BASIC FACTS
FOR A
HISTORY OF GEELIN
WAR AND ARABLES ECONOMY

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OFFICE OF U.S. CHIEF OF COUNSEL
IV

The influence of central organization on development and activities of the war economy organization

Centralization of the Supreme Reich authorities, ordered in case of war, has influenced the development and the activities of the war economy organization to such an extent, that it is necessary to discuss this matter in detail.

The foundations had already been laid for the central organization of the Supreme Reich authorities in the event of a war, prior to 1933 in many discussions and speeches, but it was radically altered when the national socialists came into power and especially by the decree of Reichpresident von Hindenburg. The actual orders were decreed in the Reich Defense law of Nov 21, 1931, supposed to be published only in case of war, but already declared valid for carrying out war preparations. As this law (see Appendix XV, 1) fixed the course of the Armed Forces and the other Reich authorities in case of war, it was also the fundamental ruling for the development and activity of the war economy organization.

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War and Armament Economic Measures, from entry into Austria (1938 till morning).

The discussion between the Führer and the Austrian Chancellor of State Schuschnigg on February 19, led to the military-political measures against Austria, which concluded with the entry into Austria on March 13. This action against Austria, disguised under the code name "Action Otto" prepared in a short time, has resulted in a wealth of experience of utmost importance for the preparation of mobilization and especially for the economic preparations, and has in the course of the year led to changes in the regulations regarding mobilization.

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The action was prepared and started without the cooperation of the WStb. The result was, that the military measures created great confusion in the economic sphere leading to unpleasant conditions for the army and also for the economy for the time being.

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The experience gained during the action in Austria caused the ORW to issue new regulations, preparing the separating of the mobilization of the Armed Forces from the mobilization of the civilian elements. Mobilization of the Armed Forces without public announcement (X-case) was prepared, nevertheless there should be the possibility of proceeding at any time from the mobilization of the Armed Forces only, to a general mobilization of State, Nation and Economy. The basic idea is, that all actions and regulations in case-X are based on Civil law, a state of defense has not been declared and martial law has not been proclaimed. The appropriate measures were ordered on July 5 by the ORW. WStb and GBW expressed justifiable misgivings regarding these new regulations, as mobilization of the Armed Forces before mobilization of economy would create
considerable confusion and endanger the smooth running of the economic mobilization. On the demand for a divided mobilization was necessary from a military-political point of view, it was accepted in spite of the objections of the WStb and GBl.

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The first planned action by the war economy organization during an actual operation was at the time of the entry into the Sudeten territory. Liaison officers of the OKW (WStb) were attached to the corps commands, they were in charge of technical war economy units and finally, War Economy Offices for special missions were created to take over definite economic departments. The military-political developments during the occupation of the Sudeten German territory evolved in such a manner, that the liaison officers as well as the technical war economy units and the offices of WStb were rarely in action. The planned preparation for action by these administrative units and their activities in the Sudeten German territory nevertheless provided experience which was also very valuable for the later WStb-preparations. Primarily it was admitted by all departments, that the installation of the liaison officers of the OKW (WStb) at the corps commands is of great value not only to the troops but also for OKW, and is a necessity in modern warfare. This proved especially valuable insofar, as the chief of the Civil government, were as a rule not instructed in their duties and authority, and the offices for special missions, first had to give them the necessary directives for their task.

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At the beginning of the year 1939 a new level was reached as regards the military-political situation - the occupation of Bohemia and Moravia by the German army and the abrogation of the sovereignty of Czechoslovakia. These operations also were prepared "war economically" by the creation of war war economy units, who had, as in the case Sudetenland, a very small scope for action. Immediately after the occupation, a war economy inspectorate for special missions was set up, which took over all the duties of the Czechoslovak secretariat-general for National Defense and which was transformed into the Inspectorate of War Economy Prague on March 30, 1939 already. The main duties of the Inspectorate are:

Utilization of the total industrial economy of the Protectorate for the purpose of Reichdefense;

control of manufacture of war material for at home end abroad and

Effect synchronization of demands to be made by military and civilian Reich authorities and the industrial economy of the Protectorate.

