The Beneficiaries of "Aryanization": Hamburg as a Case Study

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Although the "Aryanization" of Jewish assets under National-Socialist rule was one of the most prodigious property transfers in modern times, historians have exhibited only limited interest in this important aspect of the Nazi persecution of Jews in Germany. The groundbreaking studies by Helmut Genschel (1) and Avraham Barkai (2) are significant surveys of the destruction of German Jewry’s economic basis under Nazism, and these works have been subsequently supplemented by a number of other articles (3) and regional studies. Nonetheless, our knowledge about key facets of this topic remains inadequate. One of the remaining intriguing questions pertains to the persons who profited from this expropriation process, which began its insidious course in 1933, and was then systematized in a raft of pseudo-legal forms in 1937-38. Who were the beneficiaries?

For the most part, historians have interpreted the so-called Aryanization of Jewish assets as a National-Socialist measure motivated by ideology rather than economic interests, as an important stage in Nazi Jewish policy, leading on to deportation and the mass murder. In public declarations the Nazis themselves never tried to conceal that, in their eyes, the "Jewish Question" was "racial and völkisch, not an economic question." Nonetheless, some scholars have tried to reduce Aryanization to an economic-utilitarian, functional core, denying its ideological underpinnings. Thus, for example, Marxist-Leninist historiography
repeatedly underscored "the culpability of German finance capital for the persecution and murder of the Jews." (7)

In their study *Vordenker der Vernichtung*, Götz Aly and Susanne Heim, using Vienna as an example, conceptualized Aryanization as part of an economic modernization strategy seeking to resolve structural deficiencies in transposed economic sectors; they argue that it became a kind of paradigm for Nazi policies of occupation and annihilation in Eastern Europe.(8)

This analysis steers clear of such functionalist reductions of Nazi Jewish policy. Nonetheless, the economic dimensions of *Judenpolitik* need to be examined from a differentiated perspective. Utilitarian motives did not play a central role in the ideological justifications advanced for the National-Socialist policy of Aryanization. Yet such motives did give impetus to the institutions and persons involved, guiding their actions. Above all, they shaped the concrete forms Aryanization took on, and the ambience in which it was carried out.

Focusing on a regional investigation of Hamburg, I wish to explore the beneficiaries of Aryanization as well as its economic and material spillover effects. We will first examine the respective benefit for the German Reich, the Nazi party and its functionaries, those who acquired Jewish property and the effect on the economy. Then I would like to probe the contours of a veritable sub-branch of commerce, a "utilization business" that sprang up around the Aryanizations. This trafficking in Jewish property, almost totally neglected to date by scholarship, had fluid boundaries with a criminal milieu that unscrupulously exploited the parlous predicament in which many Jews found themselves. I conclude by looking at the role
of the German population, by no means merely an uninvolved bystander, and the form and scope of its participation.

Aryanization as Expropriation

To pilfer and expropriate Jews and thus destroy their economic basis for survival was an essential component of National-Socialist Jewish policy. The pressure on Jews in Germany to emigrate mounted with every further turn of the economic screw. With an onslaught of economic restrictions, the National Socialists moved ever closer to their declared ideological aim of rendering the Reich *judenrein*. This immediate nexus between expropriation policies and forced emigration became especially evident during the course of Aryanizations in Vienna in the spring of 1938.

After being stripped of their belongings, Jews were subsequently forced to emigrate. This procedure was supervised by the Central Office for Jewish Emigration (Zentralstelle für jüdische Auswanderung) under the control of the SD (Sicherheitsdienst) of the SS.(9) Ultimately, this model was extended to encompass the entire Greater Reich, with the establishment of the Reich Central Office for Jewish Emigration (Reichszentrale für die jüdische Auswanderung) in January 1939.

However, the National Socialists also had an immediate financial rationale in pursuing a policy of forced Aryanization. After 1933, the Nazi state had embarked on a step-by-step
program to create a machinery of repression in financial policy: this made it possible not only to compel Jews to sell off their businesses and property immediately, but also to divert a lion's share of the proceeds from such sales into the coffers of the Reich.

Preoccupied with the policies of the Finance Ministry and the 1937-38 "change in course" after Schacht stepped down as finance minister, historians to date have failed to appreciate the true importance of this repressive apparatus in the financial policy for Aryanization. Its most important elements included the development and expansion of currency-control agencies within the Regional Tax Administrations (Oberfinanzdirektionen) to monitor foreign exchange and audit other transactions and the creation in Berlin of the Investigation Agency for Foreign Currency Violations (Devisenfahndungsamt) in the summer of 1936.(10) Under the direction of Reinhard Heydrich, this central office assured the SS direct influence on regional investigative offices for foreign currency and customs violations. Foreign-currency laws were made ever more stringent, reaching a new high point on December 1, 1936, with the new legislation termed Revision of the Law on Exchange Control.(11) This affected German Jews most adversely. A newly introduced paragraph (§ 37a) empowered foreign-currency officials to strip owners of all rights of disposal over their assets if there were any suspicion that such capital was being illegally exported abroad. Although the scope of this law extended to all "non-foreigners" (Inländer), in actual fact, the practical effect was antisemitic. The Regional Tax Administration in Hamburg made immediate use of the new opportunities, initiating measures that triggered a wave of Aryanizations in Hamburg, especially of large Jewish concerns. (12)
At the same time, a thickening web of taxes and obligatory levies led in actual fact, from 1938 on, to the total forced confiscation of Jewish assets. (13) The most important components in this policy of special compulsory taxes and levies were the Reich Flight Tax, the ever-spiraling fees gouged for capital transfer transactions, the Jewish property tax (Judenvermögensabgabe), fees for emigrants and the "de-Jewification gains tax," the so-called Entjudungsgewinnsteuer:

-- The Reich Flight Tax or Reichsfluchtsteuer, introduced by the Brüning government in 1931 as part of reparations policy, was made increasingly more stringent after 1933, and developed, for all practical purposes, into an anti-Jewish punitive tax. In the last fiscal year of Weimar (1932-33), revenues from the Reich Flight Tax amounted to some 0.9 million Reichsmarks. By fiscal 1938-39, under the Nazis, they had soared to RM 342 million.

