Frankfurt and the Ruhr. In the latter area the active installations were all connected with coal; and the stimulus given to immediate resumption of activity by the continent-wide shortage is obvious. The Frankfurt plants we saw, I.G. at Höchst and Adlerwerk, produced nothing so immediately useful. On the other hand, there is every reason why Adlerwerk should be put back into repair as quickly as Scholven Buer, at least; and the differential in activity in this respect remains. But again, in Magdeburg, which is ultimately to be occupied by the Russians, (a fact which the natives only suspected) and now has an American occupation authority, repair and clearance at Krupps was noticeable; while in Hannover, under British control, a plant in as good condition as MMH at Linden was being left completely alone, with some machinery in unroofed buildings. (Or is this last to be explained by the fact that G-2 SHAEP is removing all the machinery for the School of Tank Technology at Egham?)

Carl Kayser