The Strange Case of Martin Bormann

The most peculiar fact about the trial of the 22 major German war criminals at Nuremberg is that there are only 21 of them. One of them, probably the most important one, is missing. He is not considered dead; and he has certainly not yet been captured alive. American counter-intelligence suspects that he is hiding in the upper Austrian Alps. However that may be, he has so far managed to escape. He is, nevertheless, on trial with the rest of the Hitler gang at Nuremberg.

The object of this manhunt—and a central figure among the major war criminals still alive—is Martin Bormann. If you have seldom heard of him, it is because Bormann himself was never anxious for the outside world to hear of him. It is typical of the man that his present escape is about the least interesting fact concerning him. The important revelation is that, after Hitler, Bormann was the most powerful single man in Germany. He was more powerful than Himmler, more powerful than Goering. Bormann was the real Nazi No 2. That is the opinion of the overwhelming majority of the other 21 major war criminals. As they constitute the best-informed Nazis still alive and talking, they should know.

Who is Martin Bormann? What were his powers and how did he gain them? Bormann was an important participant in the hitherto secret history of our distorted times. Contrary to popular impression, the Nazi State was neither efficient nor unified. As everyone who has had the opportunity to examine the captured files of German leaders and to interrogate those leaders taken alive agrees, Germany was like an asylum in which the most important inmates were continually stabbing each other in the back. Only Hitler was above this incredible turmoil. Bormann and the other major Nazis were at the very center of a remorseless struggle for power within the Nazi State.

The facts here presented about Martin Bormann came from six high-ranking Nazis, all listed as war criminals, and three of whom are on trial at Nuremberg. Because the other three have not yet been tried, and because some of their answers have not yet been presented at Nuremberg, their names are not used. Each was asked the following questions, and their answers have been consolidated.

What were Bormann’s official positions? How did he exert his influence?

“...He held several positions—Cabinet Minister, General of the SS and Executive of the Volkssturm [The “Peoples’ Army”—ED] in the last months before the crack-up. But the two positions which gave him his extraordinary power were only minor in name. First, he was Adjutant to Hitler. This enabled him to be with the Fuehrer at all times. Second, he was Leader of the Party Chancellery in Berlin. This means he was in charge of all the political machinery of the Party. In effect he was the ‘Major Domo’ of the Fuehrer’s palace. The dangers which resulted from his position and character were not immediately recognized, since Bormann realized from the beginning the necessity of representing his role as quite an insignificant one. His influence was founded exclusively upon his close personal relations with Hitler. Had Hitler excluded Bormann from his presence, if only for a short time, Bormann’s party machinery would have been useless to him. It was necessary for him to be with Hitler day and night. For seven or eight years without interruption he was Hitler’s permanent shadow.”

Ruthless in Denying Access

What were Bormann’s methods as Hitler’s Adjutant? Why should this have been such a key position?

“...As Adjutant, Bormann was able to deny almost everyone and anyone direct access to Hitler. He was absolutely ruthless about this. All Reichsleiters, Gauleiters and Ministers had to submit their requests or reports in writing to Bormann, who then passed them on to Hitler in the manner that he wished. Thus Bormann was able to decide who saw Hitler and who didn’t. At the same time he could, when he wished, keep information submitted by Ministers from Hitler. But that is only one side of it. Once Hitler had seen a report or request passed on to him through Bormann and had made a decision or simply a suggestion...
these decisions and suggestions went back through Bormann to the Minister, Gauleiter or Reichsleiter in question. Often Bormann made changes. What Hitler intended merely as advice, Bormann sometimes forwarded in the form of an order.

Bormann's position was undisputed to the extent that only three civilian officials in all of Germany could see the Fuehrer, when they wished, without having to go through Bormann. These were Himmler, Goebbels and Speer. But both Himmler and Goebbels respected Bormann's position by coordinating their conferences with Hitler with Bormann in advance.

Mention has been made that Bormann's power came from both his key position as Hitler's Adjudant and 'shadow'; and also his other key position as Leader of the Party Chancellery. How did Bormann exert his influence? Did he rely heavily on the administrative machinery of the Nazi Party?

"His own bureaucratic machinery was the Party Chancellery which consisted mostly of young officials. Owing to Bormann's power, they were very much feared in the party as well as in the Gaue [the provinces—ED]. Some of them were able to conduct policies of their own using Bormann's name, just as Bormann used Hitler's name. Bormann also relied on the Gaue Economic Advisors whom he utilized very skilfully for his own purposes. He created additional supervisory machinery of his own in all the Gaue, where there was a Gauleiter opposed to him, by appointing one of his own men as Deputy Gauleiter. He proposed these men by name to Hitler, and Hitler confirmed them. These Deputies often worked in opposition to their chiefs, the Gauleiters, who had no way out of their uncomfortable situations. This gave Bormann absolute power in home politics."

practice? Who were some examples?