Furthermore they are assigned:

the instruction of the Reichprotector on the economic demands to be made in the interest of Reichdefense and to advise him concerning legislation resulting therefrom;

sir raid precautions in industry and guarding of factories and the Defense Measures (Abwehrmassnahmen) in the factories.
Execution of the Economic Mobilization

Before discussing the actual process of the economic mobilization I regard it as my duty, to give my opinion on the possibility of successful warfare as regards war economy, from my experience as Chief of the W3th gained during August 1939. During this time many conferences were held with the then Generaloberst Keitel discussing our readiness for war and conditions in regard to armaments as compared with that of the prospective enemy states. During all these discussions I maintained the point of view, that a war with Poland would present no problem for us, but that for a great world war of long duration, our economic structure would be too weak and that, in the case of a world war, decisive measures, conforming to a total war, would have to be carried out immediately. These objections and the resulting demands were nevertheless ignored.

The process of German mobilization in 1939 was most intensively influenced by the progress of the military-political situation and was carried out with the idea of surprising the enemy, at the right moment. The experience gained during the operations against Austria, Sudetenland and Czechoslovakia, which led to separate and reinforced mobilization, formed the basis for the measures to be taken. The tension, existing between Germany and Poland since July, was used to take all the measures, necessary for a surprise attack on Poland. Some of these preparations as far as war economy was concerned were the acceleration of the delivery of armaments, which in particular was carried out by the branches of the Armed Forces and, for the organization of war economy, the forming of war economy units to be attached to the attacking armies.

After August 1, the formation and distribution of W0 of W3th took place, they were attached to the AK; on August 24, formation of war economy units for the attacking units concerned. On August 25, orders for the encouraged mobilization were released, with Aug. 26, ordered as the first X-day. (see Appendix XVIII, 1 and Appendix XVIII, 2). In this manner the form of mobilization was ordered, which represented the most unfavorable form for the mobilization of war economy. Reiterated objections against divided mobilization, submitted by W3th as late as August 24, were overridden by the Chief of OKW, while the Supreme Command was of the opinion, that a war with Poland did not necessitate a general mobilization, and any other form of mobilization was out of question for political reasons.

On August 25 15.30 a copy of case X was remitted to the inspectorates of War economy (copy, see Appendix XVIII, 3).

The decree of August 25 orders expressly that case X shall not be extended in its entirety to civilian matters. Even though it was ordered that future proposed not measures must not be endangered by unplanned demands, requisitions and commandeering, there was still considerable danger in the mobilization being divided and carried out at different times. This was especially applicable as far as economy was concerned insofar as regulations for economy reck that with the utmost consideration of economy in general only the most important war factories should be maintained at their former level and that only isolated war factories should be immediately speeded up to produce a large output. These regulations, in consideration of the Economic Policy which was to oppose every unnecessary change, and also of the kind of propaganda adopted were bound to endanger the planned process of economic mobilization.

The preparations, covering many years of work, for the mobilization of Economy were consequently, for the most part, invalid. This regulation was unfortunately to become an inconvenience later on when starting up the Armaments Industry and the economy of war end was even noticeable for the
first four years of the war up to the declaration of total war in 1943. A large number of the measures, contained in the preparation for mobilization of the WStB and embodied by the above regulation, were not executed until 1943 as a result of demands by the Reichminister for Armaments and Ammunition.

On August 27, 1939, the regulation on the administration of economy was issued, whereby the Oberpräsidenten were charged with executing and directing all economic measures of the GW. Included in this was the official founding of the District Economy offices, the Provincial Food offices (Landsdienstührungsämter), Offices of forestry and economy of timber (Holzwirtschaftsämter) forming finally the organization, that should have been in force long ago as a result of the mobilization order by GW.

B. War Economy

The year 1940 was the first acid test for the value and necessity of the War Economy organization. After it had proved its value at home by the measures taken to strengthen the war economy of Germany especially in reestablishing the German war industry and reconstructing the armament industry and had earned the constant appreciation of Field marshall Goering and the Reichminister for War, it now remained to prove that the organization was also able to support the combat troops, to administer the economy of occupied countries and put it into operation again, and that there was an absolute necessity for such an organization in the present war. That this point of view is correct, is proved by the fact, that all allied-as well as enemy states constructed similar organizations, imitating the German pattern.