-- In January 1934, the "commission" in capital transfer, i.e., the fees deducted from emigrants' blocked accounts by the German Gold Discount Bank (Dego) in connection with currency exchange, was approximately 20 percent of the total amount transferred. By June 1935, it had jumped to 68 percent; in October 1936, it zoomed to 81 percent, and, in June 1938, to a staggering 90 percent of the total. From September 1939, the fee was uniformly 96 percent. (14) Since Aryanization of Jewish property was usually followed by the emigration of the former owner, the National Socialists were able to drain off a substantial portion of all Jewish assets solely by utilizing this Dego commission.

-- On November 12, 1938, in the wake of the Kristallnacht pogrom of November 9-10, the Decree on an Atonement Tax of Jews with German Citizenship (Verordnung über die Sühneleistung der Juden deutscher Staatsangehörigkeit) was promulgated, levying a sum of
one billion Reichsmarks on German Jewry. Collected in five payments slapped with an additional 5 percent surcharge, it brought a total of RM 1.126 billion into the coffers of the Reich.

-- In December 1938, the Hamburg Gestapo introduced an additional compounder: the "emigration tax" for Jewish emigrants, calculated at 20 percent of the Reich Flight Tax. (15) This *Auswanderungsabgabe* did not become common practice throughout the Reich until March 1939. In Hamburg, revenues from this tax were directed almost exclusively to the Jewish community, which had lost its most important funding source due to the emigration of its wealthiest members.

-- The Decree on the Use of Jewish Assets promulgated on December 3, 1938, made it possible for the authorizing agencies to levy a tax to be paid to the Reich in connection with Aryanizations. (16) According to a directive of the Economics Ministry dated February 8, 1939, the amount payable was 70 percent of the difference between the officially assessed value and the actual purchase price. On June 10, 1940, Hermann Göring, in his capacity as Representative for the Four-Year Plan, issued a Decree on the Audit of De-Jewification Business Transactions. (17) It specified a compensatory tax, effective from January 30, 1933, for all Aryanization sales in which the purchaser had gained an "improper financial advantage." This decree could have been applied retroactively to virtually all Aryanizations, since an attractive windfall for the purchaser at the Jewish seller's expense was a veritable distinguishing mark of such sales. However, in Hamburg, for example, this late decree was rarely actually applied and brought in a total sum of only about 50 million Reichsmarks. As in
other parts of the Reich, the political leaders in Hamburg had already devised far more efficient means for skimming off profits. (18)

Two examples from Hamburg can serve to illustrate how the compounded practical effect of these taxes and compulsory contributions was to divest the Jewish owner of all assets. In July 1938, Albert Aronson was still one of Hamburg's wealthiest entrepreneurs. (19) He was the sole proprietor of the chocolate factory Reese & Wichmann GmbH, the cigarette import firm Havana-Import-Compagnie and the owner of thirty-six properties, some in prime locations. His total worth was estimated to be more than four million Reichsmarks. When Aronson emigrated to London six weeks later, all he had managed to salvage and transfer abroad was 1.7 percent of his assets. In order to obtain funds for emigration, he had arranged a credit of RM 800,000 from his bank M. M. Warburg & Co. Of this, only 66,000 Reichsmarks (= £5,413, at a rate of RM 12.19 to the pound sterling) could be transferred, while RM 734,000 (= £60,213) was paid as a commission to the German Gold Discount Bank. To cover this loan, Aronson had been obliged to sell off most the real estate he owned at throwaway prices, while his two companies were forcibly Aryanized. The proceeds from the sale of the firms, RM 800,000, which did not reflect the companies' actual value, were transferred to a special security account. Yet Aronson could not freely control these funds, since the Regional Tax Administration in Hamburg had issued a security order against him on July 12, 1938. Aronson was required to pay a Reich flight tax of 613,713 Reichsmarks, RM 245,510 in Jewish property taxes, and the sum of RM 100,000 to a secret slush fund of the Hamburg Gauleiter (district party leader) in order to have his passport released. The remaining assets and properties were confiscated for the German Reich under the 11th Decree in the Reich
Citizenship Law of November 25, 1941: thus, 98.3 percent of all his wealth had been expropriated.

Our second example is the Hamburg private bank M. M. Warburg & Co., one of the ten largest and most respected private banks in the Reich. Under the general pressure of Aryanization, the bank was changed in 1938 from a family firm to a limited company. The Hamburg merchants Dr. Rudolf Brinckmann and Paul Wirtz assumed management. The Warburg family was fully compensated in this "amicable Aryanization" by 11.6 million Reichsmarks for the balance of net assets, but the actual proceeds from the sale were reduced to RM 6.4 million, because the value of the affiliate Warburg & Co. in Amsterdam was calculated into and deducted from the purchase price. Of these 6.4 million, 3 million marks remained as a "silent deposit" in the firm; very soon this money, too, had to be paid out in one form or another. In the subsequent period, proceeds from sale were completely eaten up by taxes and levies. Thus, the Warburgs paid RM 850,000 in flight tax, an authorization fee of one million Reichsmarks for the Aryanization, RM 1,221,000 in Jewish property taxes, and an emigration fee of 450,000 Reichsmarks. For permission to continue operating Warburg & Co. in Amsterdam as a family firm, they had to exchange an additional RM 1.2 million in Dutch guilders into Reichsmarks to a blocked account. This saddled them with a further loss of 1,080,000 Reichsmarks as a result of a commission of 90 percent paid to the Gold Discount Bank.

