Central European History 48 (2015), 31–52.
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doi:10.1017/S0008938915000059

Occupying Ukraine: Great Expectations, Failed Opportunities, and the Spoils of War, 1941–1943

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ABSTRACT. The attack against the Soviet Union was ideologically motivated, but the timing owed a great deal to military and economic considerations. German hopes largely focused on Ukraine, which was expected to be both a giant breadbasket and a reservoir of essential minerals. But plans for the economic exploitation of Ukraine were flawed from the beginning and remained inconsistent throughout the war. Substantial reconstruction efforts only began belatedly and were accompanied by brute force that combined economic logic with ideological zeal. The Nazi policies of racist repression and mass murder were, then, both a means of *and* an obstacle to exploitation of the East. Yet, they were also successful: without the raw materials obtained from Ukraine, the Nazi war machine would have likely ground to a halt well before 1945. The cost of sustaining the German war effort was consequently borne, to a large extent, by the local population, which labored under appalling conditions both in the Reich and in Ukraine itself.

Dass der Angriff des nationalsozialistischen Deutschlands auf die UdSSR im Sommer 1941 den „Weltanschauungskrieg" eröffnete, ist bekannt. In seinem Schatten haben lange die engeren militärischen und vor allem ökonomischen Erwägungen gestanden, die „Operation Barbarossa" motivierten, insbesondere die Erwartung, einen autarken Großwirtschaftsraum zu schaffen. Im Zentrum dieser Erwartungen stand die Ukraine, die einerseits deindustrialisiert werden, andererseits Nahrungsmittel und Rohstoffe im Überfluss liefern sollte. Als diese Hoffnungen unerfüllt blieben, setzte ein verspäteter Kurswechsel zum industriellen Wiederaufbau ein. Dieser implizierte jedoch keineswegs einen Sieg ökonomischer Rationalität über ideologische Prärogativen. Vielmehr verhielten sich industrielle Ausbeutung und rassistische Gewalt komplementär und sicherten der deutschen Kriegswirtschaft bis 1945 zentrale Ressourcen, ohne welche die Rüstungsproduktion zusammengebrochen wäre. Den Preis zahlte die lokale Bevölkerung, die unter brutalen Bedingungen vor Ort wie auch im Reich für die deutschen Besatzer schuftete.

THAT Adolf Hitler's mid-1940 decision to attack the Soviet Union foreshadowed what was to become his "true war"—one driven by ideology and bent on annihilation—is now widely agreed upon by historians, and any "preventive war" apologias have been effectively refuted.[1] Adam Tooze's economic reinterpretation of the Third Reich's history has nevertheless added a different perspective to this orthodox account. Following Tooze, Operation Barbarossa, as the assault in the East was code-named, was a desperate reaction to the deteriorating strategic position of the Third Reich. Despite swift victories on the battlefields of western and northern Europe, the German war machine had not lived up to the regime's expectations. Not only had Britain withstood the *Luftwaffe*'s efforts to pave the way for an invasion of the British Isles, but the United States had also entered the war—at least, at this point, on the economic front. The

I would like to thank the two anonymous referees for their thoughtful comments and advice. All remaining flaws are, of course, my own.

[1] For the term *true war* (*eigentlicher Krieg*), see Andreas Hillgruber, *Hitlers Strategie. Politik und Kriegführung 1940–1941*, 2nd ed. (Munich: Bernard & Graefe, 1982), 362.

"Cash and Carry" Act of November 1939, the subsequent American armaments program, and the Lend-Lease Act in the spring of 1941 all signaled Washington's commitment to resist Germany's claims for hegemony. The balance of economic power thus swung to the side of the Western Allies.[2]

As a consequence, the Nazi regime needed to regain momentum. Launching an attack on the USSR might have seemed ill-advised, given the stretching of German forces that such a move would entail, but it was plausible within the framework of a "consistent if perhaps 'mad' logic": war against yesterday's ally was as inevitable with regard to the attainment of European supremacy as it was desirable with respect to the long-term goal of securing living space in the East.[3] Moreover, the USSR was widely believed to be capable of solving Germany's pressing problems: a quick victory would leave Britain with no potential allies on the continent, and Soviet resources would complement the European *Großwirtschaftsraum* (economic sphere) dominated by Germany—and thus help to defeat the Anglo-American alliance. In essence, it was a true game of Russian roulette: either it all would work out and the Third Reich would triumph, or the very plan aimed at securing victory would lead to utter failure.[4] Hitler's gamble ultimately failed, and the fall of the "house built on sand," as Gerald Reitlinger called the German occupation in the East, led to the destruction of the Third Reich.[5]

At first glance, this seems to be a straightforward story: blinded by ideology, notably the belief in Slavic inferiority, the Nazi regime first underestimated the Soviet capacity for resistance and, at the same time, overestimated the benefits of occupation. It then ruined what chances it had to win by mismanaging the conquered country's economy in every possible sense. But why was the German perception of the Eastern territories so flawed, despite the long and extensive preparations for the onslaught—or was it? And how did German policymakers attempt to combine—rather than choose between—the ideological imperatives of a *Weltanschauungskrieg* (ideological war), on the one hand, with the material demands of a protracted, all-out economic war, on the other?[6]

These questions will be addressed by looking at the case of Ukraine, which stood at the center of German planning—and with good reason.[7] In the first place, it was the economic heartland of the European portion of the Soviet empire, making it attractive for a number of reasons: its agrarian abundance, as well as its future industrial potential. In addition, it was the gateway to the Caucasian oil fields. As a result, the economic war in the East was a war both *for* and *in* Ukraine. At the same time, the case of Ukraine helps explain why misguided plans were drawn up in Berlin in the first place, how they were implemented, and what their consequences were for both occupiers and occupied.[8]

[2]Adam Tooze, *The Wages of Destruction: The Making and Breaking of the Nazi Economy* (London: Allen Lane, 2006), 421–24, 440–52; Ian Kershaw, *Fateful Choices: Ten Decisions That Changed the World, 1940–1941* (New York: Penguin, 2007), 184–242, 298–330; Richard Overy, *Why the Allies Won* (London: J. Cape, 1995), 196–97, 248–49, 318–19.

[3]Tooze, *Wages of Destruction*, 461; Kershaw, *Fateful Choices*, 90.

[4]There is a wealth of literature on the decision-making motives and processes; see the synopses in Kershaw, *Fateful Choices*, 54–90; Richard J. Evans, *The Third Reich at War, 1939–1945: How the Nazis Led Germany from Conquest to Disaster* (London: Allen Lane, 2008).

[5]Gerald Reitlinger, *The House Built on Sand: The Conflicts of German Policy in Russia, 1939–1945* (London: Weidenfeld & Nicolson, 1960).

[6]The older, dichotomous view of a conflict between rational pragmatists and zealous ideologues has been effectively buried in the past two decades by studies such as Christian Gerlach, *Kalkulierte Morde. Die deutsche Wirtschafts- und Vernichtungspolitik in Weißrußland 1941 bis 1944* (Hamburg: Hamburger Edition, 1999); Christoph Dieckmann, *Deutsche Besatzungspolitik in Litauen 1941–1944*, 2 vols. (Göttingen: Wallstein, 2011).

[7]While this article uses *Ukraine* to represent the Ukrainian SSR, as well as adjacent territories such as the Crimean Peninsula and the industrial centers of Taganrog and Rostov, it does not intend to reflect either German or Ukrainian territorial visions. Rather, it accounts for the fact that—given the ever-shifting demarcations of civilian and military rule—*Ukraine* and the *Southern Soviet Union* were conceived of as an integrated economic unit by the occupiers.

[8]Special emphasis will be placed on heavy industry, making Eastern Ukraine, particularly the Dnipro region, the geographic focus of this article.

