

## The Attack on Berlin Department Stores (*Warenhaeuser*) After 1933

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Georg Wertheim, the head of one of the four largest German department store chains in the 1920s and 1930s, noted in his diary: "1 January 1937 - the store is declared to be "German."<sup>1</sup> This entry marks the forced end to his activities in the business that he and his family had worked hard to build up.<sup>2</sup>

### Roots

In 1875, Georg's parents, Ida and Abraham Wertheim (who sometimes went by the name Adolf), had opened a modest shop selling clothes and manufactured goods in Stralsund, a provincial town on the Baltic Sea. An extensive network of family members ensured a low-priced supply of goods. In 1876, one year after the shop opened, the two eldest sons Hugo and Georg (aged 20 and 19 respectively), went to work in the shop following their apprenticeships in Berlin. Three younger sons later joined them. The business was called "A. Wertheim" after the father, who increasingly withdrew from active management of the business. Guidelines were introduced into the business that had been known outside of Germany for some time but were innovative in German retailing. These included: "low profit margins with high sales and quick inventory turnover; a broad and varied selection of merchandise; fixed prices (price tags on the goods); viewing of merchandise without a personal, psychological obligation to buy; exchanges - even a right

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In addition to archival material of the Deutsche Bank, available in the Bundesarchiv, Abt. <sup>1</sup> Postdam (in the meantime moved to Berlin-Lichterfelde) for the first time in the wake of reunification, I was able to use the copy of Georg Wertheim's diary in the Archiv Stuerzebecher (cited in the following as: Wertheim, *Diary*). I am grateful to Georg Wertheim's son for permission to use this material. The unpublished diary has three parts: a family history that must have been compiled around 1905; a chronological diary that notes important business events but focuses primarily on personal events such as travel, illness, and the like;

and some comments by Georg Wertheim on his relationship to Kaiser Wilhelm II  
This article is based on my dissertation, which goes into greater depth on the complex of <sup>2</sup> problems discussed here; see Simone Ladwig-Winters, *Wertheim — ein Warenhausunternehmen und seine Eigentuemmer. Ein Beispiel der Entwicklung der Berliner Warenhaeuser bis zur "Arisierung,"* Muenster, 1997

to return goods - and above all, payment in cash."<sup>3</sup> Particularly the last was an important innovation, because trade in Germany until then had been based extensively on the principles of borrowing and haggling. With the new business methods, which other businessmen soon began to implement as well, the small shops experienced a rapid upturn and were soon able to expand their product assortment until they became small *Warenhaeuser*, or department stores.

Wertheim's growth was part of a broader development in German retailing. Following the Industrial Revolution it had become necessary to modernize trade. Mass products were being produced that also had to be sold on a mass scale. The *Warenhaus* - the site where mass products were sold - was the retail equivalent to the factory in the production area. Other forms of large-scale retail enterprises emerged as well, such as single-price variety stores, junk shops, mail-order businesses, consumers' co-operatives, and another sort of department store, the *Kaufhaus*. A careful distinction was drawn between the *Kaufhaus* and the *Warenhaus*. Both aimed at high sales, particularly in Berlin, the capital of the newly founded German Reich, which was growing by leaps and bounds. However, the *Kaufhaus* concentrated on one sector, usually clothing, while the *Warenhaus* stocked a wide variety of goods .

## Beginnings

Wertheim was the first store of its type to open for business in Berlin. Previously, only *Kaufhaeuser* had flourished in the capital, such as N. Israel, Rudolph Hertzog, and Gebrueder Gersons. Wertheim met with grand success in Berlin as well. Business was so good that in 1893 and 1894 a building was constructed on the *Oranienstrasse* in Kreuzberg to accommodate a new *Warenhaus*. Three additional buildings were to follow, including one on the *Leipziger Strasse* that caused a public sensation. Criticism - much of which was antisemitic in tone - soon accompanied this success. Nearly all the founders of *Warenhaeuser* happened to be Jews. Attempts were now made to

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Peter Stuerzebecher, "Warenhaeuser," in: *Berlin und seine Bauten* , Architekten- und <sup>3</sup>  
Ingenieurverein zu Berlin, ed., Berlin, 1978, part VII, vol. A, p. 4.

defame the *Warenhaus* as a new type of business. The pejorative term "bazaar" was applied to it, although the practice of fixed prices contradicted the stereotype of "oriental" trading. Nor did the so-called socialist danger that allegedly emanated from the *Warenhaeuser* have any basis in reality.<sup>4</sup> The merchants of the commercial middle class and their various professional associations used these tactics in an effort to prevent further expansion of the *Warenhaeuser*.

This went so far that in 1900 Prussia (and other German states), introduced a tax that only *Warenhaeuser* had to pay. This tax applied to the sales of *Warenhaeuser* that had an annual income exceeding RM 400,000. *Kaufhaeuser*, some of which achieved significantly higher sales, were exempted from this measure. In addition, a variety of building and fire-code regulations were instituted that went far beyond the usual degree of safety precautions for public buildings.<sup>5</sup> The working conditions of employees were also attacked, for reasons of health and as a purported danger to morality. Ironically, A. Wertheim had made extraordinary efforts to set especially high social standards. The company was the first to introduce Sunday as a day of rest for all employees. In spite of these efforts, Wertheim was attacked in the press.<sup>6</sup> And in light of the company's prominence in Prussia, the *Warenhaus* tax was to be seen as a "lex Wertheim."

In fact, with its department stores, Wertheim had created a new concept of shopping that went along with changing consumer behavior. There had developed "a body of consumers able and willing to buy above the line of necessity."<sup>7</sup> Bright, airy, and lavishly designed stores with correspondingly decorated wares, and friendly salespeople who went out of their way to help the customer transformed shopping into an experience. The "democratization of consumption"<sup>8</sup> had been a necessary precondition for expanding the clientele of department stores. Wertheim's outstanding success was due to its presenting an astute mix of mass products and luxury articles. And every

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Dr. F. Wollny, "Die Frage der Warenhaeuser," in: Berliner Fragen — Etwas auf dem Weg in <sup>4</sup> das neue Jahrhundert, Berlin, 1901, pp. 110-111.

