

# Nazi Economy and U.S. Big Businesses (1)

## — The Case of Ford Motor Co. —

by Yuji NISHIMUTA\*

### Introductory — Definition of the problem and new material

It has long been acknowledged that the recovery of the German economy under the Weimar system in the 1920s was fueled by the tremendous inflow of U.S. credit into the country based on the Dawes plan, which was intended for America to step in Germany's reparations problem after the cooling down of inflation in 1923. Large floods of credit from America helped German's economic recovery under the so-called "industry rationalization movement", which in turn allowed the country to make reparations to Britain and France. The injection of American capital to Germany took place actually in two forms; the granting of long-term and short-term credit to German businesses (and municipalities) by means of bonds or through banks, and American corporations' direct investment, or entry into Germany, which were made through the creation of German subsidiaries or acquisition of German firms, keeping some relations with the granting of long-term and short-term credit. The automobile industry was one of the fields in which American investment was most active. We cannot therefore discuss the development of German automobile industry since that time without giving consideration to the entry into the local market of U.S. corporations involving severe competition. Table 1 shows steps in which Ford and GM made inroads into the German market. Both companies had taken root in Germany following the steps of exporting, knock-down assembly, and formation of local production facilities. However, the outbreak of the 1929 world financial panic caused the United States to withdraw its long-term and short-term credit, which in turn aggravated Germany's difficulties, opening the way for the Nazi government. This is a well-established argument. Then, how the situation about the American direct investments in Germany was?

Direct investments remained where they were made, instead of being withdrawn. This naturally give rise to very interesting questions: how did the German subsidiaries of American corporations behave during Germany's economic recovery under Nazi control in the 1930s?; what roles did they play in the Nazi economy, and what relations did they have with the U.S. parent companies? Little work has so far been done on these problems<sup>1)</sup>. But even simple quantitative indexes (Fig. 1)

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Table 1 Outline chronological data

(Those shown in brackets are general events.)

Year	Ford's German Operation	GM's German Operation
1925	Knockdown assembly factory (Berlin)	Knockdown assembly factory (Berlin)
1929	Reorganization	Acquisition of Adam Opel (80%)
1931	Manufacturing factory (Cologne)	Acquisition of 100% of Opel shares
1933	[Hitler's taking of power]	
1934	Reorganization	
1935		Start of truck manufacturing
1936	Rubber agreement	Meeting between J.D. Mooney and Hitler
1937		
1938	Agreement for construction of truck factory in Berlin	
1939	[Breakout of WWII]	
1940		Production conversion at Russel sheim factory
1941	Capital increase [America's entry into the war]	
1942		"Blitz" truck licensing
1943		
1944		
1945	[May, defeat of Germany]	

suggest that in the field of automobile industry, no study could be complete without discussing these questions.

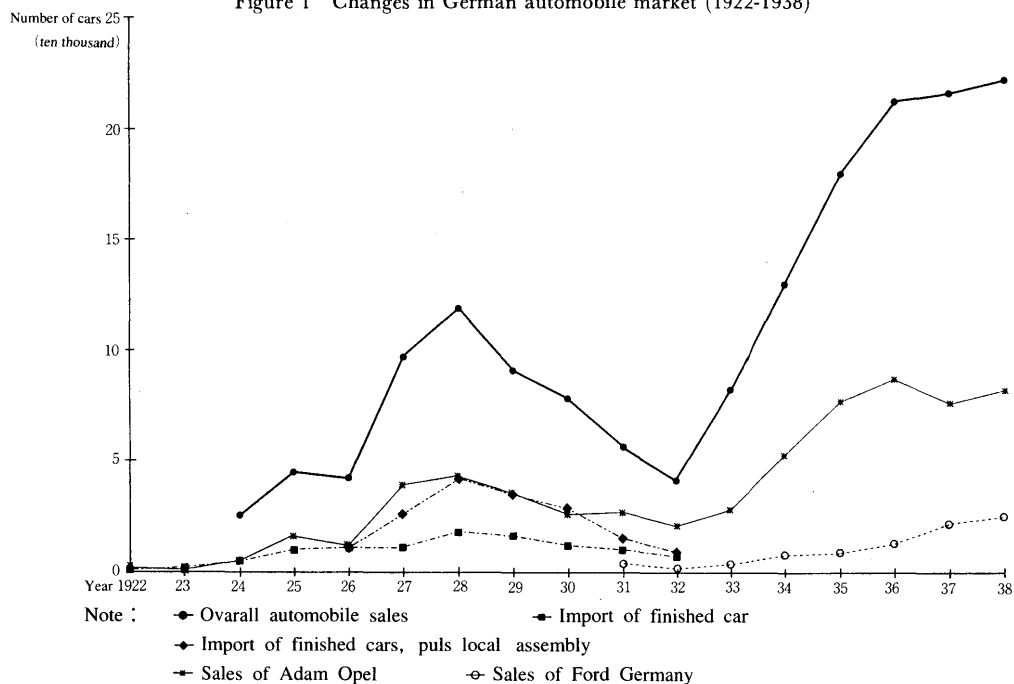
And what was the situation after the start of World War II? To consider these problems, it is necessary to divide the war period into two, that is, before and after America's involvement in the war (September, 1939 to December, 1941 and December, 1941 to 1945). What behavior did the German subsidiaries of American corporations take during these periods? What were their relations with their headquarters in the United States? These questions have been little discussed so far<sup>2)</sup>. This paper and the one to follow<sup>3)</sup> are intended to consider these questions by focus-