Because this article draws on German archival sources, it focuses on the German perspective—a point that deserves emphasis: historiography frequently tends to neglect the short- and long-term effects of occupation on the affected regions, as well as the responses to occupation by the local population.[9] It is essential not to overlook the influence of the fifty million people living in the occupied territories on the course of the occupation, the degree to which they supported or challenged German rule, and the ways in which they took action. In other words, it is important to credit the local population with agency.[10] Also surprisingly scarce are analyses of the German protagonists who were present—military and economic agencies, as well as private companies—and their contribution to shaping the occupation and exploitation of the region. In short, the interplay between Berlin and the Eastern territories is frequently underestimated, giving the impression of centralized, homogenous planning, often with a touch of "professionalism," when it comes to the economic side of German rule.[11] This article argues instead that the concept of a simple antagonism between ideology and economic rationale is an inadequate construct. It was precisely the combination of the two that accounted for the destructive dynamics of the occupation of Ukraine, as well as for the flaws in—and gains from—economic exploitation.

Great Expectations? Planning War and Occupation

When the Wehrmacht invaded the USSR in June 1941, Germany tried to take by force what it had previously obtained by trade—and even more. Since the attack on Poland and the beginning of the Allied blockade two years earlier, the Reich had been forced to reorganize its foreign trade. German-Soviet commerce had surged massively as a result of the Hitler-Stalin Pact of August 1939, and of the attached secret protocol dividing spheres of interest in Eastern Europe. By the time Operation Barbarossa was launched, the USSR had become the Third Reich's most important source of raw materials. This did not mean that Hitler's early triumphs had been made possible courtesy of Joseph Stalin's deliveries.[12] But it did show that the concept of a European *Großraumwirtschaft*—which built on traditional notions, entertained by Nazi functionaries and

[9]For recent efforts to fill this void, see Joachim Lund, ed., *Working for the New Order: European Business under German Domination, 1939–1945* (Odense: University Press of Southern Denmark, 2006); Christoph Buchheim and Marcel Boldorf, eds., *Europäische Volkswirtschaften unter deutscher Hegemonie 1938–1945* (Munich: Oldenbourg, 2012).

[10]See Karel C. Berkhoff, *Harvest of Despair: Life and Death in Ukraine under Nazi Rule* (Cambridge, MA: Belknap, 2004). Volodymyr Kosyk, *The Third Reich and Ukraine* (New York: Peter Lang, 1993) is of limited use because of its discernibly nationalist bias. Neither book has much to say about the economic dimension of occupation. Another recent study, though limited to the coal mining district of the Donets Basin, provides the most in-depth analysis of Ukrainian life and labor under German occupation: Tanja Penter, *Kohle für Stalin und Hitler. Arbeiten und Leben im Donbass, 1929 bis 1953* (Essen: Klartext, 2010). On the Crimean tobacco fields, see Karl Heinz Roth and Jan-Peter Abraham, *Reemtsma auf der Krim. Tabakproduktion und Zwangsarbeit unter der deutschen Besatzungsherrschaft 1941–1944* (Hamburg: Nautilus, 2011). On the German planners, see the studies by Matthias Riedel, *Eisen und Kohle für das Dritte Reich. Paul Pleigers Stellung in der NS-Wirtschaft* (Göttingen: Musterschmidt, 1973); Josef Werpup, "Ziele und Praxis der deutschen Kriegswirtschaft in der Sowjetunion, 1941 bis 1944, dargestellt an einzelnen Industriezweigen" (Ph.D. diss., University of Bremen, 1992).

[11]See Jonathan Steinberg, "The Third Reich Reflected: German Civil Administration in the Occupied Soviet Union, 1941–4," *English Historical Review* 110 (June 1995): 620–51.

[12]This line of reasoning has long dominated analyses of the German war economy; see, e.g., Bernd-Jürgen Wendt, *Großdeutschland. Außenpolitik und Kriegsvorbereitung des Hitler-Regimes* (Munich: Deutscher Taschenbuch Verlag, 1987), 179–80; Rolf-Dieter Müller, *Das Tor zur Weltmacht. Die Bedeutung der Sowjetunion für die deutsche Wirtschafts- und Rüstungspolitik zwischen den Weltkriegen* (Boppard am Rhein: Boldt, 1984), 316–17, 339, 346. More recent studies argue, however, that—because of both the time lag between negotiations and actual deliveries, as well as the select range of traded goods—the Soviet trade agreements hardly affected the Western campaigns; see Heinrich Schwendemann, *Die wirtschaftliche Zusammenarbeit zwischen dem Deutschen Reich und der Sowjetunion von 1939 bis 1941. Alternative zu Hitlers Ostprogramm?* (Berlin: Akademie Verlag, 1993), 17, 65–67; Karl-Heinz Blumenhagen, *Die deutsch-sowjetischen Handelsbeziehungen 1939–1941. Ihre Bedeutung für die jeweilige Kriegswirtschaft* (Hamburg: Kovač, 1998), 15–16, 36, 191. Also see Berthold Puchert, "Die Entwicklung der deutsch-sowjetischen Handelsbeziehungen von 1918 bis 1939," *Jahrbuch für Wirtschaftsgeschichte*, no. 4 (1973): 11–36; Wolfgang Birkenfeld, "Stalin als Wirtschaftspartner Hitlers (1939–1941)," *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte (VSWG)* 53 (Winter 1966): 477–510.

conservative elites alike, of German hegemony in central and southeastern Europe—had not lived up to expectations.[13] Despite the enormous resources commanded by Germany in the occupied territories and the access to trading partners from Sweden to Spain, the European subcontinent could not compensate for the loss of overseas trade. Essential raw materials such as chromite ore from South Africa or molybdenum and cotton from the United States needed to be procured elsewhere. Moreover, the combined productive capacities of the British Empire and North America far surpassed those of the Axis powers, even with the latter in control of a large portion of European resources.[14] An entire continent was thus required for the inevitable "battle of continents" foreseen by Hitler, and the only one at hand was the Eurasian landmass, large parts of which were controlled by the Soviet Union.[15] Three different motivations for an attack on the USSR thus conveniently blended together: an assault on "Judeo-Bolshevism," the ideological archenemy; the belief that a Soviet defeat would demoralize Britain; and the hope of breaking free from the confines of the German war economy.[16]

Despite these grandiose visions, the actual plans remained surprisingly narrow and limited: European rather than Eurasian, local rather than global. In December 1940, Directive No. 21, which set out in broad terms the tenets of Operation Barbarossa, made these deficits plain to anyone who bothered to look. German troops were to advance to an imaginary line from Arkhangelsk in the north to the Volga River delta in the south, but no further. This was obviously a daunting military venture that required troops to move well over 750 miles in a couple of weeks, but it was shortsighted in economic terms. The metropolitan centers of Moscow and Leningrad, as well as the Donets Basin (Donbas) in Eastern Ukraine, were to be captured, but the large industrial agglomeration in the Ural Mountains was not. Instead of being occupied, it was to be destroyed by air raids to rob the Soviet Union of its allegedly last industrial hub.[17] Four aspects of this document are striking—besides the sweeping assertion that all of the required "daring operations" would materialize according to plan.[18] First, Directive No. 21 did not clarify the precise fate of the occupied industries, which left substantial room for interpretation. Second, the existence of industrial strongholds in the Asian part of the Soviet Union was by and large ignored. Third, the Ural Mountains were to be subjected to a strictly negative policy, i.e., the German campaign aimed at destroying the region's war potential as a means of securing short-term victory, rather than at adding those resources to its own in the long run. Fourth, the directive failed to acknowledge that an attack on the Soviet Union, at least within the given geographical parameters, was not the answer to all the problems that Germany faced.[19] These deficits were glossed over by a double premise: that Soviet resistance would be crushed rapidly, and that Ukraine would, as

[13]For the *Großraum* concept and plans for economic expansion, see Ludolf Herbst, *Der Totale Krieg und die Ordnung der Wirtschaft. Die Kriegswirtschaft im Spannungsfeld von Politik, Ideologie und Propaganda 1939–1945* (Stuttgart: Deutsche Verlags-Anstalt, 1982), 127–44; Hans Umbreit, "Auf dem Weg zur Kontinentalherrschaft," and Rolf-Dieter Müller, "Die Mobilisierung der deutschen Wirtschaft für Hitlers Kriegsführung," in *Das Deutsche Reich und der Zweite Weltkrieg* vol. 5/1, *Organisation und Mobilisierung des deutschen Machtbereichs. Kriegsverwaltung, Wirtschaft und personelle Ressourcen 1939–1941,* ed. Bernhard R. Kroener, Rolf-Dieter Müller, and Hans Umbreit (Stuttgart: Deutsche Verlags-Anstalt, 1988), 210–17, 492–96.