Stuerzebecher, "Warenhaeuser," p.8<sup>5</sup>

Wertheim, Diary, pp. 26, 27.<sup>6</sup>

. David Landes, *The Unbound Prometheus*, Cambridge, Mass., 1969, p. 243<sup>7</sup>

For a detailed account of this, see Klaus Strohmeier, *Warenhaeuser*, Berlin, 1980, p. 80;<sup>8</sup>  
 .see also Ladwig-Winters, *Wertheim*, p. 37

customer was warmly welcomed - as long as he or she was a potential shopper.

Indeed, the vehement agitation contributed in part to this success, since customers were curious as to what was really happening - and were exceedingly impressed, as Wertheim's growth in sales attests.<sup>9</sup> The business prospered, sales space underwent further expansion, and more personnel had to be added. Competition increased too, as other enterprises such as Hermann Tietz and Jandorf opened stores in Berlin.

### The Warenhaeuser Flourish

Though Wertheim remained the top *Warenhaus* in Germany throughout the first decade of the century, the ranking within this sector changed during the 1920s. Now the enterprises with the highest sales were Karstadt and Hermann Tietz (which had been founded by Oscar Tietz with the financial backing of his uncle Hermann Tietz), followed by Leonhard Tietz, Wertheim, and Schocken.

### Ranking of the German *Warenhaeuser*, Late 1920s and Early 1930s<sup>10</sup>

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According to Georg Wertheim's sales account book, which can be found in the Archiv<sup>9</sup> Stuerzebecher, sales rose from RM1.3 million in 1890, the first year business was conducted in Berlin, to RM33.6 million in the year 1901!

The information in this table was drawn from a variety of sources; on Hermann Tietz, its<sup>10</sup> sales, and its number of stores, see Hermann Tietz, *Warenhaeuser — ein Spiegelbild volkstuemlicher Verkaufsstuetten*, vol. 31 of the Industrie-Bibliothek, Berlin, 1928, p. 83. The information was derived from other information, since this source is very reticent in providing particulars. For Wertheim, the information was taken from the sales book. Otherwise, see Heidrun Homburg, "Warenhausunternehmen und ihre Gruender in Frankreich und Deutschland oder: eine diskrete Elite und mancherlei Mythen," *Jahrbuch fuer .Wirtschaftsgeschichte* (1992), p. 208

	Stores	Employees (1930)	Sales (1928), in RM
Karstadt	91	23,428	300 million
Hermann Tietz	18	16,458	300 million
Leonhard Tietz	40	15,000	190 million
Wertheim	7	10,450	128 million
Schocken	18	5,067	88 million

Concentration had advanced. The most dramatic break occurred in 1927 as the result of the takeover by Hermann Tietz of Adolf Jandorf's business, including the KaDeWe. The take-over effort and its defense significantly depleted capital. In addition, the tax burden placed tremendous pressure on these companies.<sup>11</sup> Serious problems ensued in all *Warenhaeuser*, that were further exacerbated by the world economic crisis, which led to the collapse of several banks and a major decline in purchasing power.

In addition to this, increased antisemitic tendencies marred public life again in the 1920s. The NSDAP agitated against the *Warenhaeuser* and called for a boycott. In the wake of the inauguration of the first Reichstag that included delegates from the NSDAP, Wertheim was physically attacked. Stones shattered the display windows.<sup>12</sup> The *Warenhaeuser* took legal steps to defend themselves,<sup>13</sup> but legal tactics could do nothing to hinder the discussion that was already underway on prohibiting the expansion of large retailers.<sup>14</sup> In December 1932, an emergency decree did in fact impose a general ban on the establishment, expansion, or relocation of variety stores.<sup>15</sup>

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<sup>11</sup> In 1932, the Wertheim company applied to defer its payments on its tax debt, but the application was rejected; Bundesarchiv, Abt. Potsdam (hereafter BAP), R 80 Ba 2 P 5200, Doc. 16, Georg Wertheim's statement to the banks from the year 1936

<sup>12</sup> Wertheim, *Diary*, p. 72.

<sup>13</sup> The protective society of the larger businesses (*Schutzgemeinschaft der Grossbetriebe und verwandter Gruppen e.V.*), made the various decisions jointly; see BAP Reichswirtschaftsministerium (RWM), P 13859, Doc. 3-18, entitled "Der Boykott in der . . . Judikatur

<sup>14</sup> ADGB-Restakten, Archive of the former HistorischKommission zu Berlin, NB 430, Doc. 004 from 3 March 1932, "Arbeitsbericht des Vorlaeufigen Reichswerberates."

<sup>15</sup> Heinrich Uhlig, *Die Warenhaeuser im Dritten Reich*, Cologne, 1956, p. 207.

The law took no heed of the fact that large retailers accounted for a very small proportion of retail sales .

Retail Sales 1928<sup>16</sup>

	<b>Germany</b>	<b>Germany</b>	<b>USA</b>	<b>USA</b>
	<b>In billion RM</b>	<b>% of total sales</b>	<b>In billion RM</b>	<b>% of total sales</b>
Small and Specialty Shops	28.2	80.6	105.0	56.7
Hawkers, Junk Dealers, and Street Markets	2.2	6.3	4.2	2.3
Department Stores	1.5	4.3	29.4	16.0
Co-ops	1.4	4.0	0.84	0.4
Mail-order Firms	0.35	1.0	6.72	3.6
Other	1.35	3.8	38.64	21.0
<b>Total</b>	<b>35.0</b>	<b>100.0</b>	<b>184.8</b>	<b>100.0</b>

In the above table, the variety stores are categorized as "other." With respect to the *Warenhaeuser*, however, it must be clearly emphasized that they never attained more than a 4.8% share of retail sales before 1933. Nevertheless, the abolition of the *Warenhaeuser* constituted Point 16 of the NSDAP program.