On the surface these transactions seemed to constitute fair, indeed "amicable," Aryanization. Yet upon closer scrutiny their true nature emerged; they were an out-and-out swindle. Even the moderate forms assumed by this property transfer did nothing to change
that fact, since the fair compensation received by the Jewish owner was gobbled up by the voracious web of National-Socialist fees and levies. (22) In fact, one might argue, the fairer and more "amicably" the Aryanization was implemented and the greater the sale proceeds for the Jewish proprietor, the larger was the ultimate gain for the Nazi state. In most instances, the latter turned out to be the main beneficiary of the Aryanizations.

Corruption of Party Officials

One of the special features of the National-Socialist system of rule, especially at the regional level, was a policy of cliques and clienteles that systematically rewarded Nazi functionaries for their "idealistic" efforts. Corruption and nepotism were important NSDAP techniques of domination. These were used in particular by the Gauleiters in order to assure the political loyalty of party members. (23) Since the public coffers could not be plundered without limit for the benefit of the party and the NSDAP national treasurer pursued a restrictive policy of economy vis-à-vis regional party organizations, many Gauleiters made use of the Aryanizations as a much-welcome local source of lucre. They regarded Jewish property as a personal reservoir they could dispose of in order to satisfy the needs of the party and its functionaries. Helmut Genschel alluded to this link between Aryanization and corruption in connection with the NSDAP district of Franconia, where the district leadership pocketed 25 percent of the transacted purchase price. (24) Yet he characterized this as "untypical," since he believed they were due largely to the vicious antisemitism of the Franconian Gauleiter Julius Streicher.
In reality, these events in Franconia were only the tip of a nationwide iceberg, since virtually all other NSDAP districts practiced similar methods. Thus, the Gau leadership in Thuringia siphoned off 10 percent of the purchase price in Aryanizations in order to fund an old-age pension scheme for "veterans of the movement." (25) In the party district Saar-Palatinate, Jewish owners were even forced to funnel 40 percent of the sale proceeds into a special account of the district leadership. (26) In Hamburg, Gauleiter Karl Kaufmann had created a personal slush fund outside of the municipal budget in the form of the Hamburg Foundation of 1937 (Hamburger Stiftung von 1937). With this he financed NSDAP formations, personal protégés, and the "indemnification of deserving veteran Party comrades." In addition, Kaufmann used foundation funds as financial backing for front men to buy up all the shares of a Jewish factory, Chemische Fabrik Siegfried Kroch AG, Wandsbek.(27)

The capital in the Hamburg Foundation of 1937 came in part from "Aryanization contributions," which usually had to be paid by the Jewish owners, but sometimes also by the buyers. While the Nazis put the screws on the Jewish proprietors when commercial enterprises were Aryanized, extorting sums of up to RM 100,000 by threat and intimidation, (28) the "Aryan" purchasers were required to kick back a fee in cases of Aryanized real estate; frequently, such new owners had picked up Jewish properties below their appraised value. (29)

Jewish prime real estate held a special fascination for the Hamburg NSDAP and its leading functionaries. Thus, the Gauleiter and Reich Governor Kaufmann was ensconced in the former villa of a wealthy Jewish family, the so-called Budge Palace, where he had set up his offices. (30) His deputy Ahrens and many other party functionaries in Hamburg had
procured Jewish residential buildings at preferential prices as part of the Aryanization of real estate. (31) Various offices of the Hamburg NSDAP also grabbed up Jewish real estate with no compunctions. Thus, the Academy for District Leadership Cadre (Gauführerschule) of the Hamburg NSDAP established itself on property in Barsbüttel that had belonged to a large Jewish shareholder in the Deutsch-Amerikanische Petroleum-Gesellschaft who had emigrated. Although the market value of the realty was in excess of RM 450,000, the NSDAP district treasurer had deposited only 60,000 Reichsmarks in a closed account. In cynical candor, he characterized this sale price as being "so ludicrously low that at best, it can only be regarded as some kind of symbolic payment." (32)

The SS was able to acquire a villa on the Aussenalster lake in 1942, to be used as a "guest house," at an even more attractive price. After the Jewish owner had died from a heart attack during interrogation, the Gestapo forced the estate custodian to sell the property. The formal purchaser was not the SS, but the Hamburger Elektrizitätswerke AG (HEW) under its general manager Otte, who was a prominent SS member; he later transferred the property to the SS cost-free. (33)

The NSDAP was given further lucrative opportunities after the compulsory authorization for Aryanizations was introduced in 1938. The office of Gauleiter Kaufmann had been designated the chief authorization agency for Hamburg as a result of the decrees on Registration of Jewish Wealth (Verordnung zur Anmeldung des Vermögens der Juden) of April 26, 1938, and the Use of Jewish Assets (Verordnung zum Einsatz jüdischen Vermögens) of December 3, 1938. Kaufmann exploited this position rigorously for the benefit of NSDAP functionaries. Thus, he sometimes denied authorization for submitted sale contracts, making
sure that the Jewish firms were handed over to heads of local party groups (*Ortsgruppenleiter*) or party district chiefs (*Kreisleiter*)--persons who had never been involved in business, let alone managed a company. (34)

Other high-ranking officials central to setting Nazi Jewish policy in Hamburg also felt no compunction in capitalizing on their influence in order to line their private pockets. Thus, the *Judenreferent* ("expert on Jewish affairs") in the Hamburg Gestapo, Claus Göttscbe, transferred over RM 237,000 for his personal use from a Gestapo account in which the proceeds from Jewish property sold at auction had been deposited. (35) Willibald Schallert, head of the section of Labor Deployment for "Jews and Gypsies" in the Hamburg Labor Office, systematically enriched himself by exploiting the Jews under his control. He extorted their assets, molested women sexually, and denounced persons he disliked to the Gestapo, which then arranged their deportation to Auschwitz. (36) The actual circumstances so prevalent in the practice of National-Socialist Jewish policy refuted the official, pseudo-moral rationale for Aryanization as set forth in the Nazi propaganda. The public was told that Aryanization was being carried out in strict accordance with the principles of "efficiency and decency." (37)