[14]See Mark Harrison, *The Economics of World War II: Six Great Powers in International Comparison* (Cambridge: Cambridge University Press, 1998), 7–11; Tooze, *Wages of Destruction*, 432.

[15]Robert Gordon, "Did Economics Cause World War II?," NBER Working Paper 14560 (National Bureau of Economic Research, Cambridge, MA, Dec. 2008), 6.

[16]Alex J. Kay, *Exploitation, Resettlement, Mass Murder: Political and Economic Planning for German Occupation Policy in the Soviet Union, 1940–1941* (Oxford: Berghahn, 2006), 26–27.

[17]*Trial of the Major War Criminals before the International Military Tribunal, 14 November 1945–1 October 1946* (*IMT*), 42 vols. (Nuremberg: 1948), Doc. 446-PS, vol. 2:294–95.

[18]Ibid., 295.

[19]Overall, Directive No. 21 neither stressed economic aspects to the degree suggested by Tooze (*Wages of Destruction*, 457–58), nor mandated a particularly massive offensive on the Ukrainian front.

the economic heartland of the European part of the USSR, provide key resources—grains, oil, and minerals—to help attain overall victory. The breadbasket of Western Ukraine and the mining pits of Eastern Ukraine would together sustain the German war economy, complete the *Großwirtschaftsraum,* and help counter the effects of the Allied embargo.

Herbert Backe, the de facto head of the German Ministry of Agriculture, is said to have been the major proponent of the theory that Ukrainian resources would alleviate German—or rather Western European—food shortages once and for all. Backe was more cautious than that, however. In a briefing with Hitler, he told the Führer that if there were a territory of any use, it was Ukraine. All other regions within German reach depended on food imports themselves.[20] Backe also suggested how this net deficit could be turned into the agrarian surplus that Germany was after: by excluding most of northern and central Russia from the distribution of foodstuffs, several million tons would be freed for the Reich proper and for its dependent territories in the West. Backe's simple calculation aimed at nothing less than combining the economic goals of the invasion with the larger intentions of depopulating and deindustrializing Russia in order to secure German hegemony. The remaining parts of the Soviet Union were to provide agrarian products, raw materials, and cheap labor for the Greater German Empire and the prospective new colonial settlements in the East. On May 2, 1941, at an interdepartmental meeting of the undersecretaries involved in the planning of the invasion and occupation, these ideas were condensed into the infamous formula known as the "Hunger Plan," whereby "tens of millions" of people were doomed to perish in the course of occupation.[21]

Criticism of these plans did not pertain to the genocidal quality of this policy of deliberate mass starvation; instead, it addressed the high hopes placed on the economic benefits of occupying the western USSR. These worries were articulated mostly by the old nonparty elites. Among others, Minister of Finance Lutz Graf Schwerin von Krosigk and Field Marshall Fedor von Bock, who was to head the central army group, raised doubts about the advisability of the attack, specifically questioning Barbarossa's economic rationale. In their eyes, Germany stood to lose in a trade-off between the additional material and human resources required for such an invasion and the likely spoils of war. In addition, the Reich would have to do without Soviet deliveries for some time and would lose transit to the Far East altogether.[22]

General Georg Thomas, head of the Wehrmacht's Armaments Procurement Office, was another one of the initial skeptics. He made an impressive about-face, however, once he understood that Hitler's decision to embark on the Eastern campaign was final. In a memorandum prepared for Hitler in mid-February 1941, Thomas painted a largely optimistic picture of the economic effects of the looming war. In agreement with Backe, whose distinction between surplus and shortage territories he adopted in the section of his memo pertaining to agriculture,

[20] Bundesarchiv-Militärarchiv (BArch-MA), RW 19, 189, Kriegstagebuch (KTB) WiRüAmt, Jan. 30, 1941, 226. See the similar observation by Tooze, *Wages of Destruction*, 402–3, 457–59, 478. Kay, *Exploitation, Resettlement, Mass Murder,* 142, omits both the "if" clause and the fact that Backe's statement is known only from secondhand reports; see Rolf-Dieter Müller, "Von der Wirtschaftsallianz zum kolonialen Ausbeutungskrieg," in *Das Deutsche Reich und der Zweite Weltkrieg,* vol. 4, *Der Angriff auf die Sowjetunion,* ed. Horst Boog, Jürgen Förster, Joachim Hoffmann, et al. (Stuttgart: Deutsche Verlags-Anstalt, 1983), 126–28.

[21] *IMT,* Doc. 2718-PS, memorandum on a conference of undersecretaries, May 2, 1941: vol. 31:84; see also Alex J. Kay, "Germany's *Staatssekretäre*, Mass Starvation and the Meeting of 2 May 1941," *Journal of Contemporary History* 41, no. 4 (Oct. 2006): 685–700. For criticism of Kay's allegedly haphazard use of sources, see Klaus J. Arnold and Gert C. Lübbers, "The Meeting of the *Staatssekretäre* on 2 May 1941 and the Wehrmacht: A Document Up for Discussion," *Journal of Contemporary History* 42, no. 4 (Oct. 2007): 613–26. For a synopsis, see Dieter Pohl, *Die Herrschaft der Wehrmacht. Deutsche Militärbesatzung und einheimische Bevölkerung in der Sowjetunion 1941–1944* (Munich: Oldenbourg, 2008), 64–66.

[22] Kay, *Exploitation, Resettlement, Mass Murder,* 142–45; Tooze, *Wages of Destruction*, 457–58; Müller, "Wirtschaftsallianz," 124–25.

Thomas focused on Ukraine as the most important industrial region the regime expected to conquer.[23] According to the available data, mining in the Donets Basin had contributed 60 percent of all Soviet soft coal, while the nearby fields of Kryvyi Rih had supplied 61.5 percent of the USSR's iron ore. In addition, more than a third of all manganese mined in 1938 had come from Ukrainian pits. Only marginal attention was paid to the fact that the two major heavy industrial hubs along the Dnipro and in the Donbas had accounted before the war for roughly two-thirds of Soviet pig iron and more than 50 percent of all crude steel production.[24] Thomas might have added that the region's mineral deposits were enormous, and that some forty-five blast furnaces had been in operation in Ukraine in 1938, with several more scheduled for construction in the course of Stalin's third Five-Year Plan (the exact number was unknown to German investigators prior to the invasion). Approximately 1.5 billion tons of highly concentrated iron ore lay under the soil of Kryvyi Rih (59–61 percent Fe) and at least 450 million tons of manganese in the fields of Nikopol' (30 percent Mn) and Zaporizhzhya (26 percent Mn)—not to mention the seemingly endless supplies of both soft coal and lignite (the latter was located mostly in Western Ukraine).[25]

In short, there was much to be gained from exploiting Ukrainian resources, and Thomas concluded by suggesting that German supplies could be improved both in the short and long run. The general did add some cautionary notes, however, effectively leaving open a loophole of sorts in case his optimistic forecast did not pan out. He briefly outlined a set of preconditions for the promised gains, including rapid occupation with little devastation caused by the Soviet forces, a solution to the transport problem, and—in what proved to be a weighty proviso—additional annexation. Realizing that the western parts of the USSR lacked key resources (such as alloys and other non-iron metals apart from manganese, as well as mineral oil), Thomas made his predictions contingent on access to the Ural resources and the oil rigs of Maikop, Groznyy, and Baku.[26] This was certainly a tall order, but one in line with Hitler's earlier demands to secure the Caucasian oil fields as a precondition for victory.[27]