### Attacks on the Warenhaeuser Intensify

After the National Socialist seizure of power in 1933, these businesses - together with Jewish shop owners, physicians, and lawyers - came under ever harsher attack from propaganda and calls for boycotts. During the nation-wide

<sup>16</sup> ADGB-Restakten, Historische Kommission zu Berlin, NB 429, Doc. 014, n.d.

boycott of 1 April 1933, the *Warenhaeuser* remained closed for the entire day, although customers stood at their doors demanding entry.<sup>17</sup>

The members of the executive board of the Association of German Department Stores (e.V.) had to resign their posts at the end of March due to enormous pressure.<sup>18</sup> Their successors took office with the aid of Emil Georg von Stauss, a representative of the Deutsche Bank.<sup>19</sup> They, in turn, had already been replaced in May by persons who had stronger ties to the National Socialist party. The public - including the international community - was led to believe that business was proceeding completely as usual, even after 1 April 1933.

The *Betriebszellen* (NSBO), the local National Socialist representatives within each large enterprise, ordered on 1 April that the *Warenhaeuser* deposit two months salary as security for each non-Jewish employee.<sup>20</sup> Had this demand been implemented, all *Warenhaeuser* would have immediately had to file for bankruptcy.<sup>21</sup> Since this was to be avoided at all costs, officials quietly dropped this demand, and substituted it by a declaration that did not require compliance under labor law.<sup>22</sup>

In the following months, an unofficial struggle broke out within the party over the "*Warenhaus* question." The creditor banks demanded a clear resolution. Hess<sup>23</sup> ordered a halt to the harassment of *Warenhaeuser* in order to preserve the thousands of jobs that they provided. Even then, attacks continued to occur, especially in the provinces, and in Breslau above all.<sup>24</sup>

In September 1933, the Ministry of Economics issued a definition for "*Warenhaus*" in contrast to "*Kaufhaus*." According to this definition, a *Warenhaus* was "a marketing outlet ... in which goods of many types that do

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<sup>17</sup> Ladwig-Winters, *Wertheim*, pp. 111-126, 161.

<sup>18</sup> Interview with Ulrich A. Tietz, son of the chief executive Leonhard Tietz, in November 1994, New York; see also Uhlig, *Warenhaeuser im Dritten Reich*, p. 76

<sup>19</sup> Uhlig, *Warenhaeuser im Dritten Reich*, p. 76; but also BAP R 80 Ba 2 P 24404, Aktennotiz Stauss/Frank from 13 March 1933.

<sup>20</sup> Comité des Délégations Juives, ed., *Das Schwarzbuch*, Paris, 1934, p. 365.

<sup>21</sup> *Das Schwarzbuch*, p. 366.

<sup>22</sup> Supplement to the *Hannoverschen Anzeiger*, 4 February 1933.

<sup>23</sup> *Central Verein Zeitung*, 23 November 1933.

<sup>24</sup> See Chronologie, Ladwig-Winters, *Wertheim*, p. 457-458.

not belong together, including groceries, are offered for sale.”<sup>25</sup> The presence of a grocery department or cafeteria gradually became the decisive criterion as to whether an establishment was a *Warenhaus*, or only a significantly less attractive *Kaufhaus*. Despite this regulation, for many years official policy remained unclear as to whether *Warenhaeuser* as such, or only those belonging to Jews, were to be treated as an undesirable retail branch.

After the *Gleichschaltung*, not only *Warenhaeuser* but also Jewish businesses of all sorts were forbidden to place advertisements in the press. This had far-reaching consequences, as customers could no longer keep abreast of special sales. For despite all the political agitation, *Warenhaeuser* remained business enterprises, interested above all in selling their merchandise. And they managed to do this in the face of all opposition. By 1933 a shopping ban had not yet been enforced and even "persons in uniform" - that is, National Socialist party members - continued to patronize the *Warenhaeuser*.<sup>26</sup> When fanatical salespeople of other shops denounced uniformed party members for shopping at *Warenhaeuser* or refused to serve them, this was deliberately played down by management and by the Ministry of Economics. The propaganda apparently had not yet affected party members to the extent that they would refrain from shopping in *Warenhaeuser*.

In general, the April boycott cannot be said to have caused the collapse in sales that might have been anticipated. Beginning in 1930, monthly sales in the *Warenhaeuser* continually declined in comparison to the months of the preceding year. Only in April 1933 did they reach practically the same level as the year before.<sup>27</sup> While the *Warenhaeuser* attained between 94% and 97% of the previous annual figure during 1933 (the exact figures vary depending on their source, the Institute for Research on the Business Cycle or the Research

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<sup>25</sup> BAP, RWM 31.01 P 13862, Doc. 363, 11 September 1933. This ruling was reaffirmed on 16 December 1933 with a circular of the Ministry of Economics; see Uhlig, *Warenhaeuser im Dritten Reich*, pp. 100-101.

<sup>26</sup> BAP RWM 31.01 P 13860, Doc. 59, 1 September 1933. In a circular, Schmitt, the Minister of Economics, came out against a shopping ban for National Socialist party members; see the documents of the Ministry of Economics.

<sup>27</sup> *Einzel-Handel - Amtliches Organ des Handelsschutzverbandes der Pfalz*, vol. 34, pp. 52-54, in BAP RWM 31.01 P 9227, Doc. 15-17.



