

**Guns and margarine.
Or how the Nazis disliked margarine, but could not afford to attack
the Dutch Margarine Trust¹**

Ben Wubs
Erasmus University Rotterdam

Beginning in the 1870s, the margarine industry promised better nutrition for lower income groups. Due to important scientific breakthroughs, production of industrial fats increased spectacularly in the first decades of the 20th century. Only a handful of firms, however, fully mastered the new technology and the industry was increasingly consolidated. The major European firms entered into complex market sharing agreements and eventually merged into the giant Anglo-Dutch multinational Unilever in 1930. The new enterprise controlled up to 90 per cent of some smaller national markets for margarine in Europe. In Germany, the largest margarine market in the world, Unilever had a market share of more than 60 per cent at the eve of Hitler's rise to power.

Before the Second World War margarine also became a politically sensitive product for three reasons. First, agriculture and consumer interests clashed. Margarine was a cheap competitor to butter. Farmers therefore tried to block or limit the production of margarine. As a result of the agricultural depression of the interwar years, this conflict intensified. The end result differed from country to country. Due to crisis policies many governments forced the industry to mix margarine with butter. Second, the margarine industry was affected by power politics and the increasing need to safeguard food supplies. Margarine was to a large extent based on imported fats like whale oil and vegetable oil and fats from the tropics. As a result, this issue became of utmost importance to autarkic Nazi-Germany, where the margarine industry became closely intertwined with the national food, agricultural and trade policies. Third, market dominance of the Anglo-Dutch, and according to Nazi

¹ This paper is based on my book *International Business and National and National War Interests. Unilever between Reich and Empire* (London/New York, Routledge 2008). Please quote as much as possible.

definitions “non-Aryan” Unilever trust, aroused considerable political opposition from some parts of the Nazi government and party rank and file.

This paper focuses on the political economy of the margarine and edible fats industry in Nazi Germany in the 1930s, which was by far dominated by the Anglo-Dutch Unilever. How did the Nazi governments endeavour to regulate the margarine business in general and Unilever in particular in this period? Which defensive strategies did Unilever pursue regarding these government regulations and other business obstacles like “Aryanisation” and currency restrictions?

Unilever’s Margarine Business in Germany

Unilever’s history in Germany date back to the 1880s. The new factories established by the Dutch margarine manufacturers Jurgens and Van den Bergh in 1888 had brought the first basic alteration in the position of the German margarine industry. For the first time the production of margarine on a real industrial scale was made possible in factories which had a relatively high capacity and which for those days were equipped in a very modern way. Through economies of scale Van den Bergh and Jurgens created a cost advantage over smaller local competitors. Aided by their experience in the Netherlands and Britain, they were able not only to improve the quality of margarine considerably, but also to standardise it to a much greater extent. In combination with up-to-date marketing methods the total turnover of margarine in Germany, and their share thereof, increased considerably. Moreover, working class demand for the cheap butter substitute had been great in the ever-growing industrial regions of Germany.

By 1913, after a twenty-five year period, total German production had risen to 200,000 tons annually. Germany’s defeat in World War I and the subsequent inflation had made (cheap) margarine an even more desirable commodity and in consequence its demand and production increased further. In 1928 a total figure of 440,000 tons was reached, culminating in 1932 in a total output by the German industry of 500,000 tons. When the Nazis came to power, however, restrictions were imposed on all margarine producers so as to protect German farmers, who had been important electorate for the Nazi party in 1933. As a result margarine production started to decline in Germany in the 1930s.

Table 1 *Unilever's sales of Margarine and Fats in Germany 1932-1938 and Unilever's share in Germany's total production in 000 metric tons*

Year	Unilever's sales	German production	Unilever's share (%)
1932	344	500	68.8
1933	268	422	63.5
1934	247	394	62.7
1935	254	418	60.8
1936	268	436	61.4
1937	231	380	60.8
1938	252	420	60.0

Source: Unilever Archive Rotterdam, His 114, 1091, *Sales of Margarine and Margarine Production*

By 1939 total margarine output in Germany had fallen to 365,000 tons annually.² Table 1 shows Unilever's sales in Germany in relation to the total margarine production. Although the company's sales decreased dramatically in Nazi Germany during the 1930s, its relative importance in the market remained fairly stable at around 60 per cent during that period.

During the 1920s other reasons for foreign direct investment had become important: competition behaviour, market attraction, acquisition of competitors and mergers.³ Up to 1927 both Van den Bergh and Jurgens had obtained additional margarine factories either by building them or by acquiring competitors. Such acquisitions had then been accompanied by reconstruction and modernisation of the factories so obtained. Or in some cases the acquired factories had been shut down and only the competing brands and market shares were utilised. Because of their more up-to-date methods of production, economies of scale and scope and greater experience in the marketing of branded products, Jurgens and Van den Bergh had in effect become the leading margarine manufacturers in Germany. In the meanwhile, in 1927 Van den Bergh and Jurgens, the two major Dutch competitors in the margarine business for many years, had decided to bury the hatchet and formed the Margarine Unie/Union. In 1928 Centra and Schicht, leading companies in the oils, fats and soap business in Central Europe, had also come into the Margarine Unie. In 1929 margarine and meat company Hartog of Oss, which had also started up

² Unilever Archive Rotterdam (UAR), Dir 23, file 348.3, 3.

margarine factories in Germany, had joined the Margarine Unie. As a result, Margarine Unie NV's interests in Germany had increased further. In addition, in 1929 the company acquired 50% of the share capital of two large German margarine corporations: Fritz Homann A.G. in Dissen and Schmitz & Loh A.G. in Duisburg.⁴

By 1930, following various acquisitions, mergers and joint-ventures, Unilever's share in the margarine industry in Germany stood at about 69 per cent. In Germany alone it had 25 margarine factories in operation.⁵ Although Unilever had a dominant position in the German market there were still other (smaller) producers. In 1935 the number of independent margarine producers in Germany amounted to 122 (as compared to 200 ten years before). By then Unilever's share had fallen to 60 per cent. In addition, margarine was not the only edible fat. The greater part of fat consumption in Germany was accounted for by competing animal fat products like bacon, lard, cooking fats, and butter. In the 1928-1932 period the share of margarine in Germany's total fat supplies amounted to 27 per cent. In the 1933-1939 period, when domestic butter was favoured by the Nazis, margarine's share would even fall to 24.6 per cent.⁶ In conclusion, Unilever was big in margarine in Germany; however, there was still competition, mainly from animal fats produced by German farmers.

After World War I Unilever's forerunners Jurgens and Van den Bergh had also integrated vertically in Germany. Since the 1920s they had acquired and operated their own oil mills, refineries and hardening plants to secure a regular supply of raw materials at reasonable costs. Some of these facilities were a physical part of their margarine factories, the others had supplied a greater or smaller part of their output to these factories or to other independent producers. After its formation in 1930, therefore, Unilever owned refineries which were part of its margarine factories at Hamburg, Mannheim and Cleves. It owned an oil mill in Spyck, a refinery and hardening plant at Emmerich and a hardening plant at Brake.⁷ In addition, Unilever had majority interests (of about 90%) in

³ For reasons for FDI see: Geoffrey Jones (ed.), *British Multinationals: Origins, Management and Performance* (Aldershot: Gower 1986), 8.

⁴ UAR, Dir 23, file 348.3, 6.

⁵ UAR, Unilever paper for private purposes, 5872: Werner Schüttauf, *Die Geschichte der Margarine-Union 1929-1972*, 2.

⁶ UAR, Dir 23, file 348.3, 11.

