

marks a new effort toward unity of purpose with Germany. No less important is the compromise authorizing a German official to be stationed at Dakar. Following this, Pierre Boisson, Governor General of Dakar, ordered the evacuation of "surplus women and children" of European families. Although it was claimed that this order was designed to "decongest" the city, it should be viewed in the light of recent articles by French and German writers urging German-French military collaboration for defense of that area and of the announcement that Admiral Darlan had transferred a large subma-

rine flotilla from Toulon to Dakar.

Thus, in spite of ostensible French efforts to remain on good terms with the United States and American attempts to appease Vichy, France is being driven willy-nilly toward complete "cooperation" with the German war machine. If the Germans can drain France of everything they need for this war effort—men, materials, strategic positions—without forcing her into actual war, they may let the matter drop there. Whenever Vichy's all-out military cooperation is needed by the German armies, signs point to a rapid abandonment of all French efforts at appeasement.

## GERMAN INDUSTRIAL OCTOPUS

By KARL FALK

*[Among the problems affecting the future of Europe is the disposition of the great German industries. Among these one of the largest and politically most powerful is I. G. Farbenindustrie, the German dye trust, about whose activities an up-to-date account is given in the following article which we are glad to be permitted by the United States Department of Commerce to reproduce, in a slightly shorter form, from its Foreign Commerce Weekly. The author is a graduate of Stanford University who obtained his Ph.D. degree at the University of Berlin while spending several years in economic and political research in central and eastern Europe. After teaching at Fresno State College in California and next becoming a member of the Chemical Staff of the Bureau of Foreign and Domestic Commerce in Washington, he has recently joined the staff of the Office of Strategic Services.]*

"ONE BILLION MARKS more goods a year can be sold to the Balkans, if purchasing power for imports is raised to one-half the German level."

This is the patronizing conclusion of the economic division of Ger-

many's huge chemical combine, I. G. Farbenindustrie A. G., as a result of a 10-year intensive study of southeastern European raw materials and markets. Further, an increase of 50 per cent in agricultural yield per acre in southeastern Europe through using German experience, chemicals, machines, and seeds is part of the goal announced by the Reich in trying to make the European continent self-sufficient.

Characteristically, the billion-mark German dye trust which stands to gain most from expansion of trade in this area has done the best job of carefully investigating the economic structure of southeastern European nations to find out how they could be developed and how Germany, and the chemical industry in particular, might benefit from this development.

I. G. Farben has participated vigorously in carrying out *Grossraumwirtschaft* (continental-economy) plans which require the Balkans to furnish Germany with more food-stuffs, raw materials, oil, and min-

erals, in return for which they receive from the Reich larger amounts of chemicals, fertilizers, pharmaceuticals, and cosmetics in addition to machinery and technical and engineering services.

In doing this, I. G. Farben has gone far beyond the normal operations of an industrial concern and has not only become an instrument for carrying out German policies in this area but sometimes even formulates them.

Although the Balkans are relatively unimportant as compared with richer prizes like the Ukraine, they have grown in importance under the emergency conditions of recent years. To be sure, German exports of manufactured goods, especially of agricultural machinery, and imports of foodstuffs and petroleum from the Balkans are greater in value than Germany's exports of finished chemicals and imports of chemical raw materials. Nevertheless, the chemical trade and the Reich's efforts to expand and control the Balkan chemical and the allied petroleum and metallurgical industry—supplementing military pressure—are worthy of careful study even if Germany's gains are only transitory. In the First World War Germany occupied a similar position in the Balkans, only to lose it after the 1918 defeat.

#### PLANS FOR ECONOMIC CONQUEST

The consolidation of Germany's position in southeastern Europe, accelerated since the outbreak of the Second World War, is an index of Nazi plans to dominate Europe economically and politically in the event of victory. Being virtually cut off from overseas markets and supplies, Balkan countries have become increasingly dependent on Germany since the outbreak of the war. German plans originally prepared for the "post-war" period are already

being executed—perhaps only temporarily. For all practical purposes Germany is trying hard to make southeastern Europe an integral part of the Reich's domestic economy. Much of the groundwork has been laid by the "engineering" and trade activities of huge German concerns such as I. G. Farben and the continental cartels which they dominate.