Office for Trade),<sup>28</sup> Wertheim's Berlin stores suffered an additional decline of about 10 percent.<sup>29</sup> Still, this development turned around, at least for Wertheim, by 1935.<sup>30</sup> When the *Warenhaeuser* are compared with the *Kaufhaeuser*, the *Kaufhaeuser* come out ahead, at least until the end of 1936.<sup>31</sup> This may appear to be evidence of the effectiveness of the propaganda against *Warenhaeuser*. Yet, there are other compelling reasons why the *Warenhaeuser* performed poorly. For example, in the summer of 1933 the Ministry of Finance issued guidelines for granting low interest loans to newlyweds (*Ehestandsdarlehen*), authorized by the Law for the Promotion of Marriage.<sup>32</sup> These loans were awarded in the form of purchase coupons instead of cash; Jewish businesses and *Warenhaeuser* (irrespective of whether the owner was considered to be Jewish), however, were not permitted to redeem these coupons. In addition, special tax breaks were instituted for businesses that handed out Christmas bonuses in the form of purchase coupons. I.G. Farben, for one, took advantage of this arrangement; but these coupons, too, fell under the regulation that prohibited them from being redeemed in Jewish businesses or *Warenhaeuser*. It is nearly impossible to estimate how much income was lost in this way. One source, a letter from the Ministry of Economics to the Ministry of Finance, dated 29 January 1934, criticizes this regulation and approximates a sales volume of RM 135 million for the year 1934.<sup>33</sup> The importance of the measure can be assessed on this basis alone. Sources further indicate that the total for 1933 clearly exceeded RM 135 million.

Moreover, the purchase coupons plainly directed consumption toward durable goods (e.g., furniture, ovens). Also, public authorities invested more heavily than before in merchandise from the photography, communication, and vehicle industries, which previously had been sold in part through the

<sup>28</sup> *Einzel-Handel*, vol. 34, pp. 52-54; however, skepticism is justified regarding these numbers.

<sup>29</sup> Ladwig-Winters, *Wertheim*, p. 163.

<sup>30</sup> *Ibid.*, p. 206.

<sup>31</sup> *Wirtschaftsblatt der Industrie- und Handelskammer zu Berlin*, 22 August 1936, vol. 23/24, p. 1122.

<sup>32</sup> Enacted 1 June 1933 (RGBl. I, S.326)

<sup>33</sup> BAP RWM 31.01 P 13862, Doc. 332, response on 27 April 1934 of the Ministry of Finance to the letter of the Ministry of Economics (30 January 1934)! Total sales for the branches of merchandise affected by this were estimated at RM 2.4 to 2.5 billion; see P 13861, Doc. 244-248, manuscript of a letter of the RWM, 30 January 1934

*Warenhaeuser*. Since such sales were illegal, these stores lost considerable income due to political manipulation .

### “Aryanization” of the Hermann Tietz Group

The conflict surrounding the *Warenhaeuser* soon affected their ownership status as well. The Hermann Tietz Group was the first in which changes in management occurred in response to pressure from the creditor banks. At the beginning of 1933, the group needed an additional loan to the tune of RM 14 million. The business had experienced declines in sales of up to 41 percent (in Dresden), during that year, with particularly severe losses in its many provincial stores due to the fact that fixed costs remained relatively high.<sup>34</sup> After an initial agreement with the consortium of banks involved - which comprised the Akzept- und Garantiebank, Deutsche Bank und- Disconto-Gesellschaft, Dresdner Bank, Hardy & Co. und Commerz-und Privat-Bank<sup>35</sup> - approval of the loan was made contingent on Hertie, a newly founded company led by Georg Karg, becoming part of the management for procuring credit and the "establishment of Aryan predominance in management."<sup>36</sup> Karg, in turn, was dependent on the banks since he could offer security only in the amount of RM 50,000.<sup>37</sup> A family member in management, Hugo Zwillenberg, was forced to leave the business immediately. In the following months, auditing firms examined the various businesses of the group. During this time, the remaining brothers, Georg and Martin Tietz, were personally responsible for the property and obligations of the group. By mid-1934, after almost a year, the entire property had been accounted for, and Georg and Martin Tietz were forced to resign. The family members, who had built up the giant group, received a total of about RM 1.2 million as compensation for the whole enterprise. During this entire time, their opponents had searched for ways to saddle the two brothers with continued liability without conceding them any decision-making power. In 1934, however, they came to the

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<sup>34</sup> BAP R 80 Ba 2 P 5218, Doc. 42, appendix to a report for Hertie advisory board members (*Beiratsmitglieder*), dated 3 January 1934.

<sup>35</sup> Uhlig, *Warenhaeuser im Dritten Reich*, p. 116; and BAP R 80 Ba 2 P 11482, 25 January 1935.

<sup>36</sup> Contract from 29 July 1933; Appendix 7 of the claim for reparations (*Klage auf Wiedergutmachung*), filed in 1948.

<sup>37</sup> BAP R 80 Ba 2 P 11482, articles of incorporation (*Gesellschaftsvertrag*), 24 July 1933.

conclusion that this was not possible, and the two were pushed to resign.<sup>38</sup>

The loan had been disbursed already in 1933.

## Hitler's Role

Many historians have commented on this loan<sup>39</sup> because it is believed that Hitler was involved in the decision to grant it to Hermann Tietz. This has often been taken as evidence that Hitler assumed direct responsibility for all crucial decisions in the economic sector. However, it seems in fact that Minister Schmitt, new at his post, wanted to cover himself by implicating Hitler, since criticism was expected given the general rabble-rousing propaganda against the *Warenhaeuser*. However, the decision had already been made: liquidation of Hermann Tietz was out of the question on account of the 14,000 jobs that would thus have been eliminated, but also in light of the further consequences for industrial and agricultural suppliers<sup>40</sup> and - above all - for the creditor banks.<sup>41</sup> Hitler had no alternative but to assent to the loan that assured the company's continued existence.