1) This problem is to some extent discussed in the following works: Mira Wilkins and Frank Hill, *American Business Abroad, Ford on Six Continents* (Japanese translation published by Ogawa Publishing, 1964); Alfred P. Sloan, *My Years with General Motors*, (Japanese translation published by Diamond, 1963); F. Doner, *World Strategy of General Motors* (Japanese translation by T. Onuma, Pelican, 1967); T. Inoue, GM and Ford in terms of overseas strategies ①, ② (*National Economy Magazine*, 24-1, 125-4, 1971, 72); B.C. Snell, *American Ground Transport*, 1974; N. Suzuki, Process of Formation of Multinational Businesses—Overseas Operations of American Auto Industry Between WWI and WWII— (*National Economy*, vol. 133, 1975); S. Inoue, *Study of GM*, Minerva, 1982; C. Higham, *Trading with the Enemy*, 1983; S. Nakamura, *Modern Auto Industry*, Yuhikaku, 1983; T. Abo, *American Overseas Investments between WWI and WWII*, Tokyo University Press, 1984; NHK, *Document Showa 3, Keep American Cars from Japanese Market*, Kadokawa, 1986; A. Kugler, Die Behandlung des feindlichen Vermögens in Deutschland und die Selbstverantwortung der Rüstungsindustrie. Darstellt an Beispiel der Adam Opel AG von 1941 bis Anfang 1943, 1999 Heft 2, 1988; S. Reich, *The Fruits of Fascism*, 1990; S.H. Lindner, *Das Reichskommissariat für die Behandlung feindlichen Vermögens im Zweiten Weltkrieg*, 1991; T. Oshima, German Auto Industry during WWII (2), *Aichi University Economics Bulletin*, Vol. 133, 1993. (Related papers by myself will be listed later.)

2) The above-mentioned works deal with this period but do not give in-depth discussion.

3) *The Kyoto University Economic Review* No. 140, 1997.

Figure 1 Changes in German automobile market (1922-1938)



Source : H. C. G von Seherr - Thoss, Die Deutsche Automobilindustrie, 1979 and others.

ing on Ford Motor's and General Motors' subsidiaries in Germany, which were Ford-Werke AG and Adam Opel AG, respectively.

### Evaluation of study history and new material

One of the reasons why these questions have been little discussed is that only limited material has been available. Let us have an overview of the material which has so far been used in the study of American business in relation to the Nazi economy:

The most comprehensive study to date, made by M. Wilkins and F. Hill, drew mostly on material available in Ford Motor's archive. This study gives a good coverage of facts about Ford's overseas operations. But it cannot be denied that some important relations between facts have been overlooked. Abo, Inoue and others depended primarily on A.P. Sloan Jr.'s memoirs "My Years with General Motors" for their studies. A.P. Sloan Jr. had served as GM's president and then chairman. The book deals with GM's overseas operations in detail. But he didn't explain how the company's overseas operations differed between the periods from 1939 to 1941 and from 1942 to 1945. Oshima used primarily the final report of USSBS (United States Strategic Bombing Surveys). This is basic data about Germany's wartime production but shed no light on business activity.

Recently, I found new material about Ford's and GM's operations in Germany.

As for Ford, I found "Investigation of Ford-Werke, 1945. 9" among reports on

German business surveys submitted to the Office of Military Government for Germany, United States (hereinafter referred to as OMGUS)<sup>4)</sup>.

