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**German Iron and
Steel Policies**

POLISH INFORMATION CENTER

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German Iron and Steel Policies

Cut off from the outer world by the British blockade, limited by inadequate communications, the German heavy industries face the difficult task of satisfying the Reich's military needs.

An outstanding man in the great Krupp concern said in the spring of 1939:

The last war convinced us that it is not iron or ore which count most in the iron and steel industry, but the coke supply. The increase in production of low grade ores of Germany or Spain is solely a problem of calculation. These considerations evidently do not count in time of war. You understand, however, that experiences have taught us a lesson as far as the increase of our coke production is concerned.

In all the activities and edicts of the German authorities in the occupied regions, in their politics and administrative measures, in the financial and economic domain, one finds the coordination of everything, everywhere, for the attainment of the immediate war aims.

Conquest depends upon proper armament, armament depends upon a sufficient supply of steel. The organization of this problem is of interest inasmuch as it affords the best illustration and analysis of the methods and structure of German war economics as a whole.

Selection of Men A host of experts and professional men, who had been carefully selected for their designated offices in the invaded country, followed immediately after the German army crossed Poland's frontier on September 1, 1939. They had been chosen

many months before, prepared and trained for their future duties. At the outbreak of the war, they received telegraphic instructions to proceed to their new posts.

The selection of these men was based on diverse criteria. All were unquestionably experts, but certain were sent to Poznan, others to Silesia, and still others to the General Government. The provinces of Poznan and Pomorze were regions where the Polish element was to be ruthlessly exterminated in the shortest time possible. Therefore, men were sent there whose attitude—hatred of Poland, personal, imaginary, or real grudges against the Polish government—was the best guarantee that the policies of the Germans would be unreservedly and strictly executed.

Silesia, the center of Poland's industrial riches, was treated differently. Berlin believed that there was a chance for the Germans to ingratiate themselves with the local population. Thus, people were sent there who were thought able to prove German administration to be more efficient, more orderly, capable of producing living conditions better than under the Polish régime. Besides, the problem in Silesia was to obtain full control of the province as rapidly as possible, and to efficiently exploit its wealth and its industrial establishments for the benefit of the Reich's war economics.

The persons sent there were selected on the basis of their knowledge of local conditions rather than upon political considerations. Silesia's industries, in the period proceeding the plebiscite of 1921 and immediately following it, were entirely in the hands of Germans. The selection therefore was not difficult. The same men who had worked then in individual concerns were reappointed to their former posts. This seemed to assure some degree of continuity and facilitated adjustment to the new environment.

Poles were immediately removed from all leading positions, although some of the employees were temporarily

retained. The laborers, of course, remained. Only those were ousted who were known for their former Polish patriotic activities. In every plant, however, the Germans placed a few German workers whom they considered safe and reliable, and who secretly collaborated with the Gestapo.

Difficulties in the Effort Difficulties arose and gradually grew more numerous. Polish experts were removed from some of the plants, especially from those working for the army. Many machines or their most essential parts had been carried away by the Poles. Some mines had been flooded. Raw materials and motors had also disappeared. Normal deliveries had been abruptly severed. The Germans concentrated their efforts, first and exclusively, on making the plants run. All other matters were temporarily set aside. The new managers were not bound by any detailed instructions; on the contrary, they were given far-reaching powers and freedom of initiative.

These full powers were issued by the German Ministry of Economics in June 1939, three months before the outbreak of the war. The decree conferred upon one man all the powers of the Board of Directors and of the General Assembly of one of the largest steel works in Poland. The new director, bearing the title of *Reichstreuhaender* (trustee of the Reich), was made responsible to the Reich's Ministry of Economics alone. His main task was to make the plants and mines operate as soon as possible.

In this first period, the directors of the plants and mines enjoyed the full confidence of the German Government. The *Deutsche Bank* gave necessary credits; missing parts of equipment, raw materials, and indispensable experts were immediately sent from the Reich. The problems of personnel changes, of prices, of sales, and of raw material allotments were of no importance, for the problem of making the plants run overshadowed all others.

Germany's Steel Production Capacity Having made the steel works, their manufacturing establishments, and their by-product factories operate, the Germans had reached their first goal. They then had to regulate a list of problems upon which depended the solution of a rational exploitation of the Polish steel industry for German military needs, and the coordination of its production with the industrial apparatus of the Reich, which was in full swing.