## Events at Wertheim

The events at Hermann Tietz also affected the Wertheim Group. This group, too, was wholly owned by family members. After a dispute in 1908, the brothers Georg, Franz and Wilhelm Wertheim owned the majority share in the business until the early 1930s. Following Franz's death in 1933, his heirs held the majority of shares along with the brothers Georg and Wilhelm. Both Georg Wertheim and his brothers had been baptized many years earlier. After having repeatedly defended the business against antisemitic attacks during its early years, he converted to Christianity in 1906, shortly before his marriage to Ursula Gilka, a Christian.<sup>42</sup> From then on, his circle of friends and advisers had undergone a clear change; one of the most important of these, from the late 1920s, was Emil Georg von Stauss, member of the executive board and

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<sup>38</sup> Ladwig-Winters, *Wertheim*, pp. 149-158.

<sup>39</sup> The central source on this point is Uhlig, *Warenhaeuser im Dritten Reich*, pp. 115-119. All other authors cite this source.

<sup>40</sup> The volume of these deliveries had come to RM132.8 million in 1932; see Uhlig, *Warenhaeuser im Dritten Reich*, p. 115.

<sup>41</sup> BAP R 80 Ba 2 P 5218, Doc. 124, "Motivbericht."  
<sup>42</sup> Wertheim, *Diary*, pp. 33.

later of the supervisory board at the Deutsche Bank.<sup>43</sup> Emil Georg von Stauss was an enigmatic character of the Weimar and National Socialist periods, albeit one who has rarely been given his due in historical studies.<sup>44</sup>

Stauss had made the acquaintance of Goering and Hitler by the early 1930s.<sup>45</sup> Although he never became a member of the NSDAP,<sup>46</sup> he supported its activities in numerous ways. After the seizure of power, his involvement focused on the economic reorganization of industry in line with National Socialist policy. He was integrated into decision-making processes at Daimler-Benz, BMW, Lufthansa, Bergmann Elektrizitaet, and Bayerische Stickstoff, usually as a member of the supervisory board. At the same time, he was always closely connected to "nationalistic and militaristic elements,"<sup>47</sup> though this was scarcely perceptible in his language, for instance, which until the end retained a clearly business-like style. In the name of Daimler-Benz, Stauss made a donation to the "*Ahnenerbe*,"<sup>48</sup> yet he seems not to have subscribed to the racist elements of National Socialist policy himself. He always maintained good relations with prominent economic figures who were Jews, such as his colleague Oscar Wassermann at the Deutsche Bank. His friendship with Georg Wertheim continued, and he spent a seaside vacation in 1928 with the Wertheim family. After 1933, he did not sever his relationship with Georg Wertheim who was officially redefined as a Jew under the new

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<sup>43</sup> The highly informative files of the Deutsche Bank in the Bundesarchiv Potsdam on the process of "Aryanizing" Wertheim consist mainly of the personal collection of Emil Georg von Stauss. As the person in the center of events, he carefully recorded and filed the most important details. The precise documentation ends with his death in 1942, so it is scarcely possible to reconstruct the dramatic events between 1942 and the war's end, as well as during the post war period.

<sup>44</sup> His role was first appreciated in the OMGUS documents (Office of Military for Germany, United States Finance Division - Financial Investigation Section); see *Ermittlungen gegen die Deutsche Bank*, 1946/47, reprinted Noerdlingen, 1985, especially pp. 45-47. Later, Henry A. Turner also devoted attention to him in *German Big Business and the Rise of Hitler*, New York, 1985. Recently his position was portrayed in a more critical light (albeit only to a limited extent), in Harold James' commemorative publication on the Deutsche Bank; see *Die Deutsche Bank 1870-1995*, Lothar Gall, Gerald D. Feldman, Harold James, Carl-L. Holtfrerich, Hans E. Bueschgen, eds., Munich, 1995, especially p. 352.

<sup>45</sup> BAP R 80 Ba 2 P 57, Doc. 91, *Der Abend*, 18 October 1930.

<sup>46</sup> BAK, Aussenstelle Zehlendorf (former Berlin Document Center), see Personalakte Franz von Papen (1080076713), for a query from a representative of the Fuehrer to the Reich Treasurer of the NSDAP, from the year 1938, as to whether various representatives, including Stauss, had become members by then. Since no party member's card existed at that time, it seems reasonable to conclude that he did not join the NSDAP. However, this illuminates only the formal level, because Stauss did support the substance of NSDAP policy

<sup>47</sup> OMGUS, in *Ermittlungen gegen die Deutsche Bank*, p. 46.

<sup>48</sup> BAK Aussenstelle Zehlendorf, 29 November 1939, Akte Ahnenerbe (8260001465).

regime, even though from 1934, Stauss also held the office of vice-president of the Reichstag. Thus his activities at Wertheim were presumably motivated by personal interests.<sup>49</sup> At the same time, it cannot be wholly denied that he viewed the continuing existence of the *Warenhaeuser* as sensible and necessary since they could serve as centers for distributing goods in case of war. In addition, personal, material interests cannot be completely ruled out as another motive for his involvement .

Both Stauss and Arthur Lindgens, an independent attorney with close contacts to Bormann and other powerful National Socialist officials, assumed important positions within the Wertheim group at an early stage. Georg Wertheim hoped that these persons could protect the business from the external attacks. When SA troops attempted to close the Wertheim store in Breslau, Stauss did indeed manage to keep it open under police protection.<sup>50</sup> But although Stauss and Lindgens seem to have been welcome within the higher echelons of the National Socialist party, they could not completely shelter the Wertheim enterprise and Georg Wertheim personally. Nor is it clear whether they truly wanted to offer complete protection. In the end, Georg Wertheim did not succeed in keeping his properties. His son, Albrecht, who has spoken on his memories of these years,<sup>51</sup> believes that the *Betriebszellen* exacerbated the further marginalization of his father. Georg Wertheim was unofficially barred from entering his own stores, and after 1934 he never again visited them; however, he remained chair of the supervisory board until 1937, although he no longer personally participated in its meetings.

