

# THE AMERICAN BUSINESS PRESS AND BUSINESS COMMUNITY'S REACTION TO GERMAN AGGRESSION, 1932-1940

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## ABSTRACT

This paper examines America's business response to German aggression. By analyzing primary sources including American archival documents, business journals and popular press, it is evident that the American business community and the popular press had disparate opinions of Germany's actions prior to World War II. The historical perspective begins in 1932, when both countries faced economic challenges and both leaders sought similar solutions. The growing tide of anti-communist sentiment united American businesses and German businesses in a capitalistic synergy. Other factors affecting this synergy include religious discrimination, economic optimism and Germany's emergence from the Weimar Republic.

In 1932, both the United States and Germany were in the grips of a severe global economic crisis and in the midst of frenzied political campaigns. The United States experienced a Democratic victory in the November election bringing Franklin D. Roosevelt into the White House. Shortly after his inauguration in March, 1933, F.D.R.'s New Deal programs attempted to stimulate the economy by putting 12,000,000 men back to work through government spending. In the autumn of 1933, in Germany, Adolf Hitler was trying to convince an embittered German nation to put its trust in him and his program for rebuilding Germany's economic might, national self-confidence, and international honor. Similar to Roosevelt, Hitler promised to give every man a job, and suggested that the way out of depression was to restore and strengthen business. Faced with depression, high unemployment, and declining productivity, the two leaders sought out comparable solutions by turning to the business community.

Contrary to Walter Lippman's contention that Hitler was "collectivizing" and "socializing" industry, German business became more bourgeois and aggressively capitalistic with the rise of Hitler.<sup>1</sup> The National Socialist German Workers Party (NSDAP), commonly known as the Nazi party, was returning financial control of industry and banking back to independent capitalists, the control of which had been previously centralized under the Weimar government in the 1920s. This NSDAP policy of privatization was aimed at stimulating economic growth.<sup>2</sup> The German Institute for Business Research estimated that industrial profits in 1935 were 1.9 billion Reichsmark as compared with net losses of 2.5 billion in 1932.<sup>3</sup> The World Economic Survey for 1936-37, published by the League of Nations, showed for a selected number of German corporations that the percentage of net profits to capital stocks, at 4.6 in the first two quarters of 1935, rose to 4.9 in the first two quarters of 1936, while the percentage

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of net profit to reserves rose from 4.8 to 5.5.<sup>4</sup> Under the NSDAP government German businesses were making profits.

Before 1930, the NSDAP had been a minority party, little known outside of Germany, that often agitated Weimar politics. In the national elections held on September 14<sup>th</sup> of that year, however, they made substantial gains, drawing 6.5 million votes and increasing their number of seats in the Reichstag, the German parliament, from 12 to 107. This placed them second in number only to the Social Democrats. This event marked the rise of Hitler and the National Socialists as a powerful force in German politics and business. Though the election of 1930 received considerable attention in the United States, most writers expressed little anxiety over the NSDAP gains.

Until 1932 Americans regarded the problem of war debts and the crumbling German economy as much more important than the rise of a new political movement, even a fascist movement. Heinrich Bruening, the German Chancellor from 1930 to 1932, commanded a good deal of respect in the American financial community, and convinced many of its members that he could solve Germany's economic problems. The growth of NSDAP political strength, some American analysts argued, posed no real threat to Bruening's policies. If the National Socialists "should come into a position of responsibility," wrote historian Sidney B. Fay in 1930, "they would probably become more moderate, as has always been the case with radicals who attain responsible office."<sup>5</sup>

Well into 1932 many American businessmen probably shared in the widespread belief that Hitler and the NSDAP would quickly pass from view as had so many other dissident parties. Since Hitler could bring no new resources to the government, he would be unable to fulfill his promises and would prove incapable of solving Germany's financial troubles. Even after the summer elections of 1932, when the Nazis won 230 seats in the Reichstag and became the largest single party in Germany, American businessmen remained largely indifferent. "There is as yet definitely no alarm as a result of the political readjustment," *Business Week* informed its readers in December of 1932.<sup>6</sup> The American business community, preoccupied as it was with the problems of the depression, took little notice of the political events in Germany. When it did, it did not seem especially troubled with what it saw.