In spite of the supposed influx of Soviet raw materials, of uninterrupted imports of Swedish ores (and Luxembourg ores after May 1940), the problem of an adequate supply of raw materials for the steel and iron industry, in the entire area under German domination, was of utmost importance to the Reich.

In the first period of the war, the Germans disposed of their own production of 24 million tons of steel ingots. The *Herman Goering Werke* added 4 million tons, the Czech steel works about 3 million tons, the Polish steel works 2 million tons—representing a total production potential of 34 million tons. In the second period that total rose to about 43 million tons by the addition of the steelworks of Luxembourg (1.450 million tons), Belgium (2.5 million tons), and France (6 million tons). Considering that total, one must keep in mind that the industrialization of Germany, Austria, and Czechoslovakia had reached a very high level, that Germany had to supply Italy and part of the Balkan states (as exchange for other indispensable raw materials) with steel, and, last but not least, that the demand of steel for German military aims was alone tremendous.

In these circumstances, one could have expected that the entire potential of steel works available to the Reich would have been fully exploited. This was not the case, due to an insufficient supply of raw materials, which from the beginning of the war forced Germany to develop her raw-materials policies with caution.

Supply of Raw Materials During the first eighteen months of the present war, the deficiencies of the German steel industry fluctuated. The problem of ore supply, before and after the invasion of Norway, was different. The occupation of Luxembourg further improved the situation for the Germans. The supply of coke also changed when the coke-ovens of France came under German control. As far as scrap iron is concerned, the German steel industry will not meet with serious difficulties. The state of industrialization of Germany, as well as of such overrun countries as Belgium and France, makes it possible to amass large quantities of scrap, especially with the aid of ruthlessly applied requisition methods.

Before the war, all of Poland produced about 200,000 tons of scrap iron. From the General Government alone, which is comparatively little industrialized, and which represents less than one-third of Poland's area, the Germans collected one million tons in one year.

Decree No. 3 of the Bureau of Iron and Steel Economy in the General Government, dated October 17, 1940 and published in the *Verordnungsblatt*, No. 12, of October 27, 1940, forbids the purchasing, taking over, or accepting of scrap and . . . iron from concerns other than the Central Scrap Purchase Co., Ltd. in Cracow, a monopolistic enterprise created by the Germans to control trade and distribution. Heavy penalties threaten any violation of that decree. To secure such large quantities of scrap iron, the gaining of control of the entire trade, with the existing supply and existing normal production, evidently did not suffice. More radical means were necessary.

There were ruthless requisitions of iron grates, fences, balconies, frames, and beams from houses demolished by the bombardment. There was a time when even machine tools were confiscated. This stopped when the expansion of the German war industries in the General Government required their use. The demand for scrap was so

tremendous that even German concerns in the Reich received, in April 1940, a circular notifying them that ready iron products, like machine tools, would be seized as scrap unless the given tool was marked before June 1, 1940 with a so-called *Kentziffer* (registration number), indicating that it was needed for industrial purposes. It went so far that these concerns offered to sell their products and equipment even to Polish concerns in the General Government, at advantageous prices, so that the materials would not be scrapped.

An intensive exploitation of low-grade Salzgitter, Baden, and Bavarian ores, as well as of like mines in Poland and in Germany, will presumably assure the Reich a sufficient supply of ore, especially if they increase or decrease the percentage of its manufactured uses according to the increase or decrease of the supply.

In a speech delivered in Berlin to a delegation of workers in January 1941, Goering declared that the British blockade would not be able to paralyze German industrial production, but would only compel the Reich to be satisfied with lower grade products. It is highly characteristic that German producers were, even in the pre-war period, trained for that eventuality. In 1938, the importation to Germany of certain high-grade alloy steel was forbidden. The ban was not caused by currency restrictions, for it remained in force even when deals were transacted upon compensation basis, as was done in the case of imports from Poland and Czechoslovakia. The Germans thus prepared their industries for the things to come, and to satisfy growing demands with materials which could be obtained within the frame of war economics.

The Limitation of Production The need for saving raw materials logically made the limitation of production unavoidable. The *Eisengruppe der Wirtschaft Schaffenden Industrie*, an organization similar to the American Iron and Steel Industry Institute, had been authorized to decide to what extent individual steel

plants in the Reich and in the occupied countries could be exploited, in agreement with government authorities. Technical conditions served as the basic criterion. The better, the more modern the equipment, the higher was the percentage of exploitation. The problem of raw material bases, the freight and strategical situation, and finally the degree of specialization of the individual steel works were also important. Once the capacity level had been established, it entitled the individual plant to the allotment of a specific raw material quota. Restrictions ordered in the Polish steel industry clearly indicate how far-reaching were those orders.