The operations against Denmark and Norway and the western campaign against Holland, Belgium and France brought full proof; the year 1942 has more than confirmed this point of view.

1. War Economy Measures during the occupation of Denmark and Norway

The occupation of Denmark and Norway brought for the German War Economy organization a gratifying and manifold task. The office Wi RM was informed of the planned execution of these operations at the end of February, and therupon ordered the preparation of the measures to be taken as regards war economy. It was decided, that a small staff under the direction of Major Neef (Group leader in the dept. of raw materials Wi RM) should carry out the appropriate, preliminary preparations, for the organization which were to be carried out in accordance with the directives of OKW/WFA and the Oberquartiermeistern of group XXI charged with the operational preparations. Commander in chief of Group XXI was von Falkenhorst, General in the infantry; Colonel of General stell Reichs Oberquartiermeister. The war economy specialists, coordinated under Major Neef, were assimilated into the staff of group XXI on March 20, under the title "Group War Economy" and VO of OKW/WI RM office.

The first performance of the group was the compilation of material on the economic structure of Denmark and Norway. Then it worked on the war economy and armament part of the "Demands of OKW to the political plenum-potentaries of the Führer in the Danish and Norwegian Governments", and the economic measures in the "Special instructions on conduct during occupation of Denmark and Norway."
Furthermore, special tasks were given to the war economy officers concerned and their first duties defined as follows:

e). Support of the military commanders in the utilization of the economy of the country in the interest of the armed forces;

b). Identification and safeguarding of supplies against unauthorized seizure or transport;

c). Starting or restarting of production plants;

any further war economy and armament tasks should be undertaken only by special order of OKW.

The working staff was able, during the four weeks available, to compile detailed material, providing the respective war economy departments with valuable material for their duties. All necessary orders, directives and so forth were issued in a special calendar in order of mobilization (mobffasg).

On April 2 it was decided to select April 9 as the day on which the operation should be carried out.

The execution of the operation was on the whole carried out according to plan. Provision was made that the WO should reach their ports together with their respective staffs, namely, Major Neef by air, the WO Esbjerg and Arhus over-land, the remaining gentlemen in the warships in which the staffs were transported, while all WO, though partly under heavy fighting, reached their objective on April 3; Major Neef was not able to reach Oslo until April 12, because of the opposition near Oslo.

The unified War Economy Organisation which had been prepared for Norway and Denmark depended upon the regulation that the Senior Command for special missions XXX in Denmark war subordinate to group XXI in Norway. When it soon became evident that this arrangement did not work because of distances and because of the conflicting behavior of the Norwegian and Danish governments, it was decided on April 10 to make the Senior Command for Denmark directly subordinate to the Commander in Chief of the Army, while group XXI together with the forces operating in Norway was to remain subordinate to the OKW. As a result of this change it also became necessary to divide the War Economy organisation. The War Economy Liaison Office Denmark was placed under the supervision of the administrator of Danish economy, on the staff of the political plenipotentiary of the Führer in Copenhagen; the organization Norway under Major Neef remained attached to group XXI.

In Norway as well as in Denmark the assignment of War Economy Offices to the military detachments has proved successful. The War Economy Offices were burdened with so many problems that their small staff barely sufficed; they were very quickly maids of all work.

As soon as the offices were well established in their new districts and the most important military problems had been settled, they quickly attended to the construction of the War Economy Organisation.

In Norway for the first few days after the occupation, the German Ambassador Dr. Brüner, remained the political plenipotentiary of the Führer. As Foreign Office commissioner, dealing with economic problems, Min. Direktor Srenow of the Reich MI M. was attached to him. Major Neef immediately tried to secure a definition of the fields of work. However,
when this did not meet with any success, for the sake of the work he arranged with Min. Dir. Sørorn that the office of W0 Norway as should be incorporated into the Staff of the commissioner dealing with economic problems, as Main Division II. This measure, however, was never carried out, because both Dr. Brüuer and Min. Dir. Sørorn were recalled on April 22 and the Gauleiter of the NSDAP Terboven was named by the Führer as Reichskommissar of the occupied Norwegian territories. All attempts by Major Neef to clarify the status and spheres of activity with the 2nd in Command of the Reich Gauleiter Gauleiterschaftsberater Otte, were for the time being unsuccessful. On April 27 the former Liaison Office was changed to the War Economy Staff Norway. The W0 as a branch office was subordinate to the latter.