"A pet project of Bormann's was the Nazification of German industry. He set himself up as the Party's chief Wirtschaftspolitiker ["Industrial politician"]. An intensified Nazification drive was initiated by Bormann in 1941 and continued during the following years. It was aimed particularly at some of the largest and most powerful concerns, as the Party was concerned about its lack of influence in these industrial empires. As Leader of the Party Chancellery, Bormann was able to do something about this. A typical case was
Professor Hunke in Berlin. Before Bormann appointed him Economic Advisor of a Gau, Hunke was an insignificant economic publicist. But shortly thereafter Professor Hunke was sitting on the Board of Directors of the Deutsche Bank."

How was Bormann able to gain such influence with Hitler in the first place?

"Bormann was not one of the old-guard Nazis. He only joined the Party in 1925. He then held a variety of Party jobs, all small, like editing party papers in Thuringia. By around 1928 he had worked his way up to the Staff of the Supreme Command of the SA [the "Brownshirts"—ED], Hess apparently took a great shine to him, and made Bormann his chief of staff. At this time, of course, Hess was Hitler's Deputy and 'shadow.' Bormann thus became the 'shadow' of the 'shadow.'"

Outdistanced Hess

"Bormann soon outdistanced Hess in Hitler's favor. He was more aggressive and active for one thing, and then there was the peculiar nature of the little but very personal jobs that Hess blindly told Bormann to perform for the Fuehrer."

What were these "little but very personal jobs?"

"One was the 'Relief Fund' (Hilfskasse), based on compulsory contributions from all members of the Party. Through this fund, Bormann was said to have materially contributed to the financial independence of the Party in the years 1931 and 1932.

"Around 1935 Bormann took over the management of Hitler's personal financial affairs. He administered Hitler's income from publications, and Hitler's personal building projects, financed from this source, such as the Berghof at Obersalzberg and later the 'Eagle's Nest,' as well as the purchase of works of art for Hitler personally.

"For all other construction projects, purchases of land, construction of roads on the Obersalzberg, and for the acquisitions of works of art for public collections planned by Hitler, Bormann created the 'Adolf Hitler Contribution' (A. H. Spende), which provided the funds out of contributions from industry.

"In this capacity Bormann was in charge of all building work on the Obersalzberg, and he was able to keep in very close touch with Hitler, who discovered in him a very fast and reliable worker. Hitler failed to see, however, that Bormann could also be very ambitious.

"Through his position as private advisor and financial administrator to Hitler, Bormann was able to influence the Fuehrer's decisions. Hess at first did not do anything against him. When Hess realized the threat to his own position, Bormann had already penetrated so far into the Obersalzberg circle that Hess could no longer afford to take up the struggle against him, and Hess soon resigned himself to letting things drift."

Still, how did Bormann make the jump from being simply a confidant of Hitler, managing his personal and financial affairs and so forth, to
achieving a position which made him Nazi No 2?

"In the beginning he only occasionally reported to Hitler on Party matters, in his capacity as Deputy to Hess. However, as early as 1934, after he had insinuated himself into Hitler’s immediate surroundings, he gradually pushed Hess aside and steadily reinforced his own position. Hess was very unhappy about this and fell into melancholy, to which he was disposed in any case. After Hess had gone, Bormann strengthened his position considerably.

"His influence was then revealed for the first time [May, 1941—ED], although only for a short period. Bormann always avoided the spotlight; he was at his best behind the scenes. He succeeded in limiting the influence and freedom of action of other important Party personalities, notably Dr. Ley [Leader of the Workers’ Front—ED]. Although until then Ley had been an independent opposite number to Hess, his position from then on was determined by Bormann as the chief of the Party Chancellery.

"With ruthless brutality Bormann enforced the rule that all communications to Hitler from Reichsleiters and Gauleiters were to be reported personally by himself. As a result they rarely received appointments from Bormann to see Hitler. Even if they succeeded in getting an appointment with the Fuehrer, Bormann was in full control over the course of their conversation and the formulation of results.

"In addition Bormann was put in charge of Hitler’s personal office as Adjutant. Brueckner, Hitler’s Chief Adjutant, who still had some possibilities in 1941 for independent action, was eliminated. Schaub, Brueckner’s successor and previously Second Adjutant for many years, was in no way qualified for this important office. Albert Bormann, the new Second Adjutant, although on bad terms with his brother for family reasons was incapable of taking independent decisions against Bormann. Thus, Bormann was able to direct personally those important decisions which otherwise might have been influenced by the personal Adjutants of the Chief of State.

"After the outbreak of war, Hitler concentrated on military matters, and very much neglected domestic politics. This factor, even before Hess’ flight, strengthened Bormann’s position extraordinarily. Although even before 1939 some Gauleiters had complained of being isolated from Hitler, many of them nevertheless succeeded in attending the lunch parties at the Reichs Chancellery, where they could listen to general political opinions, and sometimes, without appointment, talk to Hitler.”

What were these lunches?

