

Nazi Economy and U.S. Big Businesses (2)

— The Case of General Motors Corporation —

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Introductory — Definition of the problem and new material

In the previous paper¹⁾, we discussed the business activity and strategy of Ford-Werke AG, the German subsidiary of Ford Motor Germany, during the period of Nazi administration up to the end of World War II. But the largest of American corporations which played important roles in the German economy during the period was General Motors Corporation. As shown in Figure 1, in 1936 Adam Opel AG, GM's German subsidiary, ranked the first in the German automobile market, enjoying the lion's share of about 40%. A year before, the company thrusted into truck manufacturing, becoming a threat to existing businesses such as Daimler-Benz. The fact that Adam Opel was a company owned 100% by an American corporation gave rise to some problems of specific nature.

This has been discussed by a number of authors in the past²⁾, but none of them was adequate enough to hit the core of the issue³⁾. What is most important here is to consider by dividing the Nazi years into three periods: ① from the establishment of the Nazi administration in January, 1933 to the outbreak of WW II in September, 1939, ② from September, 1939 to America's entry into the war in December, 1941, and ③ from December, 1941 to 1945. We must say any of the previous discussions failed to make this distinction. First, let us clarify this point by making a comparison of a number of descriptions:

In his famous *"My Years With General Motors"* (1963), Alfred P. Sloan, who served as president and then chairman of GM during the years in question, wrote as follows:

The largest immediate problem we faced after the war concerned the Opel properties. These had been seized by the German government soon after the war began. In 1942 our entire investment in Opel amounted to about \$35 million, and under a ruling which the Treasury Department had made concerning assets in enemy hands, we were allowed to write off the in-

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1) Nazi economy and big US businesses (1)—the case of Ford Motor Co., The Kyoto University Economic Review, No. 139, 1995.

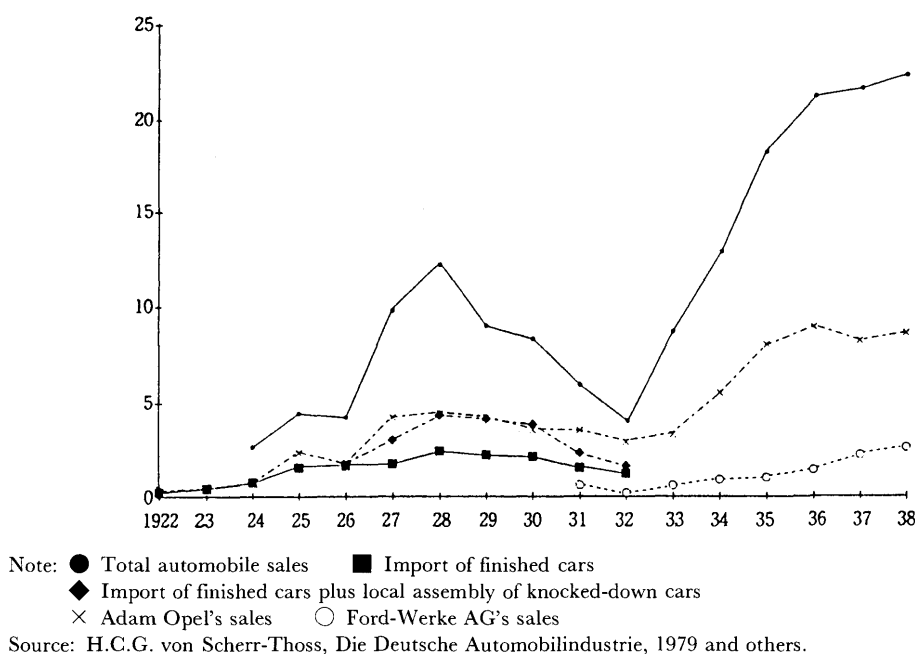


Figure 1. Changes in German automobile market (1922-1938)

vestment against current taxable income. But this did not end our investment in, responsibility for, the Opel property. As the end of the war drew

- 2) The issue is, to some extent, dealt with in: M. Wilkins & F. Hill, *American Business Abroad*, Ford on Six Continents, 1964 (Japanese translation by Iwasaki, Ogawa Shuppan, 1964); A.P. Sloan, Jr., *My Years With General Motors*, 1963 (Japanese translation by Tanaka and others, 1967, Diamond); F. Donner, *The World-wide Industrial Enterprise*, 1967 (Japanese translation by Onuma, Pelican, 1967); T. Inoue, *GM and Ford in terms of overseas strategies* (National Economy Magazine, 124-1, 1971); B.C. Snell, *American Ground Transport*, 1974; N. Suzuki, *Process of Formation of Multinational Businesses — Overseas Operations of American Auto Industry Between WW I and WW II* (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. Ampo, *American Overseas Investments between WW I and WW II*, Tokyo University, 1984; NHK, Document Showa 3, *Keep American Cars from Japanese Market*, Kadokawa, 1986; Y. Nishimuta, *Daimler-Benz's Management Strategies in the 1920s*, Social Sciences, 39-1, 1987; ditto, *Daimler-Benz's Management Strategies in the 1930s*, Social Sciences, 39-3, 1987; A. Kugler, *Die Behandlung des feindlichen Vermögens in Deutschland und die Selbstverantwortung der Rüstungsindustrie, Dargestellt an Beispiel der Adam Opel AG von 1941 bis Anfang 1943*, 1999 Heft2, 1988; Y. Nishimuta, *Daimler-Benz as a Munitions Company*, Social Sciences, 40-6, 1989; S. Reich, *The Fruits of Fascism*, 1990; S.H. Lindner, *Das Reichskommissariat für die Belandlung feindlichen Vermögens im Zweiten Weltkrieg*, 1991; T. Oshima, *German Auto Industry during WW II* (2), Aichi University Economics Bulletin, Vol. 133, 1993. (Related papers by myself will be listed later.)
- 3) The basic problem is that the previous work failed to examine in detail the companies' behavior and their relationships with their U.S. headquarters for each of these periods: the 1930s, from September, 1939 to December, 1941, and from December, 1941 to 1945. C. Higham (See (2) above) referred to the James D. Mooney Papers but their use was only partial.