The Polish steel and iron industry in Silesia, though not the most modern in the world, was still, as far as technical equipment goes, the equal of average, good German plants. In many cases it was even superior to the latter. The fact that the Polish steel and iron industry had its point of support in the country's coal, coke, and ore production, also its military situation, more advantageous than that of the Ruhr and Westphalia, seemed to argue in favor of its broad exploitation. Yet the exploitation, at the beginning, limited it to 40-60% of its pre-war production. One of the oldest steelworks—the Modrzejów-Hantke Co.—was closed completely.

According to the latest reports, the production of the Polish steel and iron industry has been raised to about 80 percent of its pre-war level, and amounts now to about 82,000 tons of pig iron, 125,000 tons ingots, and 88,000 tons of finished steel, monthly. Similar restrictions were enacted also in the metallurgical industry. According to recent statistical reports, the number of workingmen employed in that industry, within the territory of the General Government, is about 17,000, or barely 35% of the number employed in August 1939. The products of these establishments is worth about \$25,000,000 annually, or about 25% of the 1939 total.

Limitation of Consumption Decreased iron and steel production had to satisfy the Reich's war demand, but was effected only by means of far-reaching and drastic restrictions of commercial consumption and distribution of iron.

A decree of September 1, 1940 limited, and even in some cases prohibited, the use of iron and steel in a number of metal products. The decree contained seven lists of articles in the production of which iron and steel could not be used, and two lists of wares, the manufacture of which was restricted to a small part of the production of the respective factories in the first half of 1939.

The decree of February 18, 1940 (see Appendix I) prohibited the purchase of iron and other metals, and any buyer of steel amounting to more than 220 pounds had to produce a permit from the German authorities. There was much intentionally complicated red-tape. One had to fill out many applications, obtain an attestation from the local authorities, another one from the German Chamber of Commerce, after having gone through such endless formalities to obtain the required permit from the only office authorized to issue it. It is evident that performing all these formalities, together with the waste of time involved, and, finally, the little chance the buyer had to obtain such a permit, paralyzed consumption. All applications were examined in the light of their being justified by the Reich's war economics. It goes without saying that, in the occupied territories, such a criterion is tantamount to the rejection of any, even the most urgent, demands, especially those of the Polish population. Under such circumstance, not only new constructions but even any building repairs had to stop. The demands of wholesale industries, of retail and artisan shops were examined on the same basis.

One may say without any exaggeration that today there is no sector of the country's economic life which is not "seized" (*erfasst*) and controlled by the German

occupants. Only water and air are not submitted, as yet, to the Nazi control. (The Soviets went further. They established contingents for air, by issuing edicts stating the number of cubic meters of air to which every person is entitled in tenements.)

The only comparatively privileged domain is agriculture where demands for steel and tools are taken into account as far as possible. Yet it is highly characteristic that the production of agricultural implements, without a special license of the *Abteilung fuer Ernaehrung und Landwirtschaft* (Department for Food and Agriculture), is also prohibited.

All stores of metal were listed and are kept under German control. On October 5, 1939, the German High Command ordered the requisition of all metals, of ingots and pig iron, of finished steel, iron and steel scrap, sheet zinc, machine tools, roller bearings, cables, and transformers. Large quantities of copper, tin, and lead were immediately taken to Germany. Theoretically, the Germans permitted the retention of 50% of the pre-war stock.

Organization and Control of Sales Such control and administration required a special apparatus and a corresponding organization of commerce.