In the initial months of 1933, *Business Week* magazine, the popular journal of the American business community, ran articles discussing the election of Adolf Hitler as Chancellor of Germany. The articles gave an optimistic view of Germany's economic future. Although *Business Week* occasionally expressed worry about the radicalism of Hitler's views, it saw those views as necessarily tempered by Hitler's more moderate followers and the limitations upon the powers of the German Chancellorship.<sup>7</sup> On January 31, 1933, the *Wall Street Journal* reported that the world securities markets, usually very sensitive to political changes, registered little fluctuation in response to Hitler's election. In fact the *Journal* reported a slight rise in the prices of stocks on the German market in early February, a few weeks after the election.<sup>8</sup>

*Barrons* and much of the business community viewed Hitler as encouraging the goals of world prosperity through capitalism. The new Chancellor seemed to give a

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good deal of attention to revitalizing German business, increasing profits, and expanding international trade. He often spoke of reawakening the German competitive spirit, a goal that American businessmen could respect. German and American business ambitions looked to be more compatible in the early 1930s than they had been since before the First World War. The two nations were similar in business ambition and in their determination to stop communism. *Barrons* expressed the similarities of American and German interests in just these terms: "halting the growth of political movements inspired by the Communists."<sup>9</sup> The business press was optimistic for the future of relations between the two countries and it suggested that the rise of Hitler promised an even greater compatibility of interests.

Business relations between Germany and America in the years before 1933 had been good, although worldwide depression limited financial opportunity. As the depression loosened its grip on international markets, economic prospects improved and American and German businessmen rushed to take advantage of opportunities. In the years after 1935, Germany and the United States negotiated a series of new trade agreements. While only four reciprocal trade pacts were effective in 1935, in 1936 seven more were added, thus stimulating trade between the two countries. As the decade progressed, trade increased. In 1936, *Business Week* discussed the mounting demand for American goods abroad. American export figures rose 7% in 1935 and the first 3 months of 1936 showed a 12% gain. German imports from the United States in the first 3 months of 1936 were up 50% from 1935.<sup>10</sup> Mr. J.D. Mooney, a leading executive of General Motors and an avid promoter of American-German business in the inter-war period, claimed business opportunities for America were better abroad and conditions in our foreign markets were substantially better than conditions in the United States.<sup>11</sup>

Few anticipated the aggressive course Hitler's Reich would take. While individual businessmen may not have been completely comfortable with Hitler and his National Socialists, even in the early days of the Chancellorship, the business journals rarely took an explicitly unfavorable view of them. The general press, which appealed to and reflected the opinions of a larger American audience, often expressed its suspicions and criticisms of the NSDAP regime. Throughout the 1930s, the *New York Times* printed articles complaining about Nazi aggression. *Business Week*, on the other hand, reported events with no editorial moralizing. In response to the NSDAP inspired boycott of Jewish owned stores, which was announced in Germany after the March 1933 elections, *Business Week* blandly reported that the boycott "was said not to last long and was a typical effect of these elections."<sup>12</sup> The *Wall Street Journal* was slightly more critical yet seldom gave much time to stories of Nazi tyranny.