near, we were given to understand that we were still considered the owners of the Opel stock; and we were also given to understand that as the owners, we might be obliged to assume responsibility for the property.

While Sloan wrote "... seized ... soon after the war began ...", he did not clarified which was the exact time of the seizure, September, 1939 or December, 1941.

F. Donner, who became chairman of GM after WW II, wrote in his "World Strategy of General Motors" (1967) as follows⁴⁾:

It was more difficult to make decision on Adam Opel. Because General Motors Corporation had not taken administrative responsibility of Adam Opel since 1940.

We must pay attention to his reference to the year "1940" and careful expression of "the administrative responsibility".

In contrast, Shoichi Inoue made the following description:

"... On the other hand, Adam Opel had all its production factories and other assets confiscated by the Nazi government." (Study of GM, 1982, p. 172)

Also, NHK's Document Showa 3 wrote as follows:

"... Hitler increasingly tightened control on Ford and GM. Eventually, in 1940, GM was forced to part with Opel and withdraw from Germany. Ford remained in Germany but after 1940, it was able to make about 10,000 military trucks annually at best." (Document Showa Vol. 3 "Keep American Cars from Japanese Market", p. 161)

We note that while referring to the same year 1940, they treated it slightly differently.

In General Motor's annual report for the fiscal year ended December 31, 1939 (issued in April, 1940), we read the following description:

As a result of the declaration of war, and in the line with the Corporation's operating policies, with full recognition of the responsibility that the manufacturing facilities of Adam Opel A.G. must now assume under a war regime, the Corporation has withdrawn the American personnel formerly in executive charge of this operation, and has turned the administrative responsibility over to German nationals. Its relationship now limited to representation on the Board of Directors ...

4) F. Donner, op. cit. (Japanese translation), p. 59.

In the case of Vauxhall Motors Ltd., the administrative responsibilities continue to be in the hands of English nationals.

Of course, this is not identical with the four descriptions quoted earlier.

In other words, authors have failed to give consistent descriptions about the periods and wartime business activity in question.

What were actual relationships between GM and its German subsidiary Adam Opel during the periods? What roles did they play in the Nazi economy? How did they change after the outbreak of WW II and after America's entry into the war?

We must delve into these questions.

In recent years, the documentation personally kept by James D. Mooney⁵⁾, who was vice president in charge of the overseas division of GM from 1920's to 1940's, was donated by his bereaved family to Georgetown University, Washington D.C., for public use⁶⁾. Thanks to the new material, I was able to start looking at the issue from a new point of view. The documents are important as information supplemental to Alfred P. Sloan's memoir "*My Years with General Motors*"⁷⁾.

This paper can be, so to say, the first part of the work I am planning to do based on the new material⁸⁾.

I General Motors and German Auto Industry in the 1920s

General Motors established its German subsidiary, GM Deutschland, Berlin, in 1925, as with the case of Ford Motor. In that year, the company started knock-down assembly of Chevrolet cars. Prior to this, from around 1919, GM started active operations in France and Britain while exporting its products to European countries. Its activity was characterized by the fact that it was aggressive in merger and acquisition of local businesses from the beginning in parallel with export of finished vehicles from America and local knock-down assembly⁹⁾. This was, of course, based on General Motors' strategy arising from its founding and development in the United States. It must be pointed out that in Europe, the strategy

5) For James D. Mooney's unique concept of economic organization he envisaged as director of GM's export division, see S. Inoue "GM—Export division and management strategies", Kansai University, 1991.

6) James D. Mooney Papers, Georgetown University Library, Special Collection Division, Washington D.C., processed by Michael J. North, 1991. In the 1980s, Michael Mooney, James D. Mooney's son, made two donations of documents related to his father to Georgetown University. These documents cover several trials and Senate discussions that involved GM and J.D. Mooney. C. Higham (see (2) above) made reference to the James D. Mooney Papers, but He used the material only partially.

7) Alfred P. Sloan Jr., *My Years with General Motors*, 1963.

8) In addition, I was able to look through and use documents related to Emil Georg von Stauff, a Deutsche Bank director, files in the Deutsche Bank Akten kept in the Bundesarchiv Potsdam. The files contain a variety of requests submitted by German automobile companies, including GM=Adam Opel, in connection with the Reich government's automobile industry policy.