⁷ UAR, Dir 23, file 348.3, 16.

companies which operated an oil mill and refinery at Hamburg (*Thörl*), Mannheim (*V.D.O.*), and Bremen (*B.B.O.*). The capacity of the processing resources was enough to provide for the needs of peak periods of output of finished products. In so far as the production of these facilities was not required for Unilever's own margarine factories, it was sold on the market in and outside Germany.⁸ By 1939 the output of Unilever's oil mills, refineries and hardening plants in Germany amounted to 173,000 tons of crude oil, which was about 35 per cent of the total German edible oil production at the time.⁹

For administration, taxation and other reasons the German factories were not operated as branches of the Dutch parent firm, but by specially established German holding companies whose shares were held by the Dutch parent company. In 1920 Jurgens had organised its German interests into the Deutsche Jurgens Werke AG in Hamburg and Van den Bergh had combined its German companies into the Generaldirection Van den Bergh AG (*Gediva*) in Berlin. In 1924 its name was altered to Van den Bergh Margarine AG.¹⁰ The transfer of the ordinary shares of Jurgens and Van den Bergh to the Margarine Unie NV in 1927 had meant that all the factories and other interests in Germany that were directly or indirectly held by the Dutch parent companies had passed in their entirety into the ownership of Margarine Unie NV in Rotterdam.

In June 1929, in addition to the existing companies, a new German company was established in Berlin to enable a more direct control of its German interests, i.e. Jurgens-Van den Bergh's Margarine-Verkaufs-Union GmbH, abbreviated to MVU. In May 1939 its name was changed to Margarine-Verkaufs-Union GmbH. MVU had two functions: first, it was a holding company which controlled an important part of Unilever's interests in Germany, and second, the MVU was an operating company, which managed centrally all German oil and margarine plants.¹¹

⁸ UAR, Dir 23, file 348.3, 16.

⁹ Bundesarchive Berlin (B-Arch.), R87-5930, 1721, *Hauptbericht über das Deutsche Geschäft des Unilever-Konzerns*, 19. According to MDC, 20 October 1949, Unilever still had 67% of the oils and fats trade in Germany. In fact Unilever had to sacrifice 17% of the trade to comply with the decartelisation laws.

¹⁰ B-Arch., R87-5930, 1721, *Hauptbericht über das Deutsche Geschäft des Unilever-Konzerns*

¹¹ UAR, 5872, Schüttauf, *Margarine-Union 1929-1972*, 7.

Unilever's Conglomerate in Germany

Unilever had grown historically bigger than any other foreign company in Germany in the 1930s. According to the Board minutes of April 1933 it had invested between £ 18 and £ 20 million sterling in that country, which had earned profits of approximately £ 2 million annually.¹² These, according to Unilever's chairman D'Arcy Cooper, were: "facts which made our position in Germany vital to our interests."¹³ By the time the war broke out in September 1939 Unilever's total FDI in Greater Germany, i.e. the Old Reich, Austria and Sudetenland, amounted to approximately £ 37.6 million sterling (RM 416.8 million).¹⁴ Compared to America's total direct investment in manufacturing in Greater Germany in 1940 (\$ 206 million) Unilever's total direct investment in Germany (\$ 167 million) comes close to the official total US figures (81%). In addition, like the US's direct investment level in manufacturing in Greater Germany, Unilever's direct investment showed an increase in the 1930s. It has to be considered, however, that the rise in Unilever's figures had been partly due to the *Anschluss* of Austria and the annexation of Czechoslovakia. In the latter country alone Unilever had invested somewhere near £ 8 million at the time.

Table 2 shows the number of German subsidiaries operating in various fields. It shows that Unilever had 157 companies in Greater Germany in 1939. Nevertheless, only 102 companies were actually in operation as a factory or trading company. For various reasons 55 companies had been closed down in Greater Germany. Like in the Netherlands Unilever often closed down or reorganised a company right after its acquisition. A competitor was often bought just for its brand, or in the German case, for its margarine quota. For that reason the margarine industry shows the highest number of closed down companies.

¹² Unilever Archive London (UAL), Minutes Directors' Conference (MDC), 20 April 1933.

¹³ UAL, MDC, 20 April 1933.

¹⁴ This figure is based on the figures of a German accountant (Cantrup) from 1941. B-Arch., R87-5930, 1721, *Hauptbericht über das Deutsche Geschäft des Unilever-Konzerns*. I have added together the

Table 2 Number of Unilever companies in “Greater Germany” operating in various branches of industry 1939/1940 and their equity capital in millions of Reichsmarks.

	Operating	Closed down	Total	Equity Capital*
Margarine industry	24	21	45	186.4
Oil industry	6	3	9	41.9
Soap industry	9	10	19	69.6
Shop, chain store, Distribution companies	8	9	17	10.5
Wood, paper, cardboard, Packaging materials industry	13	1	14	21.5
Shipping and whaling	13	2	15	36.2
Fish and food industry	18	1	19	24.8
Clothing, synthetic cellulose and others	11	8	19	25.9
Total	102	55	157	416.8

Source: B-Arch., R87-5930, 1721, *Hauptbericht über das Deutsche Geschäft des Unilever-Konzerns*, 12-13 and 34. *The equity capital includes nominal capital, reserves and retained profits.

Table 2 also shows the equity capital that Unilever held in various branches of industry in Germany in 1939. Unilever obviously had a very strong interest in the margarine industry. The soap interests came off second best, however. Clearly, other industries had also become important to the company. On the eve of World War II the company had become highly diversified in Germany. More than in any other country in the world Unilever had interests here in businesses that were often far removed from its core activity. The next section will explain why.

Business Obstacles in Nazi Germany

After Hitler’s assumption of power in January 1933 Unilever’s strong position in Germany became rather insecure. Information coming from its headquarters in Berlin and from directors travelling around in Germany was blurred and incompatible. On 16 March Franz Schicht, who later turned out to be sympathetic towards the regime, had informed Unilever’s Board in London from Berlin that the position in Germany was not as bad as it had appeared in the

nominal capital of all German Unilever firms, their reserves and retained profits. I have used the exchange rate of 1939, which is of course just a theoretical rate.

British press. “There was every hope that good order would be preserved.”¹⁵ Nevertheless, he also had to admit that the Berlin office had not been able to arrange a meeting with the government on the forthcoming law about the compulsory addition of butter to margarine. In addition, agitation had been engineered by the Nazis against the Sunlicht company (Unilever’s German soap holding) as being foreigners. It had been stated that “one manger was an Englishman and the other a Jew.”¹⁶ And last, “some anxiety had been caused by the rumour that Hitler might use the funds at the Reichsbank – including Unilever’s frozen Reichsmarks – for purposes which would serve to reduce unemployment.”¹⁷ On 30 March, however, the Berlin office remained reluctantly optimistic. It counteracted “the rumours which had been disseminated in this country” [in Britain] regarding the political situation in Germany. “The message stated that ‘peace and order’ ruled throughout Germany and the reports of alleged atrocities are nothing but lying and biased reports of the worst type.”¹⁸

In April D’Arcy Cooper none the less questioned the reports from Berlin. At the time the Board in London discussed whether the annual address of the chairman to the shareholders’ meeting should make special reference to the difficulties the business was encountering in Germany.

The situation was very delicate; there was no use in our threatening the Government, though at a later stage we might have to fight them. It seemed to him [D’Arcy Cooper] that with the position in so nebulous a state it was not proper to enlarge on the subject in the Speech.¹⁹

Greenhalgh added that any more specific mention of the political situation might add “to the difficulties of Unilever’s people in Berlin.”²⁰ Rijkens urged the need for care as regards the possible effect the speech might have in Germany. “In Germany we were a German firm.”²¹ It was agreed to make no special reference in the address to the German situation.

¹⁵ UAL, MDC, 16 March 1933.

¹⁶ UAL, MDC, 16 March 1933.

¹⁷ UAL, MDC, 16 March 1933.

¹⁸ UAL, MDC, 30 March 1933.

¹⁹ UAL, MDC, 20 April 1933.

²⁰ UAL, MDC, 20 April 1933.

²¹ UAL, MDC, 20 April 1933.