Businessmen throughout the Atlantic community tended to be more tolerant toward Nazi aggression than the general public. The lack of open criticism against the NSDAP by American and European businessmen stemmed primarily from their fear that if the Reich collapsed, the Nazi government would be replaced by a Communist regime. Many insisted that the German Communists posed the real threat to world

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peace and prosperity. "Of the two stormy factions", declared *Commonweal*, an American Catholic journal, "at present the communists are apparently the most to be dreaded."<sup>13</sup> The business community could take some satisfaction in the Nazi condemnation of Marxist economics and Bolshevism. In Hitler's first published interview he reassured the west about his peaceful intentions and claimed that his first goal was to curb the spread of communism.<sup>14</sup>

Despite Hitler's reassurances of Germany's peaceful intentions, American businessmen could not ignore the aggressive policies the Nazi government pursued in the months and years after it assumed control. Although those policies caused a great deal of apprehension in the American popular press, the business journals were more sanguine and often reported that the German threat to the United States was more implied than real. The journals claimed, for example, that the German remilitarization of the Rhineland in early March of 1936 was a predominantly European issue. There was no reason, argued *Business Week*, that the United States should become involved in European developments.<sup>15</sup> Although Washington's response to a remilitarized Rhineland was to build up the nation's defense capabilities, the *Wall Street Journal* apparently saw little reason for panic. Only two articles appeared in the *Journal* pertaining to the remilitarizing of the Rhineland and both discussed the Germans celebrating, with usual German methodicalness, the renewed spirit of national unity and determination. Nothing was said about the German violation of the Versailles and Locarno Treaties or of an increase in European diplomatic or military tensions.<sup>16</sup>

Less than a year after the reoccupation of the Rhineland, Germany and Italy signed the Treaty of Rome, joining in alliance the world's two great fascist powers. The *Wall Street Journal*, however, was quite prepared to accept Hitler and Mussolini at their word that the new "axis" was not intended to disrupt the old European balance of power. The *Journal* even suggested that the new German-Italian alliance might be good for international trade.<sup>17</sup>

In the months and years after the signing of the Treaty of Rome, as Germany continued building her military strength, it was becoming more difficult for the American business journals to explain away Nazi aggression. On March 12, 1938, Germany invaded Austria, with the Nazis presenting the act not as an invasion but as a response to an invitation to reunite Austria with a greater Germany.<sup>18</sup> The *Anschluss*, or the German annexation of Austria, received a good deal of attention in American business journals and there was much more nervous concern over this issue than any previous act of Nazi aggression. *Business Week* seemed to be especially critical, questioning the ethics of Nazi expansionism and condemning a German action which so clearly disrupted world peace. As uncertainty prevailed, Wall Street reacted with erratic trading after the invasion.<sup>19</sup> Uncertainty prevailed. The *New York Times* noted, however, that the incident of March 12 had not caught American traders completely unprepared. As early as February 15, 1938, when five pro-Nazi ministers entered the Austrian cabinet, American business became cautious. American shippers were carefully watching credits to Austrian importers and requiring cash payments for new orders.<sup>20</sup> Although not-

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ing that the immediate economic implications of the Anschluss were marginal, that American trade with Austria the previous year had involved only a few million dollars, and that the American market held only a small number of Austrian bonds, the business press claimed that any action which so unsettled international politics could create havoc among fragile international economies. *Business Week* asked "When would Germany learn to temper her aggressions?" and "Will Germany be tempted by the easy success in Austria, by the obvious weakness of France and by the reluctance of Britain to back her protectorates with force, into further immediate moves to carry out the Nazis' bold dream of a Central Europe all controlled from Berlin?" Dictators seem compelled to act aggressively, the journal reported. Where would Hitler strike next? *Business Week* suggested that its readers thumb through the pages of *Mein Kampf*, Hitler's autobiography, where the German dictator had laid out his plan for the dominance of Europe. Americans would find that the next target was Czechoslovakia. All that stood between Hitler and a European Reich was England; France was too weak. Look to London and not to Paris, the journal advised its readers, for resistance to German expansion.<sup>21</sup>