Thomas argued in favor of large-scale annexation in order to secure a sound economic basis for occupation, but his memorandum was conspicuously silent about the fate of industry in the Western USSR, including some 170 iron and steel plants.[28] This was no omission: it reflected the intentions of the German planners. Because they counted on a swift military triumph in the East and on the subsequent exploitation of the occupied territories as a provider of agricultural products and raw materials, they seemed to have had no genuine interest in Soviet industry. The manufacturing of finished goods was to be limited to the needs of the German troops and the immediate war effort; but advanced industry in northern and central Russia was not part of

[23]Georg Thomas, "Die wehrwirtschaftlichen Auswirkungen einer Operation im Osten, 13 Feb. 1941," in *Die deutsche Wirtschaftspolitik in den besetzten sowjetischen Gebieten 1941–1943. Der Abschlußbericht des Wirtschaftsstabes Ost und Aufzeichnungen eines Angehörigen des Wirtschaftskommandos Kiew*, ed. Rolf-Dieter Müller (Boppard am Rhein: Boldt, 1991), 387–90 [henceforth *Abschlußbericht*].

[24]Thomas, "Die wehrwirtschaftlichen Auswirkungen," 392–94; also see BArchB, R3102, 10814, "Die Lage in der sowjetrussischen Eisenhüttenindustrie," *Der Ost-Express*, no. 59 (June 1940).

[25]See the business-sponsored research paper in BArchB, R94, 4, *Ukraine. Arbeit der Wissenschaftlichen Abteilung des Stickstoff-Syndikates,* May 1941.

[26]Thomas, "Die wehrwirtschaftlichen Auswirkungen," 401. These were well-known facts, since previous attempts to obtain scarce metals such as copper, chrome, and tungsten by means of bilateral trade agreements had met with limited success because of the USSR's own scarcity of these goods; see Schwendemann, *Die wirtschaftliche Zusammenarbeit*, 90–91, 255–56, 288, 373; Blumenhagen, *Die deutsch-sowjetischen Handelsbeziehungen,* 160, 239–40.

[27]Kay, *Exploitation, Resettlement, Mass Murder,* 31, 57–58.

[28]BArchB, R13I, 696, Firmenbericht. Die Werke der Eisen schaffenden Industrie in Russland. I. Europäischer Teil, Aug. 1941, 124–29.

the German plan.[29] In contrast, heavy industry and oil drilling in Ukraine and Transcaucasia would continue, though the extent of those activities had not yet been determined.[30]

The first directives aimed at clarifying these goals remained highly restrictive. In July 1941, Hermann Goering, in his capacity as plenipotentiary for the Four-Year Plan, unequivocally laid out the guidelines: the recently established *Wirtschaftsstab Ost* (Economic Organization East) was not concerned with reconstruction, but rather with securing supplies and producing essential raw materials.[31] The top officials of the *Wirtschaftsstab*, including Thomas, understood what needed to be done. Just days after the directive, they agreed that there was no way to run the local economy in the absence of the communist intelligentsia, who were either dead or gone: "Large territories will have to be neglected (starvation)." In Thomas's words, it made little sense to "run factories merely to employ the population. We cannot feed the people, and we lack metals and coal. [Let us] only restart essential [industries], in particular those producing commodities, or factories of particular significance to the war effort."[32] This plan, though seemingly clear-cut, proved hard to implement.

Late Arrival and Early Surprises

Work of a practical nature started in the early days of the campaign, with two organizations taking the lead. The *Wirtschaftsstab Ost* sent out an armada of so-called *Wirtschaftsinspektionen* and *Wirtschaftskommandos* with the task of securing supplies, goods, and equipment in the newly occupied territories; these economic teams were also charged with searching the rear areas of the front for plants and factories that could be used for military purposes. Despite its modest beginnings, the *Wirtschaftsstab* and its subordinate units had grown into a major organization, commanding by late 1942 some nineteen thousand officials in the territories under military control (along with another fifty-three hundred officials in the provinces of the *Reichskommissariat Ukraine* administered by civilians).[33] Goering's July regulation provided for the establishment of the other main organization involved in this endeavor: state-run monopoly organizations, so-called *Ostgesellschaften*, which claimed sole responsibility for the procurement and disposition of resources in the East. Despite the state's controlling stake, the *Ostgesellschaften* also coopted private capital and expertise, drawing on the support of the German corporatist economic organizations. Among the first and, by far, the most important of these organizations were the Berg- und Hüttengesellschaft Ost (BHO), the Kontinentale Ölgesellschaft, and the Zentrale Handelsgesellschaft Ost.[34] It is significant that the personnel of both the *Wirtschaftsstab Ost* and the *Ostgesellschaften* had been recruited from a diverse range of occupations, bringing together army officers and farmers, state officials and businessmen, engineers and clerks. Officials frequently served in both organizations simultaneously, as well as in diverse private and state companies, business associations, and other economic

[29] *IMT,* Doc. 2718-PS, memorandum on a conference of undersecretaries, May 2, 1941, vol. 31:84; cf. Gerlach, *Kalkulierte Morde*, 390–95.

[30] *IMT,* Doc. 126-EC, 4:5–9. For summaries of the many, often mutually contradictory concepts discussed by both military and civilian offices, see Müller, "Wirtschaftsallianz," 101–2, 126–33, 146–51; Rolf-Dieter Müller, "Das Scheitern der wirtschaftlichen Blitzkriegstrategie," in *Das Deutsche Reich und der Zweite Weltkrieg,* vol. 4, *Der Angriff auf die Sowjetunion,* ed. Horst Boog, Jürgen Förster, Joachim Hoffmann, et al. (Stuttgart: Deutsche Verlags-Anstalt, 1983), 940–43; Dietrich Eichholtz, *Geschichte der deutschen Kriegswirtschaft 1939–1945,* vol. 1, *1939–1941* (Berlin: Akademie Verlag, 1969), 151–61.

[31] BArchB, R6, 23, Erlaß des Reichsmarschalls des Großdeutschen Reiches, July 27, 1941. See Pohl, *Die Herrschaft der Wehrmacht,* 107–10; Rolf-Dieter Müller, "Einleitung," in *Abschlußbericht*, 1–18.

[32] BArch-MA, RW19, 189, Besprechung mit Genlt. Schubert, July 31, 1941.

[33] See Müller, "Einleitung," 2. The *Wirtschaftsinspektionen* and *-kommandos* were identical to *Rüstungsinspektionen* and *-kommandos*, reflecting the military or civilian status of the respective administration.

[34] BArchB, R6, 23, Erlaß; Werpup, *Ziele*, 55–57.

institutions of the Third Reich.[35] The assignment of Paul Pleiger—an official of the Four-Year Plan, head of the state-owned *Reichswerke* "Hermann Goering," and leader of the *Reichsvereinigung Kohle*—as the BHO's chief executive highlighted this practice of overlapping personnel.[36]

Fears that the monopoly granted to the *Ostgesellschaften* would lead to a centrally planned economy were allayed, in part, by limiting their mission to a time span of three years, and by declaring that their job was not the "economic, colonial exploitation of the East in the long run," but rather in the interests of the immediate war effort.[37] Furthermore, it was suggested that private property—though under state supervision—would be reintroduced in the Soviet industrial sector, including the eventual transfer of individual companies and factories to German investors.[38] Doubts remained, however, forcing Goering to reformulate his directive in May 1942: all assets in the occupied territories would remain state property until the end of the war, but would operate as private businesses to avoid any similarities with Soviet collectivism. Privatization would, in other words, have to wait until the end of the war.[39]

Just how challenging the task was only became clear upon arrival. In contrast to its success on the northern and central parts of the front, the Wehrmacht made much slower progress and did not drive Soviet troops from Eastern Ukraine before September 1941—with fatal consequences for the economic potential of the newly conquered regions.[40] Instead of securing intact infrastructural and productive facilities, the German occupiers were confronted with a picture of "complete devastation and emptiness."[41] Early observations made in Western Ukraine had provoked considerable disappointment, but the situation in the East proved to be far worse.[42] Despite talk of overrunning the Red Army's defense lines and taking control of the industrial heartland, German forces met with stiff resistance that, as they later discovered, had two main purposes: to evacuate on a grand scale people and machines into far-away Soviet regions, and to destroy most of what was left in the plants, factories, and collieries.[43] Complete plants, along with their labor forces, had been dismantled and transported eastward; the administrative and party elites had left the region, and large segments of the local skilled workforce had gone along with them, if not

[35]The overlap between private and state officials was particularly notable in the tobacco industry of the *Wirtschaftsstab*; see Roth and Abraham, *Reemtsma*, 27–28, 62–65.