Astonishingly, the Nazi state seldom took any steps against the damage done to its financial interests as a result of corruption. It is pointless to speculate whether the National-Socialist state acquiesced in the personal enrichment of Nazi functionaries as a lucrative concession to the "movement." Even structurally, National Socialism had no effective control mechanisms to combat corruption. Three aspects in particular impeded the development of any functional controls: (1) the dictatorial elimination of any critical public sphere; (2) the
atavistic "Führer principle" that was geared to unconditional loyalty rather than the control of power and favored the formation of mafia-like cliques; and, above all, (3) the total deprivation of the rights of the victims, who were helpless and at the mercy of the arbitrary will of the National Socialists.

The Behavior of the Acquirers

Discrimination and persecution created the basic armature for Aryanization from which those who acquired Jewish property and wealth ultimately profited. Thus, for example, in determining the sale price, it was not allowed to include the immaterial value of a firm, a composite based on its reputation, market position, clientele, and earning prospects in an assessment of the value of a firm. In the Nazi view, Jewish companies did not enjoy such public "good will." Furthermore, there were specific instructions to underestimate the value of the stocks, inventory, and net book amount in assessments conducted by estimators from the chambers of industry and commerce. Many stocktaking procedures, which customarily had taken several days in the annual firm inventory, lasted only a few hours; more often they were perfunctorily completed in a couple of minutes. (38) Even easily marketable items were valued far below the wholesale trade price. In general, the estimators based their assessment on the bankruptcy value, which was only half the trade price. (39) In one case, an arbiter of the Hamburg Chamber of Commerce even offered the prospective purchaser the option of buying the firm for some 10-15 percent of its inventory value, telling him outrightly that he should "not be so stupid and cash in on the situation." (40)
These conditions were common particularly for Aryanizations in 1937-38, which were subject to a compulsory authorization. But there had been a tendency in that direction even earlier, in Aryanization sales prior to 1937. From December 1938 on, the Jewish owners, many of whom had been interned in concentration camps following Kristallnacht, were stripped of all property rights and appointed trustees were authorized to sell the firms at cut-rate prices without even the agreement of the owner.

Despite the discriminatory conditions in effect for Jewish proprietors, not all Aryanizations turned out to be a profitable deal for the purchaser. This was especially the case with Jewish export firms, which accounted for almost one-third of all Jewish-owned enterprises in Hamburg. As a rule these were boycotted by their previous Jewish business partners abroad after being taken over by an "Aryan." With the outbreak of the war in 1939, virtually all commercial ties were broken off. Many firms had to shut down; others tried to keep themselves afloat through barter arrangements. Moreover, the Allied bombing raids on Hamburg in 1943, as part of Operation Gomorrah, took their toll, demolishing more than half of all commercial firms in the city. After 1945, many an Aryan owner who had acquired Jewish property was confronted with claims for restitution and reimbursement for a firm that had actually yielded no profit.(41)

Those who acquired Jewish property represented a broad cross-section of the German entrepreneurs and were by no means a homogeneous group. The spectrum ranged from ruthless exploiters who plundered Jewish owners to sympathetic businesspersons who were willing to pay a fair price for acquisition. Actually, there were three main categories: (42)
The first category consisted of active and unscrupulous profiteers, and comprised some 40 percent of the total. They undertook personal initiatives of their own toward the Jewish owners over and beyond the discriminatory framework of Aryanization in order to depress the sale price even further, taking ruthless advantage of the predicament of the owners to stuff their own pockets. They extorted the owners by threatening to denounce them to the Gestapo or to bring the Gestapo in on the transaction; they arranged to have the owner's passport confiscated, (43) refused to keep contractual obligations, (44) and pressured the owners by bringing to bear their good connections with the Party. (45) Sometimes they came to the first encounter sporting their Nazi uniform and forbade the Jewish owners from entering the premises of their firm in the future. (46)

It is not surprising that NSDAP functionaries were heavily represented in this group. Yet some may find it astounding that the most unscrupulous antagonists of the Jewish proprietors often came from the ranks of their own employees. Propelled by avarice, they made common cause with the institutions of the Nazi state behind the back of the Jewish owner in order to arrange an attractive takeover deal at the expense of their former employer. (47) "Now we want a chance to run the place," an employee told his Jewish boss after he had schemed behind his back to have his lease for the firm cancelled and had then finessed a new lease for himself. (48)

The second group, also about 40 percent of the total, can best be characterized by the term "sleeping partner." They garnered their personal gain within the Aryanization framework, such as by underestimation of inventory and stocks; yet they did not call any further attention to themselves, and tried to transact the property transfer in an outwardly proper manner. In
this way, they maintained the illusion of a "standard" property deal; after 1945, they were often bewildered when confronted with formal claims for restitution raised by the former Jewish owners. (49)

The remaining 20 percent of the purchasers, and thus the smallest of the three categories, consisted of well-meaning and sympathetic businesspersons who tried to give Jewish owners an equitable price for their property. Many in this category counted Jews among their friends. Often, they had decided to get involved only after being specifically requested to do so by their Jewish friends. Upon closer examination of these contracts, it is clear that buyer and seller had concluded a secret pact against the authorities. An attempt was frequently made to mask the value of the firm (which was not permitted to be paid) by means of other artificially inflated budgetary items, (50) or clandestinely to pay the price to the Jewish owner. (51) Such transactions were well-intentioned, but due to the rigid Nazi policies regarding special taxes and fees, they rarely fulfilled their objective of providing Jewish proprietors with a reasonable price for their property.