9) General Motors had acquisition talks with Citroen of France, and Austin and Vauxhall of Britain.

worked favorably in that it allowed GM to act more flexibly than Ford¹⁰⁾. During the period, the company's overseas M & A strategy was particularly successful in Germany.

GM's acquisition of Adam Opel

As I discussed elsewhere¹¹⁾, Adam Opel was the first to become a leading-edge business in the German auto industry by combining its "compact car" strategy and mass-production system. In 1928, it became the largest auto manufacturer in terms of the number of units produced. However, the company's seemingly successful operation included many of the problems facing the German auto industry. This can be known by examining in detail how German auto manufacturers did their operations. Table 1 shows the ratio of factory operation of each of the German auto manufacturers in 1928. Opel was the best among them. But even in this year when the company achieved its peak in terms of the volume of production, its factory operating rate was as low as 60%¹²⁾. Comparing the data with that of American auto manufacturers given below clearly shows the difference between the two. As I discussed elsewhere¹³⁾, the difference typically resulted the "Ford system" developed by Ford Motor, in which a high factory operating rate is a must for cost reduction because of the very size of the capital expenditure involved. During the period, Adam Opel was not a joint-stock company but a family corporation. Since it did not disclose information about its operation, no specific figures are available to determine whether it recorded net profits. It may, however, be tolerable to assume that the operating rate of 60%¹⁴⁾ was close to the break-even point¹⁵⁾. If so, it can be said that the company was in financial difficulties despite the stunning growth of its production¹⁶⁾. Naturally, General Motors saw Adam Opel as a business with great potential which, if shored up properly, could be placed back on track and provide means to dominate the German automobile market¹⁷⁾. For Adam Opel, therefore,

10) Alfred P. Sloan Jr., *My Years with General Motors*, Japanese translation, p. 403.

11) Y. Nishimuta, *German capitalism and position of auto industry between WW I and WW II*, *The Kyoto University Economic Review*, No. 130, 131, 1991; *Daimler-Benz's Management Strategies in the 1920s; Nazi economy and big US businesses — the case of Ford Motor*, op. cit.

12) In his discussion about the merger problem of German automobile companies, von Stauß of Deutsche Bank pointed to a wide discrepancy between their production capacity and actual production. The figures given there are almost identical with those shown in the table. Emil Georg von Stauß, *Zusammenschluß der Automobil-Industrie*, 15.5.28, *Deutsche Bank Akten*, Bundes Archiv Potsdam, PO3204.

13) Y. Nishimuta, *German Capitalism and position of automobile industry between WW I and WW II*, op. cit.

14) ditto.

15) Y. Nishimuta, *German Capitalism and position of automobile industry between WW I and WW II*, op. cit.

16) F. Lederman, *Fehlrationalisierung — der Irrweg der deutschen Automobilindustrie seit der Stabilisierung der Mark*, Stuttgart, 1933, s.82.

17) A.P. Sloan, Jr., *My years with General Motors*, Japanese translation, p. 419.

Table 1 Rate of operation of major German automobile companies in 1928¹⁾

Company	Daily capacity	Annual capacity	Production in 1928	Rate of operation
Opel	250	75,000	45,543	60.7(%)
Brennabor	250	75,000	6,781	9.0
Adler		24,000	7,233	30.1
BMW		15,000	9,000	60.0
Daimler-Benz ²⁾		16,000 ²⁾	11,656	7.03
Autounion ³⁾		30,000 ²⁾	8,655	28.8
Haromag		26,000	3,400	13.0
7 Total		261,000	92,268	35.4
Total output of German auto industry				

(Reference) Rate of operation of major American automobile companies in 1928⁴⁾

Company	Annual Capacity	production in 1928	Rate of operation
General Motors	3,375,000	2,700,000	80.0(%)
Ford Motor	2,650,000	2,370,000	89.3
Chrysler-Dodge	932,000	746,000	80.0
3 Total		5,816,000	
Total of American auto industry	9,393,000	7,764,000	82.0

1) Based on Ledermann, a.a.O., S.82, S.120.

2) Based on H.Maurer, a.a.O., S.3.

3) Four companies that formed the Auto Union: Wanderer, DKW, Horch and Audi.

4) Ledermann, Fehlrationalisierung — der Irrweg der deutschen Automobile-industrie seit der Stabilisierung der Mark — Stuttgart 1933, S.104. Including the Canadian factory.

there was good reason to affiliate itself with GM which had tremendous funds plus a wealth of expertise in mass production and mass marketing¹⁸⁾.

In this period, Deutsche Bank, which arranged the merger of Daimler and Benz in 1926, was considering pushing with its German automobile trust (Deutsche Autotruster) plan by realizing the merger of Daimler-Benz and Adam Opel¹⁹⁾. In his memo dated May 15, 1928, Emil Georg von Stauß, who was a Deutsche Bank director and auditor-chairman of Daimler-Benz, examined the situation of the German auto industry²⁰⁾. His major concern was the merger problem of automobile manufacturers. At that time, there were as many as three groups pushing with

18) A.P. Sloan, Jr., My years with General Motors, Japanese translation, p. 420.