[36]For instance, Walter Tengelmann—in his civilian life a leading manager of Harpener Bergbau AG—served as the chief of the mining section of *Wirtschaftsinspektion Süd*; see BArchB, R121, 2139, Anweisung des Geschäftsführers der Berg- und Hüttenwerksgesellschaft Ost, Sept. 1941.

[37]BArch-MA, RW31, 6, circular letter by Wirtschaftsstab Ost, Chefgruppe W, Nov. 27, 1941.

[38]Staatsarchiv Nürnberg (StAN), Rep. 501, KVP, Fall 5, B-22, NI-5257 and NI-5255, letters from Ernst Poensgen to *Kleiner Kreis* members, Aug. 5–6, 1941; BArch-MA, RW19, 544, Niederschrift über Besprechung unter Vorsitz Goerings am 8.11.1941, Nov. 18, 1941. See also Müller, "Scheitern," 943–45; Werpup, *Ziele*, 97–98; Dietrich Eichholtz, *Geschichte der deutschen Kriegswirtschaft 1939–1945,* vol. 2, *1941–1943* (Berlin: Akademie Verlag, 1985), 403–4, 411–15.

[39]BArchB, R90, 444, Schreiben des Reichsmarschalls des Großdeutschen Reiches, May 20, 1942, and Verordnung über das Wirtschafts-Sondervermögen in den besetzten Ostgebieten, May 26, 1942. The Department for the Occupied Eastern Territories advocated guarantees for private investors; see BArchB, R90, 444, Betr. Verordnung über das Wirtschafts-Sondervermögen, June 18, 1942; BArchB, R6, 23, letter from Rosenberg to Goering, Dec. 1942.

[40]Economic commandos reached Kiev, Kryvyi Rih, Dnipropetrovsk, and Zaporizhzhya between mid- and late Sept. 1941; see BArch-MA, RW31, 15, Anlagen zum KTB WiStabOst, 1941.

[41]BArch-MA, RW30, 105, Nachtrag über den ersten Einsatz der Abtlg. La [ndwirtschaft], KTB WiKdo Dnjepropetrowsk, June 8, 1941-Jan. 31, 1942; *Abschlußbericht*, 178; see Werpup, *Ziele*, 65–73; Müller, "Scheitern," 947, 952.

[42]BArch-MA, RW30, 90, Erfahrungsbericht über die von WiIn z.b.V. Hessen befohlene Reise zur WiIn Süd**,** Aug. 26, 1941. Skeptical commentators had warned against misguided hopes early on, however, predicting that systematic destruction was likely east of the Dnipro. See BArch-MA, RW31, 972, Lagebericht Nr. 1, July 10, 1941.

[43]BArch-MA, RW31, 11, Vierzehntagebericht WiStabOst (Aug. 3–16, 1941), Aug. 30, 1941, 215; BArchB, R121, 2129, Erster Arbeitsbericht der Berg- und Hüttenwerksgesellschaft Ost, Dec. 1941. For the evacuation, see Frederick Kagan, "The Evacuation of Soviet Industry in the Wake of 'Barbarossa': A Key to the Soviet Victory," *Journal of Slavic Military Studies* 8, no. 2 (June 1995): 387–414.

always voluntarily. Key machinery was lacking, and essential parts had been blown up, in the derelict, empty factories left behind. Large parts of Kiev had been mined systematically and then destroyed when the Wehrmacht entered the city.[44]

German economic experts were astonished by the carefully implemented destruction—a well-orchestrated feat that countered the prevailing image of Soviet incompetence. The Red Army, a delegation of the Ministry of Finance begrudgingly conceded, had done "a good job."[45] The efficiency of the Soviet wrecking strategy was not the only surprise in store for the occupiers, however. When German industrial experts poured into the Dnipro and Donbas regions, they were astounded by the progress of the Soviet Five-Year Plans: the greatest strides had been made in the iron and steel industry, with fewer advances in coal mining.[46] Although not wholly unprepared—a number of state and private agencies had produced maps, reports, and guides to the industries in the occupied territories in the wake of the invasion (though often relying on old data)—German specialists had underestimated the size, scale, and quality of the Soviet iron and steel industry.[47] Between September and November 1941, a team of engineers on short-term loan to the *Wirtschaftsstab Ost* by private companies and business organizations visited the Ukrainian iron and steel plants. Their reports on the plants were laudatory. Some installations were outdated, but many had been extensively modernized or newly constructed. All of the destruction notwithstanding, the Dnipro district displayed a "determined effort . . . and generous planning." A recently built complex at Kryvyi Rih, one engineer noted, had no equal on the continent.[48] The *Ost-Express*, a semiofficial newsletter, was astounded by the "mighty plant" discovered in Mariupol'.[49] At the same time, however, a delegation of Ministry of Finance officials characterized Eastern Ukraine as a backward place, which they described in their reports using derogatory racist terms.[50]

The engineers' reports qualified the picture of wholesale devastation. The Soviets had employed two methods of destruction: relocating machinery (especially motors) and blowing up nonportable installations. According to German estimates, no more than 2,550 of 26,400 motors previously working in the Dnipro district's steel industry had survived, although losses were not evenly spread: while the main Kryvyi Rih plant had lost 97.5 percent of all motors, 1,500 out of 5,000 motors had remained intact in the neighboring Dniprodzerzhynsk complex. Worst of all was the situation in the Zaporizhzhya iron and steel works, where a mere 20 motors were left untouched—out of 4,000. Furnaces, power stations, and steel ovens had been blasted.[51] The levels of destruction nevertheless varied: some of the works in Dnipropetrovsk

[44]BArch-MA, RW30, 127, KTB WiKdo Kiew, Sept. 20, 1941; BArch-MA, RW31, 13, Halbmonatsbericht WiStabOst (Oct. 1–15, 1941), Nov. 2, 1941; *Abschlußbericht,* 179.

[45]BArchB R2, 30580, WiInSüd/Chefgruppe W, Vierter Bericht, Oct. 16, 1941; also see BArch-MA, RW31, 13, Halbmonatsbericht WiStabOst (Sept. 16–30, 1941), Oct. 20, 1941.

[46]For the development and destruction in Donbas, see Penter, *Kohle*, 33–38, 182–83.

[47]BArchB, R 3102, 10814, "Die wirtschaftliche Bedeutung des Dnjepr-Industriegebietes," *Der Ost-Express*, no. 78 (Aug. 1941); BArchB, R94, 4, *Ukraine. Arbeit der Wissenschaftlichen Abteilung des Stickstoff-Syndikates,* May 1941; BArchB, R13I, 696, Firmenbericht. Die Werke der Eisen schaffenden Industrie in Russland. I. Europäischer Teil, Aug. 1941, 122–42. Significantly, the section on the Asian regions was much shorter; see BArchB, R13I, 696, Firmenbericht. Die Werke der Eisen schaffenden Industrie in Russland. II. Asiatischer Teil, Oct. 1941.