In Denmark, Commander Dr. Forstmann quickly succeeded in coming to an understanding with the German Ambassador von Renthe - Fink and his commercial attaché Dr. Arntz in regard to the spheres of activity. On May 27 the office was renamed "War Economy Staff Denmark."

The details concerning the establishing of the War Economy offices, their growth, and their manifold tasks have been thoroughly described in the accounts of the W0 in Denmark and Norway. Hence within the scope of this report the details will not come under discussion. In short attention should only be drawn to the tasks as a whole, and the most important experiences during this first large-scale operation of the War Economy Organization.

The problems which faced the war economy offices during the occupation of Denmark and Norway were very extensive and embraced both military as well as economic problems in all fields of economy. The military leaders were glad that officers trained in war economy were at their disposal, who were qualified to solve questions of an economic-organizational character and, as authorities, could negotiate with Danish and Norwegian Officials. At this moment the manner in which the War Economy Organization had been formed proved its worth in that there was personnel trained in military as well as industrial and commercial fields. Thus it happened that problems were entrusted to the W0 which really lay beyond the scope of their activities. The following may be named:

Supplying troops with food,
Motor vehicles and fuel,
Procuring billeting possibilities for the troops,
Securing money and regulating the currency problem,
Procuring material (cement, wood, etc.),
Providing coal,
Regulating transportation,
Loading troops onto ships,
Procuring raw materials and finished products,
Putting the fishing industry into operation,
Rationing food for the armed forces and the civilian population,
Rationing of fuel,
Cooperating with the sailings of ships putting in and out,
Administering the loading of ships,

Checking over claims for compensation for war damage and requisitions,

Utilization of fish garbage and the manufacture of fish flour,

Price regulations for the purchase and renting of real estate for the armed forces,

The looting of horses and seed for agriculture,

These and similar problems had to be taken over by the WO, because the competent offices of the Armed Forces Departments were not there or were not in the position to solve these problems.

Only after these problems had been solved, was it possible for the WO to cope with the real problems affecting war economy, which dealt immediately with the seizing and securing of the most important agricultural supplies and the reestablishing of the means of subsistence.

Then the problems in Denmark and Norway shaped themselves in different ways as a result of the war situation (see appendix XX, 6). As early as June 15 the order could be issued regarding Denmark that the country be treated as being in the domestic theatre of operations; and therefore it was possible to quickly begin to make full use of the Danish defense and economic industry. The exploitation of the economic industry in Norway could only follow at a slower pace and at a later period, because it was regarded as being enemy territory. The utilization of the Danish and Norwegian economy followed within the framework of the "Proposals by the armed forces for the regulating of the general questions in regard to war and economic economy." (see appendix XX, 7).

Very soon it was necessary for the WI RH department and the War Economy offices in Denmark and Norway to take sharp measures in order to avoid duplication of work and the overlapping of the WT in Danish and Norwegian concerns. Above all, it was important for the sake of currency stabilization to keep a firm head over the buyers of the WT, because they were causing danger to the currencies of the countries by flooding them with fiduciary monetary tender. It very soon became finally necessary to adopt measures to make the raw material available for those orders placed with Denmark and Norway, because, in part, the raw materials needed for the purpose of filling these orders were not to be had there.

In order to hasten the process of getting Norwegian industry into operation again, the WI RH Inst. sent German industrial and economic personnel to Norway, who, as middle-men, were to quickly establish confidential relationships and who on account of their expert knowledge were to accelerate the revival of Norwegian Economy.

The experiences of the first months of the occupation show that it is absolutely necessary to provide units operating independently with War Economy Offices, since in a modern war economic problems are submitted to the commanders which can only be solved by trained personnel. It is self evident that, later on, a major portion of the problems must be transferred to the civilian Economic departments, which will be set up, and that the soldier confines himself to the solution of economic problems that serve the troops, as long as no solution is found, as later proved to be the case in the Netherlands.