In the wake of the events at Hermann Tietz, Georg Wertheim transferred his own shares and some of the shares that had belonged to his deceased brother to his non-Jewish wife Ursula, who then owned the majority of shares of the company.<sup>52</sup> In 1934, internal power struggles within the party had absorbed so much energy that the leaders of Wertheim began to hope that they had passed the peak of the persecution. Very few Jews were employed

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<sup>49</sup> Wertheim, *Diary*, p. 69.

<sup>50</sup> BAP R 80 Ba 2 P 24404, Notation Stauss 11 and 13 March 1933; see also Ladwig-Winters, *Wertheim*, p. 113-114.

<sup>51</sup> The author conducted a number of interviews with him, in Berlin and at his home in Switzerland.

<sup>52</sup> Ladwig-Winters, *Wertheim*, pp. 189-195.

by the company, most of whom were veterans of World War I and virtually all had converted to Christianity. The hope was that the company could continue to do business by maintaining an inconspicuous business style.

## Policies Aimed Against the *Warenhaeuser* in General

Agitation against the *Warenhaeuser* continued. However, the party had come to accept certain of them as "German." These included - in addition to the "Aryanized" Hertie, formerly Hermann Tietz - the Karstadt group, which had worked toward an agreement with party leaders very early on with the goal of becoming exempt from boycott measures.<sup>53</sup> These two enterprises now had an urgent interest to distinguish themselves from other *Warenhaeuser*. The importance of the remaining *Warenhaus* groups, such as Wertheim and Schocken, made it necessary to develop regulations for *Warenhaeuser* in general. The *Warenhaeuser* largely rejected the definition put forth by the Ministry of Economics, which offered an escape route - namely, abolish the grocery departments and cafeterias and the *Warenhaus* would be declared a *Kaufhaus*. Moreover, the leading creditor banks insisted that their debtors continue to do business without disruption, in order to secure trouble-free repayment of their loans. This influence ensured that such special events as the "White Week" and end-of-season close-out sales could take place in 1934 and 1935, too.<sup>54</sup> As had already occurred at Hermann Tietz, the banks and the National Socialist Party headquarters in Munich jointly engaged auditors to investigate the personnel situation, that is, the participation of Jews in management.<sup>55</sup>

In the meantime, the lower ranks of the National Socialist organizations continued to take action against the *Warenhaeuser*. The grocery departments and the cafeterias, which constituted regular sources of income for the *Warenhaeuser* because they were independent of seasonal fluctuations, were a particular target of attention. The main point of criticism was that the large purchase orders placed by the *Warenhaeuser* had the effect of setting

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<sup>53</sup> Rudolf Lenz, *Karstadt. Ein deutscher Warenhauskonzern 1920-1950*, Stuttgart, 1995, pp. 173, 176.

<sup>54</sup> Ladwig-Winters, *Wertheim*, pp. 141-142.

<sup>55</sup> At Wertheim, this was the *Deutsche Revisions- und Treuhandgesellschaft*; Ladwig-Winters, *Wertheim*, p. 203.

agricultural prices. For the *Warenhaeuser* these were especially vulnerable points. The unions had in their possession an assessment of this situation, the origin of which is unclear. The overall conclusion of this report favored retaining the *Warenhaeuser*.<sup>56</sup>

One can assume that the National Socialist party had obtained access to this political evaluation in May 1933 at the latest, when the unions were forced to disband. Now, it was used against the *Warenhaeuser*. In the process, lies regarding allegedly poor hygiene, for instance, stirred up public opinion in the hope of creating a taboo against touching the merchandise. Press reports spread the rumor that a banana saleswoman in the grocery department of a *Warenhaus* had had leprosy. Among many other provocations, there were also demands that butchers working in these departments no longer be listed in the Register of Craftsmen.<sup>57</sup> The Ministry of Economics intervened, stipulating that the grocery departments and cafeterias be allowed to continue doing business in the large cities, with a few exceptions. These departments played an important role in supplying the population with food, also they could flexibly integrate into their operations the rationing regulations, which grew ever more complicated. Thus, with respect to preparing for a war, they were essential distribution channels for the population.

In sum, while a tendency toward retaining the *Warenhaeuser* dominated at the highest political levels, they continued to suffer antisemitic attacks from the lower and middle levels. The attacks came in waves: in 1933 they were extremely severe, but they diminished in intensity in 1934, only to increase again in 1935. They lessened before and during the Olympic Games in Berlin in 1936. Meanwhile, the transfer of individual companies went on unabated.

## Policies Directed against Wertheim

In early 1936, the denunciation of a former employee in Breslau was used as a pretext to close all of Wertheim's book departments.<sup>58</sup> These departments had been subjected to special supervision by the Ministry of

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<sup>56</sup> ADGB-Restakten, Archiv Historische Kommission, NB 430, Doc. 021, n.d. under the title: "Das Warenhaus in der deutschen Volkswirtschaft.

<sup>57</sup> Ladwig-Winters, *Wertheim*, pp. 142-143.

<sup>58</sup> BAP R 80 Ba 2 P 5200, Doc. 78/81/96, 1936.

Propaganda. And like all booksellers, the *Warenhaeuser* had to comply with the order to destroy forbidden books. Wertheim alone burned 2,500 books between October 1934 and January 1936. However, this cooperative behavior was in no way rewarded. In Breslau, the head of Wertheim's book department had taken it upon himself to sell to store employees at a cheap price those books that were no longer allowed to be borrowed from public libraries but had not yet been banned. The Ministry of Propaganda took this as an excuse to order that all of Wertheim's book departments be closed down. Stauss was called in, and he managed to avert the closing. However, economic reasons alone persuaded the National Chamber of Culture (*Reichskulturkammer*), to withdraw the order and insist only on a penalty, in the form of Wertheim making a "voluntary" donation of RM 24,000 to the German Schiller Foundation.<sup>59</sup>

During this ostensibly quiet period, Georg Wertheim and his son had the opportunity to visit Schacht, the current Minister of Economics, in his office. Schacht told them: "You have to howl with the wolves."<sup>60</sup> But he offered no other helpful advice.