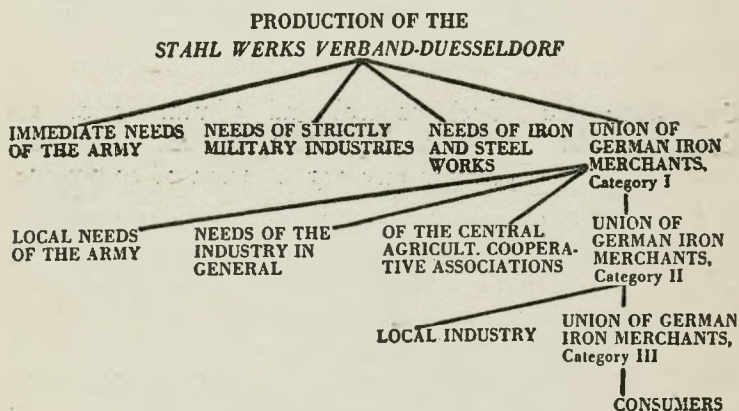
Steel is but a part, a link, but most important in the war machinery. The steel problem rests entirely in the hands of Goering's *Vierjahres Plan Amt* (Four-year plan office). It controls and coordinates the activities of such government bureaus as *Ernaehrungsamt* (Food Dept.) *Rohstoffverwertungsamt* (Dept. for the requisition of raw materials), *Bauamt* (Building Dept.), and the *Bewirtschaftungsstelle fuer Eisen und Stahl* (Economic Dept. of the Steel and Iron Industry). See Appendix II.

All these bureaus, having numerous branch offices within the Reich and in the occupied countries, have their policies mapped out by the central institute, but they

enjoy full autonomy within the frame. Their goal, their basic aim, is always and everywhere the same: Anything that may be produced and carried away—and this pertains particularly to the occupied countries—should be produced and carried away to Germany, while local sales should be limited to a minimum.

Only merchants who registered in the *Bund des Deutschen Eisenhandels* (Union of the German Iron-trade) before 1939 obtained trade licenses; in the occupied countries, only those concerns which were approved by the *Bewirtschaftungsstelle fuer Eisen und Stahl* (see above). Such a system guaranteed the elimination of concerns which were not favorably looked upon by the occupation authorities, as well as their replacement by purely German concerns or ones controlled by Germans inhabiting Poland.

The distribution apparatus of the administration works can be indicated as follows:



The above graph shows that all production, strictly regulated according to the situation of the raw materials supply, is concentrated in the hands of the *Stahl Werks Verband-Duesseldorf* (Association of German Steel

Works). Government organs in the Four-Year Plan Office, with the assistance of their subordinate special bureaus for iron and steel production, for industries in general and for agriculture, etc., establish the number of sales allowed and control the latter. First come the demands of the army, of the strictly military industries, and of the iron and steel works, while any other demand has to be satisfied by wholesalers of the first, second, and third category.

Distribution The distribution periods are of short duration, from month to month. This results from the fact that the allotments of raw materials depend upon the size of the needs of the army, and they depend upon the military operations in a given period.

The priority of demand is as follows:

Navy, air force, army, eastern railways, oil industry, free agriculture, industries not working directly for the military (public utilities, electric plants, gasworks, etc.), other needs, private market.

After satisfying the demand of the first groups, allotments for the others are determined. They never equal the demand.

The management, the distribution, and control of the existing steel supplies are accomplished in the Reich, as well as in the occupied territory, with great severity and ruthlessness, even with regard to army demands.

In February 1940, the commander of the Sappers division in the Eastern District forwarded an order to one of the largest wholesalers in Warsaw, for the immediate delivery of 7,000 tons of concrete bars, needed for urgent repairs of the Vistula bridges. The concrete bars being under control of the civil authorities, the wholesaler could not deliver them without the approval of the *Bewirtschaftungsstelle*. The army officer who had brought the Commander's order was prepared to settle

all formalities at the *Bewirtschaftungsstelle*, but there he was told that the demand was not qualified, and that the matter should be settled according to official routine: forwarded to the army's command, and from there to the Quartermaster General's office in Berlin. The officer's arguments regarding ruined bridges, interrupted communications, delayed workmen, etc., were of no avail. The command of the Sappers Division had to await Berlin's decision. Berlin decided that the whole supply of concrete bars was to be shipped to the Reich.

Economic Policies in the Occupied Territories One may easily infer from this what happens with other demands for iron and steel awards, especially if the needs of the local population are involved.

The welfare of the population is of no concern to the invaders, especially in Poland where German policies are openly aimed at the extermination of the Polish element. The political adage, "the worse—the better," finds the fullest application in Poland. Authoritative German sources openly declare that, after Germany's victory, all Polish industries which are working now to serve Germany's military needs will be liquidated, and Poland will be reduced to the status of a country of agricultural slaves.

Property rights do not exist. Plants and factories, the owners of which were Jewish, were confiscated and given to Germans. But even non-Jewish concerns were taken away from their former owners. The latter were simply told to leave and were not paid damages.