This is a comprehensive 522-page report comprising the text and hearings from German executives, plus attached confiscated documents. So far as I know, there has been no published study based on the report. It may be said that this paper is the first to use the material.

As for GM, I was able to use James D. Mooney's papers kept under personal custody. While details would be discussed in the paper following this one, the material is important in that it supplements Sloan's writing.

In this paper and the one to follow, I would like to clarify as far as possible the activity of German subsidiaries of Ford and GM during the period of Nazi administration with focus on their relations with the U.S. headquarters.

## I Ford Motor and German market in the 1920s

Ford made inroads into the German market pretty after its entry into Britain. The company established a British organization and started knockdown assembly of its vehicles as early as 1911 before the outbreak of World War I. But it launched a similar operation in Germany in 1925 after World War I had ended. Both import of finished vehicles and local knockdown assembly had since increased rapidly as shown in Figure 1. But this did not take place as the headquarters of Ford Motor in Dearborn hoped. In this period, the British market presented a stage for severe competition between Ford, which had already had the largest share, and Austin and other British companies trying to get back with their new "compact car" strategies<sup>5)</sup>. In the German market, competition between Ford and local manufacturers started somewhat belatedly in the middle of the 1920s. Naturally, Ford's European strategy took shape with Ford Britain serving as the center. As part of the strategy, Ford Germany, originally formed as Ford's wholly-owned subsidiary, was reorganized as a company in which Ford Britain had a controlling stake of 60%<sup>6)</sup>.

In 1925, General Motors, which allowed Ford to make a head start in Britain, went into the offensive in Germany. This was typically shown by its acquisition of Adam Opel, the then largest vehicle manufacturer of Germany, from 1928 to 1929<sup>7)</sup>.

Undeniably, in the German market, Ford was limited to a lesser position in terms of market share, lagging considerably behind GM<sup>8)</sup>. While Ford made a

4) RG 407, Box 1032, National Archives and Record Administration, Washington, D.C.

5) Wilkins & Hill, op. cit.

6) 40% of the stock was offered to the public in Germany. It is noteworthy that I.G. Farben, a leading chemical company, acquired 15% of the stock and obtained a post in the supervisory board (Aufsichtsrat).

7) A.P. Sloan, Jr., *My Years with General Motors*, and others. GM's activity in Germany will be discussed in detail in my subsequent paper.

8) However during this period, Henry Ford had a tremendous influence in Germany in the fields of management philosophy and social thought. This must be discussed in two aspects, that is, (1) "Ford-  
(Continued)

manufacturing plant in Cologne in 1931, the outlook was not so bright. The situation changed in the 1930s.

## II Ford Germany and its American headquarters in the 1930s

The Nazis' taking power in 1933 marked a turning point in Germany's policies for automobile industry<sup>9)</sup>. This had a substantial impact on the German automobile market, leading to heated competition among motor companies vying for greater shares in the rapidly expanding market with focus on small-size cars<sup>10)</sup>. In this situation, Ford Germany underwent a major organizational restructuring, that is, the controlling stake of 60% held by Ford Britain was once again transferred to Ford Motor Co. of U.S.. The reorganization was critical because it triggered the

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ism" as a management philosophy, and (2) Henry Ford's anti-Semitism.

"Fordism" as a management philosophy can be summarized as follows:

"Build a system (a managerial community) through managerial reform that ensures the sharing of benefits of business growth in order to achieve low prices in the market (principle of servicing), high wages for the labor and high profitability for the management simultaneously by emphasizing the independence of management while keeping financial capital (banks) and organized labor (reformists) from business administration.

For Henry Ford's anti-Semitism, some explanation needs to be given. From the May 22, 1920 issue to the January 14, 1922 issue of his personally-owned newspaper "*The Dearborn Independent*", Henry Ford wrote articles (which in its character cannot be said anything but "anti-Semitism") every week without interruption. The first article started with the following words:

The Jew is again being singled out for critical attention throughout the world. His emergence in the financial, political and social spheres has been so complete and spectacular since the war, that his place, power and purpose in the world are being given a new scrutiny, much of it unfriendly. Persecution is not a new experience to the Jew, but intensive scrutiny of his nature and super-nationality is.

.....

In Russia he is charged with being the source of Bolshevism. In Germany he is charged with being the cause of the Empire's collapse. In England he is charged with being the real world ruler, who rules as a super-nation over the nations, ruled by the power of gold, and who plays nation against nation for his own purposes, remaining himself discreetly in the background. In America.....