Meanwhile in May 1933 the Special Committee had taken precautions with regard to Germany. Unilever was under vicious attack. Competitors had spread the rumour in the press and to the government that Unilever's business in Germany was not only under foreign control, but also "non-Aryan" foreign control.²² As a result Albert van den Bergh, Dr. Treitel and Dr. Friedman, all three of Jewish descent, had resigned from the Supervisory Board of Van den Bergh Margarine AG in Berlin. The Jewish director of the Sunlicht soap company at Mannheim Fabian left Germany and became director of the Dutch Lever soap company (he was to acquire Dutch nationality in 1939).²³ In view of these anti-Jewish sentiments in Germany – there was as yet no comprehensive anti-Semitic policy towards large Jewish companies – the Special Committee also suggested that R. de Kadt and Charles Steward should be replaced as Supervisory Directors of Hovema in the Netherlands, which held the shares of Unilever's margarine companies in Germany.²⁴ As a replacement R.J.H. Patijn was asked to accept a seat on the Advisory Board of Hovema. However, he proved a reluctant candidate. Patijn thought that the campaign which had forced De Kadt to resign was so unsavoury that he did not feel much inclination to become his successor. Finally he accepted the appointment but stated:

This campaign is so disagreeable to me that I do not much feel like being his successor. Nevertheless I realise that the directors in Germany really do not have a choice: they must either withdraw from Germany, which in our case is impossible, or swim along with the 'Aryan' current.²⁵

Rijkens answered that "they [the Special Committee] also had an uncomfortable feeling that (...) in the interest of our German business, we have to adjust ourselves to circumstances and feelings which we do not find sympathetic."²⁶ He agreed with Patijn that Unilever had "to swim with the Aryan current, but only to a limited extent."²⁷ Nobody, however, could yet know to what extent private business had to co-operate with Nazi policy, or where the Aryan current would

²² UAR, His 217, 1726, *Letter Rijkens to R. de Kadt*, 23 June 1933.

²³ UAR, DIR 17-316, *Memorandum Simon Thomas and Tempel*, 2 February 1946.

²⁴ UAR, His 217, 1726, *Memorandum Re Germany and Holland*.

²⁵ UAR, His 217, 1726, *Letter Patijn to the Board of Directors of Unilever Limited*, 29 June 1933.

²⁶ UAR, His 217, 1726, *Letter Rijkens to Patijn*, 7 July 1933.

eventually lead to. The replacement of De Kadt and other Jewish directors or Supervisory Board members shows that Unilever's Board had formulated a preliminary policy towards the Third Reich. The company accommodated with the Nazi government in the interests of its extensive business interests in Germany. At the same time there was not much sympathy inside the Board for the new regime, except for some members of the Schicht family who displayed a rather conciliatory attitude.

In June 1933 Arthur Hartog phoned to London and raised the alarm at Unilever's headquarters. A Dutch paper (*Nieuwe Rotterdamse Courant*) had reported on Hitler's latest speech in which he was stated to have said:

The only logical consequence of the National-Socialist policy in the long run will be that no private property will be tolerated. In accordance with the democratic principle it will therefore be illogical to maintain the autocracy of private industry. This conflict will lead to nationalisation of all private business.²⁸

Publication of this speech had been forbidden in Germany, according to Hartog.²⁹ The chairman's first reaction to this alarming message was that all that Unilever could do was to place as many of its frozen Reichsmarks as possible with government or quasi-government institutions on condition that they could be sold in return for Dutch guilders.³⁰

A month later in July 1933 D'Arcy Cooper and Paul Rijkens none the less flew to Berlin to obtain first-hand information from the Nazi leaders. The British businessman E.W.D. Tennant, who had a friendly relationship for years with Von Ribbentrop (a merchant and Hitler's adviser on foreign policy) had arranged a meeting with Keppler (Hitler's economic adviser).³¹ Tennant had also mentioned that chancellor Hitler would have been pleased to see D'Arcy Cooper in Berlin as he had been most anxious that good relations between Germany and

²⁷ UAR, His 217, 1726, *Letter Rijkens to Patijn*, 7 July 1933.

²⁸ UAR, His 201, 1556, *Unilever Ltd. Continental Committee: Government policy in Germany and Interference 1928-1939*, 29 June 1933.

²⁹ UAL, MDC, 29 June 1933.

³⁰ UAL, MDC, 29 June 1933.

³¹ Neil Forbes, *Doing Business with the Nazis. Britain's Economic and Financial Relations with Germany 1931-1939* (London: Frank Cass 2000), 139.

the British business community should be fostered.³² During the first visit, however, Hitler failed to turn up. Therefore both chairmen had to accept Keppler's company. They had a discussion about the position of the margarine industry in Germany and Unilever's historical role in Germany's edible fats business. Nevertheless, D'Arcy Cooper tried to arrange a meeting with Hitler himself to discuss the general question of businesses working with foreign capital in Germany.³³

The meeting between Hitler and Unilever's chief executives D'Arcy Cooper and Rijkens would not take place until late October 1933. In the meantime the company sent as much information as possible about its German business to Von Ribbentrop. In August mediator Tennant criticised Unilever for being too modest in its description of its importance for the German economy. Unilever had to make clear to what extent Germans were shareholders in the business and what happened to the profits made in Germany. According to Tennant, Hitler had considerable objections to the idea of large foreign companies dumping their surplus purchases into Germany and exporting their profits out of Germany. And last, Tennant noted, Unilever had to explain to Hitler the advantages the company was bringing to Germany, particularly in the way it financed large quantities of raw materials which it had to import from abroad.³⁴

On Tennant's advice Unilever wrote a memorandum, which was supported by a letter from Rijkens. Both documents produced persuasive arguments. First, it was noted that it was extremely difficult to say to what extent Germans were shareholders of Unilever NV and its Dutch subsidiaries. There were, however, regular reports of the Amsterdam and Rotterdam stock exchanges that fairly important share dealings had taken place for German account. It had been estimated that no less than 10% of Unilever was in German hands. Second, in 1931, before the Brüning government had implemented currency restrictions, the whole of the concern's share of the German profits had been transferred to the Dutch parent company. In 1932, after the transfer difficulties had begun for foreign companies, Unilever had transferred RM 5.5

³² UAL, MDC, 29 June 1933, 20 July 1933.

³³ UAR, His 203, 1566, *Letter D'Arcy Cooper to Keppler, 26th July 1933.*

³⁴ UAR, His 203, 1566, *Letter Tennant to Rijkens, 4 August 1933.*

million, converted into foreign currency, to the Netherlands. About RM 1 million had remained in Germany in frozen accounts. Third, in 1932 Unilever had a total turnover of about RM 350 million, which had again been spent for the larger part in Germany, for example on new assets and renewals, repairs, taxes, sundry materials, services and wages (in 1933 Unilever had about 20,000 staff in Germany). Fourth, the larger part of the raw materials had to come from abroad. The domestic production of oilseeds was practically nil at the time, and the production of animal fat was entirely insufficient. Imports of vital raw materials had to a large extent been possible due to Unilever. In 1932 Unilever plants had processed over one-third of the total quantity of oilseeds and two-thirds of all whale oil imported into Germany. Fifth, the idea of dumping surplus purchases was based on a fallacy as far as Unilever was concerned. In Germany not a single product had been marketed which had not been manufactured in German factories. And if there had been a question of undercutting, this had been done by competitors in Germany which had forced the company to sell its goods at unremunerative prices.³⁵

After Unilever's memorandum and after other facts and figures had been supplied to the Nazi regime, Tennant arranged a meeting with Hitler on 24 October 1933. This time vice-chancellor Von Papen had also played a role in the arrangement. Rijkens and D'Arcy Cooper had been asked to prepare a short agenda for the discussion with Hitler. They raised the following points: first, the general attitude of the German government towards private industry and the oils and fats industry in particular; second, the employment of foreign capital in Germany, in particular the protection of existing interests and the extension of new interests; third, the general position of the oils and fats industry in Germany.³⁶

"Interviews entirely satisfactory" Rijkens and D'Arcy Cooper cabled to London directly after the meeting with Hitler.³⁷ Two days later Hitler's Economics Minister Schmitt confirmed that he had no objections against the contents of the notes of the meeting taken by Rijkens. He only added that all companies working in Germany had to "pay due attention to the national

³⁵ UAR, His 203, 1566, *Revised Memorandum 18 August 1933 and Letter Rijkens to Tennant* 10 August 1933.