"The luncheon table at the Reichs Chancellery was a kind of restaurant. The guests were selected independently by the Adjutant. Thus, once again, Bormann was able to do the selecting. It was a circle which included the principal Reich Ministers, important Gauleiters and also architects and sculptors; no leading soldiers were represented. This institution was informal in character and thus, once a Gauleiter was invited by Bormann to attend lunch, the Gauleiter might get in a personal conversation with Hitler. These lunches, however, disappeared after the outbreak of war, when Hitler was at his Headquarters all the time, and it was thus easier still for Bormann to expand his powerful position, as it became less and less possible to speak to Hitler without Bormann’s permission or Bormann’s presence.

What were Bormann’s motives in thus playing at power politics?

"Relations between the various high leaders can only be understood in retrospect if their aspirations are interpreted as a struggle for the succession of Adolf Hitler. Bormann, Goering and Himmler were in the foreground after Hess had been eliminated.

The Hess Ladder

"Bormann consistently pursued this ultimate objective. Bormann had seen how Hess had risen from Hitler’s secretary to the Fuehrer’s Deputy.

Who were Bormann’s close collaborators?

"Initially he allied himself with Lammers, who thus shared in Bormann’s total encirclement of Adolf Hitler. Officially, Lammers handled the affairs of all Government agencies, and Bormann those of the Party. But Lammers was a colorless official, and he knew that he could only maintain his position by joining forces with Bormann. The Bormann-Lammers alliance, with Bormann dominating, created a narrow bottleneck for all matters brought to Hitler’s attention. Keitel [Field Marshall, Chief of the High Command—ED], attempted to secure a similar position for Wehrmacht matters, but without success. Bormann’s relations with Himmler were good up to 1944. They had sharp conflicts occasionally, but these did not disturb their close collaboration.

"The initiative to make Himmler the Minister of Interior [1944—ED] came from Bormann. But after Himmler had become Minister of the Interior, there were conflicts, which, to everyone’s amazement, were solved by Himmler always yielding to Bormann. Several senior SS Group Leaders, the so-called Hofschaft, SS und Polizeifuehrer, thought that they could trespass on the preserves of some of Bormann’s Gauleiters. Bormann immediately reported such cases to Hitler and exploited them for strengthening his own position. To almost everyone’s surprise, it did not take Bormann long to stalemate Himmler as Minister of the Interior.”

What were Bormann’s origins?

"Bormann was born about the turn of the century in Halberstadt. In the last war he was called up towards the end, but never saw active service. He then fought in the Rossbach Brigade on the Latvian border against the Reds. In 1924 he was imprisoned for a year, following involvement in a political murder. After prison he was the general manager of an estate in Mecklenburg, before he took up politics. He married the daughter of Party Judge Walter Buch, at one time a power in Party politics. Even in his later positions he used to behave as if he were dealing with cows and oxen. He had no higher education. He was a brutal type, heartless and inhuman, who was prepared to enforce whatever Hitler had ordered, except when it did not fit into his own line. He had no conscience.

For Germany, Bormann’s influence on Adolf Hitler was a national disaster.”

This is the man, Martin Bormann, who appears to have been second only to Hitler in responsibility for the criminal acts of the Nazi gang during the last few years of its rule over Germany. And since there is as yet no conclusive evidence of his death, he is standing trial in absence at Nuremberg, to be found “guilty” or “not guilty” according to the evidence now being presented by the Allied prosecutors.
Know-all experts ready to help you answer your 'what shall I do' questions

O
f the thousand of soldiers changing every day from ODS to blue serge and a striped tie, one in three has no really definite plan for the future. Vaguely, of course, he knows how he wants to make a living. But he's reached no decision. If he has made up his mind, as often as not he is expecting things that just don't exist any more—high wartime wage scales, easy opportunities in crowded, competitive fields, or openings in industries and businesses that have changed radically during his years overseas.

Corporal Johnny Spirelli will be Mister Spirelli soon. Before the war Johnny was a galvanizer. In the Army he got into ordnance, somehow, and found himself repairing tanks. There won't be any tanks to fix in Pennsylvania, and Johnny doesn't want to go back to sheet-metal. He wants a change, a new future, perhaps some schooling first. But what school, what industry? Johnny doesn't really know. Naturally, he wants the best income he can get, and the maximum of security. He wants a future. Unfortunately, Johnny has been away from home for four years, three of them overseas, and he has nothing but four-year-old facts to lean on in choosing that future. Johnny Spirelli needs advice, and a lot of information.

In a way, every man in uniform overseas is a potential Johnny Spirelli—a man with certain abilities, a certain background, certain likes and dislikes, and the desire to make the most of them. It's an American trait, this wanting to get to the top and make something of yourself. And somewhere, there is the right spot for Johnny—a place where he can use all of his abilities, his education, his military and civilian training, to the best advantage. Helping Johnny find that spot is where vocational guidance comes in.