19) M. Kruk & G. Lingnau, 100 Jahre Daimler-Benz, Das Unternehmen, 1986. This was based on the plan of making "a GM of Germany" conceived by Emil Georg von Stauß, who was a Deutsche Bank director and also served as chairman of the auditing committees of both Daimler-Benz and BMW. op. cit. p. 107.

mergers of German automobile businesses. In any project, the focus was how to acquire promising compact car manufacturers. Needless to say, the most promising of all was Adam Opel. But the plan ended up being acquired by GM in March, 1929 as explained before²¹⁾.

Dispute between RDA and GM centering on Reich government's auto industry policy

The year of 1930 and 1931 saw increasing criticism by the German auto industry association (Reichsverband der Automobilindustrie-RDA) against the Reich government's transportation policy in general and for automobile-related policy in particular. The criticism was as follows²²⁾:

Automobile industry in Germany is badly treated more than in any other countries. Instead of increasing the protective tariff, the German government intends to reduce it. The import of foreign automobile is increasing rapidly. German automobile companies are in crisis.

In RDA, Daimler-Benz spearheaded the criticism²⁴⁾.

But there was another influence that did not conform with RDA, that is, GM. The company was against RDA's policy criticism and submitted a proposal of its own to the Reich government²⁵⁾, which can be summarized as follows:

It is not good and too narrow to take the standpoint of protecting the German national automobile industry only. It is expected to establish the general conditions of promoting automobile transportation in Germany. This then in consequence strengthens the German national automobile industry.

II Adam Opel and GM in the 1930s

Germany's automobile related policies took a sharp turn under the Nazi administration established on January 30, 1933²⁷⁾. As can be known from Figure 1,

20) von Stauß, 15.5.28, Zusammenschluss der Automobil-Industrie, Deutsche Bank Akten, PO3204, Bundes Archiv Potsdam.

21) Deutsche Bank 1870-1995. s.115.

22) Deutsche Bank Akten, P3285, Bundes Archiv Potsdam.

23) Deutsche Bank Akten, P3285, Bundes Archiv Potsdam.

24) Y. Nishimuta, Daimler-Benz as a munitions company, Social Sciences Vol. 40-6, p. 161.

25) Deutsche Bank Akten, P3285, Bundes Archiv Potsdam.

26) Deutsche Bank Akten, P3285, Bundes Archiv Potsdam. I plan to discuss in detail debates between Daimler-Benz and GM-Opel centering on the Reich government auto industry policy in a separate paper.

27) Nishimuta, German Capitalism and position of automobile industry between WW I and WW II, Shirin, vol. 68-5. The paper focuses on this policy change.

the rapid expansion of the German automobile market after 1933 was led by Adam Opel. The company wielded overwhelming power in Germany's compact car market. With its new models, namely, Kadett, Olympia and P4, the company dominated a large 40% share of the German automobile market in 1936. Its minimum selling price became as low as RM1,300, approximating the planned selling price of RM1,000 for the Volkswagen.

Adam Opel and "Volkswagen"

At the opening ceremony of the Berlin Motor Show in 1934, Adolf Hitler announced the inauguration of the "Volkswagen" project, which was immediately followed by a decision at an RDA general meeting to push with the project as RDA's joint enterprise. An agreement was signed between RDA and Porche Design Office for design and development of the planned automobile. But F. Porche intended to make a compact car so innovative that its design and development was substantially late behind the original plan²⁸⁾. This caused Adam Opel to withdraw from the joint enterprise in 1936, declaring that it would offer "Volkswagen (people's car)" on its own. On the other hand, from 1936 to 1937, Porche, Daimler-Benz and Deutsche Bank created Volkswagen Corporation as a sort of national project²⁹⁾ backed by the Nazis Party³⁰⁾. Design of the car was completed in 1938 and its production factory almost completed in 1939.

Adam Opel's entry into truck manufacturing

During the period, Adam Opel was rapidly entrenching its leading position in the compact car market. The company's headquarters factory at Russelsheim was expanded in capacity to produce 100,000 cars annually, becoming the largest automobile works in Europe³¹⁾. In 1935, it entered the field of truck manufacturing.

The only concern of otherwise successful Adam-Opel was the German regulation of remittance implemented in 1936 due to the country's foreign currency crisis. This forced the company to keep its profit in Germany without making its remittance. General Motors had to explain the situation to its shareholders in America³²⁾.

28) For the details of the development process, see S. Furukawa's *Process of building the Volkswagen Werke* and other papers.

29) A project of Deutsche Arbeitsfront (DAF).

30) For the details of the process of building the Volkswagen company, see S. Furukawa, *op.cit.*

31) In 1938, production hit the level of 150,000 units including trucks.

32) General Motors' reply to its shareholder's question, made somewhat belatedly in 1938, reflected the company's attitude toward this problem. It reads as follows:

It is true that we can not, at the moment, withdraw profits accrued in the German Plant and transfer them into American currency, due to Exchange restrictions. But that situation is not in any sense limited to Germany. There are several other countries in which we are conducting operations in South America or otherwise from which likewise profits can not be withdrawn. Germany is only one of many other countries... It (Adam Opel A.G.) has been a very profitable investment, and its future potentiality from the standpoint of development and profit is equal to, if not greater than, many other
(Continued)

In that year, GM arranged a meeting between Adolf Hitler and James D. Mooney, vice president in charge of overseas operations, who helped expand GM's European operations including of Britain and Adam Opel while serving as a supervisory board member of Adam Opel during the period (cf. Table 2 Changes in Adam Opel's board of directors and supervisory board members).