In the chemical field, long-range plans announced by I. G. Farben in the middle of 1941 set chemical self-sufficiency for Europe as their ultimate goal. "New Order" plans in the chemical field call for eventual complete continental reorganization of the industry, including building new plants in areas best suited by reason of location of raw materials or cheap power or labor.

These include not only Norway, France, and western Europe, but also the Balkans. Yugoslavia, able to build an electro-chemical industry on the basis of available water power and labor, is to be the center of the Balkan chemical industry, with Bulgaria, Hungary, Greece, Turkey, and other countries supplying raw materials. In Rumania, a specialized branch is to be built around the mineral and vegetable oils found there.

With the exception of (1) French-sponsored attempts in 1936 to build up a Balkan economic entente, (2) the so-called "Centre Economique" with Prague as the hub, and (3) intermittent competition from Italy, Germany had "the green light" in the early stages of its economic penetration of the Balkans. By reason of its geographic location and economic structure, being able to exchange manufactures for raw materials, Germany has of course enjoyed an advantage over competitors in this area for some time.

In the early 1930s when the Balkans with their not too efficient production of raw materials could not

compete with cheaper colonial production on world markets, southeastern Europe's plight was desperate. Germany took advantage of the chance to buy masses of accumulated stocks of foodstuffs, industrial crops, and ores from these countries by barter agreements. Unpaid balances were deliberately piled up so that the countries of southeastern Europe had to import more goods from Germany in order to get a semblance of payment.

In this way, Germany partially offset its own trade losses in western Europe, the United States, and Latin America through increased shipments to Danubian and southeastern Europe. Germany virtually monopolized Bulgarian foreign trade, supplying in 1939 65.5 per cent of Bulgaria's imports and taking 67.8 per cent of its exports. The greatest increase from 1929 to 1939 is in the case of Rumania, which in 1939 received 56.2 per cent of its imports from Germany and sent 49.9 per cent of its exports to the Reich. To be sure, much of the apparent growth in value of Balkan trade is due to increased prices.

#### GRIP ON THE BALKANS

Nevertheless, by 1941 it is estimated that the Balkans as a whole were dependent on the Reich as an export outlet for 70 per cent of their exports, and they obtained most of their coal, iron, steel, potash and nitrates, and industrial chemicals from Germany. Germany's share in Hungarian foreign trade in 1940 was stated to be more than 70 per cent of both imports and exports.

In Germany's total trade with the Balkans, chemicals have played an increasingly important role. In the past decade the general economic improvement in southeastern European countries—partly the result of better markets for their agricultural prod-

ucts and partly of their own industrialization—raised chemical requirements of the area considerably. To some extent these needs have been filled by the domestic production of relatively new chemical industries, but the majority of chemicals consumed in the Balkans have to be imported.

Germany's interest in supplying chemicals to the Balkans before and especially since the outbreak of the war is fourfold: first, to counterbalance part of the losses in trade in oversea chemical markets; second, to supply agricultural chemicals to increase food and fodder crops which can be shipped to Germany; third, to send flotation reagents needed to extract more Balkan minerals needed by the Nazi war machine; and fourth, in general to strengthen control of the Balkan markets and try to consolidate Germany's position for the post-war years—whether Germany wins or loses.

Imports have been of two general classes: either specialized articles such as pharmaceuticals, cosmetics, or rayon for urban dwellers, or fertilizers and insecticides for agriculture. The lower standard of living, of course, means a relatively smaller demand for the former group of products than would be found in western Europe. Germany, through barter transactions and intensive sales efforts, coupled with export subsidies (around 1935 it was reported that I. G. Farbenindustrie alone paid from 100,000,000 to 150,000,000 reichsmarks into the Reich's general export subsidy fund) has secured the lion's share of this chemical trade.

In 1929 Germany's total chemical exports to a group of six Balkan countries (Bulgaria, Greece, Hungary, Rumania, Turkey, Yugoslavia) amounted to 75,200,000 reichsmarks, equivalent to 4.6 per cent of the total

German chemical export trade. By 1938 the total had risen to 102,800,000 reichsmarks, corresponding to 13.7 per cent of the Reich's total chemical export trade. This was still of course only a small fraction of Germany's total chemical and total export trade. Its importance is more apparent when viewed from the standpoint of Germany's dominant position in the chemical import trade of the respective countries.