The Jew is the world's enigma. Poor in his masses, he yet controls the world's finances.

One does not fail to see that the "logic" of Henry Ford's "perception of the Jews" is the same as that of Adolf Hitler's. In fact, a German translation of Henry Ford's articles (compiled and published later in four volumes) was widely read as "a bible" of the Nazis in Germany in the 1920s. (J & S. Pool, *Who Financed Hitler: The Secret Funding of Hitler's Rise to Power 1919-1933*, 1978. A. Lee, *Henry Ford and the Jews*, 1980.)

Another important fact is that Henry Ford's logic of anti-Semitism as a system was in conformity with the management philosophy of Fordism. He envisioned, so to say, "a new capitalism". His "recognition" was that while a new capitalism based on "independent business administration" should be established by expelling the two major elements of traditional capitalism which oppress independent business administration internally and externally, namely, "obedience to profit making, (i.e., the dominance of bankers)" and "hostile opposition of organized labor against capital", these two elements were pushed, he thought, by the Jews.

9) Refer to my "German capitalism and the position of automobile industry between the Two World Wars" focusing on this policy conversion (*The Kyoto University Economic Review*, No. 130 & 131).

restructuring of Ford's overall operations in Europe.

As a result of rapid economic growth, Germany started suffering from foreign currency shortage from 1935-6. Germany was unable to procure strategic materials from abroad without foreign currencies. Due to government restrictions, it became increasingly difficult to import rubber and other raw materials. To cope with the situation, the German government launched a scheme to give a premium for raw material allocations to businesses which had achieved increases in export. Accordingly, Ford Germany started discussing the possibility of exporting its products in order to acquire foreign currencies needed to import raw materials. In 1935, with active coordination by Ford Motor Headquarter, its European organizations made adjustments for their export territories<sup>11)</sup>. Ford Germany obtained Scandinavia, Rumania, Holland, Switzerland and Spain, which had been sales territories of Ford Britain, in addition to Germany, Austria, Czechoslovakia and Hungary, which had been its traditional territories<sup>12)</sup>.

The company had since achieved a significant increase in export (Table 2).

Moreover, to help increase the subsidiary's export, Ford Motor instructed its Latin American branches and Ford Japan to market German products<sup>13)</sup>.

The problem of procuring strategic materials did not stop there. There were the so-called "rubber agreements" executed three times in 1937, 1938 and 1939.

In June, 1936, the following agreement was reached between Ford Germany and the Economic Department of Germany<sup>14)</sup>:

Imports of Ford Germany: Crude rubber from Ford Motor Co. of U.S.  
 Exports of Ford Germany: Motor vehicles worth 1,000,000 RM to Holland annually; Ball bearings, roller bearings and other German-made parts to Ford Motor Co. of U.S.

This was essentially barter arrangement. In August, 1936, Ford Germany cabled an urgent message to Edsel Ford, president of Ford Motor Co. of U.S., and C.E. Solensen, manager in charge of production, saying that purchase of tires in Germany was in a catastrophic state. At the same time, the company sent a mes-

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- 10) Refer to my "Management strategy of Daimler Benz in the 1930s" (Shakai Kagaku Kenkyu, Vol. 39, No. 3, p. 185 and subsequent pages). It is often said that during the period, Ford Germany was eyed critically as a foreign-based company in Germany and was treated discriminatorily by the German government. But a closer look at the problem shows that the main body staging a critical campaign against Ford Germany was made up of companies belonging to the German auto industry and their association, that is, Ford's competition. It can be said that the German government took advantage of this pressure in the grant of permits, etc., but was not necessarily opposing as will be clarified later.
- 11) R.H. Schmidt, Export of vehicles and parts, August 3, 1945, Exh. 51 of the Investigation of Ford-Werke.
- 12) Investigation of Ford-Werke, p. 3 & Exh. 61.
- 13) Exh. 54 of the Investigation of Ford-Werke.
- 14) Interrogation of R.H. Schmidt (August 3, 1945) on Rubber deal closed in June 1936, Exh. 65 of the Investigation of Ford-Werke.