According to one of the testimony made later³³⁾, the meeting brought a certain warrant for GM's operation in Germany as well as agreement on the following two items:

- (1) Adam Opel would invest about \$10 million currently on hand in the expansion of its truck factory of Berline-Brandenburg. The factory would be laid out according to the state-of-the-art "Detroit principle" but its management should be left completely to German personnel.
- (2) GM would obtain an additional export commission for each Opel car sold outside Germany. To this end, Adam Opel should promise efforts to increase export.

The agreement was to reinforce Adam Opel's truck manufacturing started in 1935 for further expansion to full-fledged business.

It also ensured that profits made in Germany would be reinvested within the country³⁴⁾.

J.D. Mooney's proposal to the German government to cope with its foreign currency crisis

In May, 1939 James D. Mooney made a proposal to the German government in association with the "barter arrangement" problem³⁵⁾ to cope with the country's foreign currency crisis. His proposal, submitted to a German government official (Helmut Wolthat, assistant director, Four-year Planning Agency), was as follows:

In stead of making this kind of arrangements, how about providing a Gold-loan by U.S., or by U.S. and Britain, to Germany? To accomplish this, we can work through the B.I.S. (The Bank for International Settlements).

The latter immediately responded to Mooney's proposal. Arrangements were made to start a negotiation in London, which, however, failed to take place³⁷⁾. This was the first time for J.D. Mooney to get involved in government-level issues beyond corporate-level problems.

investments which the Corporation has made.

James D. Mooney Papers, Box 4, Folder 24.

33) James D. Mooney Papers, Box 4, Folder 24, FBI-Report of James D. Mooney, Graem K. Howard & Alfred P. Sloan, Jr., August 6, 1941.

34) Refer to GM's reply to its shareholder's question., op. cit.

35) This also applied to the case of Ford-Werke A.G. See Y. Nishimuta, *Nazis Economy and Big US Businesses — the case of Ford Motor*, p. 349.

36) James D. Mooney Papers, Box 3, Folder 29.

37) James D. Mooney Papers, Box 1, Folder 1, 2.

III World War II, Adam Opel and GM

1. Before America's entry into the war

James D. Mooney was in Germany on September 1, 1939 when World War II broke out.

Since that time, he was to have various sorts of talks.

Upon back home to America in December, 1939, he tried to contact President Roosevelt. Actually, he exchanged opinions with the president through two interviews (which took place in December, 1939 and January, 1940) and a huge correspondence³⁸⁾.

In February, 1940 J.D. Mooney returned to Germany in the disguise of an ordinary business trip. While making preparations for talks with high officials of the German government, he made tours of Adam Opel facilities. First, he made a tour of the sales and repair network around Berlin and then the Brandenburg truck factory³⁹⁾. After that he visited the headquarters factory at Russelsheim and dealt with its production conversion problem, that is, conversion to aircraft parts production⁴⁰⁾. With his approval, the headquarters factory converted to aircraft parts production⁴¹⁾.

On March 4, 1940, he met Hitler.

This was his second meeting with Hitler but this time, he was assigned the role of President Roosevelt's secret envoy. The following is a summary of Roosevelt's proposal to Hitler outlined by J.D. Mooney⁴²⁾:

Roosevelt's state of mind as assumptions:

- (1) I (Roosevelt) am by no means against Germany.
- (2) The United States of America wants to help resolve the current world political and economic issues on a global scale.
- (3) In this respect, the United States of America is in a position of providing a substantial contribution by means of its surplus material (cotton, wheat, copper and even gold).
- (4) The United States of America thinks that all countries (including Germany) should be able to have broader, freer access to raw materials.
- (5) The United States of America is ready to serve as a moderator, not as an arbitrator or a peace-maker, for peace.
- (6) This proposal is based on the public opinion of America, which can be summarized as follows:
 - (a) The public wants their leaders to have a general sense of security, provide job opportunities and improve the standard of living.

38) James D. Mooney Papers, Box 1, Folder 10, 11, 12.

39) J.D. Mooney, Lessons on Peace and War, Part 3, 1956, James D. Mooney Papers, Box 3, Folder 29.

40) *ibid.*

41) James D. Mooney Papers, Box 4, Folder 1. In light of this, General Motors evidently maintained control of Adam Opel as of 1940.

42) James D. Mooney Papers, Box 1, Folder 16, 17.