Only a small number of buyers went a perilous step further and resorted to measures deemed illegal under National Socialist law. For example, they left the Jewish owner with the firm's accounts receivable abroad, outstanding funds which had been concealed in the contract. (52) One purchaser even personally smuggled Swiss watches and gold chains to Amsterdam and arranged for funds covering the true value of the firm to be taken abroad in a suitcase in order to reimburse the full fair price to the Jewish owner. (53) Such actions were not only quite risky for the buyer, but also point up how Aryanization transposed basic moral principles: persons who wanted to uphold the traditional principles of business ethics and did
not aim to capitalize on the innocent plight of others -- i.e. who wished to preserve their basic "decenty" -- had to act criminally and violate existing laws. This moral dilemma of well-meaning buyers also discloses the underlying amorality of Aryanization itself.

If we examine the purchasers of Jewish property as a group, it is notable that, at least in Hamburg, there are comparatively few people from the established economy. (54) A large proportion of the buyers were social climbers, careerists and young businesspersons who wanted to get a start by availing themselves of the boon of Aryanization; on the other hand, there were also a good many bootlicking profiteers and subalterns who were seeking some source of livelihood in the political wake of Nazi rule. The Hamburg banker Max Warburg characterized this latter category as "vile flunkies." (55)

This relative reserve on the part of the established sector of the economy toward Aryanization evident down to 1938 certainly did not spring primarily from compassion or moral scruples. It was rooted in other considerations, openly addressed by the Hamburg Gauleiter Kaufmann in a speech before the Hamburg Chamber of Commerce:

Aryanization has been a bit disconcerting for some Hamburg Aryans. I've heard rumors that certain older gentlemen here in town have been giving serious thought to just when this kind of Aryanization might befall them as well. Now that's something you can only think, talk about and expect if you're totally ignorant about the racial problem or not completely confident about your own race. Remarks like that are so childish -- please excuse the expression -- so childish that they're quite worrisome. So when you hear someone voice such apprehensions, I'd like you to
dispel those foolish misconceptions. Be vigorously clear in refuting these notions; if necessary, you can refer to me. Everyone who works hard is going to remain economically just the same as before, no change. (56)

Aryanization was greeted with a certain skepticism in some sectors of the Hamburg business establishment, especially due to concerns about the protection of private rights. By expropriating a person's life's earnings, the Nazi state was seriously intruding into the realm of private property, and this clashed with middle-class notions of security. Some thus interpreted Aryanization as the harbinger of a "brown Bolshevism" in the offing.

Starting in 1938, however, a new attitude about Aryanization began to crystallize among a majority in the Hamburg business world. By this time, the effects of the global Depression had finally been overcome. The monostructural Hamburg economy had been especially hard hit by that crisis: since it was oriented mainly to foreign trade, the Hamburg economy had suffered significantly longer from the slump than other regions in the Reich. Now it no longer seemed necessary to take any special economic considerations regarding Jewish firms. Moreover, with Schacht's demise as Economy Minister in 1937, an additional brake on Aryanization had been removed, and that policy now was radicalized, visibly and inexorably. Moreover, as a result of its foreign-policy "successes" chalked up in 1938, the regime had consolidated itself in a way that convinced many it would remain in power for a long time to come.

Above all, that changed perspective on Aryanization was evident in the activities of the Hamburg Chamber of Commerce; down to 1938, it had inclined to be more neutral and
restrictive vis-à-vis Aryanization. It now undertook initiatives of its own to benefit purchasers of Jewish property. It suggested to the Economy Ministry to subject sale contracts concluded before 1938 retroactively to the same discriminatory conditions in force for contracts authorized after 1938. (57) This step was designed to make it possible for purchasers of Jewish properties to worm their way out of agreed-to obligations toward their Jewish contractual partner -- by removing the stated value of the firm, for example, which contracts from 1938 on no longer allowed to be paid, or by reducing pensions and lump-sum compensations.

Starting the end of 1938, professional organizations and trade associations in Hamburg were given a say in the forced liquidation of Jewish firms. In early December 1938 in Hamburg alone, more than 200 Jewish retail stores were closed down in just a few days. (58) The main advantage for the commercial sector lay in having Jewish businesses liquidated rather than transferred to "Aryan" hands, since in this handy way they were able to rid themselves of unwanted competition.

In the whirl of National Socialist expansionist policy from 1938-39 on, the Aryanizations acquired a supplementary new money-making dimension for sections of the Hamburg economy. Thus, on the occasion of the annexation of Austria in March 1938, Gauleiter Kaufmann had already arranged behind the scenes for firms in Hamburg to participate in the Aryanization of Jewish intermediary trade in Vienna. (59) Later on, Hamburg companies were involved in the Aryanization of Jewish enterprises in the Netherlands (60) and southeastern Europe. (61) They were particularly active though in the Generalgouvernement in occupied Poland, where the former director of the Hamburg Senate,
Walter Emmerich, served as economy minister. Emmerich felt especially obligated to helping commercial firms in Hamburg, and appointed a total of forty companies as "district wholesalers" for the Generalgouvernement. In this function, such enterprises could take over and absorb Jewish firms and their stocks. (62) The fact that representatives of the forty companies recited the poem "Ali Baba and the Forty Thieves," which they had composed as a token of gratitude for his birthday, indicates how deeply implicated certain elements of the Hamburg economy had become in the predatory policies of the regime. The active involvement by Hamburg entrepreneurs in the European "macro-area" under Nazi domination also points up the international dimensions of Aryanization: it was by no means limited solely to Germany, but had spread to encompass all of Europe on the heels of the National Socialist war of aggression.

Other Profiteers on the “Aryanization Market”

Starting in the mid-1930s, an informal "Aryanization market" had sprung up in Hamburg and across Germany. This market was the scene of a bustling and multifarious "trade" trafficking in the sale and utilization of Jewish property. A large number of realtors and lawyers watched the potential market, keeping an eye out for suitable properties; they brokered the contacts between owners and buyers and drew up the corresponding contracts. Large commissions made Aryanization a lucrative business.