Table 2 Changes in Ford Germany's vehicle sales (units)

Year	Domestic	Export	Total	Passenger car
1930			13,736	9,993
31			6,728	4,513
32	2,761	320	3,081	2,214
33	5,156	163	5,319	4,148
34	10,139	160	10,299	8,114
35	12,810	311	13,121	8,877
36	20,048	1,048	21,096	13,312
37	24,268	7,325	31,593	22,074
38	28,613	8,585	36,748	24,780
39	25,975	9,051	35,026	18,046
40	14,723	3,810	18,533	5,228
41			14,330	
42			14,278	
43			17,202	
44			12,915	

Source: EXH. 52 of Investigation of Ford-Werke.

senger to Dearborn where the headquarters of Ford Motor Co. was based. These resulted in the following rubber agreement in 1937<sup>15)</sup>:

Ford Germany	— To import crude rubber and cotton
Ford Motor Co. (and Dearborn territory)	— To import German-made products including wheels and bearings made by suppliers for Ford Germany, part of which would be for re-export

In 1938, a similar agreement was signed for the procurement of nonferrous metal and pig iron<sup>16)</sup>. This benefited other German businesses as well<sup>17)</sup>. The Economic Department of Germany requested Ford Germany to allocate 10,000 vehicles for export from its annual production of 40,000. Similar raw material procurement agreements were executed also in 1939<sup>18)</sup>.

These were essentially barter arrangements. Valuable foreign currency was protected through coordination between Ford Germany, Ford Motor Co. Headquarters and the Economic Department of Germany<sup>19)</sup>.

In the same period, another negotiation was under way between the German

15) Exh. 75 of the Investigation of Ford-Werke.

16) Ebenda.

17) Exh. 74 of the Investigation of Ford-Werke.

18) Exh. 88 of the Investigation of Ford-Werke.

19) An investigator of the Investigation of Ford-Werke wrote as follows: The Reich thus used German Ford and its cooperative parent in Dearborn as a direct means of stocking the raw materials needed for war. The Investigation of Ford-Werke, p. 4.

government and Ford Germany. It was for the construction of a munitions factory in Berlin<sup>20)</sup>. The negotiation started between the company and the Defense Department of Germany in 1936<sup>21)</sup>. In October, 1937, Heinrich Albert, chairman of the supervisory board of Ford Germany went to America to boil down the issue<sup>22)</sup>. The talk was finally settled in April, 1938 when C.E. Solensen visited Germany<sup>23)</sup>.

In July, 1938 Hitler awarded Henry Ford the Order of German Eagle, First Class, the highest honor to be granted to non-Germans<sup>24)</sup>. Judging from what we have discussed, it can be said that the implication of this event was multilateral.

### III Ford Motor Co. and its German subsidiary during World War II

- (1) Before America's entry into the war (the period between September, 1939 and December, 1941)

On September 1, 1939 the United Kingdom and France declared war against Germany for its invasion to Poland. World War II broke out. In May, 1940, battle started on the western front. Germany brought under its control Denmark, Norway, Holland, Belgium and France in a very short period. Ford Germany had accounted for about one fourth, or the second largest share, of production of army and transport trucks in Germany<sup>25)</sup>. It is estimated that of the 350,000 trucks held by the German army in 1942, about 120,000 were made by Ford Germany<sup>26)</sup>. We will later discuss in detail the company's war production. First, however, we should have a look at changes in Ford Motor's European organizations necessitated with the escalation of war.

Ford Belgium (Antwerp) had been under control of Ford Britain with a 60% interest. On May 29, 1940, German Government appointed Ford Germany president Robert H. Schmidt to be Kommissar (trustee) for Ford Belgium<sup>27)</sup>. Also, on June 12 and on June 24 he was appointed to be Verwalter (trustee) for Ford Holland (Amsterdam), which was owned 60% by Ford Britain, and to be Kommissar for Ford France (Paris), which was under control of Ford Motor Co., having a dominating 80% stake, respectively. Likewise, Vitgar, a German Ford director of Danish nationality, was sent to Ford Denmark to serve as a coordinator, and so forth. For

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20) Located in a "safety zone". Cologne was adjacent to the western front.

21) Exh. 96 of the Investigation of Ford-Werke.

22) Investigation of Ford-Werke, p. 5.

23) Minutes of meeting of the Board of Ford Motor Co. AG, April 20 1938 at Cologne, Exh. 146 of the Investigation of Ford-Werke.

24) M. Wilkins & F. Hill, op. cit., (p. 366)

25) The largest share was held by Adam Opel.

26) Exh. 89 of the Investigation of Ford-Werke.