For the Wertheim Group - with four stores in Berlin, one in Stralsund, one in Rostock, and one in Breslau - sales between 1933 and 1937 were surprisingly good.<sup>61</sup> Compared to sales for 1933, which had fallen to RM 54,594,454, the lowest level since 1924 (RM 75,308,433), and only 45 percent of the sales in 1928, Wertheim's sales increased steadily in Berlin - roughly 3.4% between 1933 and 1935, in 4.4% 1936, and about 5.3% in 1937. In absolute figures, sales went from RM 54,617,867 in 1933 to RM 64,118,565 in 1937, with an overall increase of RM 9,500,698, or 17.4%. Wertheim's growth contrasted dramatically with the situation of the stores recognized to be "German," namely Hertie and Karstadt. While sales fell for Hertie and Karstadt until 1935 and then slowly began to recover,<sup>62</sup> Wertheim maintained its sales (except in 1933), and even improved them. It is probable that antisemitism was responsible for the drastic changes in the structure of staff and management at both Karstadt and Hertie. Thus, their employees, who

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<sup>59</sup> BAP R 80 Ba 2 P 5200, Doc. 138, 7 November 1936.

<sup>60</sup> Interview with A. Wertheim, 1987.

<sup>61</sup> According to an internal report on Wertheim's sales. No figures exist for the year 1934.

<sup>62</sup> BAP R 80 Ba 2 P 5200, Doc. 88, Bankenkonsortium to Wertheim, 27 July 1936.



required National Socialist approval before being hired, were less experienced and knowledgeable. In contrast, customers kept returning to Wertheim because nothing seemed to have radically changed: the name, most of the staff, the store's self-presentation, and the owner remained the same.

## Wertheim's Valuable Property

Nonetheless, the creditor banks demanded higher earnings and interfered with concrete business decisions, demanding, for instance, that inventories be reduced. Real estate was to be sold off at prices far below market value, and here Stauss again played an important role. He was the coordinator for purchasing a piece of land for the new Reich Chancellory.<sup>63</sup> It is fairly likely that the proximity of various Wertheim properties in the *Voss Strasse*<sup>64</sup> to the government district substantially influenced the decision to build at this site. Stauss knew that Wertheim could be easily pressured to sell. With the cooperation of the banks involved, all these properties were severely undervalued, with the low prices enforced by a constant threat of outright expropriation.

Throughout this whole transaction it is notable that Stauss, who defended the business against attack by lower level National Socialist functionaries and fed Georg Wertheim information about upcoming government measures, behaved disloyally toward Wertheim for the sake of his bank and the party. To clarify: Wertheim had to sell a number of properties to pay off some loans. But when a chance arose to open a new credit line with another bank, Stauss delayed and blocked the negotiations. Wertheim was therefore unable to repay the necessary sum and was at the mercy of its creditors.<sup>65</sup>

By then Georg Wertheim had no property and no power to direct the business. His other brother had died in 1934 and the widow, Martha, attempted to hang on to her shares. His colleagues on the board and in management seldom asked him for counsel. The shares his wife Ursula held had to be put into a trust (*Kuratorium*), with Stauss as trustee. During this

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<sup>63</sup> BAP R 80 Ba 2 P 5200, Doc. 42, 6 February 1934.

<sup>64</sup> The properties were located at Voss Str. 7/8/9/13/14/17/18, see Zentrales Grundbucharchiv Hohenschoenhausen, Berlin, which contains the land register entries for these properties.

<sup>65</sup> BAP R 80 Ba 2 P 5201, Doc. 156, 5 May 1938, Stauss to Wintermantel and Wieland, Deutsche Bank.

period Ursula Wertheim showed little interest in the business. She viewed her social life, which revolved around traveling, as more important.

Beginning in 1936, pressure mounted to transfer all shares to "Aryan" individuals. All shares held by family members had to be transferred to non-Jewish shareholders. The most influential figures on the board and trust apparently felt no responsibility for long-time colleagues or the Wertheim family. In not one case were the "small shareholders" - the nieces and nephews of the Wertheim brothers - able to negotiate a fair price for their shares. Most of those who owned shares worth approximately RM 100,000 were preparing to emigrate, but the company showed no interest in making this easier for them. Only when political pressure made the transfer of shares necessary did the company or a group of its leaders (which included Lindgens and Stauss), buy these shares.<sup>66</sup>

Stauss conveyed to Georg and Ursula Wertheim the National Socialist party's demand that they divorce.<sup>67</sup> To keep the property in the family, Georg Wertheim readily agreed. At the end of 1938 they divorced.

### Conditions of "Aryanization "

By late 1937 and early 1938, the "Bureau Hess" had determined out three criteria that would have to be met before Wertheim could be considered "Aryanized." The Ministry of Economics, in turn, notified Wertheim of these conditions, although this ministry had already recognized the enterprise as "German." This notification is the only written version of the criteria for "Aryanization" that I found during my entire research. The conditions were comparable to those that had been applied at Hermann Tietz in 1934, namely non-Jewish ownership, non-Jewish employees, and a new name.<sup>68</sup> Concerning the ownership of Wertheim, a gradual transfer of shares from Jewish to non-Jewish members of the family had taken place, until finally, in 1938, the last Jewish co-owners were eliminated. Secondly, Jewish managers - of which there had only been two - were forced to leave at the end of 1936

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<sup>66</sup> On these events, see Ladwig-Winters, *Wertheim*, pp. 229-296.

<sup>67</sup> Interview with A. Wertheim, 1987.