[48]BArchB, R13I, 696, Berichte über Besuche als Kriegsverwaltungsrat bei Eisenhüttenwerken und Gruben in der Westukraine (Aug. 23-Sept. 15, 1941), Sept. 18, 1941, 48–49; BArchB, R13I, 696, Werksbesuchsbericht über den Besuch des Metallurgischen Werks "Dershinski" in Dnjeprodershinsk, Sept. 25, 1941; BArchB, R121, 2140, Besuchsbericht Nr. 7, Eisenhüttenwerk Kamenskoje, Oct. 11, 1941; BArchB, R121, 2138, Die Eisenindustrie im Dnjeprbogen, Nov. 1941; BArchB, R13I, 696, Die Eisenhüttenwerke der Ostukraine, Nov. 14, 1941.

[49]"Die Eisenhüttenindustrie in der Ostukraine," *Der Ost-Express,* no. 93 (Oct. 1941).

[50]BArchB, R2, 30580, Erster Bericht, Oct. 2, 1941.

[51]BArchB, R121, 2138, Die Eisenindustrie im Dnjeprbogen, Nov. 1941; BArchB, R13I, 696, Arbeitsweise der Hüttenwerke im Dnjepr-Bogen, Nov. 1941; BArchB, R13I, 696, Die Eisenhüttenwerke der Ostukraine, Nov. 14, 1941; BArchB, R121, 2129, Erster Arbeitsbericht der Berg- und Hüttenwerksgesellschaft Ost, Dec. 1941.

and Dniprodzerzhynsk, as well as in Kharkiv, had fared well all in all, though Taganrog and Zaporizhzhya had been hit especially hard. A surprise capture by German forces meant that the Mariupol' plants were left largely intact.[52]

From Plundering to Reconstruction

Although the investigations showed that the newest and most efficient plants had suffered most from disassembling and destruction, reports highlighted the fact that some industrial potential remained.[53] In a number of cases, the integrated combines had been destroyed, but individual installations—coking plants, blast furnaces, rolling mills, etc.—had been spared. Machines and equipment from dilapidated factories could be used to substitute for the missing pieces in other facilities. During the first months of occupation, however, these measures were not part of the German agenda. In accordance with overall strategy, industrial production was limited to the immediate needs of the troops—namely, supplies and repairs. The focus, therefore, was on confiscation, as well as on jumpstarting the machine construction divisions of the heavy industrial combines. Most economic activity in the summer and autumn of 1941 was dedicated to the search, sequestration, and shipping of raw materials and manufactured goods, most of it going either to the front, to German occupation authorities, or to the Reich.[54] In the last three months of 1941, the district administered by the *Wirtschaftskommando Dnjepropetrowsk* alone accounted for 63,736 head of cattle, 1,000 tons of poultry, 11 tons of sheep, 5,880 tons of grain, 585 tons of peas and beans, 980 tons of oil-rich crops, 21 tons of eggs, as well as cotton and minerals such as manganese ore (5,443 t) and ferrosilicium (50 t). In other words, the occupants took everything they could get hold of.[55]

Plundering was not the only form of exploitation during the early phase of the German occupation. The vast mineral reserves of Ukraine stood at the heart of German economic interest in the region. Since the Reich was well-supplied with iron ore—thanks to Swedish imports and the conquest of the deposits in Lorraine—it was manganese ore more than any other raw material (apart from Caucasian oil) that made the occupation of the southern Soviet Union so important.[56] Of the alloys required for the production of steel, manganese had the broadest application and was used in large amounts. German deposits were limited and of lesser quality, insufficient for sustained mass production, and unsuitable for certain sorts of steel. Although German supplies covered a year's demand in mid-1941, it was likely that stores would shrink rapidly not only because of growing internal demand, but also because the needs of the other occupied countries contributing

[52]BArch-MA, RW30, 178, KTB WiKdo Saporoshje, Oct. 3 and 5, 1941; BArch-MA, RW31, 334a, Bericht über die eisenschaffende Industrie Mariupol, Nov. 4, 1941; BArch-MA, RW31, 14, Halbmonatsbericht WiStabOst (Oct. 16–31), Nov. 27, 1941.

[53]Besides heavy industry, many small- and medium-sized workshops and factories (including chemicals, pharmaceutics, etc.) were well-preserved and impressed the German economic staff; see BArch-MA, RW30, 128, Übersicht über die Ersterkundungen in Kiew, Oct. 4, 1941.

[54]On "Aryanization" and other forms of antisemitic theft, see the extensive analysis by Martin Dean, *Robbing the Jews: The Confiscation of Jewish Property in the Holocaust, 1933–1945* (New York: Cambridge University Press, 2008), 175, 191–212, 220–21.

[55]BArch-MA, RW30, 92, Aufstellung über durchgeführte Transporte für die Bezirke der RüKdos Schepetowka und Shitomir für den Bezirk des WiKdo Dnjepropetrowsk, Dec. 15–31, 1941; BArch-MA, RW30, 128, WiKdo Kiew to WiIn Süd, Oct. 21, 1941. For a full list of goods confiscated by the *Wirtschaftsstab Ost* and related military organizations, see "Sammelmeldung über erkundete, abtransportierte, zurückgelassene und im Lande verbrauchte Rohstoffe und Materialien," in *Abschlußbericht,* 478–89.

[56]Rolf Karlbom, "Sweden's Iron Ore Exports to Germany, 1933–1944," *Scandinavian Economic History Review* 13, no. 1 (Fall 1965), 65–93; Matthias Riedel, "Die Eisenerzversorgung der deutschen Hüttenindustrie zu Beginn des Zweiten Weltkrieges," *VSWG* 58 (Fall 1971): 482–96.

to the war effort had to be met.[57] Thomas's February memorandum had stressed the significance of this issue, and by summer, it was a commonplace among German officials that manganese deserved just as much attention as foodstuffs. Gustav Schlotterer, a key figure in the Reich's war economy, urged the rapid examination of the most important deposits, and a special detachment of mining experts was sent to Nikopol' in order to start reconstruction work on the demolished mines. Missing materials and machinery were transferred to Nikopol' from Kryvyi Rih, whose iron ore mines were of secondary importance.[58] In June 1942, fifty thousand tons of ore were produced; the prewar high had been surpassed by September.[59]

Germany's initial plan was to reduce the Soviet territories to a source of raw materials and agricultural products, but a growing number of Wehrmacht officers and bureaucrats voiced their concerns about the advisability of selective exploitation. With hopes for a decisive victory dissipating rapidly by the fall of 1941, local economic officials called for substantial industrial mobilization. Plundering was clearly a shortsighted strategy: prolonged fighting, strained domestic resources, and enormous distances meant that a greater share of materials consumed on the front and by the occupation forces would have to be provided locally. And the demand to secure the troops' provisions from local resources would have to go beyond just food and clothing.[60] Local industry needed to be substantially rebuilt in order to support the military tasks lying ahead. Such ruminations reflected a learning curve but they did not translate directly into action. It took instead a slow, step-by-step process to overcome the initial limitations to systematic exploitation. Yet, despite the obvious contradictions that Christian Gerlach has noted, both alternatives—deindustrialization and reconstruction—served the same goal: German military victory and supremacy.[61]

The overall picture of economic mobilization in the first six months of occupation was thus disjointed and piecemeal; without a comprehensive policy in place, most of the German agencies were unable to improve the use of their local or regional resources. The first efforts to take advantage of the surviving industrial facilities were made in late 1941. Other factories were left idle or were employed for other purposes such as repair work and small-scale manufacturing.[62] Incessant conflict between civilian and military agencies over competences and intentions did not help the situation, either.[63] As a leading bureaucrat in Erich Koch's RKU staff pointed out, his agency had no interest in creating an "autarkic Ukrainian state. The future Ukrainian state must depend on us industrially. Therefore, we cannot allow industrial finishing in Ukraine. Industrial production may at most include semi-finished products. But we want to extract the optimum for us from Ukrainian agriculture. It will thus be our task to boost Ukrainian farming in every respect while breaking up or at least reducing industrial production."[64]

[57] Jörg-Johannes Jäger, *Die wirtschaftliche Abhängigkeit des Dritten Reiches vom Ausland. Dargestellt am Beispiel der Stahlindustrie* (Berlin: Berlin Verlag, 1969), 81–82, 194–200.