#### TRADE IN CHEMICALS

Of the total chemical imports of Balkan countries, the Reich supplied a growing share. The greatest relative increase was to Turkey, whose share of total chemical imports received from Germany rose from 22.2 per cent in 1929 to 52.9 per cent in 1937.

In the case of specific chemicals, such as pharmaceuticals, Germany supplied over 60 per cent of Turkey's imports in 1937 and 1939. Up to 85 per cent of Hungary's imports of fine pharmaceuticals in earlier years was obtained from Germany. Hungary took the largest amount of chemicals from Germany of any of the Balkan countries. (German trade classifications include commodities not always considered as chemicals in this country.)

Considerable increases just before the outbreak of the war can be noted, especially in the case of Hungary whose chemical imports from the Reich rose from 41,500,000 reichsmarks in 1938 to 54,760,000 in 1939. Heavy chemicals, dyes, pharmaceuticals, and synthetic fibers were the chief import items.

The chemical trade of the Balkans is not all in one direction. Southeastern Europe is an important source of supply for Germany of such chemical raw materials as oil-bearing seeds (soya and castor bean, sunflower, rape, lupine, linseed, and

others); poppies for opium and alkaloids; nicotine, pyrethrum flowers for insecticides; medicinal herbs and botanicals, peppermint leaves, camomile flowers, wild rose hips; aromatic oils, especially rose oil and peppermint oil; petroleum and carbon black from natural gases; cellulose and wood distillation products; turpentine and gum rosins and glue.

On a modest scale, the Reich economic planners are encouraging industrialization, such as the establishment of a textile industry in the Balkans—about 80 per cent of Balkan textile imports were supplied by Germany and Italy in 1941—which, in turn, would require increased dyestuffs, detergents and finishes; a leather industry which would need more synthetic tanning and other chemical materials. If the general standard of living could be raised, increased trade in pharmaceuticals, cosmetics, paints, lacquers, plastics, and related articles is also anticipated—presumably to be supplied almost exclusively by the German chemical industry.

One hitch in plans to expand German chemical export trade to the Balkans, aside from transport difficulties, is the shortage of some of the chemicals in the Reich itself. To avoid having to export scarce products, Germany is encouraging Balkan domestic production of some chemicals. However, through various means the Reich and the German chemical industry have managed to obtain a large measure of influence over the Balkan production of chemical raw materials and finished chemicals, even when Germans do not have outright financial control.

Any study of the control of the chemical industry of the Balkans—by which is generally meant Hungary, Bulgaria, Yugoslavia, and Rumania, and sometimes Greece and Turkey—must also take into account

the Austrian and Czechoslovak industry which at an earlier date played a decisive role in the trade and establishment of new industries to the southeast. The establishment of chemical industries in Danubian and southeastern European countries has followed a fairly well-defined historical and financial pattern. As new plants have been set up in the east under the auspices of western parent companies, financial control has generally ascended progressively up the Danube River.

How this has simplified German control in the Balkans since the outbreak of the war—in spite of the fact that Germany probably had less capital directly invested in Balkan companies than Britain, France, or Belgium—is illustrated by the following examples.

#### ABSORPTION OF AUSTRIA

Through the *Anschluss* of Austria in 1938, Germany not only acquired Austria's own chemical plants but also Austria's foreign trade and interests in Balkan enterprises. Austrian capital dated back to the original establishment of many enterprises such as the Aussig Verein for Chemical and Metallurgical Production in the area that later became Czechoslovakia, and, even though these were largely taken over after the First World War by Prague banking concerns, Austrian capital even in post-war years was still interested, especially in the Vitkowitz metallurgical and coal-tar companies of Czechoslovakia.

When Germany took over the Sudetenlands in October, 1938, she not only gained physical control of about 40 per cent of Czechoslovakia's chemical industry and its foreign trade, but, by acquiring the Aussig Verein, large Czechoslovak chemical combine, in which Germany's I. G. Farbenindustrie and the Belgian

Solvay Company already had an undisclosed interest, the Reich at the same time gained control of the Aussig Verein's participation in various chemical undertakings in southeastern European countries. The capacity of Austrian and Czech plants taken over by the Reich added approximately 400,000,000 to 500,000,000 reichsmarks to Germany's total chemical output, in the broader sense.