<sup>68</sup> BAP R 80 Ba 2 P 5205, Doc. 37, 9 March 19.

and 1938.<sup>69</sup> The number of Jewish employees at lower levels was reduced over several years, and in early 1938, the last thirty-four had to give up their jobs in the company. More than half of them had worked at Wertheim for over fifteen years. The files of the Deutsche Bank include a list of their names.<sup>70</sup> Thirteen of these thirty-four employees were later deported and killed; for most of them, the place of death is unknown. In contrast to Schocken, where dismissed employees received severance pay,<sup>71</sup> the sources give no hint of comparable measures at Wertheim. And thirdly, the company name: after long discussions among the Ministry of Economics, Stauss, and top officials of the party, the new name decided upon was AWAG, an acronym for *Allgemeine Warenhandels-gesellschaft A.G.* (General Retailing Corporation), not A. Wertheim A.G. as most customers believed.<sup>72</sup>

The company stayed in business and a good many of its loans were repaid. This was the situation when Georg Wertheim died on 31 December 1939, nearly blind and still refusing to emigrate. He had been hit hard by the 1938 pogrom, his divorce, and the fact that his only son had been drafted into the military. In December 1939 he sent his daughter a farewell letter.<sup>73</sup> Georg Wertheim was cremated on 4 January 1940 and is buried in a Christian cemetery in Berlin.

## The Founding Family Loses their Property and Fights to Survive

Most Jewish members of the family were able to emigrate, others survived underground in Berlin, but three family members were killed in Auschwitz. Only one "non-Aryan" wife emigrated with her husband. The others distanced themselves from the family's troubles, agreed to divorce, and took over their relatives' property, behaving more like legal owners than trustees. A year after Georg Wertheim's death, Ursula Wertheim, who still held the clear majority of shares, married Arthur Lindgens, who was a member of the supervisory board of Wertheim/AWAG.

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<sup>69</sup> Ladwig-Winters, *Wertheim*, pp. 281-282.

<sup>70</sup> BAP R 80 Ba 2 P 5205, Doc. 29, 16 December 1937.

<sup>71</sup> Avraham Barkai, *Vom Boykott zur Entjudung*, Frankfurt a.M., 1988, p. 94.

<sup>72</sup> BAP R 80 Ba 2 P 5201, Doc. 261, 6 August 1938.

<sup>73</sup> Wertheim, *Diary*, p. 85.

## Conclusions

Looking at the overall development of the company, one can conclude that the arbitrary threats of early 1933 were so menacing that the climate was quickly prepared for the take over of important businesses, under pressure from Germany's leading banks. Ideological aims, such as subjecting the *Warenhaeuser* to the control of local authorities, turned out to be unfeasible in light of the stores' economic importance and of their creditors. Officials in the highest ranks of the National Socialist party took an interest in the controversy. In the early phase, a fragile balance existed between the German banks and top officials in the party.

Local authorities, such as in Breslau, tried to work against this balance, but they remained at a disadvantage, at least until the beginning of the war. The local chambers of industry and commerce were not involved in the process. The newly installed directors and owners of the businesses enjoyed the backing of the party. Auditing agencies played an important part in this redistribution as well. On order of the party, the auditors helped to assess the value of an enterprise. They always did this in a politically biased way, to the disadvantage of the legal owner.

As Laak has noted,<sup>74</sup> "Aryanization" in the business sector involved the greatest number of persons in antisemitic persecution, as a step toward total elimination. But until 1938 the disappearance of Jews from the sphere of big business was a "welcome effect" (even in the view of society as whole), but only a secondary one.<sup>75</sup> The parties involved in the takeovers were motivated less by ideology than by profits. As the case of Hermann Tietz illustrates, the redistribution benefited only a limited number of private persons, not to mention the creditor banks. Though the course of events differed at Wertheim, their consequences were similar.

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<sup>74</sup> Dirk van Laak, "Die Mitwirkenden bei der "Arisierung." Dargestellt am Beispiel der rheinisch-westfaelischen Industrieregion 1933-1940," in *Die Deutschen und die Judenverfolgung im Dritten Reich*, Ursula Buettner, ed., Hamburg, 1992, pp. 231-257, especially 249.

<sup>75</sup> Avraham Barkai, "Max Warburg im Jahre 1933. Missglueckte Versuche zur Milderung der Judenverfolgung," in: *Juden in Deutschland. Emanzipation, Integration, Verfolgung und Vernichtung*, Peter Freimark et al., ed., Hamburg, 1991, p. 391.

Contrary to what Genschel has argued,<sup>76</sup> the term "insidious" (*schleichend*), is a misleading characterization of this process of selection and persecution. The main difference between the later, official "Aryanization" by decree following the 1938 pogrom and the stage before it was the private initiative that gave impetus to the process. In choosing the term *schleichend*, Genschel describes how people lost their property. This marginalized the important question of who profited. In addition, for those people affected by it, "Aryanization" meant complete selection and exclusion, which was gradual only in a few exceptional cases. An examination of large-scale retail enterprises shows that their takeover occurred during the first phase, which was driven by the actions of private persons. The party and the state only created a framework for these individuals' activities.

In the case of the Hermann Tietz take over, the new owner was simply interested in enriching himself. In the case of Wertheim, the motivations are less obvious. Here the legal owner tried to keep the enterprise in the family. But loyalties within the family shifted along with external political changes. It was shortly before he died that Georg Wertheim finally realized he could do nothing constructive for the enterprise. The Wertheim family represents here, in a microcosm, a phenomenon that occurred in society at large during the National Socialist period.

**Source: *Probing the Depths of German Antisemitism German Society and the Persecution of the Jews, 1933-1941*, Ed. David Bankier, Yad Vashem and the Leo Baeck Institution, Jerusalem, 2000.**

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<sup>76</sup> Helmut Genschel, *Die Verdrängung der Juden aus der Wirtschaft im Dritten Reich*, Goettingen, 1966.