³⁶ UAR, His 203, 1566, *Letter Rijkens to Tennant*, 13 October 1933.

exigencies.”³⁸ According to the notes Hitler had said: “I am against any form of socialisation of private business or the establishment of state monopolies.”³⁹ Furthermore, he had given Unilever “an assurance that the German government would not make any difference in its treatment between a company whose shares were held by foreigners and one whose shares were held by Germans.”⁴⁰ Last, Hitler had stated that “also the Margarine Industry should be liberated from restrictions and measures by the government.”⁴¹

With hindsight it is too easy to conclude that “an agreement” with Hitler, as Rijkens would later refer to these notes in his memoirs, had no significance at all.⁴² Contemporaries, however, must have attached great importance to Hitler’s and Schmitt’s signatures, which were appended to Rijkens’ notes. It was a sign that Hitler was opposed to the socialisation of the industry, contrary to, for example SA leader Ernst Röhm who constantly argued in favour of a second revolution in Germany. Second, the signatures also indicated the view of Economics Minister Schmitt, former leader of the Allianz concern (by far the largest private insurance company in Germany). He proved a strong advocate of private business.⁴³ Last, the signed agreement could be used against prospective anti-Unilever policies of various government agencies. As a result, it was copied in great numbers and distributed amongst Unilever’s subsidiaries in Germany.

In spite of Hitler’s promises, however, the margarine business in Germany was still confronted with strong state interference. Since May 1933 margarine production in Germany had to be reduced by 40 per cent by law. A fat tax was levied on vegetable oil and margarine. In addition, a Government Agency for Milk Products, Oils and Fats (*Reichsstelle für Milcherzeugnissen, Öle und Fette*) was set up to control the quantity and the prices in the margarine industry.⁴⁴

³⁷ UAR, His 203, 1566, *Cable received from Rijkens*, 24 October 1933.

³⁸ UAR, His 203, 1568, *Letter Schmitt to Margarine Verkaufs Union*, 26-10-1933.

³⁹ UAR, His 203, 1568, *Unterredung mit Herrn Reichskanzler Hitler*, 24-10-1933.

⁴⁰ UAL, MDC, 26 October 1933.

⁴¹ UAR, His 203, 1568, *Unterredung mit Herrn Reichskanzler Hitler*, 24-10-1933.

⁴² Paul Rijkens, *Handel en Wandel. Nagelaten gedenkschriften 1888-1965* (Rotterdam: Ad. Donker 1965) 85.

⁴³ Gerald D. Feldman, *Allianz and the German Insurance Business, 1933-1945* (Cambridge: CUP 2001) 30.

⁴⁴ UAR, Unilever Publication 5872, Schüttauf, W., *Die Geschichte der Margarine-Union 1929-1972*, 17-27.

Hitler, however, had also made it clear to Unilever that the government was anxious that the supply of cheap margarine should be available for the poorer people in Germany. Therefore Unilever's margarine quota, which had formerly been fixed at 62.5 per cent, had been raised by 10 per cent.⁴⁵ In December 1933, however, it became clear that the company had been too optimistic. Owing to differences between Keppler and the Minister of Food and Agriculture Darré the attitude of the government was no longer as favourable as Unilever had thought a few months previously.⁴⁶ In line with Darré's Blood and Soil (*Blut und Boden*) ideology the import of oils and fats was restricted to favour the production of German butter under the slogan: *Rettung des Deutsche Bauertums* (save the German farmers).⁴⁷

The drawback of this policy, however, was that ultimately less cattle cake, which was a by-product of the oil mills, was available for German farmers. In addition, butter remained more expensive for the poorer people, despite the levy of the fat tax. During the 1930s none the less the more realistic officials in the Ministry of Food and Agriculture must have gained the upper hand as only a reduction of 20 per cent in total margarine production was realised in Germany. Butter consumption rose from 7.5 kg to 8.8 kg per head in 1938, and margarine fell from 7.9 kg to 6.1 kg per head in the same period. Margarine Union's production fell from over 300,000 tons in 1932 to around 250,000 tons in 1938.⁴⁸

Currency Restrictions and the Shipbuilding Deal

Another pressing problem was Germany's currency policy during the 1930s. Since 1931, following the international withdrawal of short-term funds from Germany, the Brüning government had suspended the free Gold Standard and had imposed restrictions on capital exports. Up to 1934, however, it remained possible to transfer the larger part of dividends from Unilever's German subsidiaries to the Netherlands, to Unilever NV in Rotterdam. Cash surpluses, which were blocked in Germany, were

⁴⁵ UAL, MDC, 26 October 1933.

⁴⁶ UAL, MDC, 14 December 1933.

⁴⁷ Ronald Smelser and Rainer Zitelmann (eds.), *Die Braune Elite. 22 Biografische Skizzen* (Darmstadt: Wissenschaftliche Buchgesellschaft 1989) 15-27.

⁴⁸ UAR, *Die Geschichte der Margarine-Union*, 29.

safely and profitably invested in government or quasi-government institutions.⁴⁹ The Nazi assumption of power, however, worsened Germany's currency problems. It led to severe balance of payments problems and a rapid deterioration of Germany's foreign exchange position. Importers into Germany, like Unilever's raw materials companies, were increasingly rationed by the Reichsbank in their needs for foreign exchange. In July 1934 Unilever no longer received any foreign exchange. In reaction the company blocked shipments of raw materials into Germany.⁵⁰

One month before, Reichsbank President Schacht had taken over Schmitt's position as Economics Minister after serious disagreement with Hitler on military expenditure.⁵¹ Schacht had expressed complete agreement with Hitler and had said that he was even prepared to ruin the Reichsmark if necessary in order to achieve rearmament. He now obtained far reaching powers in the economy of the Third Reich. In September 1934 Schacht launched his New Plan. Imports had to be stabilised at a level where they could be paid for by exports and they had to be brought into line with Germany's needs and its policy of autarky. The suspension of capital exports was now joined by the suspension of interest payments. For every separate import a foreign exchange certificate had to be obtained. Transfer of dividends to Britain and the Netherlands became steadily more difficult.

The consequence for Unilever was, on the one hand, millions of blocked Reichsmarks and, on the other, a direct need for hard currency to import raw materials to run its factories in Germany.⁵² In September 1934 the British government was informed that a delegation of representatives of British importers into Germany of wool, metal, jute, rubber, non-ferrous metals and oils and fats had met with Schacht and were later received by Hitler.⁵³ The delegation comprised executives from seven British industries, including Unilever, Dunlop and Shell, and was led by Rijkens. The aim of the British businessmen was to solve the acute foreign exchange problem. The British government, however, suspected Schacht of looking for credit on easy terms.⁵⁴

Rijkens pointed out to Schacht that Unilever had invested so much in Germany and that the amount of outstanding commercial debts from Germany still exceeded a year's credit on raw materials. "[U]nder these circumstances it was not

⁴⁹ Charles Wilson, *History of Unilever* (London: Cassel 1970) 369.

⁵⁰ MDC, 19 July 1934.

⁵¹ Feldman, *Allianz*, 101-102.

⁵² *Ibid*, 370.