In Hamburg, the Nazi lawyer Arthur Kramm, who enjoyed the special trust of the NSDAP district leadership, had assured himself a monopoly position in connection with sales
of large Jewish concerns. (63) Other realtors and attorneys specialized in various branches of
the Aryanization trade. Thus, for example, all Jewish pharmacies in Hamburg were Aryanized
by the realtor Ernst Zobel acting as a broker. Just how much money could be pocketed in such
deals is illustrated by the sale of the Jewish-owned fashion shop G. W. Unger, centrally
located on the exclusive Jungfernstieg along the Binnenalster lake, which changed hands for
the sum of RM 200,000. The lawyer Dr. Dröge, head of the Hanseatic Chamber of Attorneys,
demanded a fee of 30,000 Reichsmarks to draw up the sales contract. He justified this large
amount by the revealing argument "that in the final analysis, the contract had only come about
thanks to his good connections." (64) The fact that Dröge was simultaneously president of the
association "Pro Honore," an organization active in combating "the evil of corruption," serves
to point up another facet in the moral rot and muddle afflicting business ethics under Nazism.

Along with realtors and attorneys, German bankers also romped on the fields of the
Aryanization market. The Deutsche Bank and Dresdner Bank in particular watched the market
carefully, financed numerous sales of Jewish firms and picked up shares in Aryanized
companies. (65) The Hamburg bank M. M. Warburg & Co. also combed the marketplace
intensively for potential buyers, though it did so at the specific request of the Jewish owners,
and followed the maxim of obtaining the highest possible terms of sale.(66)

There were moneymaking deals to be made not only in the sale of Jewish property but
also in the administration of Jewish assets by trusteeship, usually ordered by the Regional Tax
Administrations in line with § 37a of the revised law on foreign exchange. In Hamburg,
trustees and liquidators for Jewish firms were exclusively Party members.(67) One company
that made a name for itself here was the Hanseatische Vermögensverwaltung und Treuhand-
Gesellschaft mbH (Hanseatic Company for Asset Administration and Trusteeship Ltd.,
abbreviated "Treuhsansa"), headed by the Nazi Hans Sixt Freiherr von Jena. (68) The trustees
not only paid themselves princely salaries from the sale and liquidation of Jewish firms, but
also sometimes acquired the administered enterprises themselves, or artfully arranged a
personal part share during sale negotiations. (69)

On the initiative of Gauleiter Kaufmann, the Hamburgische Grundstücksverwaltungs-
Gesellschaft von 1938 mbH (Hamburg Real Estate Administration of 1938 Ltd., abbreviated
GVG) was set up to administer Jewish real estate. Kaufmann provided the basic capital for the
company from funds of the Hamburg Foundation of 1937. In order to conceal this connection,
the Treuhansa appeared outwardly as the nominal partner. (70) This corrupted meshwork
finally became complete when the GVG raked in "Aryanization contributions" connected with
the sale of Jewish properties and deposited these in a special account of the Hamburg
Foundation of 1937.

The GVG, which was notorious among Jewish property owners, initially appropriated
real estate administered by Jewish realtors, but soon took over a substantial segment of all
Jewish-owned real estate in Hamburg. To the detriment of the Jewish owners, the GVG sold
the properties far below their market value. However in order to avoid seriously depressing
property prices in Hamburg, it offered only a limited number of Jewish properties for sale.(71)

The trade sector dealing with Jewish property had fluid boundaries with a milieu of
criminal elements that ruthlessly exploited the predicament many Jews found themselves in to
feather their own nests. This milieu ranged from underworld criminals who extorted
"protection money" in a mafia-like manner from Jewish firms (72) all the way to shyster
lawyers who proferred their services to beleaguered Jews and then absconded after pocketing large advances. (73) Others pretended to have close connections with leading Hamburg Nazis, lured Jews in difficulty with grandiose promises and cozened huge amounts of money without offering anything in return. (74)

After the number of Jews under pressure to emigrate jumped dramatically in 1938, an illegal trafficking arose with entry visas, a trade in which numerous persons lined their pockets. Thus, there were a slew of so-called "emigration agents" who arranged to procure a visa after the payment of sizable bribes. (75) In the Hamburg consulates of Central and South American countries, almost all the consuls and their staff were implicated in these despicable dealings to arrange life-saving visas. An entry visa to Argentina required a bribe of RM 5,000 per person, while a visa for Haiti went for the sum of 1,000 Reichsmarks. The Jewish Religious Association in Hamburg had no choice but to grin and bear it, participating in the payoff game in order to make it possible for at least a few indigent Jews to emigrate. (76)

The Uruguayan consul general Rivas, the deputy doyen of the diplomatic corps in Hamburg, developed a special criminal 'lan in this regard. Knowing the high market value his visa commanded, he "purchased shares" cost-free in exclusive Jewish enterprises. (77) In close cooperation with his consular staff, largely Jewish, he not only extorted corresponding bribes, but also demanded numerous "fees" and foreign exchange as a deposit, which he then transferred abroad illegally. In 1939, the Hamburg district court indicted five Jewish employees of the Uruguay Consulate General for misappropriation of funds and foreign currency violations. (78) The court termed the consul general's behavior "incredible" and accused the defendants of having "lined their pockets in the most frivolous manner" and
"drained dry" the Jewish emigrants. It was "outrageous," the court noted, that it had to admonish the Jewish defendants about "pouncing on persons in a serious predicament to plunder them of everything." (79) Such moral recriminations coming from a district court under Nazism do not lack a certain cynical hypocrisy, seeing that the plundering of helpless persons was an integral component, disguised in pseudo-legal trappings, of the everyday practice National Socialist state.