Veteran Job Hunter

When he emerges from the separation center a free man and heads for the nearest haberdasher, citizen Johnny Spirelli will have two very important pieces of paper in his pocket. One of them will be the discharge he's waited so long for. The other is something he probably never saw or heard of before it was handed to him by the Army job counselor who interviewed him. It is called a "Form 100." Entered on it is everything about Johnny that an employer would want to know—his civilian background, his military training, his education and his abilities, evaluated in terms of jobs. In a way, Johnny can look on that Form 100 as his passcard to the future. The counselor who filled it out with Johnny was familiar with the problems and conditions in Johnny's home town, and with the latest word on regional labor trends, industry, pay scales—in Johnny's case, that new direction he's looking for; what kind of industry, what chance Johnny will have, who to approach for training, for information and for advice. And Johnny will have in his head a lot of other ideas about himself and the future that are open to him. Making this information available is the Army's way of guaranteeing that Johnny Spirelli, and every other man who changes from ODS to a tweed suit, will have the best possible break when he enters into the tough competition for peacetime jobs.

Quiz Kids in Uniform

Let's leave Johnny Spirelli for a moment and look at the Army's job counseling program as it affects the majority of home-coming service men and women.

When most of us reach that last exciting day in the Army, our heads are going to be buzzing with unanswered questions. Is my Army training going to mean larger pay-checks than I got before the war? Is my old job still open? Is the aviation industry as good a bet for me as it was a few years ago? Are those GI college credits going to mean anything at MIT? Shall I try for a government job? Go back to school? Start my business? If I do, what kind, and how much chance will it have? How about insurance? Shall I keep it? Convert? Let it lapse? Is the GI Bill of Rights going to be valuable to me? What are my veteran's rights? Do I owe back income taxes? Does the Army owe me any back pay? Can I buy a surplus jeep? If the shell fragment in my shoulder causes trouble years from now, can I file a disability claim? Will I be eligible for hospitalization? If I'm divorced, can my ex-wife claim part of my mustering-out pay? What are my re-employment rights?

In the long run, these and thousands of problems like them boil down to
two basic questions, which all of us will ask in one form or another: (1) When I'm a civilian again, how can I get the most out of my Army service? and (2) How can I get the best job?

As one response to these problems in the minds of returning servicemen and women, the Army has set up a Question and Answer service that will remind Johnny-about-to-be-a-civilian of Information Please, the Quiz Kids, Dorothy Dix, a halfdozen Dutch uncles and Mr. Anthony, rolled into one. Getting together enough trained men to meet these GI readjustment problems was an enormous, exacting personnel job, but it was accomplished. Today there are from ten to several hundred job counsellors and advisors in every separation center in the United States. Their efforts assure that every soldier will take with him into civilian life a maximum of current information on getting the future he wants, or, if he still is undecided, the information that will help him appraise his own capabilities when he does make up his mind. It's not a "canned," production-line service, either. The Army job counsellor tailors his suggestions to specific problems and opportunities and the result is as completely personal and as closely related to a man's characteristics and abilities as his own addressbook, or his taste in neckties.

**Board of Experts**

When the soldier gets into his last 48 hours in the separation center, he will find himself facing a group of 20 or 25 specialists whose day-long job is filling out Form 100s and answering the questions of men who will be civilians within a few hours. These counsellors have been drawn from the ranks of economic statisticians, personnel directors, professors and psychologists, teachers, social service men and the like. One man on this board of experts is picked for his general knowledge of soldier problems, and routes the soldier to whichever counsellor or group of counsellors can best handle his particular questions. The make-up of the balance of a vocational guidance section is varied with the locality. In the New York area, for instance, the majority are certain to be men familiar with job opportunities in business and light industry. Men heading for homes in Chicago will find their counsellors about equally
divided between business, industry and agriculture. The returning Texan will find a board preponderantly of agriculturists.

In addition to this group of "regular" advisors, each counseling staff has civilian specialists—men representing the various agencies which can help the veteran. A Veteran's Administration man is there to advise on GI Bill of Rights opportunities and privileges, insurance conversion, disability claims, and similar problems. There is an American Red Cross representative who can help the returning soldier find a place to live, and discuss social problems or maternal care for his wife. A Selective Service representative is always on hand, and one from the United States Employment Service, who can tell the soldier about his agency's job-finding aids. A Civil Service man will be there to tell the interested veteran about Government job possibilities, what his veteran's preference will do for him, and the dates and types of future examinations. The Negro soldier will always find a Negro counselor available to advise him on his particular problems.

Passport to the Future

The Form 100 looks a lot like a discharge, with "Army of the United States" across the top, and under that the familiar cap-ornament eagle. Officially, Form 100 is called Separation Qualification Record. The job counselor in the separation center fills it out as he interviews. He describes the soldier's military specialties, what he has learned to do in the Army, and the major civilian jobs for which they qualify him. His military education is entered on the back, and below it his civilian high school and college record. Civilian occupations are entered as well, so that, when he leaves the center, each man carries with him a complete, official record of his working potentialities.

One copy of each Form 100 is made for the returnee. He can show it to a prospective employer or not, as he wishes. Other copies are sent to the War Department, and to the man's regional Veteran's Administration office.

A Future for Johnny

Let's see how job counseling works in practice.

Remember Johnny Sipple? John-
qualify you for a disability pension. If that works out and your injury proves to be an employment handicap, your pension should total enough to support your family while you're going to school.