However bold this description of Nazi aggression, *Business Week* was not unsympathetic to the growth and influence of what it viewed as a modernizing Germany. Two months after the invasion of Austria, *Business Week* published an article claiming that the American national press had presented an entirely too unfavorable view of the Anschluss. The press and newsreels only showed the Germans arriving in Austria with tanks, guns and war planes. They failed to show the trains arriving from Berlin with engineers, scientists and officials carrying blueprints for a highway system that would connect Austria, Yugoslavia, Hungary and Czechoslovakia with Germany. Nor did the press report on Germany's plans to drain streams for hydroelectric power plants or to rebuild Austrian industry, increasing its productivity and capacity for generating new products. The Germans, the journal argued, had been assisting many of her neighbors; German mining engineers were working in Yugoslavia and German tobacco farmers were aiding Bulgarian farmers.<sup>22</sup> The *New York Times* reported how quickly the Austrians were taking on the Nazi customs. Although it was not yet required, delivery boys were using the "Heil Hitler" as their greeting. In Vienna on the day of the invasion three new born babies were given the name Adolf. Austrian shops had sold out their supply of Swastika flags. The *New York Times* described Austrians as enthusiastic and receptive to their new protectorate status, eager to avail themselves of German technology.<sup>23</sup> *Business Week* seemed more interested in Germany's technological power and influence than it was repulsed by her willingness to ignore individual freedom and national sovereignty. Nonetheless, by March of 1938 there is clearly more ambiguity and ambivalence, occasionally fear and pessimism, in the American business community's attitude toward Germany and the NSDAP government.

Fears of political instability and the talk of pending war that had swept across Europe and America were abated, at least temporarily, after the Munich Conference of October 29, 1938. The business journals reported on the steadying of the market as a

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result of the conference. A steady market usually meant international harmony; appeasement seemed to signal a relaxation of German aggression. Even after German troops marched into the Sudeten region of Czechoslovakia, the *Wall Street Journal* gave the event only scant attention, preferring, in the spirit of Munich, articles that spoke of the growing trust and security within the international community. Early in 1939, with the peace secured by Munich, American businessmen were seeking out greater opportunities for trade with Germany.<sup>24</sup> The Merchants' Association of New York in 1939 called for the continuation and expansion of free and safe trade with Germany. In a telegram sent to President Roosevelt and in an explanatory letter to Secretary of Commerce Harry Hopkins, the Association expressed its hope that the government would do all it could within its powers to stimulate international trade. The government, the Association argued, should provide war risk insurance coverage so "foreign traders all over the country can have a definite basis on which to carry on their business with the maximum possible security." But trade itself, Association members suggested, was the greatest guarantee for international harmony and national security. A vital international business community would convince Americans and Europeans that economic prosperity was the greatest protection against individual and national rivalry. By understanding that idea, a nation would understand the motto of the Merchants Association, "What helps business helps you!"<sup>25</sup>

On March 15, 1939, Germany made a bloodless invasion of Czechoslovakia. The public press condemned Berlin and reported an increase in international tension. But after the invasion the *Wall Street Journal* reported that the world stock markets were little affected by this recent act of German aggression. The new Czechoslovakian crisis failed to unsettle European markets; although there was scattered selling, the market declined very little. The *Wall Street Journal* noted that "if anybody was tempted to interpret Berlin's new blow at Prague as a prelude to repetition of the September European crisis, his apprehensions were quickly allayed by the behavior of the stock markets in London, Paris, Austria and Brussels yesterday."<sup>26</sup>

The business community felt secure and the market confirmed this. The invasion was little more than a modernizing Germany flexing a muscle, which was regrettable but tolerable so long as the international markets remained unshaken. The best way to contain the new giant was to keep her tied down with the economic ropes of reciprocal trade agreements. *Business Week* echoed that same sentiment: that the breakup of Czechoslovakia would prove unimportant in the long run; there were no war clouds hovering over Europe. Indeed, *Business Week* argued, there was good reason for Americans to be optimistic. Czechoslovakia would provide Hitler with new resources, and Germany would help modernize Czechoslovakian industry. Together the two would expand the opportunities for American trade in Central Europe.<sup>27</sup>