- (b) Freedom of belief is important as a basic right of the Americans. In this regard, the Americans have misgivings about the current religious conditions in Germany.
- (c) War does not make sense.
- (d) Europe and America are bonded deep by blood.
- (e) The current war should be put to an end immediately.
- (g) The interests of every belligerent country depend on terminating the war immediately.
- (h) Something could be done to put an end to the war immediately.
- (i) The United States of America has its share of responsibility for the current situation.
- (j) It would be too late if the war gets in earnest.
- (k) Many of the Americans believe there is a high possibility of solving the current issues equitably.
- (l) Neither side can make a permanent settlement by means of a "blitzkrieg".
- (m) Germany's strength has already been proved and acknowledged. In the current state of things, refraining from excessive military offense would not harm but add to the prestige.
- (n) The average American rather stands with the United Kingdom and France.
- (o) Sentiment against America's entry into the war has been growing by the day.
- (p) "War demand" will not bring any industrial benefit.
- (q) Invading Belgium or Holland would cause a strong reaction on the part of the Americans.
- (r) The same can be said for mass bombing.
- (s) If broad autonomy is given to Czechoslovakia and Poland, the Americans do not hesitate to approve Germany's political and economic influence on these countries.
- (t) As for the annexation of Austria, the Americans are also of opinion that they are ready to acknowledge that Austria is an integral part of Deutsche Reich politically, economically and culturally.
- (u) The British Empire is a world-wide bulwark of the white race.
- (v) The public opinion gives strong support for the Neutrality Act of America.

Hitler's response was as follows⁴³:

Hilter's response (March 4, 1940):

I think I would be able to reach agreement with President Roosevelt immediately provided the following common ground is established:

- (1) Germany is willing to acknowledge that the United Kingdom is actually a world power.

This is also true for France. However, Germany demands that it also be recognized as a world power.

- (2) If these world powers pay respect to each other, peace would be brought about.

43) James D. Mooney Papers, Box 1, Folder 16, 17.

(3) Once peace is established, armaments could be reduced, allowing a large number of workers engaged in munitions production to be used for more productive purposes in international trade.

Goering made the following supplement⁴⁴⁾:

Goering's supplement (March 7, 1940):

(4) As for relations between Germany and America, Germany has no intention to do any single step against America's interest.

(5) As for the British Empire, Germany thinks it has made the most important contribution to the world and is able to continue to do so. Germany has no intention to encroach on the British Empire per se. But its interference with European issues outside its boundary is another story.

On March 11, acting on the result of the meeting, J.D. Mooney telegraphed his proposal for intervention to Roosevelt⁴⁵⁾.

In May, 1940 Mooney went back to America.

On June 1, 1940 he delivered a speech to appeal to the public⁴⁶⁾.

The following is the gist of his address.

- (1) European people do not want war.
- (2) Total war means the death of European civilization.
- (3) What we should do immediately is push discussion for truce and peace.
- (4) America's potential power has the key to peace.
- (5) Peace with honor is required for both sides.
- (6) With its great economic power and war potential, America is able to get the parties concerned round the table and should do that right now.

The speech was carried in the August 3, 1940 issue of Saturday Morning Post.

If we are to evaluate Mooney's speech considering the state of things at that point, we may say that it would have been a very intellectual and persuasive argument, setting aside the fact that it accepted Germany's standpoint as well.

Naturally, Mooney's speech caused reaction in some quarters in the United States. The first was that of the PM, a New York daily.

The newspaper launched a harsh "anti-Mooney" campaign on August 9, 12 and 13 immediately after his speech appeared in Saturday Morning Post. The point was as follows:

- (1) Mooney's view is just in parallel with that of the Nazis.
- (2) Mooney was awarded a decoration (the Order of the German Eagle, First Class) by Hitler⁴⁷⁾.
- (3) Mooney joined the Germans to celebrate the fall of Paris.

From this, The PM concluded that Mooney was pro-Nazi.

In response, GM was quick to conduct internal coordination. Sloan replied to each of the questions received from stockholders.

44) James D. Mooney Papers, Box 1, Folder 15.

45) James D. Mooney Papers, Box 1, Folder 13.

46) J.D. Mooney, War or Peace in America?, June 1, 1940, James D. Mooney Papers, Box 1, Folder 40.

47) This was true. He was decorated in June, 1938. James D. Mooney Papers, Box 6.

There remained a lot of letters exchanged between Sloan and Mooney about this issue. Sloan's letters to Mooney had two focal points⁴⁸⁾:

- (1) We (Sloan and Mooney) differ in political opinion.
- (2) We executives ought not to get involved in this kind of issue.

GM sued the PM for defamation by stressing on the newspaper's making a false report, i.e., item (3) above. The campaign tapered off. In October, 1940, the owner of the PM was replaced, although it is unknown whether the replacement had to do with the lawsuit.

But no substantial change could be recognized in Mooney's stance: he continued his efforts for negotiated peace at least until August, 1941⁴⁹⁾.

Although the PM's campaign ended, a new phase of the issue was to unfold. It was initiated by the Department of State.

In February, 1941 information was received from a French journalist at the Cunsulate General of the U.S. in Zurich:

General Motors' representative in Paris acts as courier in delivering communications from Mr. James D. Mooney to high German officials in Paris. It is believed that Mr. Mooney is transmitting information of a confidential nature through him. Is it not hazardous for a position responsible for the U.S. national defense?

The words "a position responsible for America's national defense" meant that J.D. Mooney assumed the post responsible for General Motor's defense production.

The Department of State recognized the need for investigation and asked FBI (Federal Bureau of Investigation) to take the necessary steps.