[58] BArch-MA, RW31, 972, Bericht über Kriwoj Rog/Nikopol, Aug. 26, 1941, and Lagebericht Gruppe Bergbau, Aug. 30, 1941; BArchB, R121, 2129, Erster Arbeitsbericht der Berg- und Hüttenwerksgesellschaft Ost, Dec. 1941; BArch-MA, RW31, 12, Vierzehntagebericht WiStabOst (Aug. 17–30, 1941), Sept. 8, 1941; BArch-MA, RW31, 13, Halbmonatsbericht WiStabOst (Oct. 1–15, 1941), Nov. 2, 1941; BArch-MA, RW30, 122, Bericht über eine wirtschaftliche und technische Untersuchung des Manganerzbergbaus Nikopol, Jan. 23, 1942.

[59] BArch-MA, RW30, 107, RüKdo Dnjepropetrowsk, Halbmonatsberichte, Aug. 1–15 and Sept. 16–30, 1942.

[60] *IMT,* Doc. 2718-PS, Aktennotiz, vol. 31:84.

[61] Gerlach, *Kalkulierte Morde*, 428–29; much of the existing literature is silent on this point; this includes Tooze, *Wages of Destruction;* Penter, *Kohle;* Kay, *Exploitation, Resettlement, Mass Murder.*

[62] BArch-MA, RW30, 128, RüKdo Kiew to RüIn Ukraine, Nov. 29, 1941; BArch-MA, RW31, 14, Halbmonatsbericht WiStabOst (Nov. 1–15, 1941), Dec. 8, 1941; BArch-MA, RW31, 972, Lage- und Tätigkeitsbericht (Dec. 15–31, 1941), Dec. 29, 1941.

[63] BArch-MA, RW30, 89, KTB WiIn Ukraine, Sept. 19 and 30, 1941; BArch-MA, RW30, 115, KTB der Außenstelle Nikolajew, Dec. 11, 1941. The Seraphim-Leykauf report voiced harsh criticism of Koch's administration; see BArch-MA, RW30, 103, Zur Lage im Reichskommissariat Ukraine, Nov. 29, 1941.

[64] BArchB, R2, 30581, report to OKVR Dr. Nickel, Sept. 7, 1941; also see Kosyk, *Third Reich*, 150–52, 168–70.

Appeals to focus resources on the front prompted a revision of economic policies in the East. At the end of 1941, the *Rüstungsinspektion Ukraine* noted that military demands had increased substantially in the preceding months, reaching more than seven million marks. A more elaborate economic structure was deemed essential in order to meet the growing demand, which was why these officials pressed their superiors in Berlin to "clarify which course the development of Ukraine's armaments industry should take."[65]

Goering's orders at the time were not as clear as these agencies had hoped, but they hinted at possible adjustments to the previous policy of deindustrialization. According to Goering, no finished goods should be produced in the occupied territories that would improve the living standards of the local population. He nevertheless indicated at a meeting on November 8, 1941, that oil and manganese would remain priorities, but that the iron and coal industries should also be revived.[66] This was a crucial step in broadening the scope of economic activities in Ukraine, given that these raw materials were a prerequisite for any significant manufacturing—but little practical change came about as a result of this modification. Against all odds, the *Wehrwirtschaft* offices in Ukraine increased their efforts to mobilize industrial resources, but large-scale production facilities, especially for badly needed armaments, were still nonexistent in the spring of 1942. Rumors that Hitler had rejected once and for all any ideas of establishing armaments production in Ukraine did not help to boost morale among the staff of the economic agencies.[67]

An about-face in official policy was well under way despite these disappointments. A long, internal BHO memorandum to Paul Pleiger dismissed as "absurd" the original concept of developing only agriculture and raw materials. The memo called instead for broad, balanced industrial production, with an eye toward using Ukrainian resources efficiently and, in the process, easing some of the strains on energy supplies and transports.[68] The BHO's plans to make full use of the remaining heavy industry in the Dnipro and Donbas regions met with approval by Albert Speer, the recently appointed Minister of Armaments. In May 1942, Speer announced that the Eastern Front would receive locally produced ammunitions as soon as possible; in addition, coal mining, blast furnaces, steel works, and rolling-mills were to be repaired or rebuilt.[69] With the backing of the new strong man in the war economy of the Third Reich, fresh instructions were issued promptly. A Four-Year Plan directive of May 22, 1942, stipulated that a large-scale ammunitions program was to be undertaken by the Ukrainian iron and steel industries. Imaginatively named the "Ivan Program," this directive set a monthly production target of 1.6 million projectiles, though this was soon reduced to 1.4 million.[70] In late June, Hitler completed the about-face by ordering the reconstruction of the Donbas coal mines.[71] Ironically, the new policies determined that combines with communist names such as Lenin, Liebknecht, and *Komintern* were to ensure that the Wehrmacht would not run out of bullets or fuel.[72]

[65]BArch-MA, RW30, 91, Rückblick über die rüstungswirtschaftliche Entwicklung, Sept. 12-Dec. 31, 1941.

[66]BArch-MA, RW19, 544, notes, Nov. 18, 1941.

[67]BArch-MA, RW30, 93, Rückblick auf die rüstungswirtschaftliche Entwicklung, Jan. 1-March 31, 1942; BArch-MA, RW30, 95, Bericht. Organisation der Wehrwirtschaft und der Rüstungsdienststellen, June 8, 1942.

[68]BArchB, R121, 2130, Der Wiederaufbau der südrussischen Eisenindustrie. 1. Planungsbericht, March 31, 1942. See also BArchB, R6, 304, Die wirtschaftliche Lage in den besetzten Ostgebieten, May 18, 1942.

[69]StAN, Rep. 501, KVP, Fall 5, B-32, NI-1014, letter from Jakob Reichert to Reichsgruppe Industrie, June 22, 1942. Rumors about this change of strategy had already spread in early May; see BArchB, R8122, 80908, Aktennotiz. Aussprache mit Herrn Dr. Schieber, May 6, 1942; BArchB, R2, 30590, Reisebericht über die zusammen mit KVR Dr. Krafft und KVR Höfle ausgeführte Dienstreise nach Kirow und in das Generalkommissariat Dnjepropetrowsk (May 3–18, 1942), May 21, 1942.

[70]BArch-MA, RW31, 20, KTB WiStabOst, Aug. 10, 1942; BArch-MA, RW31, 22, Monatsbericht WiStabOst (July 1942), Aug. 26, 1942; also see *Abschlußbericht,* 239–40.

[71]BArch-MA, RW31, 21, Führerbefehl, June 28, 1942; *Abschlußbericht,* 397.

[72]BArchB, R121, 2135, Rückblick auf die rüstungswirtschaftliche Entwicklung, July 1-Sept. 30, 1942; BArchB, R121, 2135, Niederschrift. Vorhaben "Iwan," July 11, 1942.