27) The Kommissar was a position to be assigned by the occupation forces authorities under the occupied area emergency act. The Verwalter was a position to be assigned by the Enemy Assets Administration Bureau of the German government under the Enemy Assets Administration Act. Originally, its application was limited within Germany but gradually expanded to occupied areas. Both were to assume the responsibility for managing the businesses concerned by replacing their boards of directors.



each of these, R.H. Schmidt wrote to the American headquarters<sup>28)</sup>. Quoted below is an October 31, 1940 letter sent from Edsel Ford, president, Ford Motor Co., to Schmidt<sup>29)</sup>:

Edsel B Ford

Dearborn

Oct. 31, 1940

Mr. R.H. Schmidt, Cologne-Niehl, Germany.

Dear Mr. Schmidt:

Thank you for your letter of September 19th.

I am very glad to have up-to-date information regarding the status of our plants in the so-called occupied area. I note that you are endeavoring to do some manufacturing in the Belgian and Dutch plants in order to enable them better to partly get into operation. These plants would be best protected when operating, and I note that you are doing everything possible to create that situation.

.....

You have a very difficult task to carry out with regard to the companies that have come into your jurisdiction, and I note that you will have cooperation from the other Continental organizations in looking after the best interests of the Ford organization as a whole.

With kindest regards,

Yours sincerely,

Edsel Ford

Below is a January 3, 1941 cable from Edsel to Schmidt:

3 JAN 1941, NLT = R SCHMIT FORDWERKE, A/G HENRY FORD STRASSE COLOGNENIEHL = GREATLY APPRECIATE YOUR GOOD WORK ON BEHALF OF COORDINATION OF FORD PLANTS ALSO APPRECIATE YOUR EFFORTS TOWARDS REINSTATEMENT OF MANAGERS BEST REGARDS =  
EDSEL FORD

In this way, Ford Germany, through close contact with the headquarters in Dearborn, had carried out its European strategies to cope with new situations emerging out of the war.

The following, an extract from Ford Germany supervisor H. Albert's memoir of November 25, 1941<sup>31)</sup>, gives a straightforward representation of these circumstances:

28) Exh. 198 & 187 of the Investigation of Ford-Werke.

29) Letter from Edsel B. Ford, Dearborn, to Mr. R.H. Schmidt, Cologne-Niehl, Germany, Oct. 31, 1940, Exh. 188 of the Investigation of Ford-Werke.

30) Exh. 207 of the Investigation of Ford-Werke.

Berlin, 25 Nov 1941

Dr. H.F. Albert

Memo concerning Ford-Werke A.G., as to whether a complete Germanization would be necessary or advisable.

.....

As long as Ford-Werke A.G. have an American majority, it will be possible to bring the remaining European Ford companies under German influence, namely that of Ford-Werke A.G., and thus to execute the Greater European policies in this field, too. As soon as the American majority is eliminated, each Ford company in every country will fight for its individual existence. The just now successfully accomplished joining of the potentiality of the non-German, European Companies to the potentiality of Ford-Werke A.G., and with this to the general war-potentiality of Germany, would thus collapse more or less by itself. Amsterdam, Antwerp, Paris, Budapest, Bukarest, Copenhagen etc. are concerned.

.....

Here we can see in a nutshell all the relationships centering Ford Germany and how management responded to them. In 1941, the company increased its capital<sup>33)</sup> while control of Ford Motor Co. of U.S. (52% interest) was retained.

During the period, Ford Motor Co. declined to offer assistance to the United Kingdom under the Lend-Lease Act. Henry Ford announced that Ford Motor Co. would not deal with any governments except the American government<sup>34)</sup>.

We have outlined above how things were around Ford Motor Co. and its European operations before America's entry into the war.

(2) After America's entry into the war

The Japanese attack of Pearl Harbor on December 7, 1941 pushed America to enter the war. Four days after that Germany declared war against America. This naturally necessitated the reorganization of Ford Germany. Table 3 shows how the company's management changed before and after the opening of war between the United States and Germany. In November, 1942 Ford Germany was placed under control of the German government's Committee for Administration of Enemy Assets (Reichskommissariat für die Behandlung feindlichen Vermögens). But it was R.H. Schmidt who was assigned Verwalter (trustee). Also, Albert was assigned chairman of the Beirat (consulting committee)<sup>35)</sup>, which replaced the board of supervisors.