⁵³ MDC, 27 September 1934.

reasonable to expect the Margarine Industry to make further sacrifices as the profit margin on Margarine was not sufficient to allow us to speculate further.”⁵⁵ Between July 1931 and September 1934 Unilever had invested approximately RM 100 million in long term loans, stock exchange investment and real estate.⁵⁶ Unilever was not prepared to invest any more surplus capital in Germany and provide the country with more credit. Schacht “stated that it was hoped to be able to make satisfactory arrangements with regard to outstanding commercial debts to the British Empire.”⁵⁷ Thereupon, he agreed with Rijkens on a more reasonable treatment of credits for raw material imports.

The problem of the transfer of dividends and cash surpluses, however, was not solved yet. As a result, a little later Rijkens visited successively Schacht, Keppler and Brinckman (head of the export division in the Ministry of Economic Affairs) to solve Unilever’s own currency issue. Portfolio investments, however, were no solution for the transfer of dividends to the parent company in the Netherlands in the long run. A better solution for the blocked marks – agreed upon with Schacht, Keppler and Brinckman – was the building of ships at German shipyards, partly paid for in blocked marks. Some of these ships were for Unilever’s own use inside or outside Germany and others were sold outside Germany at a discount for hard currency. Between 1934 and 1936 a total of 530,000 of shipping tonnage (worth £ 6 million) was constructed as part of shipbuilding programme, mainly at yards in Hamburg, Bremen and Kiel.⁵⁸

From the German point of view it was a good deal because it stimulated employment and a general recovery of the economy. From Unilever’s point of view it was also a success, because it was an alternative method of transferring profits abroad. The shipbuilding business enabled Unilever to bring a considerable portion of its profits out of Germany. In fact, it was trade by barter, necessary in order to continue Unilever’s business in Germany. The company needed raw materials, which could only be obtained for hard currency. Germany’s currency restrictions and its autarkic policy had made raw material imports difficult. Simultaneously, Germany as a whole needed raw materials. As a result, Unilever paid for the ordered ships partly in raw materials, for example palm oil or whale oil, and partly in blocked marks. The

⁵⁴ Forbes, *Doing Business with the Nazis*, 139-140.

⁵⁵ MDC, 6 September 1934.

⁵⁶ MDC, 13 September 1934.

⁵⁷ MDC, 27 September 1934.

shipbuilding business was therefore not only a way to get profits and dividends out of Germany, it was also a way to get raw materials in.

Acquisitions and “Aryanisation”

Although the shipbuilding programme had been a means of absorbing cash surpluses from Unilever’s German business, other investments had become necessary, particularly after 1936. The first result had been a further growth of Unilever’s foreign direct investment level in Germany. By September 1939 the 102 operating companies in Greater Germany had 33,900 staff in Greater Germany.⁵⁹ Compared to Britain, Unilever’s most important market and domicile, where the company had 41,000 employees, Germany was Unilever’s second country. A second result of the cash surpluses had been a further vertical and horizontal diversification of the business. At the beginning these surpluses had been invested in other foodstuffs industries, real estate, (quasi) government loans, stock market equity and other portfolio investments. Gradually, however, the company had searched for direct investment possibilities, which had mostly no connection with the core business. The *Frankfurter Zeitung* had warned that the shifting of capital might in due course possibly lead to “incoherent concern building.”⁶⁰

From 1935 onwards German directors made applications to the Board in London for permission to make various investments in processed cheese factories. Due to the strict regimentation of the margarine industry they were looking for additional employment for their sales organisation, preferably in the field of foodstuffs.⁶¹ The investments proved to be rather remunerative. In 1939 Rudolf Jurgens reported to the Board: “It may be remembered that profits in the Melted Cheese business have been very satisfactory for the last few years – amounting to about RM 4 million in 1938 – and are expected to continue on this basis.”⁶² As a result, in June 1939 Unilever acquired another processed cheese factory in connection with fulfilling an army contract for canned cheese.⁶³

⁵⁸ UAR, Sec 26, map 571. According to MDC, 17 September 1936, a total of 530,000 tons had been built with a value of £ 6 million.

⁵⁹ Ibid., Lever Brothers & Unilever Ltd.: Special Committee over Germany staff 1936-1939, *Note in handwriting, 15-6-1939*.

⁶⁰ UAR, His 205.21, *Rotterdam Intelligence Reports*, 12-11-35

⁶¹ UHA, Dir 23, 348.3, 23.

⁶² UAR, His 205, 19.

⁶³ Ibid.

In November 1936 the German government proposed to Unilever that it should participate in an artificial wool company. The government would give a guarantee against any losses on the business over a period of seven years and also guaranteed 5 per cent interest on the investment during the same period. According to Sunlight's director Carl Santkin, Unilever as a whole could benefit from this participation, because it offered the possibility of testing new detergents and washing methods for cellulose fibres. The Special Committee in London thereupon recommended that the investment had to be entertained. In February 1937 the Westfälische Zellstoff A.G. was established with a total equity capital of RM 2.2 million, of which Unilever contributed RM 0.8 million.⁶⁴

The acquisition of an ice cream factory in Hamburg ("Eis am Stiel") and the investments in Langnese-Eiskrem GmbH in 1936 and 1937 appeared at first sight to be a waste of money. But the Board felt in 1939 that the results would improve. "The Results of 1937 and 1938 are far from satisfactory...[still]...the business should be carried on and the money necessary for modernisation should therefore be spent."⁶⁵ As a result, on 27 January 1939 a licensing agreement was signed between the Margarine Verkaufs Union and Frosted Foods Limited, owner of the Birdseye patent for freezing techniques. The licence was valid for Germany and Eastern Europe. In exchange Frosted Foods received a 10% share in Unilever's subsidiary that was being formed, i.e. Solo Feinfrost GmbH.⁶⁶ Simultaneously, Göring planned a frozen foods industry, because he was interested in providing the Wehrmacht with fish, vegetables and fruit. Now Unilever had the necessary licences, plants and sales organisation to fulfil these plans. In the autumn of 1939, just after the beginning of the war, the first food was frozen by Solo Feinfrost. The armed forces were the major bulk consumer.

In January 1937 the acquisition of an interest in the Neue Norddeutsche und Vereinigte Elbeschiffahrt AG was considered. According to Heinrich Schicht the acquisition not only afforded a suitable channel for investing blocked marks, but it would also enable economies to be effected by means of working arrangements with other Unilever inland shipping companies.⁶⁷ The investment of RM 5 million proved

⁶⁴ Ibid., His 205.27, *Westfälische Zellstoff A.G.*

⁶⁵ UAR, His 205, 24.

⁶⁶ UAR, DIR 14, 266, *Duitse en Nederlandse octrooien: Frosted Foods 1939-1940.*

⁶⁷ UAL, MDC, 28 January 1937.

satisfactory and gave Unilever a majority share (75 per cent) in the Elbe inland shipping business.⁶⁸

In November 1937 there was an opportunity of an additional investment in the Nordsee Deutsche Hochseefischerei AG with its head office at Bremerhaven.⁶⁹ Nordsee was Germany's largest sea fishing company, which operated its own trawlers, retail shops, processing factories, ice factories, etc., in Germany, Austria, Czechoslovakia, Norway, France, Turkey and Poland.⁷⁰ An application was made to the government for a further block of shares, but not such as would increase Unilever's holding to above 50 per cent. In March 1939 Rijkens reported to the Board that the German Government had not given its approval for the purchase of a further block of shares in Nordsee.⁷¹ By 1941, however, Unilever (MVU) owned 49 per cent of the share capital of Nordsee, which amounted to nearly RM 11 million.⁷²

In the 1935-1938 period Unilever also acquired "Jewish property" (often referred to as "non-Aryan" in Nazi terminology). When the pressure on Jewish businesses increased, some of the bigger enterprises as well as pieces of land owned by German Jews were offered for sale to the Margarine Verkaufs Union in Berlin. From April 1938 all "Jewish property" worth over RM 5,000 had to be reported to the government. From then on it could only be sold to corporations chosen by the state. And from June 1938 apparent transfers of "Jewish property" to non-Jewish partners were made punishable by law.

