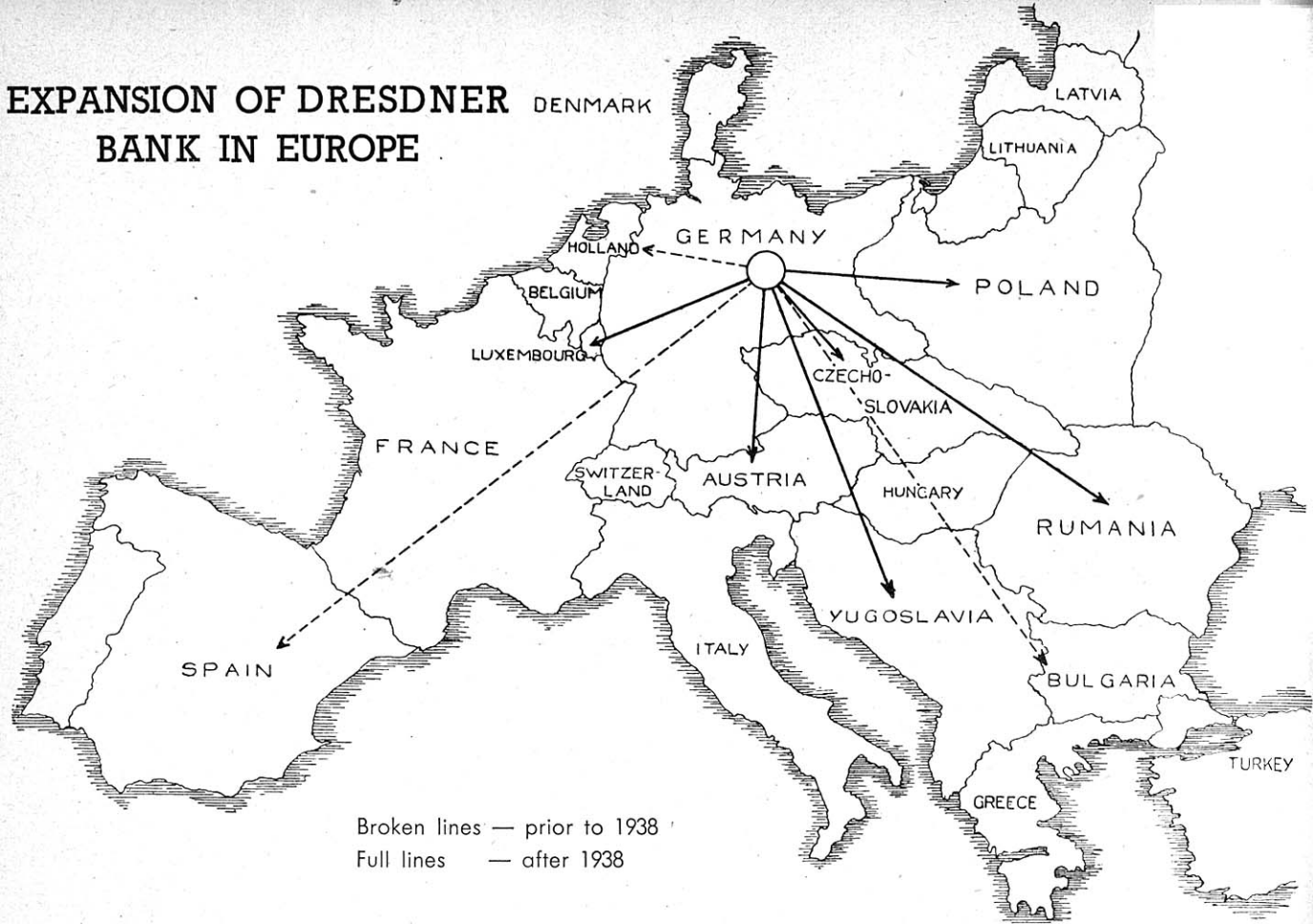
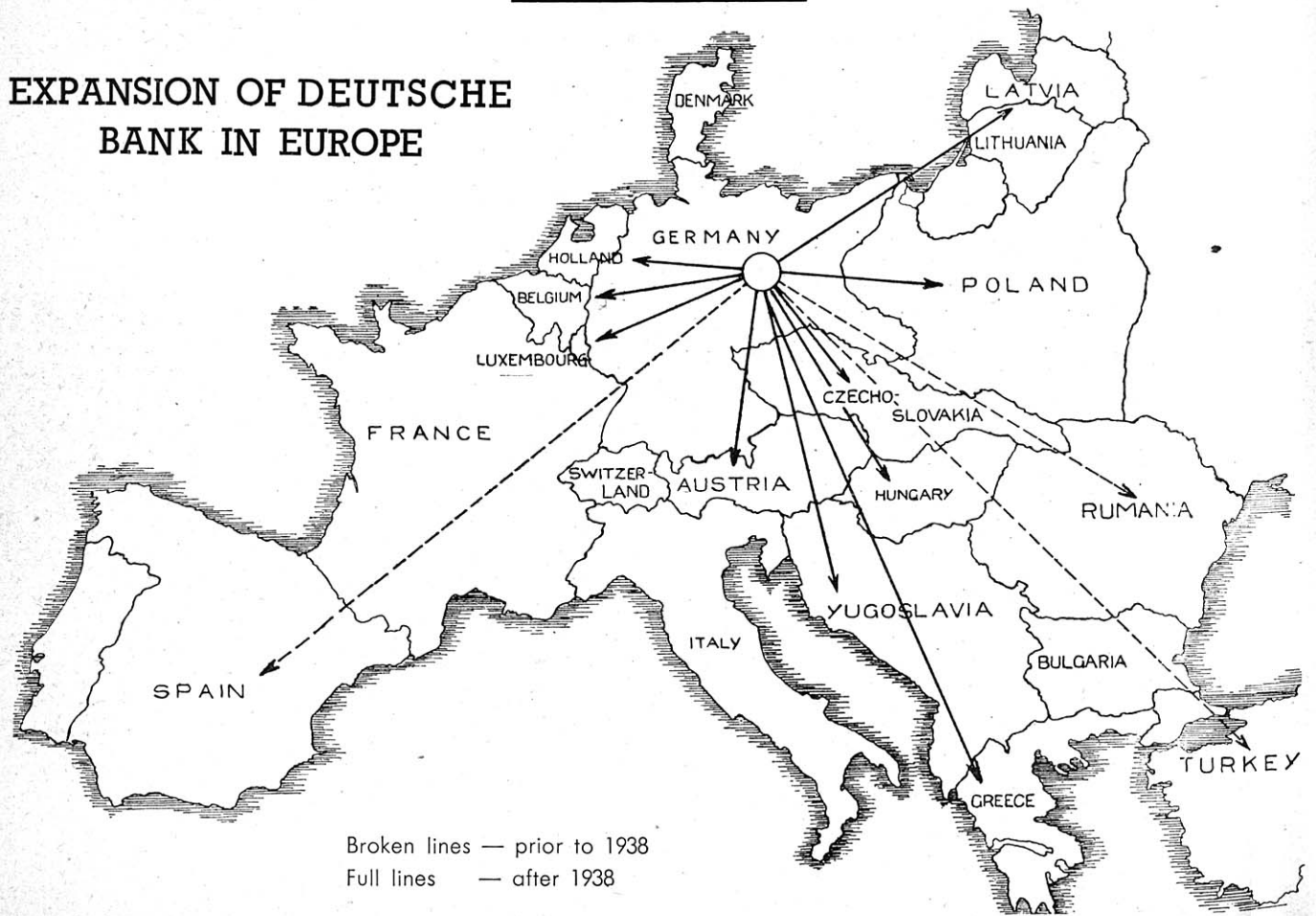