Contrary to popular belief that many of Czechoslovakia's industrial enterprises were only set up after the First World War, the industries of Bohemia, in a way the fountainhead of Balkan industries and markets, were among the oldest in Europe. In fact, the oldest chemical plant in all Europe was set up in Bohemia in the sixteenth century. This plant was in the continuous possession of the Johann David Starck Company from its beginnings until only recently when the firm merged with the Industrial and Mining and Smelting Company of Czechoslovakia.

In 1850 the Belgian Leblanc soda process was already introduced in Bohemia to furnish soda ash for the prosperous industries built up around mountain sources of water power, and this was followed shortly by the establishment of the Aussig Verein, taking its name from Aussig (Ústí) in northwestern Bohemia. The Aussig Verein was in a way the Bohemian counterpart of the I. G. dye trust set up three-quarters of a century later in Germany.

The Aussig Verein (Verein fuer Chemische und Metallurgische Produktion, or Union for Chemical and Metallurgical Production), established in 1857 with main offices in Vienna, joined forces at an early date with the Belgian Solvay Company and before the war had an interest in a number of chemical plants established in Poland, Rumania, Yu-

goslavia, Hungary, and Germany. Even after the World War, when most of the subsidiaries of foreign companies were nationalized, the Aussiger Verein still retained an interest in leading Hungarian and Yugoslav chemical industries.

Through cartel arrangements relating to the production and manufacture of specialized chemicals it operated in cooperation with I. G. Farbenindustrie. In recent years the Czechoslovak chemical industry, for instance, participated in 150 cartels, 50 of these being international in scope.

Through complex financial transactions, the Aussiger Verein, in addition to its other interests, built up its control in nitrogen and explosives plants in Czechoslovakia and thereby became associated with the Slovak branch of Dynamit Nobel, international explosives concern which is also closely allied with I. G. Farbenindustrie. Within the past 3 years the Aussiger Verein as well as the Slovak Dynamit Nobel group have been used by Germany to obtain further control of the chemical industry in Balkan countries.

#### **BANKING CONTROL**

Complex financial transactions have been carried out by leading German banks which have gained control of important banks with industrial holdings in occupied territories. Foreign investments of British, French, Belgian, Dutch, and American companies have also been acquired. In the case of companies that were formerly owned by the state in occupied territory, the German government has often taken over direct control and assigned supervision of operations to well-known German firms.

This has simplified German control of the Balkans since the outbreak of the war, even though Ger-

many formerly often had less capital directly invested in Balkan companies than other powers. Since many of the recent changes have been accomplished by force, they would not hold legally after the war. Again, the example might be cited of the Rumanian petroleum industry in the First World War. When the Central Powers occupied Rumania as well as the Russian Ukraine, Germans took over physical and financial control, but were completely ousted at the end of the war.

Another factor facilitating German control of the Balkan and Danubian industries is their former membership in cartel arrangements, as already mentioned in the case of Czechoslovakia. At the end of the World War when new boundaries were drawn in countries like Czechoslovakia, Austria, and Yugoslavia, the capacity of some of the plants set up before the First World War, designed to supply much larger markets, turned out to be excessive. The only way some companies could continue profitable operations was either to reorganize and curtail their production, or, if they wished to trade in foreign markets, to join the international cartels, usually dominated by Germany, chiefly through I. G. Farbenindustrie.

This was done by producers of specialized chemicals, and the fact that the Balkan industries were usually the smaller partners forced them to accept the domination of the larger members. Furthermore, the larger cartel members often were part owners in the smaller country's chemical industries. The existence of these cartels has made Germany's chemical industry more familiar with Balkan operations, and has made complete control easier.

Germany has always fostered the idea of cartels in Europe. In 1914, of 114 cartels, the two largest

groups were in the chemical field with 19, and coal, ores, and metal, which were represented by 22 separate cartels. By 1928, 12 new chemical cartels had been formed, the most notable being in the potash field.

Although designed more for industrialized western Europe—Danubian industries are included in the periphery—cartels regulating production and prices and assigning market quotas have been reorganized and renewed in many fields. Cartels are playing an important part in German continental economic plans, and large corporations such as I. G. Farbenindustrie, through long membership and leadership in cartels, are utilizing their position to best advantage.