The staffing of the WO for Denmark and Norway was in most cases too small, because the problems were too complex and the fields of operation...
The outstanding work of the War Economy offices in Denmark and Norway was the main reason for the fact that, in 1941, it was possible to carry out, according to plan, the enormous work for the defense of the country, which was required of the Economic Offices of Denmark and Norway by the Supreme Command.

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2. Campaign in the West

The operations against France, Holland and Belgium brought about the first real use of the war economy organization in enemy territory. It was accomplished in close cooperation with General Qu. of the Army.

At the start of the war, the Armed Forces operating in the West were, by reason of the experience gained during the campaign in Poland, supplied with Army Economic Officers (Armeewirtschaftsführer) (A: Wi: FM)* who simultaneously were the liaison with the ornament offices in the border territory.

The primary duties of the A Wi FM attached to the Western armies were the tasks of economic evacuation and immobilization and only at the end of 1939 did the preparations for the entry into Holland, Belgium and France come to the foreground. The process of economic evacuation in the homeland rested mainly with the competent FM commands of the homeland, who had arranged the necessary preparations by way of mobilization, in accordance with the clearance measures already during peace-time.

Especially in the Seer territory the VO had a complicated task to perform, and was able to demonstrate the value of its existence for defense also.

Negotiations with friendly and neutral states

The year 1940 brought special problems for the office of Wi RM as far as trade in war material was concerned as a result of the deliveries, necessitated by the military-political situation, to Russia, Finland, Rumania, and Italy.

* Previously reported in 1939, according to the German-Russo treaty of August 19, 1939, the German deliveries on credit were to remain in the next two years the sum of 200 millions RM, 150 millions RM, thereof during the first year. It was indicated that German deliveries of material to the value of 500 millions RM were desired during the first year alone. As much quantities of machines, vehicles, apparatus etc.

* Their designation first was VO of GKI/Wi RM office, later changed to Army-Economy Offices.
could not be obtained from the production point of view in such a short time, and as the Russians had also included war material in their request, the preponderant desire, from the beginning, at the Foreign office and the Reichministry of economy was, to put at the disposal of the Russians as much finished war material as possible.

As reported previously, the Russians had made ready for their first reciprocal delivery valuable foods and raw material (1 million tons cereals, 500,000 tons wheat, 900,000 tons of oil by-products, 100,000 tons of cotton, 500,000 tons phosphates, 80 millions ft of timber, 10,000 tons of flex, manganese, platinum and the transit for 1 million tons of Soyabean), and in consideration of the importance of these quantities to the German war economy and the importance which the Supreme Command attached to the maintaining of pleasant relations with Soviet Russia, the question of immediate reciprocal deliveries became steadily more pressing.

The desire to produce war material became stronger from week to week, so strong that OKW created a special Referat at Wi RM charged with working on the Russian demands and arranging them in accordance with the German production program. Appendix XX, 21 and XX, 22 gives an idea of the progress of the arrangements.

As the Russians delivered quickly and well, it was imperative to accelerate German deliveries. Consequently the German High Command decided, to offer the Russians even more war material, that was already manufactured or under construction, and whose monetary value was great. The great cruiser Lutzow especially came into this category other ordnance installations for ships, patterns for heavy artillery and tanks and important patents (lizenzen) for war material. As these contracts for this material did not satisfy the Russian requests, the Führer ordered, on March 30, that - so far as necessary - the delivery of war material to the Russians should have priority over the delivery to the German Armed Forces.

This order put some of the Army departments in a difficult position, as the High command also wanted production for the German requirements stepped up and demanded punctual delivery.

On August 14, the Chief of Wi RM, during a conference with Reichsmarschal Goering, was informed, that the Führer desired punctual delivery to the Russians only till spring 1941. Later on we would have no further interest in completely satisfying the Russian demands. This allusion moved the Chief of Wi RM to give priority to matters concerning Russian War Economy.

By the end of October 1940, Reichsmarschal Goering insisted once more, on pressure being exerted for accelerated deliveries to the Russians according to plan. (file notice from Oct. 5, see Appendix XX, 23).

Later on the urgency of the Russian deliveries diminished, as preparations for the campaign in the East were already under way.