EXPANSION OF DRESDNER BANK IN EUROPE



EXPANSION OF DEUTSCHE BANK IN EUROPE



DEUTSCHE and DRESDNER BANKS

ON THE main street of practically every ruined German town a crumbled building can be seen, with a battered sign on which can still be spelled out "Deutsche Bank" or "Dresdner Bank." There were 490 branches of the Deutsche Bank in Germany alone, while the Dresdner Bank had 368 branches. From hundreds of broken windows these banks can look at the destruction which they played a vital part in bringing to Germany.

There were six Big Banks in Germany, and they were big in a way in which we have no counterpart in the United States. Their activities included commercial and investment banking, they were closely integrated with industry and dominated the established stock exchanges, and they cooperated fully in carrying out the political objectives of the Nazi Government.

Two of the Big Six, the Reichskreditgesellschaft and the Berliner Handelsgesellschaft, had no branches. Their influence was due to their clientele of important industrial clients. The Commerzbank was a powerful institution; the Bank der Deutschen Arbeit belonged to the Nazi party and every worker in Germany had an account with it.

But no other banks had the pervading influence of the Deutsche and Dresdner. These two banks were like tough, man-eating tropical vines which flourished luxuriantly in the cold climate of the Third Reich. The obscure slave-laborer, the Jew with a nice business, the inmate of the concentration camps — all felt the strength of their tendrous growth.

They participated actively in building the Nazi war-machine, and the exploitation of German-occupied Europe.

In the years before the war these two leading German banks expanded steadily, first through absorption of other banking institutions and second through close cooperation with the political and economic expansionist program of the German government.