#### BELGIAN COMPANY'S INTERESTS

The early plants established closest to western Europe were operated under licenses and patent control, especially to such interests as the Belgian Solvay Company (which has long had an undisclosed interest in and has cooperated with I. G. Farben) for such products as soda ash and alkalies. In more recent years Germany has obtained influence in the industries in eastern Europe through licensing, for instance, the Buna processes for making rubber, the Fischer-Tropsch and Bergius processes for making motor fuels from coal, various staple fibre processes (although rayon has heretofore been chiefly imported into this area), nitrogen fixation processes, processes of making aluminum and magnesium, and most recently processes for treating low-grade iron and copper ores.

In setting up plants using these new processes it has often been necessary to send German engineers to supervise construction and initial operations. In this way Germany has had an advantage in being thorough-

ly familiar with many of the newer plants in Danubian and southeastern Europe. Germany has often gained an additional competitive advantage by sending technical advisers free of charge. These technicians are in a position to encourage the further importation of German goods and machinery.

By withholding small but vital parts of machinery, essential chemicals or catalysts, or parts of secret processes, German engineers or the German government are able very effectively to control an industry in a less developed area—with or without having financial ownership. The infiltration tactics of German engineers in areas that later formed an objective of the Reich army has been much publicized.

Recently both I. G. Farbenindustrie and the Siemens electric concern have set up new well-staffed offices of salesmen and engineers in Turkey.

Barter transactions and trade agreements gave Germans a great advantage over competitors who had to be paid in free foreign currencies which most of the Balkans did not possess. Briefly, the process involved Germany's acquiring imports from Balkan countries in return for which they had to import German goods or accept payments in reichsmarks which had little value outside Germany. Chemicals have always played an important role as a foreign-trade weapon in southeastern Europe. Balkan countries are predominantly agricultural and, in spite of recently established chemical industries, are still largely dependent on imports, especially of finer chemicals.

I. G. Farbenindustrie went far beyond the usual functions of a chemical enterprise when around 1935 it undertook the organization, for instance, of oil-seed production in Rumania and Bulgaria. Seeds were of-

ferred to farmers of Bulgaria, Rumania, and Greece on a credit basis, experienced German agronomists taught the natives how to handle new crops such as soybeans and flax and agreed to buy the entire crop at pre-arranged prices, sometimes above the world market prices. Through furnishing technical advice, seeds, fertilizers, and insecticides, I. G. was thus able to expand its market, and, through setting up the "Solagra" concern, obtained the right to export Rumanian oil-seed production exclusively to Germany.

In the industrial field, advantage was also taken of a Rumanian law of 1936 granting a protective monopoly for a limited period to new industrial enterprises previously not found in the country. I. G. Farbenindustrie acquired in August, 1937, the I. C. A. (Alba) factory in Bucharest to manufacture anilin dyes, and thereby was able to exclude competitors.

Through the methods outlined above Germany has been able to obtain a large share of the markets and control of industries in south-eastern Europe.

In the 1920s and early 1930s various Balkan governments tried to gain firmer control of industries located within their borders by nationalizing the concerns and trying to eliminate foreign capital where possible. This was difficult in view of their own limited financial means.

#### BALKAN ENTENTE'S HOPES

Hopes were entertained for a while that the Balkan Entente under the leadership of Prague would be able to organize southeastern Europe into a unit strong enough to resist German encroachment. Under this plan, industrialized Czechoslovakia was to supply manufactured products and engineering skill to the industrially less developed eastern partners, Yugoslavia and Rumania, who were to

furnish raw materials. This represented an economic unit reminiscent of the old Austria-Hungarian Empire with the difference that leadership was assigned to Czechoslovakia instead of Austria.

In Czechoslovakia a serious attempt had been made to shift the physical basis of production in the Czech chemical industry from the Sudetenland, adjoining the German border, to safer, loyal, Czech-inhabited areas. Bata, well-known Czech shoe-manufacturing concern, was hoping at one time to set up an independent Czech chemical industry in interior and eastern areas. In fact, in 1935 a delegation representing the Czech chemical industry made a study-trip to the United States hoping to obtain United States co-operation for such a plan. However, such a shift was never completely accomplished in the Czechoslovak chemical industry.