Until 1938 emigration was still possible for Jews. The problem, however, was how to get private capital out of the country. Emigration was only possible if the cash was deposited in the Gold-Discount-Bank. Then emigrants were paid out only 6% in foreign currency; the remaining 94% was "earmarked for special ends" (i.e. confiscation by the Third Reich).⁷³ Hence Jewish entrepreneurs appealed to a multinational like Unilever for at least three reasons. Firstly, Unilever could use its blocked marks to acquire a Jewish business and pay the emigrant outside Germany in hard currency. Secondly, Unilever could use its influence in the Netherlands and Britain as a big employer to make immigration possible into those countries. And

⁶⁸ UAR, SEC 32, 724, *Kapitaalconstructie Duitsland per 31 December 1943*.

⁶⁹ UAL, MDC, 4 November 1937.

⁷⁰ UAR, SEC 32, 725, *Letter Property Control Branch, 2 September 1947*.

⁷¹ UAL, MDC, 7 April 1939.

⁷² UAR, SEC 32, 725, *Letter Property Control Branch, 2 September 1947*.

⁷³ W.A. Boelcke, *Die Deutsche Wirtschaft, 1930-1945: Interna des Reichswirtschafts-Ministerium*, (Düsseldorf: Droste, 1983) 215.

thirdly, Unilever had also been classified as a Jewish company by some Nazi groups (though not officially) and might therefore be willing to help other Jewish entrepreneurs. All the more so since Unilever, especially Sydney van den Bergh and Arthur Hartog, was already helping Jewish Unilever employees to emigrate from Germany.

None the less Unilever's acquisitions of Jewish property should not be mistaken for charity. All new acquisitions were researched like any others, and favourable deals were sought. To what extent Unilever misused the awkward situation facing Jewish businessmen is difficult to say, because there were different kinds of deals. Some surviving relatives filed a claim after the war, others did not. Again it is difficult to draw an easy black and white conclusion. Some of the facts and figures given below show how difficult it is to assess. In addition, it is impossible to construct a comprehensive image of these deals, because, for obvious reasons, there is no written proof of special conditions. Hole-and-corner arrangements in favour of the Jewish owners were extremely dangerous and were punishable by death.

Three particular examples will be quoted to illustrate how the "Aryanisation" deals varied. The first acquisition of "Jewish" property was cloth manufacturer Fritz Cohen Tuchfabrik A.G. in Mönchengladbach in 1935. According to an independent research bureau this company "applied state of the art technology."⁷⁴ The Jewish owners Felix, Fritz and Paul Cohen asked RM 2.8 million for their liquid assets; the fixed assets, with a book value of over 2 million, were thrown in for free. Profits in 1934 after deducting depreciation had amounted over 0.5 million. The MVU financed the acquisition using blocked marks. The business was bought through an intermediary, the Duisburg-based margarine firm Schmitz & Loh, a fifty per cent Unilever subsidiary. According to the *Frankfurter Zeitung*: "the Duisburg firm (had) now entered a field of activity which is very remote from its own branch of business and perhaps in this the question of price (had) played a part."⁷⁵ The business continued under the name of Tuchfabrik Rheinland with a capital of RM 2.5 million and was placed under a new management. The Cohen family emigrated to America in 1935 (and called themselves Kohn) where they had an advisory post in relation to the

⁷⁴ UAR, His 205.21, New Acquisitions: *Fritz Cohen Tuchfabrik A.G.* 1935

⁷⁵ *Ibid.*, *Rotterdam Intelligence Reports*, 12-11-35.

business and an agency for the American continent. After the war they expressed themselves as satisfied with the way in which they had been treated by Unilever.⁷⁶

Another acquisition was an artificial silk factory J. Wertheimer & Co. in Bielefeld. The asking price was RM 3 million but the Special Committee proposed RM 2.3 million, slightly more than the value of the liquid assets.⁷⁷ Hence the fixed assets would be acquired for free. In addition nothing would be paid for the goodwill. On 1 May 1936 Unilever took over Wertheimer's firm for RM 2.5 million including a profit sharing settlement to a maximum of RM 1.4 million. The average yearly profit had been over RM 0.5 million. The contract would be signed "as soon as the outstanding currency question" had been settled. Wertheimer also asked Hendriks whether he could give his name as a reference to the British authorities. In June Hendriks made an appointment with Wertheimer in London and in the same month "the outstanding currency question" was arranged, although there was "a drop in the rate of Emigrant Marks." Wertheimer emigrated to the United States.⁷⁸ In April 1937 a report was drawn up about the economic performance of this company under the name of Ravensberger Seidenweberei GmbH. The artificial silk factory's turnover was lower, but the operation was still profitable. A government allocation of quotas for raw materials, wool and cotton, and price controls, however, made the business more difficult in due course. After the war Wertheimer's heirs (the Werth family), living for the greater part in Britain, submitted a claim for 50 per cent of the shares. This was felt unreasonable by Unilever, which offered 25 per cent. The Werth family, however, held out for 50 per cent and set a number of other conditions which were unacceptable to the company. Although Unilever wanted to avoid court action, legal proceedings seemed inevitable in 1949.⁷⁹ A year later, however, a "friendly" restitution settlement was reached between Unilever and the Werth family.⁸⁰ The latter received £ 20,000 in cash and an interest-bearing debenture in the Ravensberger Seidenweberei in Bielefeld, which amounted to DM 1 million.

The last example of an acquisition of a "non-Aryan" business was the Aluminium Foil Works D. Morgenstern OHG in Fürth, Bavaria, in July 1938. According to accountant Rosenberg, the average profit from 1935 to 1937 was RM

⁷⁶ UAL, MDC, 20 October 1949.

⁷⁷ His 205.25, *Acquisition: J. Wertheimer & Co., Bielefeld*.

⁷⁸ MDC, 1 November 1945, 489. *Boston*.

⁷⁹ MDC, 17 November 1949.

⁸⁰ UAR, HA 234, 1017, *Rückerstattungssache Ravensberger Seidenweberei Bielefeld*, 1949.

78,250. This was almost twenty per cent of the purchase price of RM 0.4 that Unilever paid. The company's total capital had been about RM 1 million, including the book value of RM 392,000 for the current assets. Again the land, buildings and plant were acquired almost free of charge. In this case Unilever had to proceed with caution because the German Reich had forbidden an earlier acquisition in the packaging sector. In August 1938 the company was renamed Folienfabrik Fürth-Forchheim GmbH. Unilever had acquired a controlling interest of 51 per cent. After the war Unilever arranged for Morgenstern's widow, who lived in the United States, to be paid an annuity in dollars.⁸¹ This was particularly worthwhile as Unilever thus had the opportunity to acquire another block of 39 per cent of the shares.

Raw materials and Whaling – Meeting Göring

In the spring of 1936 Germany's accelerating rearmament and the growing domestic demand caused an acute economic crisis. Only a sharp reduction in living standards or an enormous increase in German exports could help the situation, according to Economics Minister Schacht.⁸² He feared economic chaos caused by the planned high level of armaments production and tried to convince Hitler to change this economic policy. Hitler, however, waved him away. Schacht was pushed rapidly out of the power base of the German economy.⁸³ His role was taken over by Hermann Göring. He became the driving force behind the Four-Year Plan, which was announced at the Nuremberg Party Rally in September 1936. From now on Germany was building the foundations for massive armed strength, undeniably directed at expansion and war. The objectives of the Four-Year Plan were to finance the imports necessary for the rearmament programme by saving foreign exchange, to promote the building of war stocks and to make Germany immune to an Allied blockade. Consequently, the autarkic policy was intensified and the production of synthetic materials, like synthetic fuel and rubber, and other chemical products became indispensable. As a result, the Four Year Plan relied heavily on IG Farben. According to Peter Hayes IG

⁸¹ Ibid.

⁸² I. Kershaw, *Hitler 1936-1945. Nemesis*, London: The Penguin Press, 2000, p. 9.