At the request of the Department of State, FBI conducted investigation of GM's J.D. Mooney, A.P. Sloan and G.K. Howard Jr. from June to the end of August, 1941 by disguising it as an ordinary inquiry about people responsible for national defense⁵⁰⁾.

The investigation brought a wealth of information. While I would like to examine it in detail in the future, I will put down here just its conclusion:

Context indicates Mooney has made "appeasement" speeches but direct pro-Nazi sympathy is not reflected.

The problem of whether he was pro-Nazis or not aside, what is important here is that understandably, Mooney's attitude stemmed from his position as an executive of both General Motors and Adam Opel.

48) James D. Mooney Papers, Box 1, Folder 24.

49) James D. Mooney Papers, Box 1, Folder 22.

50) James D. Mooney Papers, Box 4, Folder 24.

Table 2 Changes in members of Adam Opel's supervisory board and board of directors

supervisory board	board of directors
1938	
Wilhelm von Opel (Chairman)	A. Bangert
Fritz Opel (Vice Chairman)	R.A. Fleischer
G.K. Howard (Vice Chairman, GM-Director)	E.S. Hoglund
F. Beritz	C.R. Osborn (President)
Carl Lüer	H.G. Grewenig
James D. Mooney (GM Vice President)	G.S. v. Heydekampf
A.P. Sloan (GM President)	O.C. Mueller
J.T. Smith (GM Vice President)	K. Stief
	H. Wagner
1939	
W. v. Opel (Chairman)	A. Bangert
F. Opel (Vice Chairman)	H. Hansen
G.K. Howard (Vice Chairman GM Director)	E.S. Hoglund
F. Belitz	C.R. Osborn (President)
C. Lüre	H.G. Grewenig
J.D. Mooney (GM Vice President)	G.S. v. Heydekampf
A.P. Sloan (GM President)	O.C. Mueller
G.N. Vansitart (GM Director)	K. Stief
D.F. Ladin	H. Wagner
	A.A. Maynard
	K. Auerbach
1940	
W. v. Opel (Chairman)	A. Bangert
C.R. Osborn (Vice Chairman)	H. Hansen
G.K. Haward (Vice Chairman GM Director)	H.G. Grewenig
F. Belitz (Vice Chairman)	G.S. v. Heydekampf
C. Lür	O.C. Mueller
J.D. Mooney (GM Vice President)	K. Stief
A.P. Sloan (GM President)	H. Wagner (President)
E.S. Hoglund	O. Jacob
D.F. Ladin	Heinz Nordhof
A.D. Madsen	
1941	
W. v. Opel (Chairman)	A. Bangert
C.R. Osborn (Vice Chairman)	H. Hansen
G.K. Haward (Vice Chairman GM Director)	C. Lüer (President)
F. Belitz (Vice Chairman)	H.G. Grewenig
J.D. Mooney (GM Vice President)	G.S. v. Heydekampf
A.P. Sloan (GM President)	K. Stief
D.F. Ladin	H. Wagner
A.D. Madsen	O. Jacob
	Heinz Nordhof
1942	
W. v. Opel (Chairman)	A. Bangert
F. Belitz (Vice Chairman)	C. Lüer (President)
H. Richter	K. Stief
A.D. Madsen	H. Wagner (Vice President)
	O. Jacob
	H. Nordhof
Adam Opel administration from November, 1942 to May, 1945	
Verwalter	Chairman of board
C. Lüer	H. Wagner

Source: Geschäftsberichte der Adam Opel A.G.

2. After America's entry into the war

It was December, 1941 when America got involved in the war because of Japan's attack on Pearl Harbor.

Naturally, Adam Opel was forced to restructure its organization. Table 2 shows changes in members of the company's board of directors and audit committee. As can be know from the table, there had been no major change until fiscal 1941 except that C.R. Osborn and E.S. Hogrund were transferred to the audit committee. In and after fiscal 1942, both audit committee and board of directors underwent substantial changes.

In November, 1942 Adam Opel was put under control of the German government's enemy asset administration committee. But the person appointed as trustee (Verwalter) was Adam Opel president Also, who had been a director and vice president, was appointed president. Basically, no change was made except that American directors were entirely excluded from the audit committee and board of directors. That is to say, the company was free from external intervention and the continuity of its operation was basically maintained⁵¹⁾.

Now, let us have a look at Adam Opel's munitions production.

Table 3 shows changes in the volume of production at the Russelsheim headquarters factory by division for the period from 1938 to 1944.