The Russians carried out their deliveries as planned, right up to the start of the attack even during the last few days, transports of Indic-rubber from the Far East were completed by Express transit trains.

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The production program ordered by decree of the Führer on Aug. 20, and instituted by reason of urgency, on Sept. 20, was stepped up again
on Sept. 27, and amended insofar as the equipment under the code word "Achse" (African campaign) was to be given priority over all other equipment, including the ones in the special category.

As both the Army and Minister Toit were urging the high priority of the Panzer - and Achse-program, the Navy demanded its "Seelowe", measures accelerated and aerial armaments were being even more intensified, the Chief of WI RM office, at a conference of Chiefs of departments, presided over by Fieldmarshal Keitel, pointed to the difficulties of accelerating everything at the same time, with the head situation as regards manpower. He demanded once more a clarification of the organization, which was really the most important thing. Resulting from this the following decision was made by the WFSSt on Dec. 3.40, enclosed as Appendix XX, 35.

This decision affected future measures as follows:

1. there is no longer any mention of an invasion of England but only of a siege of England,
2. the prospective big action (Russian) mentioned for the first time, and its postponement to some later date admitted as possible.

Shortly before, - on Nov. 6, 1940 - Reichsmarshall Goering, for the first time made a statement to the effect, that we should prepare ourselves for a long war, and therefore planning of raw materials should be considered in this perspective. (see file on Report at Beauvais on Nov. 6.40, Appendix XX, 36).

At the beginning of December, instructions were received, that for the time being there was no question of an invasion of England, and that the "Seelowe"-preparations should merely be concluded.

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War Economy

The year 1941 was, as far as war economy was concerned, mostly dominated by the preparations, respectively the execution of the action in the Balkans, the war in the East and the war in Africa.

The respective preparations go back to the year 1940. The development of the Italo-Albanian - Greco war, the establishing of a German military mission in Rumania and the possibility of German participation in the Italian war in Africa had led us early as August 1940 to a War Economy Staff Rumania and in October a War Economy Staff Africa being created by the office of WI RM, to deal with the problems connected with these theatre of war and charged with working out all the questions pertaining thereto. By the middle of November 1940 Colonel Gen. staff Speleks was delegated to Rumania as member of the German military mission, and charged with the representation for war economy in the Balkan countries and in Africa and the completion of the necessary basis as regards war economy for an operation were intensively processed in the office of the WI RM.

In November 1940, the Chief of WI RM together with Secretaries of state Kümen, Neumann, Bethke and General von Henneken were informed by the Reichsmarshall of the action planned in the East.
By reason of these directives the preliminary preparations for the action in the East were commenced by the office of Wi RM at the end of 1940.

The preliminary preparations for the action in the East included first of all the following tasks:

1). Obtaining of a detailed survey of the Russian Armament industry, its location, its capacity and its associate industries.

2). Investigation of the capacity of the different big armament centers and their dependency one on the other.

3). Determine the power - and transport system for the industry of the Soviet Union.


5). Preparation of a survey of industries other than armament industries in the Soviet Union.

These points were concentrated in one big compilation

"War Economy of the Soviet Union" and illustrated with detailed maps etc.

Furthermore a card index was made, containing all the important factories in Soviet-Russia, and a lexicon of economy in the German-Russian language for the use of the German War Economy Organization.

For the processing of these problems a task staff, Russia, was created, first in charge of Lieutenant Colonel Luther and later on in charge of Brigadier General Schuberth. The work was carried out according to the directives from the Chief of the Office resp. the group of depts. for foreign territories (Ausland) with the cooperation of all departments, economy offices and any other persons, possessing information on Russia. Through these intensive preparative activities an excellent collection of material was made, which proved of the utmost value later on for carrying out the operations and for administering the territory.

Simultaneously detailed investigations were made of the situation as regards fuel and rubber in the case of a major action in the East, on the basis of the demands made by the Chief of General Staff of the Armed Forces and the Gen. QM of the Airforce, which will be discussed later on.

Included in the processing of the Russian problem were matters of war economic nature connected with the Balkans and Africa.