The German Population as Material Beneficiaries of the Holocaust

In February 1941, Aryanization in Hamburg reached new heights with the systematic auctioning off of Jewish property: now the entire population was drawn into the circle of beneficiaries. At the behest of the Gauleiter, the Gestapo in February 1941 had confiscated the chattels of Jewish emigrants that had not been shipped due to the outbreak of the war in September 1939. (80) This involved between 3,000 and 4,000 containers being held in storage up until then in the Hamburg transshipment port. These containers contained the effects of Jewish emigrants from all parts of Germany, since most had embarked via the traditional emigration port of Hamburg. Beginning in February 1941, on orders from the Hamburg Gestapo, these belongings were auctioned off to the population. The proceeds were deposited in a Gestapo account with the Deutsche Bank and reached the sum of RM 7.2 million by early 1943. (81) Both the auctioneers (82) and forwarding agents(83) bore the main burden of organizing this form of Aryanization. During the war years, these auctions became a profitable business for them.
The authorities involved stated in the public press that the auctions were intended "to make the goods available to the broadest possible segment of the population at reasonable prices." (84) Special treatment was given to those who had lost their possessions in bombing raids, young married couples and Germans who had returned from abroad and were being looked after by the Foreign Organization (Auslandsorganisation, AO) of the NSDAP. (85) In addition, numerous agencies of the government and party helped themselves to the so-called Jewish goods (Judengut). (86) The social services administration put together a corresponding reserve of furniture and household goods; the chief regional tax administrator (Oberfinanzpräsident) and the SD head section in Hamburg supplemented their equipment by acquiring office furniture; a commission from the Hamburg Art Museum (Kunsthalle) acquired paintings, and the Hamburg public library system augmented its holdings by appropriating many volumes from Jewish private libraries. (87)

From February 1941 until the end of the war in the spring of 1945, hardly a day went by in Hamburg without a public auction of Jewish property. For one, a sufficient supply of goods was guaranteed by the "Assets Utilization Agency" (Vermögensverwertungsstelle) of the chief regional tax administrator, which channeled the furniture of deported Hamburg Jews to the auctioneers beginning in the autumn of 1941. Another source were the large amounts of Jewish chattels sent to Hamburg after being pilfered throughout Western Europe, part of Operation M. (88) What had initially been launched in western Europe in 1940-41 as the organized plunder of art and cultural objects by the Reichsleiter Rosenberg Operational Staff was amplified in the course of deportations to Auschwitz to encompass all Jewish possessions in France, Belgium, the Netherlands and Luxembourg. Hamburg profited in a special way
from the Operation M shipments of loot. In 1942 alone, the complete furnishings of several thousand apartments belonging to deported Dutch Jews were shipped by sea to Hamburg. (89)

In addition, the German Reichsbahn transported a total of 2,699 freight cars full of Jewish possessions to Hamburg down to 1944. The circle of customers for such despoiled items ranged from the simple Hamburg housewife to the department stores in the Emsland, which regularly inquired with the auctioneers about new shipments. (90)

In her autobiographical sketches, a former Hamburg librarian described her feelings about the distribution and auctioning off of Jewish property:

I can still feel today the way I thought back then. I wondered: "what will happen to us some day because of all these things we've done?" When it came to supplies of basic necessities, we didn't have any problem yet. The goods that had been pilfered, or paid for with worthless paper money, were still rolling in from all over the Europe we'd attacked and plundered. The shops were still accepting our food ration cards, clothing cards, tickets for buying shoes. The men who came home on leave were still bringing meat, wine, cloth goods and tobacco back from the occupied areas. The ships with confiscated Jewish possessions from Holland were still anchored in the harbor ... I was also ordered to go down to the port and pick up some rugs, furniture, jewelry and furs for myself. It was the stolen belongings of Dutch Jews who'd already been deported to the gas chambers. I didn't want to have anything to do with it. But even if I rejected all that, I had to watch my step with those primitive people who were so rapacious in grabbing up this loot, especially
when it came to the women. I had to be careful not to say out loud what I was really thinking. I could only try, with great caution, to influence a few of the women, the ones who were not so euphoric, those whose husbands I knew were staunch Social Democrats -- by telling them where these shipments full of the choicest household goods actually came from. And by repeating the old proverb: "stolen goods never thrive." And they paid attention, they complied.(91)

By systematically distributing and auctioning off Jewish possessions, the Nazi regime turned broad segments of the German population into accomplices of its policies of plunder and expansion, transforming them into material beneficiaries of the Holocaust. This aspect of the pillage has received little attention to date in research on Aryanization. What began insidiously after 1933 with the sale of individual properties burgeoned into one of the most mammoth property transfers in modern times. In 1938-39, it finally shifted to a policy of plundering in the form of exorbitant taxes, culminating in a massive despoilment participated in by large sections of the German populace. Even if it was the National Socialist state which extracted the greatest financial benefit from Aryanization, no other measure of Nazi Jewish policy ultimately involved so many actors, and above all, so many profiteers.

Notes

1 Helmut Genschel, Die Verdrängung der Juden aus der Wirtschaft im Dritten Reich (Göttingen: Musterschmidt, 1966).


See, for example, Raul Hilberg, *The Destruction of the European Jews*, revised edition (New York: Holmes and Meier, 1985), who interprets the economic expropriation of the Jews as a stage on the road to annihilation.


Bundesarchiv Koblenz (hereafter, BAK), R 58/23a, pp. 144, 163-4.


14 A table of such fees for the years 1934-1939 can be found in StAHH, "Oberfinanzpräsident," 47 UA 14.


18 On such compulsory contributions and Hamburg regional levies, see below.

19 On the Aronson case and the following data, see AWAH, Z 2-Leitakte, pp. 1-5, communication from Arthur Reimann, December 12, 1945.