The present organization of Polish steel and iron works is as follows:

The largest concern, whose production is about 45% of the entire industry, *Wspólnota Interesów*, has been divided and given to two German firms: Roehling and

Krupp. The second largest steel works, *Pokój*, was transferred to the German concern of Ballestrem-Oberhuetten. Karwina, Trzyniec, Stalowa Wola, Starachowice, and Ostrowiec were incorporated into the *Herman Goering Werke*. All iron trade centers were either transferred to German wholesalers like Dobertin, or awarded to the *Werks-Firmen* of the German steel and iron works.

It is absolutely clear and proven that the German authorities in Poland tend to eliminate Polish influence from the big industries and from wholesale trade. These policies are being carried out with German ruthlessness, without pretense at legality. Ownership is transferred from Polish to German hands by administrative decrees of the occupation authorities. No appeal from such edicts is permitted. Thus, within a very short time, all important centers of economic life in Poland will pass into German hands.

Conclusions These restrictions in iron trade and iron consumption, though more drastic in the occupied territories, have been enacted throughout the Reich. As time passes, and supplies become more and more exhausted, the restrictions become more severe and more unbearable, more irksome and irritating. German organization methods have unquestionably reached a very high degree of perfection. But that organization has widened its scope to such an extent, it intrudes itself so deeply into the private lives of the citizens, that it has become an over-developed bureaucracy, and is gradually becoming more and more hateful to the inhabitants of the Reich.

Appendix I

Decree No. 1 of the Steel and Iron Economy Bureau of February 18, 1940, pertaining to deliveries of iron and steel wares. (excerpt).

Art. I.—1). Orders for the delivery of roll and cast iron products may be accepted and executed by concerns of the iron and casting industry in the General Government only if the orders are accompanied by a written permit of the Steel and Iron Economy Bureau of the General Government. If an order is unaccompanied by a permit, the concern must, before accepting, submit it to the Bureau of Iron and Steel Economy of the General Government to obtain such a permit. No such application is required if the order does not amount to more than 100 kg. for roll iron ware and 50 kg. for cast iron ware.

Art. II.—1). Orders for delivery of roll and cast iron products, as well as of ready products which are partly or wholly composed of iron or steel, may be supplied from the General Government to a concern within the Reich only if the Bureau of Iron and Steel Economy in the General Government has approved such an order. The permit issued by the Bureau of Iron and Steel Economy in the General Government does not, however, take the place of other permits and approvals required by other decrees and edicts as, for instance, currency and custom permits.

2). Letters containing orders must be submitted, before the order is given, in two copies to the Bureau of Iron and Steel Economy in the General Government in order to obtain permits. The letters must contain the following data:

- a). with orders for roll or cast iron products the exact roll or cast iron weight of the products;
- b). with orders for the delivery of ready products, composed partly or wholly of iron or steel, the weight of the roll or cast iron products necessary for the manufacture of the ready products, confirmed by a declaration on the part of the order receiving party.

In case the permit is issued, the Bureau for Iron and Steel Economy in the General Government will attach the permit to one copy of the order to be given. Said order must be sent in original copy to the supplier.

3). Orders given before this decree was issued to supplying parties within the Reich, and not executed before the 29th of February 1940, must be submitted for examination to the Bureau of Iron and Steel Economy in the General Government, not later than March 10, 1940.

Appendix II

Decree regarding steel and iron economies in the General Government. January 27, 1940.

Art. I.—1). In order to regulate and control the turnover of iron and steel ware, including the raw materials needed for their manufacture, a bureau of iron and steel economies is being established in Cracow, subordinated to the Director of the Four Year Plan Office in the General Government.

2). The aforesaid bureau is authorized to issue special regulations regarding the purchase, distribution, sale and wear and tear of those goods, in understanding with the director of Four Year Plan Office in the General Government.

Art. II.—1). The Bureau of Steel and Iron Economies is authorized to ask at any time for reports on business conditions, especially on prices and stocks, as well as on production and productivity of enterprises and factories. The Bureau, or persons authorized by same, have the right to examine the correspondence and the books of concerns as well as their equipment and installation.

2.) Persons acting by order of the Bureau are duty bound to keep secret the business conditions as found by

them while officially examining said concerns. They should not avail themselves of the knowledge thus acquired of their business secrets. This, however, does not release them from the duty of making official reports and informing the authorities of offenses against the law discovered by them.