After the Reich had annexed the Sudetenlands, the holdings of the Aussiger Verein in the Sudetic area were reorganized in March, 1939, into the Chemische Werke Aussig-Falkenau G. m. b. H., with headquarters in Dresden. The new concern is now controlled by I. G. Farbenindustrie and the Chemische Fabrik von Heyden A. G. The part remaining in Czechoslovak territory was merged with "Solo" Match and Chemical Works, formerly part of the Swedish Kreuger trust.

In the slice of the Olsa Silesian region taken by Poland in the autumn of 1938 there were 15 chemical establishments employing 1,000 workers, including the Oderberg Chemical Works and a number of coke plants. Since this area has in the meantime been taken by Germany from Poland, control of the Oderberg works has been taken over jointly by Fahlberg-List A. G., Magdeburg, and Chemische Fabrik von Heyden,



A. G., as well as an Austrian concern.

### SEIZURE OF POLISH INDUSTRY

When the rest of Poland was taken over, its chemical production, valued at \$87,000,000 in 1937, was added to that of the Reich. The largest Polish chemical concern, the United Explosives and Nitrogen Works operating the Chorzow and Mosciec plants, produced nitrates and a number of other heavy chemicals. It formerly supplied one-half of the total value of chemical production of Poland and 50 per cent of Poland's exports. It was renamed the Oberschlesische Stickstoffwerke A. G., in 1940, and the capital is now entirely in German hands, being taken over by the Werke des General Gouvernements A. G., part of the state-controlled Hermann Goering concern.

I. G. Farben has participated in several of the new companies and is cooperating with the Pless combine in former Polish Upper Silesia in the chemical utilization of Silesian coal.

Whereas some chemical factories have been taken over by German private companies, in general German policy has been to establish new supervisory companies—the so-called *Ost-gesellschaften*, divided into trust and operating companies for entire industries, as soda and alkalies, chemicals, nitrogen compounds, superphosphates, and soap.

The Reich's procedure in gaining control of the chemical industry in the area from the headwaters of the Danube to the Black Sea has been varied to suit the circumstances. The incorporation of Austrian industries in 1938 presented no great problem. The integration of the Sudeten chemical industries in October, 1938, was aided by the existence of the *Aussiger Verein*, which already dominated the entire industry both in Sudetic areas and in the remaining

parts of Bohemia-Moravia, which were taken by the Reich in March, 1939.

In Slovakia, separated from the rest of Czechoslovakia and set up as an "independent" puppet state, the Slovak branch of the International concern Dynamit Noble of Bratislava (Pressburg), an affiliate of I. G. Farben, was a chief factor in the process. Slovak Dynamit Nobel in turn aided in obtaining control of the Croat segment of Yugoslavia. Much of the former Yugoslav chemical industry is located in the now "independent" Kingdom of Croatia. Yugoslavia lost some of its chemical industries to areas occupied by Bulgaria and Hungary, and part directly to the Reich in areas of the *Untersteiermark* which had belonged to Austria before the First World War and which have now been directly incorporated in the Reich.

In Hungary, already cooperating with the Reich for some time, increased trade and private company transactions have strengthened German control. The same is true of Bulgaria. In Rumania, where considerable foreign capital was represented in the industry, a number of direct transactions have recently occurred, and the Government has acceded to German pressure. In occupied Greece where there are only four large chemical companies, German control has been assured largely through forcibly taking over Greek banks which have an interest in these concerns.

In Turkey the situation has not yet crystallized, and the chemical foreign trade has shifted with the fortunes of war. Infiltration tactics and the German-Turkish trade agreements may possibly indicate the Reich's intentions in this direction. Similarly, the Near East, including Turkey, Cyprus, Egypt, Palestine, Iran, and Iraq, which now import four-fifths

of their chemicals, are becoming the subject of the same kind of "studies" started a decade ago by German and especially I. G. Farben economists in the countries of southeastern Europe.

In Central Europe it is not uncommon for large corporations, because of their financial resources and their interest in the continuous availability of raw materials, to engage in production outside the field of chemicals as usually defined. This partly explains why chemical companies operate coal mines, produce synthetic motor fuel, synthetic rubber, synthetic textiles, and light metals and alloys. They supply chemicals needed for and often engaged in metallurgical production, and also have financial interests in related industries. This idea has carried over to southeastern Europe, where, in addition to trade promotion, German chemical and allied metallurgical concerns are interested in the fullest possible exploitation of mineral resources.

