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# Revived Krupp Empire Stirs New Soviet Fear of German Economic Might

## Industrial Complex Long a Symbol of Military Power—Partly Broken Up After War by Allies, It Now Is 'Bigger, Richer and Stronger' Than Ever—Latest Move to Acquire Steel Firm.

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WASHINGTON, Jan. 24.

THE APPEARITION of a returned and aggressive Germany, largely forgotten in the postwar rush to erect a European barrier against Russian expansion, appears to be stirring again. The immediate prompting is the reemergence of the Krupp industrial complex, partly dismantled by the Allies after the last war for its connections with the Nazi regime.

A few days ago, the High Authority of the six-nation European Coal and Steel Community granted the Krupp interests permission to buy a new steel company. This made the Krupp group, for generations a symbol of German military-industrial might, the largest producer in its field in the community, with capacity to turn out 5.5 per cent of the crude steel, 5.7 per cent of the pig iron, 3.7 per cent of the rolled products, 4.4 per cent of the coke and 2 per cent of the coal.

A recent news article in the New York Times pointed out that Alfred Krupp, who served six years in prison for war crimes, "is the absolute monarch of an empire now bigger, richer and stronger than ever before in its 147-year history." The Krupp assets are valued at well over half a billion dollars.

The industrial rebirth of Germany, as exemplified by the Krupp expansion, is a major factor in the Russian campaign for some agreement with the West. It was not by accident that the Soviet Deputy Premier Anastas I. Mikoyan, reminded Americans on his visit to this country of the German record of aggression and of Russian sufferings at German hands.

The Russians have watched with increasing and genuine apprehension the aims of economic growth of the new Germany, which has been developing its muscles with the approval of Secretary of State John Foster Dulles.

### Changed Conditions Cited.

There are some sharp differences of course between the Germany of today and the Germany of the thirties. Perhaps the major one is that West Germany now appears willing to integrate its economy with those of France, Italy, Belgium, Luxembourg and the Netherlands, the other members of the Community.

The rearming of the High Authority in approving the purchase by Krupp of Bochumer Vertriebs, manufacturer of special steel products, was that, in the context of the new Europe, the acquisition did not present a serious threat of undue concentration.

It is that a strong Germany with a European-integrated economy and a military establishment integrated into the North Atlantic Treaty Organization will not have the desire or the means to become aggressive in the pattern of Hitler's Germany.

A certain amount of skepticism remains, however, especially among those familiar with the cartels that were a feature of pre-war Germany.

These persons recall how the Germans evaded the provisions of the Versailles treaty and built a war machine, and how the father of Alfred Krupp developed a scheme to provide the Nazi party with funds from industry.

The program for the deconcentration of German industry was adopted by the Allied Control Council in the early days of the occupation and was incorporated in the 1954 treaties that restored German sovereignty. The government of Chancellor Konrad Adenauer undertook to complete the deconcentration.

### Senate Hearing in 1945.

The entire question of German industrial mobilization for the last war was explored in 1945 by a Senate subcommittee headed by the late Senator Harley H. Kilgore of West Virginia. Toward the end of the hearings Kilgore denounced the State Department and the American group in the Allied Control Council for what he called their failure to carry out the postwar Potsdam program for the destruction of Germany's war potential.

Kilgore singled out for criticism Brig. Gen. William H. Draper, chief of the economics division of the American group and then a partner in Dillon, Read & Co., the investment firm that participated in financing the rebuilding of the German steel industry after the first world war. Draper now heads a committee appointed by President Eisenhower to examine the relative merits of foreign economic and military aid.

### Wants Sale Order Lifted.

The corporation concerned in the purchase of Bochumer Vertriebs is known as Rheinhausen A. G. It is a coal and steel manufacturing company owned by Krupp but controlled by British interests. Under the provisions of a 1946 occupation law 22, the trustees were bound to sell the property. Krupp

this order lifted and Adenauer has asked the Allies to agree.

The firm has not been sold. The fact seems to be that no one would dare to buy it, even if the money were available, since it is known that Krupp wants it and that he and his friends could visit various economic reprisals on an outside purchaser.

The deadline for the sale in Jan. 31 and reportedly the United States, Britain and France plan to extend it for a year. Enforcement, which does not seem practicable, and cancellation appear to be the alternatives. If an extension is granted, the reason might well be that the British Government does not want to face the political attack that would be carried by cancellation.

The London Economist said this week: "The merger still offends the Allied deconcentration order, which the West German Government took over when it attained sovereignty. But Bonn is hardly likely to enforce it."

The constitution of the High Authority contains safeguards against "dangerous" industrial concentrations and approval of Krupp's purchase of Bochumer Vertriebs was predicated on his acceptance of controls over future investments. There is reportedly a feeling in Germany that the responsibility of the Allies to prevent the reconcentration of big industry can be assumed by the Coal and Steel Community.

Krupp said recently in an interview with Sydney Gruson of the New York Times that the Bochumer Vertriebs purchase was "an inevitable technical process necessary to compete." He said he had no reason for further acquisitions and he saw no danger to the peace of Europe or the world in the development.

He said he thought the future of the firm was in the manufacture of special steels, and machinery which is now exported around the world.

The Krupp firm was founded in 1811 by Friedrich Krupp for the production of heavy iron and steel castings.

### Property Taken, Then Restored.

The present Alfred Krupp, now 81 years old, succeeded his father, Gustav, as head of the firm in 1943 when the Krupp factories covered five square miles and employed 160,000 persons, including slaves. He was tried before a United States court at Nuremberg (The British and Russians refused to try him) and convicted of plundering the industries of conquered countries and exploiting slave labor furnished by the Nazis. He was sentenced to 12 years in prison and was forced to forfeit his property. This was the only property seizure of the trials.

After Krupp had spent some six years in jail, his sentence was commuted Jan. 20, 1951, to the time already served, by John J. McCloy, United States High Commissioner for Germany. His property rights were restored.

Apparently as a condition of his release from Landsberg prison, he signed (in 1953) an agreement with the Western powers to sell all his coal, steel and iron assets before 1960 and never to retrace his money in such properties. He now says the agreement was signed under duress.

Krupp began rebuilding his empire soon after leaving prison. He borrowed from commercial banks, used the money he and other members of his family received from the sale of remaining assets, and "diversified" into various other businesses. He also received money from the Federal Government. In 1958, he was granted a 10-year reprieve from the provisions of the occupation law 22, the trustees were bound to sell the property. Krupp

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