Art. III. Imprisonment and fines of unlimited amount, or one of them, will be the punishment of those who purposely or by negligence

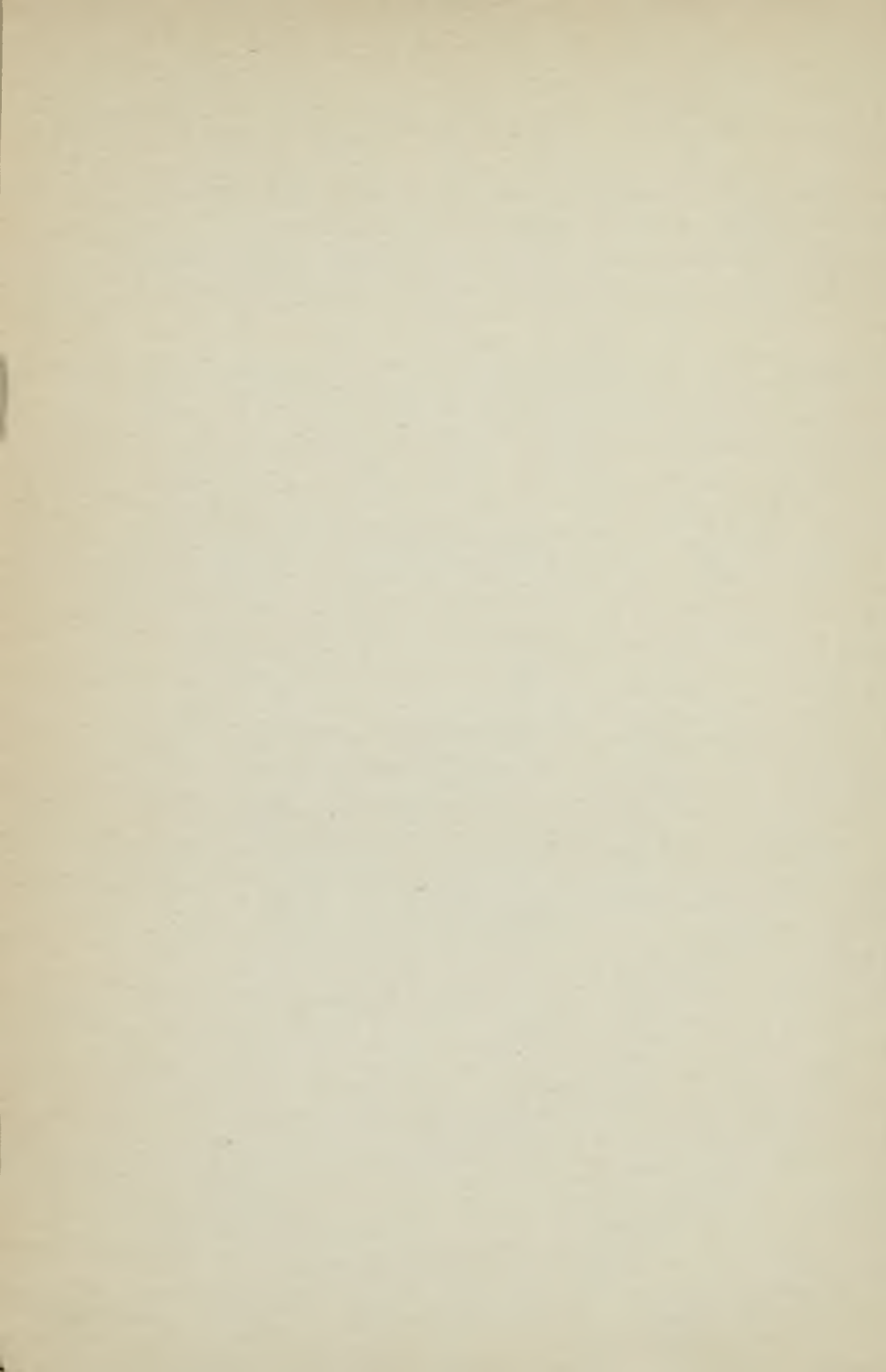
- 1). violate the orders of the Steel and Iron Bureau;
- 2). make untrue and not full reports, or avail themselves, for the benefit of another person, of the knowledge of facts in order to obtain a confirmation, or a permission, or a binding promise, or any other certificate;
- 3). refuse to give the information requested by the Steel and Iron Bureau, or make their reports, not on time, not thoroughly, and not according to regulations.

Art. IV. This decree becomes enforceable on the day of its promulgation. Cracow, January 27, 1940.

(Signed) The Governor General for the occupied Polish territories,

FRANK.





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