Table 3 Changes in production at Adam Opel's Russelsheim factory
(unit: 1,000,000RM)

Department/year	1938	1939	1940	1941	1942	1943	1944
Automobile	223	192	13				
Automobile parts	25	37	42	60	58	52	37
Aircraft parts			82	135	163	182	116
Tools			9	5	4	6	4
Others							
Total	248	231	145	206	237	249	179
Percentage breakdown (%)							
Automobile	89.87	82.93	9.13				
Automobile Parts	10.2	16.01	29.39	29.35	24.75	21.03	21.18
Aircraft Parts			55.31	65.29	69	73.11	65.08
Tools			6.08	2.6	1.54	2.49	4.22
Others							

Source: United States Strategic Bombing Survey, Adam Opel (Russelsheim)

51) This was the same as with Ford Motor-Ford Werke A.G. In 1942, the American Government assigned Allen Wellsh Dulles of the law firm Sullivan & Cromwell as chief of the Bern branch of the Office of Strategic Service (O.S.S.). In this connection, it must be noted that Sullivan & Cromwell was the very law firm that under the Dulles brothers (John Foster Dulles and Allen Wellsh Dulles), served actively as an adviser to large US corporations in connection with their investments in Germany in the 1920s and 1930s. N. Lisagor & F. Lipsius, *A Law Unto Inself, the Untold Story of the Law Firm Sullivan & Cromwell*, 1988, p. 77ff.

Until 1939 the Russelsheim factory had been engaged primarily in automobile manufacturing. But it can be known from the table that in 1940, the factory was converted basically to aircraft parts production while producing automobile parts for the Brandenburg truck factory.

Table 4 Production of aircraft parts at Adam Opel Russelsheim factory

Types of parts	Percentage
Unkers JU88 engine	50
Unkers JU88 landing gear	50
Unkers JU88 wire harness	75
Me 109 Landing gear	60
Me 262 (jet fighter) landing gear	80
Me 262 jet engine	10
Others	

Source: United States Strategic Bombing Survey, Adam Opel (Russelsheim)

Table 4 shows the factory's share for different aircraft parts in Germany. The table shows that Adam Opel's Russelsheim factory was one of the major aircraft engine suppliers for Junkers bombers and also had a 10% share of engines for the Messerschmitt Me 262, the world's first jet plane⁵²⁾.

As for the Brandenburg factory, it was the hub of the networking of licensed manufacturing of Opel Blitz 3-ton trucks, enjoying an overwhelming 40% share of Germany's military truck production. Adam Opel imparted its expertise and technology associated with mass production to Daimler-Benz's Mannheim factory under the guidance of manager, Brandenburg factory⁵³⁾.

In light of these aspects, Adam Opel, out of doubt, had fully grown up to be able to meet the Nazi government's need for pushing with "military motorization"⁵⁴⁾.

Up to the present, I have not yet identified any material in connection with Adam Opel's labor force for its wartime production.

Conclusion

Our discussion made in this paper and the previous one⁵⁵⁾ has shed light on the following fact:

First: In the 1930s, under the Nazi administration, the German economy rapidly got out of the world depression, successfully steering to the course of growth.

52) There is the problem of its involvement in the development of a jet engine in America after the war.

53) In connection with this, it can be understood that he became president of the Volkswagen Corporation in 1947.

54) Y. Nishimuta, *German Capitalism and position of automobile industry between WW I and WW II*, Shirin, vol. 68-5, 127, p. 132.

55) Y. Nishimuta, *Nazi economy and big US businesses—the case of Ford Motor Co.*, op. cit.

During the period, Germany maintained “almost perfectly normal business functions with the U.S.”⁵⁶⁾. American companies were very, or even positively cooperative in barter arrangements necessitated by remittance regulations and raw material procurement in the foreign currency crisis of Germany. The German subsidiaries of American corporations formed an important, even essential, element in the so-called “miracle of the German economy”⁵⁷⁾ during the period. It can be said that these activities provided a critical support for the Nazi economy.

Second: The outbreak of World War II did not change the situation. Not as previously considered⁵⁸⁾, it is safe to say that during the period when the war situation was getting increasingly aggravating, big American businesses conducted, as it were, “joint business operations” with the Nazi government through their German subsidiaries. This also seems to have some influence on America’s foreign policy: these big US businesses represented the country’s isolationism during the period.

But America’s entry into the war in December, 1941 marked a turning point. The US corporations and their German subsidiaries were made virtually separate entities⁵⁹⁾, taking important positions in the wartime economy of their respective countries. Adam Opel, among others, made a tremendous contribution to Germany’s miracle of armaments by becoming a model factory for production modernization during the period of Speer.

Strategic bombing by America, stepped up in earnest in August, 1943, caused German companies to suffer damage increasingly in magnitude, albeit unevenly, and German wartime production plummeted after reaching the peak in July, 1944⁶⁰⁾.

After the war, executives of Ford Motor and General Motors visited Germany as early as 1946 and submitted their requests to the occupation army authorities concerned⁶¹⁾. In 1948, they completely restored their relationships with their German subsidiaries, which were then to address themselves to the post-war “miracle economic recovery”⁶²⁾ of West Germany under the European Recovery Program (the Marshall Plan).

As a future plan, I am considering examining in detail the process of how the situation developed after America’s entry into the war, particularly for the period from the time America was at war with Germany to the post-war recovery era.

56) The Investigation of Ford-Werke, 1945, p. 2.

57) H. Priester, *Deutsche Wirtschaftswunder*, 1936.

58) For the past understanding, see Introductory of this paper.

59) But, see Note 51.

60) Y. Nishimuta, Daimler-Benz as a munitions company, p. 216.

61) C.P. Kindleberger, *The German Economy, 1945-1947*, 1989.

62) This was, so to speak, a second *Deutsche Wirtschaftswunder*.