Johnny takes notes as the counselor outlines all of the points in the GI Bill of Rights and Public Law 16 which have a bearing on his chances of going to school. He finds that, if his foot injury is as much of a handicap as he fears, he is eligible either for educational privileges under the GI Bill, or for a maximum of four years of "vocational rehabilitation training" under Public Law 16.

Job Training Possibilities

"Another alternative," the counselor continues, "is the apprentice training service of the Department of Labor."

In such an approved apprenticeship, Johnny would be eligible for the subsistence benefits of either the GI Bill of Rights or Public Law 16, as long as he comes within the general eligibility provisions of one or the other, during all of the time he would have to spend in learning a new trade. In addition, he would earn regular pay as an apprentice. Johnny decides that this is the better idea if he chooses on the basis of gross income during his training period.

"There are over a hundred skilled trades from which you can choose. I'd suggest this, Corporal. If you want a technical profession, look into the idea of going to college. On the other hand, if you prefer to learn a skilled trade, think about this apprentice training. Before you go, I'll give you all of the information, in printed form, so you can take it home with you and study it before you make any decisions. Think it over and talk about it with your wife, first."

"One other suggestion: A lot of industries are offering "in-industry training," which amounts to about the same thing as the Department of Labor's apprenticeship training. Many of these have been approved by the Veteran's Administration, and would entitle you to the same benefits as apprentice training. In a good many cases, the industry discourages the veteran from applying for Government benefits, but pays him a salary instead. There's a Veteran's Administration man here. Why don't you talk with him later today?"

By the time Johnny leaves his counselor, he has information on his veteran's preference in getting a Civil Service job, and the counselor has even outlined the Government's aid program for Johnny if he should become interested in farming. After that, a half hour spent with the Veteran's Administration and Civil Service representatives, and Johnny feels that he is qualified to face the world and make an intelligent decision about his future. In his pocket are a half-dozen sheets of paper, covered with the notes and references he has put down during his interview. Tomorrow they will be joined by his discharge and Form 100, plus final pay and the first installment of his mustering-out payment. Already the indecision is falling away from his mind.

Counselling Yourself

Johnny's was a simplified case, of course. But, in a way, it is typical of those of the majority of veterans passing through separation centers. Johnny found that plenty of time had been allowed for him to take advantage of the counseling service and, because he had had the foresight to make mental notes of the things he wanted to ask about, he left the separation center fully equipped to tackle his transition to life as a civilian. Probably what surprised Johnny most, when he thought about it later, was that the counselor had not tried to tell him what to do. He suggested things, and gave Johnny a lot of alternate ideas that fitted his particular case, but from there on, it was up to Johnny to make his own decisions.

In its essence, this is the thought behind the whole Army job counseling program. The one motivating idea is that each man who returns to civilian life should know of all the opportunities open to him, and realize his own potentialities and abilities in terms of job or school. Simply stated, the program prepares men to counsel themselves, so that they can make thoughtful realistic decisions about their futures. In the long run, the ideas they get from their job counselor can be about the most important things that veterans take home with them from the Army.
The face of the head of a nation, be he king, president or "Leader," has long been conspicuously used to publicize and popularize a regime. But the palm must go to Nazi Germany for the most intensive application of this device. In the Third Reich and in certain conquered territories in Eastern Europe, Hitler head stamps were printed in a profusion never before attempted. It was virtually impossible to escape daily or even hourly contact with the Fuhrer's face. ARMY TALKS has found 285 varieties and denominations of these stamps showing the Fuhrer's face — and there are doubtless many more.

Hitler's face does not appear alone on a German stamp until the issue of 5 April 1937. This is the first of eight annual birthday issues. Each April thereafter, until night closed down on Hitler's ambitions, one or more "birthday" stamps were issued to remind the public of what happened 20 April 1889. The last was put on sale 14 April 1944.

These "birthday" stamps were usually plain reproductions of a photograph or painting. Two years show exceptions. In 1939 Hitler is shown posed against a background of Braunau am Inn, Austria, his birthplace. In 1940 the Fuhrer is portrayed pattering the head of a child.

In addition to various other special issues, the Fuhrer's head is shown on the regular issue brought out from 1 August 1941 to 20 March 1942.

Regular and special issues depicting Hitler in a variety of poses were incorporated into the Greater Reich: Grossdeutsches Reich. Areas such as Austria, Alsace and Lorraine, Eupen-Malmedy, Danzig, and the Su-
detenland became part of the Reich proper, and could legally use only the customary Germany stamps.

When Allied armies crashed across Reich frontiers, Germans and Austrians took the opportunity to retaliate against the Fuehrer's face, Hitler head stamps were overprinted in various ways. Several towns used a black smudge, which in some instances would require infra-red rays to detect what was underneath. These were soon replaced with Allied Military Government stamps, and the Fuehrer and his face, philatelically, were relegated to oblivion.