The major argument American business had used to justify trade with Germany was that Germany stood against Communism. After August 23, 1939, the argument was no longer valid; Germany and Russia had signed a non-aggression treaty. The 10-year pact declared that neither nation would engage in acts of aggression against the

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other. The *Wall Street Journal* reported that the treaty was a necessary step for Germany if she was to proceed with her plans to unite Poland to the Greater German Empire. In addition to the non-aggression pact, Russia and Germany signed an agreement which guaranteed \$80,160,000 in German trade credits to the Soviets.<sup>28</sup> The *Journal* informed its public of these events in a straightforward style. It did not condemn the German treaty nor did it even register outrage at the Reich's betrayal of anti-communism. It simply reported. In its defense, its editors might have made the argument for "objective" journalism, but there had been little of that objectivity in its earlier reporting on Hitler's anti-Sovietism or its warm endorsements of German modernization or its explanations of how German expansion brought prosperity.

*Business Week* reported that it was closely following relations between Germany and the Soviet Union but did not really know what to think. The business press was obviously caught unaware by the sudden German-Soviet alliance and its reporting of the event was confused and indecisive. It warned against further aggression and at the same time tried to retain its optimism. *Business Week* cited German popular sources who claimed that Germany was interested solely in preserving peace, but the journal noted that it was all too familiar with Moscow's expansionist plans and preferred to "wait and see" what the alliance might yield.<sup>29</sup> The *Wall Street Journal* expressed a somewhat less guarded optimism, reporting that peace hopes had risen. Russia's desire to continue non-aggression talks with Britain and France, the *Journal* reported, gave some foundation to the belief that European peace had been aided by the pact.<sup>30</sup> Still peace with the Communist state was considered to be at best an uneasy peace. The *Journal* seemed to be at a loss to explain Germany's motives and its articles were peppered with suspicions.

The business press faithfully reported the events surrounding the signing of the Nazi-Soviet Pact, but seemed to take more interest in ridiculing the American left for its support of Russia. Both the *New York Times* and the *Wall Street Journal* claimed the pact was a more grievous blow to those who had placed their hopes on Soviet Russia as the leader in the fight against Hitlerism and fascism. The *New York Times* reported that the *Nation* and the *New Republic*, liberal organs consistently friendly to Soviet Russia, saw the agreement between Hitler and the Soviet government as a betrayal of Poland and the democratic cause.<sup>31</sup> The American left, the *Times* argued, was caught in a swirl of confusion and contradiction. The American Communist groups were demanding a boycott of all trade with Germany but they supported aid for a Soviet Russia that had just signed a series of trade agreements with Nazi Germany. The *Wall Street Journal* was amused at the predicament of "our leftist friends" in the face of the Russian-German non-aggression pact. The *Journal* went on to argue that it was not European Nazis or Fascists or exotic Soviets that Americans need fear; it was the American anticapitalist left, the homegrown socialist, that posed the greater threat.<sup>32</sup>

Although the business press took some pleasure in watching the left squirm, it could not ignore the implications of the non-aggression pact and it became increasingly cautious in its assessment of German activity, and less supportive. The press seemed to

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shift its emphasis from reporting on the particular virtues of a revitalized and modernized German economy to arguing for a harmonious international trading system as the guarantor of peace and prosperity. To those who demanded that the United States isolate itself from all contact with Europe, businessmen and their journals responded that American political institutions were already safely isolated by geography and the American commitment to democratic principles. Economic isolation, however, would threaten American prosperity and the chances for a steady recovery from depression. Trade, not the embargoes and boycotts which the business press consistently condemned as counterproductive, was the best means of securing our own well-being and the great instrument for influencing world events. Political isolationism, the press argued, was an intelligent defense of American institutions; economic isolationism was self-defeating.