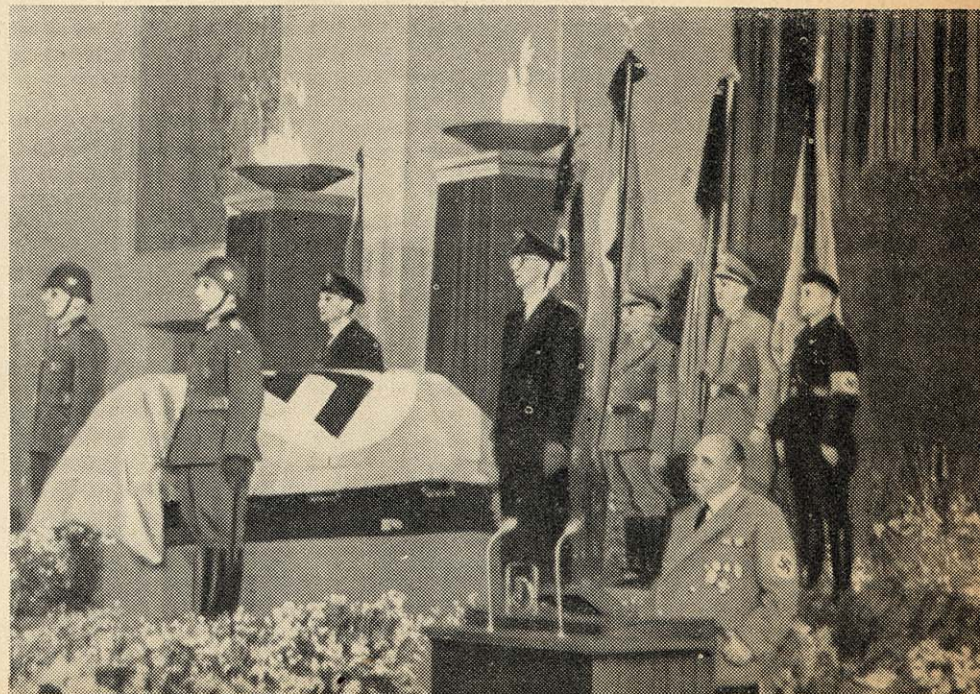
THE Deutsche Bank was founded in 1870, and the Dresdner Bank in 1872. This was a period in German industry which became known as the "founders decade," during which numerous large industrial and financial enter-

prises were born which set the pattern for subsequent big business in Germany. Both the Deutsche and Dresdner Bank soon began to take a leading part in financing German foreign trade and created special subsidiary banks for this purpose. In 1886 the Deutsche Bank set up the Banco Aleman Transatlantico which gradually added 21 branches in South America and Spain, while the Dresdner Bank established the Banco Aleman del America del Sur, which acquired 14 branches.

As a joint project for financing German business abroad Deutsche and Dresdner sponsored the creation of the

The close tie between the banks and the Nazi Party is illustrated by this view of the funeral of Emil Georg von Strauss in Berlin in 1942. Strauss, an official of the Deutsche Bank, was also chairman of the boards of directors of two automobile companies converted into manufacturing aircraft engines long before the outbreak of war. Shown delivering the funeral oration is Walter Funk, Reich economics minister, sentenced last year by the International Military Tribunal to life imprisonment on conviction of crimes against peace, war crimes, and crimes against humanity.

photo from ARCHIV, DEUTSCHER VERLAG



Deutsch-Asiatische Bank, which until 1942 was the only German bank in Eastern Asia. Branches were opened by the Deutsche Bank in Bulgaria and Turkey, and by the Dresdner Bank in Turkey and Egypt.

Many German banks found themselves in an extremely hazardous position as a result of World War I and the subsequent inflation in Germany. Following the stabilization of the currency in 1924 many small banks were "absorbed" by the large Berlin banks, and the Deutsche and Dresdner banks emerged after the Banking crisis of 1929-1931 as the two leading commercial banks of Germany.

THE rise of National Socialism in 1933 led to far more comprehensive expansion of both banks. After 1933 they participated in an ever-increasing degree in Germany's preparations for aggressive war by providing the German Government with funds and by financing war industry through loans and distribution of new securities. In the early years of the Nazi state they

financed the large scale public works program through the issue of "work-creation" bills; which were bills drawn by contractors on special financial institutions of the Reich. Although nominally short term, the bills were usually extended over and over again.

When the public works program tapered off in 1935 and was replaced by direct production for rearmament this was financed by bills called by the innocuous name "special bills," which later came to be known as "Mefo" bills. In addition to concealing the object of the financing from the outside public, the Mefo bills enabled the Reichsbank to exceed by many millions the RM 400 million which it was permitted by its charter to lend the government.

In accepting the Mefo bills for discount the Big Banks knowingly gave financial backing to Germany's rearmament, and helped keep its volume from the outside world. The volume of transactions in Mefo bills cannot now be determined, but the Deutsche Bank alone held bills in the amount of RM 618 million at the end of 1942.

After the Mefo certificates were discontinued the banks increased their holdings of the promissory notes of the Deutsche Golddiskontbank (Degeo), a subsidiary of the Reichsbank.

HOWEVER, the main contribution of the Big Banks in financing German preparations for war came with their purchase of direct government securities. In Germany most of the government war borrowing was done from the banks, and there was little direct investment of consumer savings as in America. Very few individuals invested directly in government war bonds.

The big banks played a key role in the early building up of Germany's war industries. The banks kept the industries firmly in hand by close personal supervision, achieved through a system of interlocking directorates. The same men would occupy positions of influence both in the bank and in the affiliated industrial concern.

For example, the 54 directors, agents, and officers of the Deutsche Bank held in 1943 a total of 707 positions as directors and officers of other corporations and of these, 281 were chairmen or vice-chairmen of

Certain banking operations have continued for the service of the civilian population. Below is shown workers counting money in the Deutsche Bank office in Frankfurt.
(ARMY SIGNAL CORPS photo)

(Continued on page 15)