⁸³ On 26 November 1937 he was forced to resign as Economics Minister. The same day Hitler appointed Göring Economics Minister with a direct order to unite the multitude of Four-Year Plan institutions with the Economics Ministry. Simultaneously Göring made clear that his ministership would be only provisional. On 15 January 1938 State Secretary Funk assumed power as minister.

could therefore adopt a strategy of indispensability to play down the effects of the autarchy policy on IG's foreign trade and growing demands from the Nazi Party.⁸⁴

At the beginning of April 1936 Hitler had already appointed Göring as Plenipotentiary for the Securing of Raw Materials and Foreign Exchange Demands of the Reich.⁸⁵ Göring had to overcome the raw materials crisis and currency crisis and had to force through the policy of autarky. As the margarine business depended largely on imports of raw materials and Unilever was the largest importer of edible oils and fats, the company began negotiations with the plenipotentiary.

In May 1936 Georg Schicht had a meeting with Göring.⁸⁶ Göring raised objections to the fact that the greater part of Unilever's foreign exchange was being used for imports of oils and fats. Therefore he promised (a promise which he fulfilled) that the Third Reich would put all its efforts into the development of synthetic soap made from mineral fats and that it would stimulate the development of domestic oil-bearing seed. Georg Schicht replied that the British shareholders were discontented with the development of Unilever's continental (German) business, which was damaged by the margarine regulations and currency restrictions. As a result, Unilever would have had RM 150 million of liquid assets if it had not used the larger part for the financing of a ship-building programme.⁸⁷ The whole programme had stimulated employment in Germany and had used stagnant capacity of the German shipyards. In addition, as an additional payment Unilever had imported into Germany 117,000 tons of fats and oil without any payment of foreign exchange. For all these reasons Unilever was not prepared to supply raw materials on credit to Germany.⁸⁸

Despite Unilever's repeated refusal to supply Germany with easy credit the atmosphere at the meeting remained agreeably. Göring expressed his appreciation of the British Empire, which Germany would never disturb. In reaction, Georg Schicht noted that Unilever's chairmen D'Arcy Cooper and Rijkens had done everything in their power to improve the relations between Germany and Britain by co-founding the Anglo-German Fellowship a year before.⁸⁹ Simultaneously, Schicht himself made it

⁸⁴ P. Hayes *Industry and Ideology. IG Farben in the Nazi Era*, Cambridge: Cambridge University Press, 1987, 2001, pp. 163-175.

⁸⁵ Kershaw, *Hitler 1936-1945*, p. 11.

⁸⁶ UAR, His 203, 1566, *Report of Meeting Georg Schicht and Göring 13 May 1936*.

⁸⁷ According to Georg Schicht in 1936 the whole programme had amounted to RM 107 million (463,000 tons), which is less than the figures of the MDC, 17 September 1936.

⁸⁸ UAR, His 203, 1566, *Report of Meeting Georg Schicht and Göring 13 May 1936*, p. 4.

⁸⁹ UAR, His 203, 1566, *Report of Meeting Georg Schicht and Göring 13 May 1936*, p. 5. The Fellowship first met on 11 March 1935. Its initiators had been Tennant and J. Piggot, who had been

clear to Göring that ‘as businessmen doing business in all countries of the world they stood completely aloof from politics.’⁹⁰

Georg Schicht reciprocated the good will that Göring had shown and put forward Unilever’s plan to build a German whaling fleet. Göring embraced the idea as it was completely in line with an autarkic policy. He stipulated, however, that Unilever’s whaling fleet had to be operated for the benefit of the whole of the German margarine industry. For Unilever it was another outlet for blocked marks and a means to import raw materials without using foreign exchange. After the German firms Henkel and Rau had established Die Erste Deutsche Walfanggesellschaft and entered the whaling industry Unilever had also decided to build a German whaling fleet.⁹¹ A processing ship of 27,500 tons and eight catchers were ordered and the Unitas Deutsche Walfang GmbH was established in Berlin.⁹² In May 1937 Göring was invited to the launching at Bremen of the processing ship Unitas together with chairmen Paul Rijkens, D’Arcy Cooper and Lord Trenchard. The latter was Marshal of the Royal Air Force and chairman of the Unilever’s African trading company UAC, which did considerable business with Germany.⁹³ After the beginning of the war with Britain, after only two catch seasons, the entire whaling fleet was berthed in the port of Hamburg and was confiscated after the war by the Allied forces.⁹⁴ In 1937 and 1938 it had supplied only two per cent of Germany’s fat requirements.

Unilever classed as an “Aryan Firm”

On 27 November 1937, one day after Schacht’s resignation as Economics Minister, State Secretary Hans Ernst Posse of the Economic Ministry signed an order which was the beginning of the expulsion of Jews from the economy and professional life.⁹⁵

“Aryanisation”, as it was called in Nazi terminology, took place in three stages. First,

able to persuade leading British businessmen to form and finance the fellowship. The biggest donations came from Unilever and ICI. Corporate members were financial institutions like Schröder, Lazard and the Midland Bank and large industrial firms like Firth-Vickers Stainless Steels, Unilever, Dunlop and Shell. Directors of ICI, Tate and Lyle and the Distillers company joined in a private capacity. Although the initiators Tennant and Piggot were apologists for the Nazi regime, the other businessmen were in fact defending their interests in Germany. The interests in economic appeasement with Germany were evident. See: N. Forbes, *Doing Business with the Nazis*, pp. 139-141. I. Kershaw, *Making Friends with Hitler. Lord Londonderry and Britain’s road to war*, London: Penguin Books, 2004, p. 144.

⁹⁰ UAR, His 203, 1566, *Report of Meeting Georg Schicht and Göring*, p. 5.

⁹¹ UAL, MDC, 7 May 1936.

⁹² UAL, MDC, 7 May 1936.

⁹³ UAR, His 203, 1566, *Letter D’Arcy Cooper to Göring*, 25 May 1937.

⁹⁴ UAR, His 201, 1556, 21-9-38.

from 1933 to 1937 the Nazis seized Jewish property, particularly of smaller and medium-sized companies in the smaller towns and in the country, without any legal basis. The Nazi government did not obstruct these party activities, although they were incompatible with the state interest at that moment, i.e. the consolidation of the war preparations.⁹⁶ Accordingly, Jewish banks and bigger industrial companies were left alone until 1938. Nevertheless, as early as 1933 Jews were expelled from the civil service and the professions. Second, in January 1938, against the background of the Four-Year Plan, the “Aryanisation” policy was systematised by the Nazi government. Göring – now plenipotentiary general of the Four-Year Plan – decided that all money that had been blocked in frozen accounts as part of the “Aryanisation” programme should fall to the German State. From April 1938 all Jewish property worth over RM 5,000 had to be reported. From June 1938 apparent transfers of Jewish property to non-Jewish partners were made punishable by law. The November pogrom, the *Reichskristallnacht*, was the beginning of a further radicalisation of “Aryanisation”, i.e. sequestration of Jewish property without any compensation and the expulsion of Jews from all economic activities. From January 1939 onwards Jewish companies were “Aryanised” or closed down and the exercise of virtually all occupations was forbidden for Jews. Securities and valuables had to be delivered into a state organisation. In addition, Jewish patents and estates were released for “Aryanisation.”⁹⁷ The conclusion of the “Aryanisation” process was the sequestration of all deportees’ property by the German Government from November 1941 until the end of the war.

On 14 June 1938 Unilever was confronted with a new law in Germany – the third order of the civil law – requiring registration of Jewish firms. The presence on the board of a single director of Jewish origin made the whole firm a “Jewish firm”. This Law might have affected one of the N.V. companies in Germany. On 21 July 1938 Unilever’s Board none the less was confident. It was noted that: “

(...) the Aryan question in Germany had been settled satisfactorily. Although Lever Brothers & Unilever N.V. itself could not for the present be recognised as an Aryan Concern, recognition as such had been given to the operating

⁹⁵ Ibid., 211.