Although the Nazi-Soviet pact threw the American left into turmoil—it confirmed what the right had always suspected about socialism—many businessmen preferred to see it as simply another political alliance and a strictly European concern. But they could hardly hide their anxieties. American business might have little interest in the territories contested by Germany and Russia, but it was very troubling to watch the interests and ideologies of these two nations, nations which had seemed so irreconcilably different, melt into each other. Former British Foreign Secretary Sir Anthony Eden went to the heart of the matter. It was no longer possible, he argued, for even the most gullible to pretend that the present regime in Germany was a bulwark against Communism.<sup>33</sup> It was time, he suggested, for the western democracies to recognize that behind the superficial differences between Nazism and Sovietism, behind all the talk about the clash of principles between German individual enterprise and the Russian collectivist states, were the same aggressive appetites. The *Wall Street Journal* applauded Eden's candor. Nothing Germany had done since Hitler took office did so much to shake the confidence of the American business community in German intentions as the signing of the non-aggression pact. The business press did not abandon its pro-German attitudes. It often argued, for example, that the German detente with the Russians was a matter of convenience and not conviction, but there is a discernable change in the tone of the articles dealing with Germany after August 1939. The press reports on German activity are more guarded, a little more suspicious and less enthusiastic.

The alliance forced the American left to confront Soviet opportunism and rethink its commitment to Soviet Communism; it forced the American business community to reexamine its support of German policies. Although businessmen could no longer justify their interest in Germany as a bulwark against Communism, they could argue that vital trading connections worked to soften ideological differences and helped to keep the peace. After all, a good portion of the agreements which made up the "non-aggression" pact were trading agreements. *Business Week* seemed intent on assuring its readers that the talk of war which accompanied the signing of the non-aggression pact was, as usual, premature. It confidently reported that while the politicians fretted



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about impending doom, the public was more cheerful. Although the State Department had issued warnings against travel to Europe, the journal noted American tourism flourished. Despite the announcement, carriers reported no decline in passenger subscriptions, although vessels sailing under German or Italian flags were charged a higher insurance rate by the New York Marine Underwriters. Americans seemed little worried in 1939 about the prospects for conflict in Europe and tourism flourished.

Although some of the business journals tended to be less critical of German aggression and policies than the public press, individual businessmen were often divided in their views of German actions and intentions. Germany was especially expert at engineering and producing precision medical materials. These were either produced in German factories or made in other countries by companies owned by Germans. Finished materials were exported directly from these German subsidiary companies and their German manufacture was obscured. In 1940, however, a number of American doctors and hospital administrators sent letters to the Commerce Department asking for information about the origins of these medical imports. The letters went on to say that they did not wish to use equipment made by a nation that had so little regard for human dignity and life.<sup>34</sup>

Some businessmen were extremely supportive of Germany. On July 30, 1938, on his seventy-fifth birthday, Henry Ford accepted an award from Hitler, the Supreme Order of the German Eagle, in recognition of the Ford miracle of mass production and in gratitude for Ford's promise to build a truck assembly plant in Berlin. It was the highest honor the Reich could bestow upon a non-German and Ford was the first American to receive the decoration. His behavior appeared impolitic to the general press but went unnoticed by the business journals. Ford would finally renounce the award in 1942, a year after the declaration of war between the United States and Germany.<sup>35</sup> Hitler had often expressed his admiration for Ford, who he claimed was the only American businessman successfully able to defy the power of Jewish money. *Mein Kampf* had praised Henry Ford as the one great man in the United States.<sup>36</sup> Ford's anti-semitism is well documented and there is little reason to suspect that Ford did not appreciate Hitler's comments. On August 29, 1939, he said of the German dictator: "I don't know Hitler personally, but at least Germany keeps its people at work."<sup>37</sup> Three days later, Germany invaded Poland. In the years before the war, Ford's attitude toward a revitalized and even aggressive Germany had been perhaps more generous than that of most businessmen but it reflected the general business sense that the way to world peace was through tough-minded capitalism and a vibrant international economy.