#### WORLD-WIDE SUPER-TRUST

I. G. Farbenindustrie, controlling more than half of Germany's chemical production, is one of the largest corporations in the world. It has world-wide interests in the chemical field and is the outstanding instrument of the German government in unifying the continental chemical industry. The recent expansion of its capital stock to 1,165,000,000 reichsmarks—to which must be added other investments, to give one an idea of the true size of the concern—reflects the increased foreign holdings in Axis-controlled territories. Through its Pressburg subsidiary, Dynamit Nobel, leading chemical concern of Slovakia, which doubled its capital in January of this year, it is constantly acquiring additional holdings in southeastern Europe.

The mammoth State-controlled

Hermann Goering Works, in which I. G. Farben also had a small founding interest, originally established in 1937 to mine and refine domestic low-grade iron ores in Germany and later in Austria, has expanded its program tremendously to other industrial branches, including the chemical field. It has taken over certain Polish chemical plants and has acted as chief contractor for some of the production of occupied territories, mainly in the metallurgical field. A subsidiary of the Goering concern is the huge newly established Sudetenlaendische Treibstoffwerke A. G., capitalized at 200,000,000 reichsmarks, to manufacture synthetic gasoline from brown coal under the I. G. Farben Bergius process in the area around Brux in the Sudetenlands.

To control more effectively the production and distribution of badly needed petroleum, the Reich set up the Kontinentale Oel A. G. (Continental Oil Corporation) in Berlin early in 1941 with an original capital of 80,000,000 reichsmarks (nominally \$32,000,000) which, it was announced, would be expanded later to correspond to the scope of its future operations. I. G. Farben, as well as Braunkohle Benzin A. G., synthetic-motor-fuel concern, and Vereinigte Stahlwerke, steel company, which also has some chemical interests, and other large German industrial and banking interests were founding members of this concern. It is already exploiting the oil output of Axis-controlled Europe, including Rumanian wells which were owned largely by British and Dutch, French, Belgian, and American companies.

This trust is drawing up plans to operate—some day—the vast oil fields of the Soviet Union, Iran, and Iraq. Some Germans regard the announcements of this oil company as grand-

iose *Zukunfts-Musik*—music of the future—especially in the light of Germany's precipitate retreat from oil production in southeastern Europe at the end of the First World War.

To investigate and develop ore deposits, the Gesellschaft zur Erforschung Auslaendischer Erzvorkommen m. b. H. (Foreign Ore Deposit Development Co.) was formed in 1937 in Berlin. Yugoslavia was the first country in which this company began carrying out its program of developing foreign ore deposits. Control of great forests of Poland, Czechoslovakia, Hungary, Rumania, and Yugoslavia, and the dependence of Scandinavian producers, has already given the Reich a monopoly in the timber, woodpulp, and rayon and synthetic-textile-fiber fields.

The Studien-Gesellschaft fuer Metallgewinnung A. G., a joint subsidiary of I. G. and the Deutsche Magnesit A. G., has been conducting intensive research during the past year with Austrian magnesite deposits, the largest in Europe outside the Soviet Union, and vital for Germany's production of magnesium as well as firebricks and crucibles. I. G. Farben and the Wintershall potash concern are Germany's chief producers of

magnesium and its alloys. Control of other magnesite output in Czechoslovakia, Yugoslavia, and Hungary gives the Magnesite cartel, and Germany, an almost complete European monopoly.

A new million-reichsmark company, Suedost Magnesit G. m. b. H. was recently formed by leading German and Austrian producers to establish, lease, and operate magnesite plants, presumably in Austria and Yugoslavia.

#### OVERSEA PROJECTS

That I. G. Farben's sights are set beyond the continent of Europe is significantly indicated in the recent establishment of the Fluszsparwerke G. m. b. H., with a capital of 800,000 reichsmarks, to mine and manufacture fluorspar and other fluorides, used in making optical glass, glass jewelry, and, more important, in making steel and aluminum. The new company was formed jointly with Ruetgers company, coal-tar producer in the Reich and Czechoslovakia. Its object is to develop fluorspar deposits in Germany, the world's second largest producer, and other European countries, "and oversea territories belonging to continental states."