The Stamps:

(1) Symbol of the Nazi party first used on stamps 18 January 1934. (2) One of two stamps campaigning for the Saar region's vote on return to Germany. (3) Nazis use Slovak national leader Hlinka for partition of Czechoslovakia. (4) Beginning 20 April 1937, Hitler's birthday was "hallowed" each year in stamps. The last, 1944, was the last. (5) The Czechoslovaks had to post their letters with "Haggman" Heydrich's glorification. (6) Pétain's prestige, for all it was worth. (7 & 8) The last two stamps propagandizing the SA and SS (ff) had to be printed in Vienna. The presses in Berlin were knocked out by bombing in early 1945. (9) It says "Two people, one struggle." (10, 11 & 12) Austrian liberation saw three steps: an overprinting of "Oestereich" on the Fuehrer's face, a smudging out of the German "Reich," and finally, a behind-the-bars Hitler. (13 & 14) Red Army stamps celebrate the liberation of Czechoslovakia, and... (15) Berlin. (16) Allied Military government stamps meant the end of "Grossdeutches Reich." Seventeen of these stamps were first sold in Aachen, 19 March 1945.
BRETTON WOODS: A World Economic Cure-all?

The world needs the United States. Equally, the United States needs the world.

All countries are aware of the economic difficulties which now confront them, particularly the danger of mass unemployment. In addition to political reconstruction, economic planning on a worldwide scale is required to promote high levels of production and rising living standards.

The world as a whole failed miserably to make the economy function satisfactorily in the two decades between the wars. It was marked by abrupt peaks and valleys in prices and production, prolonged intervals of mass unemployment in major industrial countries and a serious undermining of property values. The last led in some countries to widespread bankruptcy; in others, to a virtual elimination of the middle class.

The world cannot guarantee political security until it has solved its economic problems. High levels of employment and a high degree of economic stability underlie, basically, all programs of international relations. Unless these economic ends are achieved, any United Nations program is slated for failure. To assume they can be reached by simply letting events take their course is to refuse to look at the record.

Reconstruction of world trade obviously will encounter some rugged roadblocks. For one thing, a shortage of dollars outside the United States, coupled with the fact that US gold holdings are nearly two-thirds of the world total, has practically stopped traffic. A number of countries do have dollar credits but the credits are blocked. Cases like these represent the obstacles that must be overcome.

Principal means to balance the international scales are (a) promotion of full employment in industrial countries, especially the United States, (b) development and industrialization of backward countries, and (c) liberalization of commercial and tariff policies throughout the world.

In order to put a program of this kind into operation Number One “must” is international economic cooperation. Chief forward step in this direction is the Bretton Woods Agreement.

In July 1944 representatives of 44 nations gathered at Bretton Woods, New Hampshire, to work out and blueprint machinery which would expand world trade on a rational basis, create employment in construc-

tive peacetime jobs and underwrite world economic security.

Result of their labors was the Bretton Woods agreement on an International Bank for Reconstruction and Development and the International Monetary Fund. The plan drawn up was not the product of a few weeks’ deliberations; experts from 30 of the 44 nations had been at work on the project for three years.

What is the specific need for the Bank and how will it work?

Many countries must find a way to finance recovery from the devastation of war. They must rebuild bombed bridges, ports, railways, factories, power plants, towns and cities and must reclaim farmlands flooded by the Germans. Much of the material and machinery needed for reconstruction will have to be supplied by other countries. For instance, many countries need US equipment and machinery. Unfortunately they lack ready cash to pay for these things, and most of them have nothing to sell to get the money.

In addition to the countries devastated by war, industrially backward nations need funds for the development of railroads, port facilities, electric power and the mechanization of agriculture. Some of these countries have foreign exchange credits in gold-holding countries, but the credits are blocked. And even if the credits were unfrozen, they could not be used for industrial development without plunging any country that tried it into severe deflation.

Railroads, ports, electrification and the like are “capital goods” projects—long-term investments which, in order to assure repayment, must bear a modest interest rate. Where in today’s money markets can industrially backward countries get capital of that kind?

The International Bank for Reconstruction and Development is, as its name implies, set up to finance both these jobs.

It will have capital of something over $9 billion dollars, raised through subscriptions by member countries, each country’s share representing its relative size and importance in the world economy.*

To some observers, 9 billion dollars seems like a nickels-and-dimes affair alongside the vast sums required for this job. They point to the fact that the United States spent more

* US share: $3,175,000,000.
than 8 billion dollars a month on the war. And they look quizzically at the provision by which a member country puts up only ten per cent of its subscription, the rest being "on call." With an initial working capital of only 9 hundred million dollars, how can the Bank do more than scratch the surface?

Such observers mistake the purpose and function of the Bank. Though it may make direct loans from its own capital, the Bank is primarily an institution to underwrite and guarantee loans.

It thus puts into operation a typically American principle which has proven a practical success in the United States. In essence the principle is the same as that which governs FHA loans, GI loans, Farm Credit loans and the like.

As in the case of the home buyer, a foreign borrower (whether national government, municipality or private corporation) will apply to the Bank for a guarantee. Under the Bank by-laws a loan cannot be granted except on specific projects. And a thorough study of the proposal by a competent committee of technical experts must be made before the Bank will agree to guarantee the loan. This appraisal must report on the productive character of the project, its probable effect on the income and development, its contribution to the wealth and foreign trade of the country.