Balkans

While the preparations for the Russian Campaign could be completed as planned, the measures for the action in the Balkans had to be improvised on account of the unsuccessful revolutionary outbreak in Yugoslavia. Only Colonel Wendt, as VO was sent to ŁOK-12 in Romania at the begin of January as planned, and given charge of T. E. 13. The preparations were arranged for an entry into Greece only. When the revolt in Yugoslavia started, the preparations had to be altered. Department IV of VO ŁOK-12 was divided, the one half under Colonel Wendt to follow the assault of ŁOK-12, direction Belgrad, the other half under Captain v. Iltberg to accompany the forces attacking towards
Greece. Half a battalion each of T.B. 13 was put at the disposal of Colonel Wendt and Capt. v. Illberg, respectively.

With the arrival of the second army Col. Fehl was installed VO in charge of T. B. 6 and 8. Furthermore he had specialists at his disposal, familiar with the economy of Yugoslav and Greece. Dr. Pock of the Wi RM Office was dispatched to manage copper mines at Bor.

Details of operations and results of the war economy units during the action in the Balkens; see report of OKW (Wi RM Bureau) No. 27438/41 secret, of June 4, 1941, Appendix XXI, 10).

Even during the operations, organization of a War Economy Staff Serbia with a Wi. Commando at Belgrade was ordered, the staff was closely connected with Consul General Neuhausen charged with the Economic Administration of Serbia, by the Reichsmarschall.

Also

c). a war economy officer Agram for the territory of Croatia and

b). a War Economy Klagenfurt for the Yugoslavian territories turned over to the Reich, were appointed (see Appendix XXI, 11).

The war economy staff Serbia quickly became of great importance for supplying the troops operating in the Balkens, and later on deserved much credit for the utilization and securing of the Yugoslav raw materials, important for German armaments and by organizing the transport of these raw materials. The seizing of the still usable factories in Serbia and Croatia for assimilation into the German Armament Industry had already been started in April (s. Wi RM Bureau No. 22-263/62 of April 29, 41. Appendix XXI, 13 and XXI, 15) and represented useful support for the W. T. especially for repair work but also for the manufacture of material of all kinds. The concerns processing raw material could be built up in the course of time to form a valuable support for the German war economy, the deliveries of copper, bauxite, tin, chromium, asbestos and mica were of considerable importance.

As the territory of Greece, by order of the Führer (see appendix, Wi RM Bureau No. 22 263/41 2 of May 29, Appendix XXI, 14) was ceded to the Italians for economic exploitation, war economy offices were only installed in Greece where needed by the Army or for the security of transportation.

There was one Wi RM each established in Salonika and Athens. At the same time the confiscation and utilization was ordered of the factories, in the areas of Salonika and Athens occupied by German troops, necessary for war economy and transport (see Wi RM Bureau, No. 22-263/41 s. file XXI, 15). The factories in Athens were especially important as repair plants for the airforce. But also by the delivery of oil and tobacco to the army and to the homeland the war economy offices rendered considerable service.

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The compilation was the result of the deliberations concerning the planned operation in the East, ordered by the Reich Marshall in November 1940. The Office of Economy and Armament ("Wi RM Amt") had
taken pains to give a completely objective picture of the situation regarding Defense and armament economy ("wehr - und Rüstungswirtschaftliche Lage") of the USSR and had held it necessary, to refer to the points which might cause difficulties for a military operation.

The result of this work compiled carefully on the basis of safely proved facts is summed up at the end as follows:

"Any operation leading to the occupation of the European part of USSR (without the Urals territory), will bring the following results:

I. During the first months Germany will be relieved in the field of nutrition and raw materials, if a quick seizure should succeed in
   a). preventing the destruction of stocks (stores: "Arbeits")
   b). capturing the mineral oilfields of the Caucasus undestroyed and
   c). solving the problem of transportation.

II. For longer duration of the war an effective relief is dependent on the following pre-requisites:
   a). in all fields:
      1). on the solution of the transportation problem,
      2). On the staying ("verbleibt"; translator's note: may also mean: "whereabouts") of the people (population and winning them over to collaborate.
   b). in the field of agriculture:
      1). on preventing destruction of the "M.T.S." and the possibility of replacing their pool of tractors and machines by taking up production again in the USSR.
      2). on the possibility of fuel supply.
   c). in the industrial field:
      1). on the capture of powerworks undestroyed or on their fast restoration.
      2). on securing the delivery of raw materials not existing in the European part of the USSR to the industry.