Businessmen, at least in the early days of Hitler's regime, had viewed Nazism as a powerful stimulus to European capitalism and a potent bulwark against Communism. In 1934 Hitler asked that the western nations put aside the memories of the great war and lift the restrictions which suppressed German energies. The *New York Times* published Hitler's "affidavit of good will" declaring that the new order had no intention of suppressing any peoples and that true international friendship could only be founded upon a basis of equality. While the *Times* doubted the Fuehrer's sincerity, the business

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journals warmly endorsed his views. Vigorous and independent trading partners would create enlarged markets and healthy economies. With the right kind of assistance from the United States, businessmen suggested, a Germany freed from old punitive restrictions, could play a vital part in contributing to those markets and ministering to those economies.<sup>38</sup> But even from its beginning, other Americans had seen what was coming.

As early as 1934 a number of American associations united and boycotted German made goods. Most of the groups which participated in the boycotts were Jewish organizations which spoke out for human rights and condemned German anti-semitic policies. Mayor Fiorello LaGuardia of New York City came out early in favor of the boycott. To be against Hitler, he said, was to be for the people of Germany. To be against Hitler was to be for the peace of the world. The Germans were a good industrious people; the Nazis were our enemy. LaGuardia argued that the way to meet the Nazi threat was to convince the German people that they could not do business with the United States so long as they tolerated Hitler.<sup>39</sup>

Even as businessmen were calling for a policy of peace through trade, and ignoring the boycott, the movement was growing. Although the movement posed no immediate threat to the interests of most American companies, the retail-trade industry, a service industry that depended on consumer goodwill, was very much affected by the boycott. For some companies, especially in cities with a heavy Jewish population like New York, an important retail market, profits were conditioned by how faithfully retailers observed the boycott.

In February of 1934, the *New York Times* reported that a number of American businesses were opposing trade with Germany and supporting the policies of groups like the Anti-Nazi League. Many of these companies undoubtedly supported such policies as a matter of principle, but certainly many of them also felt the weight of consumer pressure.

The Hearn store, the second oldest department store in New York, was the first to eliminate all German merchandise from its stock. One month later Macy's announced the closing of its Berlin office as a result of "consumer resistance" to German goods. In the 6 months prior to the closing, Macy orders for German products had declined by 98%. In 1932-33 Macy spent \$127,000 in German markets; by 1934 the company was buying less than \$3,000 worth of German goods. Michael Schaap, president of the Retail Dry Goods Association of New York and head of Bloomingdale Brothers, noted that as a result of the boycott, sales of German-made merchandise had declined sharply in all the major stores in New York. In September of 1934, 20 stores announced that they were joining the "consumer boycott" on German goods and that purchases of such goods would be limited to a very few essential items which were not obtainable in other countries.<sup>40</sup>

A month later F.W. Woolworth and Company declared that it was going to boycott German goods. Consumer demand compelled that company, and its 1,941 stores, to discontinue its marketing of German merchandise. Woolworth explained that its im-

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ports from Germany in 1933 amounted to only .25% of its total inventory whereas in 1932, 1.7% of its merchandise had come from Germany. Ezeliel Rabinowitz, the executive secretary of the "Anti-Nazi League," applauded Woolworth's humanitarianism and welcomed the company as an important partner in the boycott movement. The Woolworth boycott would undoubtedly curtail the large German trade in cheap novelties and pressure the German government to reconsider its social policies. With Woolworth joining the movement, Rabinowitz argued, the "entire field of German imports has been affected."<sup>41</sup>

That the retail industries were especially sensitive to a conjunction of political and moral issues is demonstrable in response to the invasion of Finland in November of 1939 by the Soviet Union, at that time a virtual ally of the Third Reich. Western democratic sympathies were with the Finns and a number of nations sent supplies and equipment to help the tiny nation repel the invasion. *Business Week* reported on the extensive aid America was giving the Finnish people, including \$10,000,000 for the purchase of agricultural supplies.<sup>42</sup> A full page ad ran in the *New York Times*: "Lets help Finland: A plea for humanity by the shops of the Uptown Retail Guild." Nine of New York's largest department stores united in the name of freedom and humanity to help the distressed people of Finland, a republic and neutral nation. Among the large stores supporting the Finnish relief fund were Bergdorf Goodman, Bonwit Teller and Saks Fifth Avenue.

