

NAZI WAR CRIMES DISCLOSURE ACT

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GIANTS IN THE RUHR AGAIN

Controversy over Krupps

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From Terence Priddy

If a single name can concentrate the attention of the outside world on the Ruhr it is that of Krupp. The Germans themselves find this curious and faintly absurd. To them Krupp is one firm among many, with no greater significance than, say, Demag or Mannesmann or Thyssen—all giants of West German heavy industry. It is the German belief that the Western Powers who fought in the last war—and the British very particularly—have developed a complex about Krupp. Of what interest can it be, they ask, if Krupp produced cannon which shelled Paris in two wars, if the present owner's father, Gustav Krupp von Bohlen und Halbach, helped to finance Hitler, or if Alfred Krupp signed an agreement five years ago under which he undertook to dispose of his coal and steel assets? Far more relevant, Germans consider, is that Krupp to-day produces machinery which has nothing to do with war, that the firm is participating in a major programme for the development of backward countries, and that Alfred Krupp has sworn never again to manufacture weapons.

The name of Krupp is once more in the forefront of the news. In the first place, Alfred Krupp has complained that the agreement to sell coal and steel holdings (theoretically this must be done by next March) smacks of the "Morgenthau era"—when Germany was going to be turned into two "cow-pastures," the Ruhr's coalpits filled in or flooded, and its steel plants totally dismantled for reparations. This is the first time that Alfred Krupp has made a public statement on the subject.

Blow to prestige

Then, on April 27, the Federal Government at long last answered questions put to it on the subject of Krupp by the Western Powers just a year ago. The long delay is significant. The Federal Government is seriously embarrassed by the whole matter. In theory it has underwritten the forced sales of the Krupp properties. Of course it covered itself. The sales would only take place if a "fair" sum were offered for the coal and steel properties. No such offer has been received. Nor is it likely to be, by next March.

There are plenty of reasons for the Government's embarrassment. The lack of a soundly based German capital market means that the most likely bidders for the Krupp interests would be foreign. No one likes this. Both Government and press know, too, that Krupp already has the money needed to develop the coal and steel holdings. In the Ronsenry area Krupp owns some of the most promising coal reserves in Germany; a phenomenal amount of money will be required to exploit them. The Krupp steel plant at Rheinhausen, with a productive capacity of 1.9 million tons a year, could easily be enlarged into the biggest single unit in the Ruhr.

The forced sale of the Krupp properties, furthermore, is hardly consonant with the principles of the Economics Minister's, Professor Erhard, "free market economy." Private ownership rights is one of the most basic of these. German big industry as a whole would regard a sale as a blow to German prestige. It would be equally inimical to the ruling Christian Democratic party, which drew huge contributions from industry in its successful Federal election campaign last summer. The forced sales, Germans suggest, impair the relationship between the Federal Republic and the Western Powers. They should be cancelled for that reason, if for no other.

But probably the most cogent German argument against the divorce of Krupp from its coal and steel assets is that this would be contrary to the whole trend of industrial organisation in the Ruhr. This trend is towards the reconcentration of giant heavy industrial trusts, not away from it. Consider the following facts.

Trusts reformed

Before the war, eight trusts between them controlled 95 per cent of crude steel production. The biggest, the Vereinigte Stahlwerke, controlled no less than 49 per cent. These eight trusts controlled, in addition, 51 per cent of German coal production. They had a mass of other interests—shipyards, iron-ore mines, engineering, tramways, real estate. The victorious Allies determined to break up these concentrations of economic power. For one thing they regarded them as unhealthy large. For another, they considered that their size and strength had encouraged the German industrialists to be politically irresponsible. Again, they were inclined to limit over-all German industrial production, less for reasons of competition—whatever Germans say to-day—than because the Second World War taught that industrial strength is the essential basis for victory. Germany was still regarded as a potential enemy when the Allies split the old trusts into a large number of unit steel companies (23 were formed out of the eight major trusts alone), divorced coal from steel and whittled away a great many "associated" interests.

What has been the result of these Napoleonic designs which took vast allied decartelisation staffs seven years to implement? To-day eight big trusts control 76 per cent of German steel production and roughly 36 per cent of coal production. Six of their names are those of pre-war giants. A seventh, Thyssen, was before the war the cornerstone of the now defunct Vereinigte Stahlwerke. The eighth, the Rhein Stahl, is itself a reconcentration of parts of the Vereinigte Stahlwerke. The only name which has disappeared off the list—apart

from that of the Vereinigte Stahlwerke—is that of Otto Wolff. It is a somewhat ironical thought that this was the only one of the giant pre-war trusts in which there was Jewish managerial participation.

Once again the trusts are stretching out their tentacles into other branches of industry. Krupp, quite legitimately—since its coal and steel holdings have remained under separate management—has built up huge engineering interests. In 1956 the firm founded a shipbuilding subsidiary in Bremen which launched a 17,000-ton tanker at the beginning of this year. Thyssen and Rhein Stahl are both buying and building ships. The Friedrich Flick combine has just purchased a majority holding in the Daimler-Benz motor works. Mannesmann has founded a huge overseas trading corporation, the Mannesmann International. As before, the big trusts have set out to secure control of their primary sources of supply. The new "big eight" control 80 per cent of Germany's pig iron and are buying up iron-ore mines busily.

This process has not yet been completed. Krupp hopes to regain control of its own coal and steel holdings. The Dortmund-Hoerder combine (steel production 2.7 million tons a year) is angling for control of iron-ore mines. Krupp may well be the acknowledged owner of the Bochum Verein by this time next year. One may reasonably expect the big steel trusts to be in control of well over 50 per cent of coal production by 1963.

Short memories

Is this development dangerous? The German industrialists say no. They point out that no German steel firm is as big as ARBED, of Luxembourg, with 3 million tons of annual production; that the Schuman Plan High Authority is on their side and "has shown great understanding of the justified wishes of the Ruhr" ("Westdeutsche Allgemeine," May 5). They stress the need for big trusts in order to find the capital needed in the next decade—it costs roughly 1.5 billion marks to build a plant with a 1,000,000 tons a year capacity. They deny any desire to re-create the Vereinigte Stahlwerke.

There may be one catch to all this. No substantial fresh reconcentration, certainly, is likely as long as the German boom goes on. But what if there is a recession? Professor Erhard's Cartel Law allows for the creation of "crisis cartels." It would be idle to expect any objection from the Coal and Steel Community's High Authority. The process which has happened before—and which has happened only to a limited degree since the war—might enter a decisive phase. The creation of a second Vereinigte Stahlwerke might not then be unthinkable. That would be an exaggeration; but memories are sometimes too short.