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31) Memo concerning Ford-Werke AG as to whether a complete Germanization would be necessary or advisable, 25 Nov. 1941, by H.F. Albert, Exh. 1 of the Investigation of Ford-Werke.

32) The possibility of merger with Kreckner Humboldt, a heavy equipment manufacturer, was discussed in case complete Germanization was forced in order to avoid being acquired by competition or a Government cooperation. See H. Albert's letter of December 30, 1941 to R.H. Schmidt. (Exh. 191)

33) Increase in capital from 20,000 RM to 32,000 RM.

34) M. Wilkins & F. Hill, *American Business Abroad, Ford on Six Continents*, (Japanese translation, p. 397)

Table 3 Members of board of supervisors (Aufschistrat) and board of directors of Ford Moter Germany (1937-1941)

1937	
Board of Supervisors	H.F. Albert (chairman) C. Bosch (vice-chairman, president of IG Farben) Sir J.T. Davies Edsel. B. Ford (president of Ford Motor Co.) Lord. Perry (president of Ford Motor Co. of Britain) A. Schurig C.E. Sorensen (Director of Ford Motor Co.)
Board of Directors	E. Diestel R.H. Schmidt E. Vitger
1938	
the same persons	
1939	
Board of Supervisors	H.F. Albert C. Bosch Edsel. B. Ford Lord. Perry A. Schurig C.E. Sorensen
Board of Directors	R.H. Schmidt E. Vitger
1940	
Board of Supervisors	H.F. Albert C. Bosch Edsel. B. Ford G. Schmidt A. Schurig C.E. Sorensen
Board of Directors	R.H. Schmidt E. Vitger
1941. 4.	
Board of Supervisors	H.F. Albert C. Krauch W. Bötzkas Edsel. B. Ford H. Hünemeyer C.E. Sorensen
Board of Directors	R.H. Schmidt E. Vitger
1942. 11. – 1945. 5.	
Beirat	H.F. Albert
Verwalter	R.H. Schmidt

Source: Ford-Werke AG annual reports (Geschäftsberichte), etc.

Basically, no change was made in the company's management except for American directors. That is, Ford Germany was able to keep its course of operation without external interference.

Now, let us examine what position Ford Germany took up in Germany's munition production.

#### (1) Trucks and half-tracks

Figure 2 shows changes in production at Ford Germany from 1940 to 1944. It is known from the figure that the company's Cologne factory was a major base for supplying engines, as well as of trucks, across continental Europe. The factory also produced about 10,000 half-tracks<sup>36)</sup> from 1942 to 1944<sup>37)</sup>.

The data is limited to the production of Ford Germany alone. Other Ford organizations of Europe, whose production was virtually integrated under control of Ford Germany, need to be counted separately. For the present, it is known, though spotty, that during the period from 1941 to 1944 Ford Belgium produced about 10,000 trucks; Ford France produced about 10,000 trucks, plus parts for 15,000 to 18,000 trucks to Antwerp and Amsterdam; and Ford Holland supplied about 8,000 trucks and 6,000 half-tracks<sup>38)</sup>.

#### (2) Production of purely war material (ammunition) by Arendt

In December, 1939 W. Arendt, a supplier for Ford Germany, and Sponholz & Co., a private bank in Berlin, jointly made a company named Arendt, holding a 24% and 76% share of stock, respectively. This was not reported to the Ford headquarters. But as the company depended fully on Ford Germany for equipment and labor, it should be regarded as part of Ford Germany's wartime production activity<sup>39)</sup>.

#### (3) Aircraft parts

Ford Germany's production of aircraft parts, including 20,000 gears for Junkers, was limited in both volume and period (1940-41)<sup>40)</sup>.

Finally, we should have a look at the labor required for these production efforts.

35) S.H. Lindner, *Das Reichskommissariat für die Behandlung feindlichen Vermögens in Zweiten Weltkrieg*, *Zeitschrift für Unternehmensgeschichte* Beiheft 67, 1991, s. 121. Oshima, op. cit., p. 130.

36) A military truck with caterpillar treads and wheels.