In addition the bonds also are guaranteed by the government of the country in which the loan is placed. The borrower agrees to pay not only interest on the bonds but a premium (called a commission charge) of one to one and a half per cent. Just as in the case of FHA, the premium accumulates in a central pool administered by the Bank.

Moreover the loan must be gradually repaid, and Bank regulations require a schedule of repayment appropriate to the project. Under the functioning of the Bank, the spread in interest rates charged in different parts of the world will tend to diminishing, just as happened under FHA in the home mortgage field. Finally, the fact that the borrower is afforded the benefit of low, gilt-edged interest rates contributes to the soundness of the loan; they will be within his capacity to pay. The effect of the Bank on international lending will thus promote higher standards and serve to protect the interests of both lender and borrower.

Obviously, the bank does not supplant private international lending and investment, because the buyers of the bonds will be private banks, insurance companies and investment houses. The International Bank simply backs them up by its guarantee, plus the guarantee of the member countries.

No borrowing country can use the Bank if it can float loans at reasonable rates. The Bank thus is like the governor on power machinery, an equalizing force that prevents the works from going haywire.

But how can the Bank make sound economic loans if such loans are not profitable enough to attract private lending? The answer is that private lending institutions can only undertake projects that offer good assurance of profit. No private bank, for example, could undertake to finance so vast an enterprise as the comprehensive development of the Tennessee or Columbia River valleys. Yet these projects promote productivity and business expansion not only in their regions but throughout the United States. Development of the resources of these regions encourages new industry and increases the markets for all private business.

Governments, in other words, can look beyond a direct return; their interest is the effect of a project on the prosperity of their economies as a whole. In underwriting loans for such projects they can, therefore, take a larger risk than a private financial company would find possible.

This does not mean acceptance of such a risk would be imprudent; it means simply that governments can support basic development projects (port facilities, railroads, electrification and so on) even though they return only a small profit.

The International Bank can afford to assume these risks because they contribute to world prosperity and world trade.

Direct stimulation of world trade is the function of the International Monetary Fund. The Fund has two immediate goals: to make it easy to exchange the currency of one nation for that of another nation and to steady the value of the currency of one nation in relation to the currencies of the others.

Each country in the Fund is assigned a quota (according to size, wealth and amount of foreign trade) to make up a Fund of 8.8 billion dollars. For example, the United States, richest country, will put in 2.75 billion; France half a billion; Liberia half a million.

Each country contributes 25 per cent of its quota in gold and the rest in its currency—British pounds, US dollars, French francs, Dutch guilders and so on. (A credit account, good on demand, would take the place of actual money.) The Fund therefore will have a big pool of all sorts of currency which it can make available to facilitate foreign trade.

When a country imports, it must pay for the goods in the currency of the exporting country. If imports balance exports, no gold or currency
actually changes hands; but if imports are greater than exports, the balance must be made good.

If Brazil, for instance, should buy more than it sells to the United States in any one year, it would have to find US dollars to make up for the difference. Normally—at the present rate—twenty Brazilian cruzeiros equal one dollar; but if dollars should be scarce at the time the bill became due, it might take 25 or more cruzeiros to buy a dollar.

The rate of exchange of cruzeiros for dollars—or any other currency—may show a sharp upward when demand for a currency exceeds its supply in the importer's country. At 25 cruzeiros to the dollar, Brazil might find trading with the United States too expensive and imports of US goods would fall off.

The Fund is designed not only to make various currencies available when they are needed, but also to stabilize them. The need for stabilization can be illustrated by taking as an example the automobile industry, autos being one of the biggest US exports.

Suppose you are a Detroit auto manufacturer and you want to sell cars in France. At the time you put a new model into production, francs are 50 to the dollar. Months later, when you've manufactured enough cars to supply domestic demand and have a surplus for export, the value of the franc has dropped to a point where 119 francs equal a dollar. Your product has now become more than twice as expensive for French customers to buy. Unless you are willing to sell at a tremendous loss, you won't sell very many in France.

Uncertainties of this kind can not only do a lot of damage to trade, they affect unemployment in the manufacturing countries. You, as an auto manufacturer, would have to lay off some of your workers.

Under the Bretton Woods agreement, member countries contract to do three constructive things.

1. All currencies would be valued in relation to gold and each country would strive to keep its currency within one per cent of the determined value.

2. If a country found a change in the value of its currency was necessary, the change could be made only after consultation with the Fund. (A change up to ten per cent would be permitted after consultation. Once the ten per cent figure had been reached, no country could make any further change in the value of its money without permission of the Fund.)

3. No country would place restrictions on transactions in their currency connected with trade.

How would these rules work in practice? If the money of all countries is fixed in relationship to the same thing (gold) and if the value cannot change more than ten per cent, each country could be assured of the value of the currency of every other country, would know that it is stable and safe to deal in. Elimination of currency restrictions such as exchange control would knock down one of the most serious barriers to trade.