⁹⁶ Benz, W., Graml, H. and Weiss, H., *Enzyklopädie des Nationalsozialismus* (Munich 1998) 273-275.

⁹⁷ Ibid., 375.

Subsidiaries in the country, but to preserve the position precautions would have to be taken for the future.”⁹⁸

Accordingly, at the beginning of August Rijkens and Hendriks had a meeting with Göring and “obtained the impression that the relationship of Unilever’s business to the German government was reasonably satisfactory and that the atmosphere there was better than they expected.”⁹⁹ Hence the time was ripe for some guarantees from the German government. On 24 August the Unilever board sent a memorandum to Hans Kehrl, a high-ranking official in the Ministry of Economics, stating that inside the Unilever concern and consequently inside its subsidiaries there was no Jewish influence of overriding importance; “the Jewish share in the Unilever capital was only 1.65 per cent.”¹⁰⁰

Simultaneously, Rijkens got in touch with Keppler, Dr. Fisher, director of the German Credit Company (*Reichskreditgesellschaft*), and Dr. Markau, director of the German Chamber of Commerce for Britain.¹⁰¹ Two days later Markau promised Rijkens to say a good word for Unilever. After three days Keppler replied to Rijkens and stated that, though the Jewish participation in the Unilever capital was not very big, many board members were Jewish, and “this was here and there criticised.”¹⁰² Keppler referred to Unilever’s Memorandum “Administration and Capitalisation of the Unilever Concern” in which 24 members of the Board of Directors were mentioned. The directors were “all pure Aryans [...] with following exceptions: Albert van den Bergh, James P. van den Bergh, Sidney van den Bergh, Arthur Hartog and Dr. J.L. Polak.”¹⁰³ Then Keppler gave Rijkens a hint that “these gentlemen concerned” were not to be put into action in German Unilever interests.¹⁰⁴ Rijkens answered to Keppler: “The non-Aryan gentlemen in the enterprise only carry out orders concerning other geographical territory than Germany.”¹⁰⁵ Only the “Aryan” board members Dr. Heinrich Schicht, Rudolf Jurgens, P.D.H. Hendriks, C. Barnish and Rijkens himself were involved in the German Unilever business. A few days later

⁹⁸ UAR, His 201, *Board Meeting 21-7-1938*.

⁹⁹ *Ibid.*

¹⁰⁰ *Ibid.*, *Memorandum 24-8-1938*.

¹⁰¹ *Ibid.*, *Letter Rijkens to Keppler, Fisher and Markau 24-8-1938*.

¹⁰² *Ibid.*, *Letter Markau to Rijkens 26-8-1938*.

¹⁰³ *Ibid.*, *Memorandum 24-8-1938*.

¹⁰⁴ *Ibid.*, *Letter Keppler to Rijkens 27-8-1938*.

¹⁰⁵ *Ibid.*, *Letter Rijkens to Keppler, 29-8-1938*.

Markau informed Rijkens that from the German side there were no objections against Unilever regarding “the matter concerned”.¹⁰⁶

On 28 November 1938 the *Luftwaffen-Verordnungsblatt* published: “The Unilever concern and his [its] subsidiaries, working on the sale margarine, oil and fats, are considered to be an Aryan company”, signed by the “R.d.L. u. Ob.d. L.”, i.e. Hermann Göring.¹⁰⁷ According to Simon Thomas, a Dutch Unilever director in Germany, this announcement was very important because the recognition of “the Aryan qualification was not given objective[ly] but subjective[ly] by this revocable instruction of mister Göring.”¹⁰⁸ In other words, though Göring knew that according to the Nazi law the Anglo-Dutch parent company was not Aryan, he was prepared to certify that it was. In an executive decree issued by Göring on 5 July 1938 about the “Aryanisation” of Jewish companies he had indeed reserved for himself all the measures that might be necessary in order “to ensure that the utilisation of the registered property be in conformity with the interests of the German economy.”¹⁰⁹

Conclusions

By 1933 Unilever had grown into an empire inside the German Reich after fifty years of greenfield investments, acquisitions and mergers and had become the single largest foreign direct investor in Germany. On the eve of Hitler’s rise to power the Anglo-Dutch multinational dominated the German edible fats industry. In effect, in January 1933 it had almost 70 per cent of the German margarine market.

Shortly after Nazis had come to power Unilever’s Board decided “to swim with the Aryan current” to a certain extent. In other words the company decided to accommodate to the new regime, because it was thought that it could not allow itself to divest and withdraw completely from its largest European market outside Britain. Although the average Board member was not sympathetic towards Nazi ideology it was decided to reach some agreement with the new regime. In October 1933 D’Arcy Cooper and Rijkens had a meeting with Hitler in person to secure some undertakings from the new Chancellor. Unexpectedly Hitler was prepared to make a far-reaching

¹⁰⁶ Ibid., *Letter Markau to Rijkens*, 8-9-1938.

¹⁰⁷ Ibid., *Union Haus Berlin. Nachrichtenblatt*, 24-1-1939.

¹⁰⁸ Ibid., *Akten-notiz*, 26-7-1938.

¹⁰⁹ Cited in: F. Bajohr, ‘Aryanisation’ in Hamburg. *The Economic Exclusion of Jews and the Confiscation of their Property in Nazi Germany* (New York and Oxford 2002) 186.

promise. As long as Unilever was prepared to manufacture in the interest of the Reich, the new government would not touch the company's assets in Germany. Although it would become evident by 1934 that the Nazis would not pursue a nationalisation policy in general, the commitment towards Unilever came rather early.

In 1934 Unilever reached another agreement with Schacht about the currency restrictions. Because the Reichsbank and the Economics Ministry could not make any exceptions, in spite of the company's importance for Germany's raw materials supply, a solution was reached via a circuitous route. Unilever was allowed to place orders for ships with German shipyards and to settle the accounts partly with frozen marks owned by its German subsidiaries and partly with imported raw materials. Consequently, Unilever was able to transfer, or literally ship off, considerable portions of its German profits to the Netherlands.

The agrarian lobby remained strong during the 1930s. As a result, Unilever lost a remarkable share of its margarine market in Germany, but not as much as was expected. The German government also saw the drawbacks of its own policy. Margarine was much cheaper than butter, and was therefore a popular article in industrial areas. In addition, a decrease in margarine production resulted in less cattle cake – a most important by-product used by farmers as forage. Another effect of the anti-margarine policy was that it reinforced Unilever's diversification strategy in Germany. This strategy was reinforced by the currency restrictions. In particular after 1936, when the shipping deals became less attractive to Unilever, it looked for favourable acquisitions, among them also "Jewish" companies which were, however, often remote from its core activity.

Only from 1938 did the German government officially begin to enact anti-Jewish laws with regard to large companies like Unilever. Now all contacts were mobilised to get information about the impact of the new anti-Semitic laws in Nazi Germany. A special memorandum was prepared for the relevant government circles, in which the Jewish influence on Unilever was trivialised. Although there were five Board members of Jewish origin, according to the memorandum, none of them was engaged with the German businesses. Shortly afterwards Unilever was classified as an "Aryan" company by Göring himself.

It is difficult to assess whether the diversification strategy had been the result of a deliberate and consistent policy or whether it had been the result of an improvising and reactive policy in an unpredictable world, or both. The Nazi take-

over nonetheless reinforced the company's further diversification. The German market for edible fats, in particular margarine, shrank. Nazi economic policy favoured butter rather than margarine. Simultaneously, the Unilever conglomerate in Germany became indispensable to keep the Nazi economy going. Thus to attack the Unilever group too fiercely and change its corporate structure or even nationalize the group, appeared, at least from a German perspective, self-destructive. As a result, in due time it became therefore easier for Unilever to pursue a cunning strategy of indispensability.