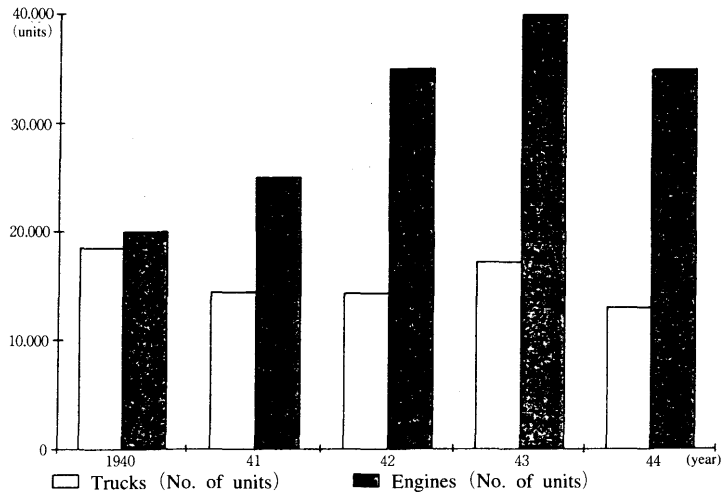
37) R.H. Schmidt's testimony (Exh. 91 of the Investigation of Ford-Werke.)

38) Both estimated based on R.H. Schmidt's testimony (Exh. 90 of the Investigation of Ford-Werke.) The total production of Ford Motor's European operations during this period remains to be determined in the future.

39) These amounted to 9,000,000 RM in value for the entire period from 1939 to 1944, accounting 8.9% of total production. Exh. 161 of the Investigation of Ford-Werke.

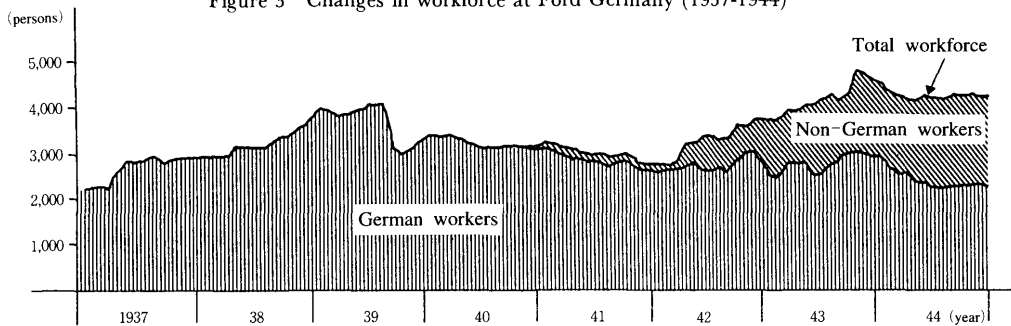
40) Exh. 177 of the Investigation of Ford-Werke. It is notable that while Adam Opel converted its peacetime production almost completely to the production of aircraft parts, Ford-Werke AG nearly remained in automobile related production.

Figure 2 Changes in production at Ford Germany during WWII (1940-44)



Source : Exh. 90 of the Investigation of Ford-Werke.

Figure 3 Changes in workforce at Ford Germany (1937-1944)



Note : The graph shows monthly changes in the workforce.

Source : Exh. 19A of the Investigation of FordWerke.

Figure 3 shows changes in the number of workers at Ford Germany. Its total workforce peaked during World War II, amounting to about 5,000. This was small compared with other motor manufacturers. For example, in 1944, Adam Opel had a workforce of about 20,000 and Daimler Benz as many as about 90,000. However Ford Germany's workforce also included foreign workers. In 1944, as witnessed by R.H. Schmidt, the company used 800 Russian workers, 400 Italian war prisoners and 400 Dutch, Belgic and French workers, excluding, of course, those at European Ford factories outside Germany<sup>41)</sup>.

### Summary

*Despite the fact that German Ford's German behavior was to be expected, it is startling to observe its results in terms of participation in the Reich's war preparations and ultimately the war.*

*Even before the War a portion of German Ford had with Dearborn's consent become an arsenal of Nazism, at least for military vehicles.*

This was a conclusion made by H. Schneider given in his Investigation of Ford Werke<sup>42)</sup>.

In conclusion of examination of this document we can say that at least before America's entry into the war, Ford Motor Co. not only extended cooperation to, but shared common interests with, the Nazi government through its German subsidiary. And through these activities Ford Motor Co. has been learning the organizational methods as Multinational Enterprise.

We will examine the case of General Motors in the next paper.

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41) The Investigation of Ford-Werke succinctly pointed out as follows: It employed "foreign workers" who lived behind barbed wire. The Investigation of Ford-Werke, p. 1. Foreign workers were treated differently depending on their nationalities. (Cf. Exh. 160 of the Investigation of Ford-Werke.)

42) Investigation of Ford-Werke, p. 1-6.