In view of the world's unhappy experience with the gold standard, many people have been puzzled by the agreement to value currency in relation to gold. The British, for instance, point to their own example.

Following the last war the United Kingdom hotly debated whether it should return to gold parity or adjust its foreign exchange rate to the different level of prices, wages and income within the country. The older financial point of view prevailed and Britian returned to gold parity.

What happened? Prices, wages and income were deflated. The burden of debt increased and widespread unemployment resulted. In the end the country was driven off the gold standard.

Today the British public is through with the idea that its economy must revolve around a fixed exchange rate. They are committed to the opposite program of adjusting the exchange rate to the requirements of their own domestic level of prices, wages and incomes.

But does the Fund represent a return to the old idea of a fixed gold standard? Under the plan the currency of each country is valued in terms of gold, but unlike the gold standard, parity can be adjusted through international cooperation. No country could be forced to destroy its prosperity by deflation.

This feature of flexible adjustment has caused one critic to label the plan: "How to go swimming without getting wet." Perhaps a more accurate label would be: "How to go swimming without getting drowned." Under the rigid gold standard, most of the guests at the international swimming party got a prolonged ducking. In the depression the whole party nearly went under for the third time.

In addition to stabilizing currency and providing short-term credit, the Fund has other purposes. It would provide the machinery for international consultation, aid member countries to achieve a balanced trade without deflation and promote an orderly postwar adjustment.

No Fund mechanism can by itself solve the fundamental problem of US export balances—it is no magic contraption. But it does all that international machinery can do.

It blueprints a future in which through wise management, through collective and individual action, member countries can reach a stable balance in world trade.
THE ACCUSED

Like common criminals, the "20-odd broken men" who set out to conquer the world today live ignominiously in their bare 7½' by 13' cells in the Palace of Justice at Nuremberg, sweeping out their own cells and eating from soldiers' mess kits.

When the top Nazi conspirators began to fall into Allied hands after VE Day, authorities were presented with the choice of treating them as honorable prisoners of war with privileges consistent with their "rank," or to classify them as war criminals and treat them as such. The choice was not hard.

These would-be rulers of the world are not on bread and water, but their diet is not elegant. It is regular prisoner-of-war ration — high enough in caloric content to keep up their health.

Hash is the chief staple, though occasionally their daily ration varies to include coffee for breakfast or soup for lunch. A typical day's menu consists of:

- Breakfast — oatmeal and biscuits.
- Lunch — hash, potatoes, sugar peas, coffee.
- Supper — bean stew, plums and peaches, bread, tea.

The prisoners receive a small ration of German pipe tobacco and cigarette paper with which to "roll their own," but no candy or other "PX" supplies.

Meals are taken in the cell blocks, except lunch which is served in a room above the court room. Food and dishes are handed in and out of the cells under supervision of a sentry to prevent passing of contraband, including notes.

These men are probably the most heavily guarded prisoners in the world. Wherever they move, there is an armed guard to accompany each one. Guards line the courthouse corridors. Seven guards stand watch behind the prisoners' dock, and one at each end. In the cell blocks a sentry stands before each door, glancing into the cells every half-minute to prevent attempted suicide or other mischief.

Each cell contains a sanitary flush toilet, straw mattress with several blankets, a flimsy table which will not bear the weight of a man, and a chair. Nothing more.

The prisoners' schedule leaves little free time. At 0630 they are awakened, and have three hours to wash, be shaved, dress, eat and clean their cells before reporting to the courtroom at 0930. They are shaved daily with a safety razor by a prisoner-of-war barber under guard. No conversation is permitted between the barber and his customer.

For the prisoners, a day in court runs from 0930 until 1700, with 45 minutes for lunch. Supper usually comes about 1715 hours, followed by a half-hour walk, under guard, within the prison walls. This constitutes the prisoners' daily exercise.

The war criminals' only free time, except on week-ends, comes between about 1830 and 2030 when lights are dimmed. During this time they can read, write, consult their defense counsels or see the Chaplain.

German-speaking American Army Chaplains of Lutheran and Roman Catholic faiths minister to the spiritual needs of the prisoners regularly each Sunday, and whenever else called upon. Captain Sixtus R. O'Connor of Oxford, N. Y., has four Catholics in his flock — Arthur Seyss-Inquart, Franz von Papen, Hans Frank, and Ernst Kaltenbrunner. Most of the remaining war criminals profess the Lutheran faith, and look to Captain Henry F. Gerecke of St. Louis, Missouri, for spiritual guidance.

Julius Streicher, born and baptized a Catholic, claims no faith; Wilhelm Frick and Alfred Jodl profess a creed they call Gottliebig, which means only a belief in God.

What goes on in the minds of these men as they sit in their lonely cells awaiting the justice of democratic nations, perhaps the Chaplains can best tell. Chaplains O'Connor and Gerecke say the one unfailing topic for conversation is their despair.

"Our plan has failed," they say. "What will our children's children think of us?"

24 FEBRUARY 1946
A year ago this month, capture of Ludendorff Bridge at Remagen opened the drive across the Rhine