III. The supplying of Germany with India-rubber, tungsten, copper, platinum, tin, lead, and main keep remains unsolved until communication with the Far East will be established.

IV. The territory south of the mouth of Volga and Don inclusive of the Caucasus must be included in the operation. The Caucasian fuel supply is indispensable for the exploitation of the occupied territories.

V. In the field of just the armament-industry it will lead to taking possession of about 75% of the total Russian armament industry and almost 100% of the precision tool-manufacturing and optical industry ("Feinmechanische und optische Industry")
The USSR will keep about 25% of the mere apparel and scarcely 1% of the precision tool-manufacturing and optical industry.

In addition to the Italian negotiations, until June 1941 the negotiations with Russia were accorded a great deal of attention. The Führer issued the directive that, in order to camouflage German troop movements, the orders Russia has placed in Germany must be filled as promptly as possible. Since the Russians only made grain deliveries, when the Germans delivered orders placed by the Russians, and since in the case of individual firms these deliveries to Russia made it impossible for them to fill orders for the German armed forces, it was necessary for the British office to enter into numerous individual negotiations with German firms in order to coordinate Russian orders with those of the German from the standpoint of priority. In accordance with the wishes of the Foreign Office, German industry was instructed to accept all Russian orders, even if it were impossible to fill them within the limits of the time set for manufacture and delivery. Since, in May especially, large deliveries had to be made to the Navy, the firms were instructed to allow the equipment to go through the Russian Acceptance Commission, then, however, to make such a detour during its transportation as to make it impossible for it to be delivered over the frontier prior to the beginning of the German attack.

As a result of the visit of the Hungarian Minister, Excellence Berthe, the trade in war material with Hungary came once more into the forefront. Above all, the Hungarians demanded German help in equipping their air force, as well as anti-aircraft guns, search lights, and listening devices, tanks, artillery - and communications equipment, and heavy guns. For this they offered free facilities for the manufacture of gauges and fuzes, artillery equipment, trucks and tank trucks. The Hungarians were promised help in almost all fields, however, not until the summer of 1942, because it was thought that by this time the campaign in the East would have come to an end. Technical help for the saving of raw material with the issuing of licenses was offered them immediately. The shifting of German orders to Hungary was put into effect.

The negotiations with Romania and Finland covered more ground, because both states made considerable demands for the improvement of the equipment of their units designed to fight against Russia. First, of all the Romanians asked for anti-aircraft equipment, prime movers, and trucks for the motorization and artillery equipment of all kind; moreover, they asked that the artillery and ammunition orders placed in France end with the Boehler works be executed. The Finns demanded long-range guns, anti-aircraft guns, fuzes, airships and help in carrying out motorization. In accordance with the directive from the Führer, the Romanians were promised help as much as possible, while the Finns were to be put off until later.

When the operations opened in the East, the demands became greater and more urgent; the Finns, especially, called for raw materials and fuel. These demands were met in the case of both these countries as much as possible.

Bulgarian wishes lay, particularly, in the field of motorization and communications and in the delivery of captured reconnaissance cars and tanks. Only small deliveries could be made; in general the Bulgarians were instructed that, these states which were actually in the battle, must receive first delivery.
Moreover, the negotiations with Turkey were of special importance. The office of WI RG was instructed to specifically cultivate these negotiations; and to offer as much war material to the Turks as possible, on the one hand for military-political reasons, on the other hand, in order to force the Turks to make deliveries of chromium. Since the Foreign Office wanted in full to ensure the treaty for deliveries of Turkish chromium for the year 1942/43, more deliveries of war material, which partly constituted former Turkish orders, were promised for 1942.

CERTIFICATE OF TRANSLATION OF EXTRACTS OF DOCUMENT NO 2353-PS

15 November 1945

I, EVELYN GLAZIER, P/O, W.R.N.S., 37371, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Extracts of Document 2353-PS.

EVELYN GLAZIER
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37371