22 This is especially true for the period after 1938, when there were no longer any alternative possibilities for transfer, such as the Altreu procedure or funds transfer to Palestine within the
framework of the Haavara Transfer Agreement. For a description of the Haavara and Altreu schemes, see Barkai, *From Boycott to Annihilation*, pp. 51-53, 103-104.


25 For so-called *alte Kämpfer*. BAK, NS 1/554, "Gauschatzmeister Thüringen an Reichsschatzmeister Schwarz," July 22, 1938.


27 AWAH, Z 993, pp. 14-16.


31 StAHH, "Familie Ahrens," 5, p. 108.

32 BAK, NS 1/2375-2, memo, February 16, 1937.

33 AWAH, Z 1719-2, pp. 20-22, communication from Dr. Carl Stumme, July 18, 1951.

34 See, for example, StAHH, "Deputation für Handel, Schifffahrt und Gewerbe II," III D 5 (Aryanization of Fa. Herz & Co.); *ibid.*, "Senatskanzlei-Präsidialabteilung," 1939 S II/28 (Aryanization of Campell & Co.).


38 Note, for example, the instance of the Adolf Lipper jewelry store, where the assessment of the value of thousands of watches and gold jewelry was completed in two hours; or the case of the specialty clothing shop Ostindienhaus Heinrich Colm, that changed owners in the span of ten minutes. See AWAH, Z 963-4, p. 2 (Fa. Adolf Lipper); Z 28-1 (Ostindienhaus Heinrich Colm).


40 Cited *ibid.*., Z 1175-1, fol. 9 (Fa. Fiedler's Strumpfläden).

41 On such cases, which were not so uncommon, see *ibid.*., Z 5500-2 (Fa. Schöhthal & Co.), Z 5432-7 (Fa. Bernhard Stern), Z 9343 (Fa. Dr. Emil Marx Nachf.).

42 This classification is based on some 300 Aryanizations of firms in Hamburg.

43 AWAH, Z 3103 (Chemische Fabrik Rothschild & Leers).

The legislation on restitution was frequently denounced as "immoral and illegal," and many former purchasers now claimed they were the actual victims of the political circumstances. See, for example, *Ibid.*, Z 3350-1 (Fa. Inselmann & Co.), "Brief Julius Mehldau an das Landgericht Hamburg," February 17, 1953.

By contrast, Barkai emphasizes that the economic establishment was also unscrupulous in exploiting Aryanization for its own advantage; Hayes has a more differentiated argument on this, especially from the temporal point of view. See Barkai, "Unternehmer," especially p. 237; Hayes, "Big Business."


Speech by Kaufmann to the Hamburg Chamber of Commerce, January 1939, Archives, Forschungsstelle für die Geschichte des Nationalsozialismus in Hamburg (hereafter, Archiv Fst.), fasc. 12 ("Personalakte Kaufmann").

See communication by the attoney of the Chamber of Commerce Haage to Dr. Eller in Berlin, May 11, 1939, ibid., fasc. 227-11.


64 Berlin Document Center, personal file Karl Kaufmann - PK, communication (no date)
"betr. Arisierung G. W. Unger."


66 See the files on various companies in Archives, M. M. Warburg & Co., collection "Nicht durch das Sekretariat," among others on the firms Rappolt & Söhne, Juster & Co. (not separately listed).
See the list of trustees in StAHH, "Bürgerschaft II," C II d 1, vol. 2.

Among others, the Treuhausana was appointed as trustee for the firms Gebrüder Hirschfeld, Heinrich Abeles & Co., Adolf Salberg, Ostindienhaus Heinrich Colm and J. Lobbenberg.

See the case of the wholesale firm Goldschmidt & Mindus, where the trustee von Jena participated as a limited partner with a personal deposit of RM 50,000, AWAH, Z 1489-1, pp. 2-3.

On the GVG, see StAHH, "Hamburger Stiftung von 1937," no. 24, pp. 4-6, 41-42.

Thus, down to October 1939, the GVG had sold only 280 properties, see StAHH, "Oberfinanzpräsident," 9 UA 3, memo from Currency Office, October 24, 1939.


Ibid., "Urteil des Landgerichtes Hamburg gegen Dr. Alois Schlosser," July 18, 1941, 6 Js 1336/38; on analogous acts in Vienna, see Safrian, Eichmann-Männer, pp. 35-36.
Ibid., "Urteil des Landgerichtes Hamburg gegen Anna Korowitschka," August 21, 1940, 11 Js 121/40.


76 Ibid., interrogation of Dr. Max Plaut, October 3, 1938.

77 Interview with Hans Hirschfeld, August 9, 1990, p. 8 (Interviewer: Beate Meyer), Archiv Fst./Werkstatt der Erinnerung.


81 StAHH, "Oberfinanzpräsident," 47 UA 17 (alphabetical list of the proceeds from auction transferred in the period 1941-1943).
82 *Ibid.*, UA 30 (list of 22 auctioneers who took part in the auctioning of Jewish chattels).

83 *Ibid.*, 47 UA 2 (list of the 21 shipping agencies involved with the shipping of Jewish household goods).


85 See the correspondence of the auctioneer Carl F. Schlüter, 1941-1943, AWAH (not seperately listed).

86 On the following, see StAH, "Oberfinanzpräsident," 23 (utilization of the property of deported Jews and Jewish emigrants).

87 StAH, "Hamburger Öffentliche Bücherhallen," 14, memos, June 11, August 3, September 4 and September 7, 1942.


90 See communications from Manufaktur- und Modenhaus Carl Möddel in Lingen/Emsland to auctioneer Carl F. Schlüter, AWAH, correspondence Schlüter, 1941-1943 (not separately listed).

91 Gertrud Seydelmann, "Lebenserinnerungen" (Hamburg: 1994), Ms., 83.

Translated by William Templer