Although the retail companies argued they were acting out of a genuine humanitarianism as well as responding to the demands of their customers and men like Rabinowitz might claim a great success for the boycott movement, the boycotts themselves had little effect on trading relations between the United States and Germany. Retail trade constituted a very small percentage of the trade between the two countries. American heavy industries were the biggest purchasers of German goods and they had not supported the boycott. The claims the boycott organizers made for the success their campaign had on halting trade were exaggerated. Most American businesses engaged in the trade were not susceptible to public pressure in the way that retail operators were or they were indifferent to such pressures. Almost at the same time that boycott organizers were demanding an end to commerce with Germany, at the same time that Macy's and other retailers were announcing their participation in the boycott, Boeing was selling ten passenger planes to the German Lufthansa. There was never anything like a coordinated broad-based effort on the part of American industry to bring economic pressure to bear against Germany.<sup>43</sup> The irony in the American business community's response to German aggression is that despite all the talk about economic cooperation and the need for an expanded program of trading relations as the road to peace, trade between the two nations, the import and export trade, declined in the years after the Nazi ascendancy, although trade with some of the victims of Nazi aggression improved.

After Hitler seized Austria in March of 1938, *Business Week* reported that its index of business activity was down to 80.2 and registered a low 75.6 for the month of June.

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In September 1938, the Reich demanded that Czechoslovakia give up the Sudetenland and the Western powers capitulated this at Munich. At the time, the business index showed a slight recovery to 89.8 for the month of October and began a steady rise to a December peak of 104.3. But in March of 1939, when Hitler took over all of Czechoslovakia, the stock market average fell from 99.2 in March to 92.8 in May.<sup>44</sup> Whether the pattern indicated a relationship between German adventurism and the fortunes of the market, it most certainly did not suggest a benign relationship. The marketplace had no sooner recovered in the patched up peace of Munich, for example, than a new crisis came and shattered it again. Their own indicators should have told businessmen that their defense of German "economic recovery" was ill-conceived. The problem was that the business community, and the press which served it, had only one standard by which it could measure prosperity and security and that was a continued trade. It could never bring itself to see, for example, that a Nazi state was at fundamental ideological odds with Western democratic states. Nor was it able to understand that ethnic and cultural drives—the Nazi Aryan code or the German commitment to national pride—could render economic considerations of secondary importance. That inability to apply standards other than the cold calculus of trade statistics made it impossible for the business community to appreciate the irrational and brutish instincts of totalitarianism. That it saw the suffering imposed by Germany and chose to call it something else is an act of intellectual dishonesty if nothing else.

Despite the evidence to the contrary and despite the instabilities in the market, the American business community continued to trust in Hitler's claims of peaceful intentions and Germany's iron will to "modernize" in the belief that a strong Germany, as the business press never seemed to tire of reminding its readers, would contribute to destroying Communism and ending the worldwide depression. While apparently seeking world security, American business did all it could to further trading relations and openness with Germany, assuming that this was the best way to preserve peace. A strong Germany did not halt Communism. It did end the depression, but in ways that few had anticipated: a world war. And in the wake of that war came the Soviet conquest of Eastern Europe.

### Notes

1. *New York Herald Tribune*, November 16, 1937, p.5.
2. John C. deWilde, *New Masses*, December 28, 1937, p.48.
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