The sudden shift in the scale and scope of industrial activity in Ukraine also had repercussions for the way in which the goals were to be achieved. The BHO monopoly was modified, with an eye to the limitations of the *Ostgesellschaften* and in line with Speer's inclination to give business a bigger role in running the war economy. Private companies were to be awarded so-called guardianships in order to provide the know-how and personnel necessary for overhaul, repairs, and production. The plants remained state property, and the authorities were at pains not to predetermine the ownership question formally. But there was more than just a tacit understanding that the appointed guardian firms would be given priority. For the time being, the plants had to cater to the needs of the BHO—i.e., of the war effort—and could not be run independently. This was compensated by the fact that all costs—and thus all risks—were passed along to the Reich, or, more precisely, to the occupied territories that would, in the end, have to shoulder the financial burden.[73]

Given Pleiger's grip on the BHO, the Reichswerke could have easily laid claim to the lion's share of the plants, as they had done on previous occasions.[74] But with its human resources anyway overstretched, the state company pursued a comparatively modest course. In a joint venture with the Mitteldeutsche Stahlwerke, a subsidiary of the Flick group, most of the large iron and steel works in Dnipropetrovsk and the vicinity were handled by the Dnjepr Stahl GmbH.[75] This still left a sizeable number of other investment opportunities for Flick's competitors. Far from being coerced into participation, several major companies vied for the choicest of the booty.[76] If the reconstruction of potential competitors could not be avoided, it certainly made sense to have at least a say in their development.[77] Krupp thus managed to secure one of the best picks—the Asov combine in Mariupol'—while other trusts scrambled to secure their preferred factories. In the process, some saw their ambitions thwarted by quicker competitors, such as Flick, Krupp, and Mannesmann.[78]

Obstacles

The reorganization of Ukrainian industry changed the economic policies of the occupiers. There had been some minor successes before the arrival of the first representatives from the private sector, but it was only at this point that the Dnipro and Donbas plants truly got going.[79] The BHO noted in July that the "guardian firms" were now "fully involved," optimistically predicting that the first load of crude

[73]BArchB, R121, 2140, Patenschaften in Rußland, Aug. 8, 1942; Kim Christian Priemel, *Flick. Eine Konzerngeschichte vom Kaiserreich bis zur Bundesrepublik* (Göttingen: Wallstein, 2007), 463. For the Byelorussian case, see Gerlach, *Kalkulierte Morde*, 431–42.

[74]The BHO's personnel resources were thin and depended to a great extent on multiple assignments by the staff of the Reichswerke group; see Harald Wixforth and Dieter Ziegler, "Die Expansion der Reichswerke 'Hermann Goering' in Europa," *Jahrbuch für Wirtschaftsgeschichte* 49, no. 1 (Aug. 2008): 257–78.

[75]Priemel, *Flick*, 462–64.

[76]See, e.g., Werner Abelshauser, "Rüstungsschmiede der Nation? Der Kruppkonzern im Dritten Reich und in der Nachkriegszeit 1933 bis 1951," in *Krupp im 20. Jahrhundert. Die Geschichte des Unternehmens vom Ersten Weltkrieg bis zur Gründung der Stiftung*, ed. Lothar Gall (Berlin: Siedler, 2002), 372.

[77]These concerns had been articulated by Krupp's CEO, Ewald Loeser, in the early days of the campaign; see BArch-MA, RW19, 189, KTB WiRüAmt, July 30, 1941.

[78]StAN, Rep. 501, KVP, Fall 5, B-23, NI-5365, Notiz für Herrn Flick, June 25, 1942; StAN, Rep. 501, KVP, Fall 5, B-23, NI-3664, Notiz Flick, July 13, 1942, 10–12. BArchB, R121, 2140, letter from Rohland to Pleiger, Aug. 15, 1942; BArchB, R121, 2140, Aktennotiz für Herrn Pleiger, Aug. 29, 1942; BArchB, R121, 2140, letter from Pleiger to Speer, Sept. 22, 1942; BArchB, R121, 2140, letter from Mannesmannröhren-Werke to Pleiger, Aug. 20, 1942; BArchB, R121, 2140, letter from Pleiger to Mannesmannröhren-Werke, Gutehoffnungshütte Oberhausen, and Krupp AG, Nov. 4, 1942. See also Johannes Bähr, Ralf Banken, and Thomas Flemming, *Die MAN. Eine deutsche Firmengeschichte* (Munich: Beck, 2008), 305–6.

[79]BArch-MA, RW30, 106, RüKdo Dnjepropetrowsk, Monatsbericht, May 1942.

steel would be delivered by January 1943.[80] The report also pointed out, however, that the efforts to rebuild the iron and steel plants faced four major hurdles: 1) missing machines and equipment, 2) inadequate energy supplies, 3) insufficient transportation infrastructure, and 4) a lack of (skilled) labor.[81]

The first two problems proved easier to solve than the others. Machines and motors were transferred to the "Ivan" plants from defunct installations nearby, which, according to German plans, would not be rebuilt anyway. Additional machinery and equipment, especially machine tools and other precision gear, were then shipped from the Reich. One of the guardian firms, Dnjepr Stahl, received 20 million marks from the BHO just for repair work and the acquisition of motors, machines, materials, and specific installations.[82] Not all of the equipment was purchased on a regular basis, though. A good deal of specialized machinery was brought to Ukraine from plants in the occupied territories in the West. Locomotives and motors for rolling mills or electro-industrial factories operated by Dnjepr Stahl, Siemens, or AEG thus came from Alsace, Normandy, and Liège, frequently defying the objections of their French and Belgian owners.[83]

Despite an effort to label these transfers euphemistically as "partnerships," they were more or less openly enforced. By contrast, power shortages were relieved by public-private subcontracting. With a number of power stations fueled by coal either demolished or short of energy resources, Zaporizhzhya—Europe's biggest dam and hydroelectric power plant—was crucial to solving the severe energy crisis, which had practically limited any reconstruction effort.[84] It had been blown up by retreating Soviet forces, which had led to the flooding of the surrounding villages and the shutting down of Ukraine's most important source of electric power. A 630-foot hole in the gigantic dam, along with the destruction of most of the generators, meant that the "artery of all industry" in Eastern Ukraine had been cut off. One hundred thousand workers were thus left idle. Everything, Wehrmacht officers noted upon their arrival, was "utterly silent."[85] But the situation changed quickly. Zaporizhzhya was first and foremost among the occupiers' reconstruction efforts. Under the auspices of the Todt organization, some sixteen hundred local construction workers and twenty-five hundred Soviet POWs were employed at the site by prominent German companies, including Siemens, Grün & Bilfinger, Philipp Holzmann, and MAN. Costs were calculated at some twenty-two million marks.[86] Repairs were thus well under way when the "Ivan" decision was issued in mid-1942, and the power station went back online on New Year's Eve. By April 1943, the dam was providing 78 percent of all energy used in the Donets Basin, and 96 percent of the Dnipro region's power consumption.[87] The transfer of power to the drains of

[80]BArchB, R3101, 15335, Bericht über die Tätigkeit der Berg- und Hüttenwerksgesellschaft Ost nach dem Stande vom 31.7.1942, Sept. 24, 1942.

[81]BArch-MA, RW30, 95, WiIn Ukraine, Bericht Betr. Organisation der Wehrwirtschaft und der Rüstungsdienststellen, June 8, 1942; BArch-MA, RW30, 108, RüKdo Dnjepropetrowsk, Überblick, Oct. 1-Dec. 31, 1942; BArch-MA, RW30, 109,WiKdo Dnjepropetrowsk, Überblick, Jan. 1-March 31, 1943; BArchB, R121, 2129, Zweiter Arbeitsbericht der BHO, Dec. 1942.

[82]StAN, Rep. 501, KVP, Fall 5, D-7, Eidesstattliche Erklärung Herbert Monden, May 27, 1947.

[83]BArchB, R10III, 97, Einschaltung der französischen Industrie beim Wiederaufbau im ukrainischen Raum (1942); BArchB, R121, 2139, letter from BHO to Militärbefehlshaber Frankreich, March 5, 1943.

[84]BArch-MA, RW31, 12, WiStabOst, Halbmonatsbericht (Sept. 1–15), Sept. 29, 1941; BArch-MA, RW31, 17, Vierzehntageberícht WiStabOst (Dec. 1–12), Jan. 15, 1942; StAN, Rep. 501, KVP, Fall 5, B-22, NI-5261, Protokoll über die Verwaltungsratssitzung, March 31, 1943; *Abschlußbericht,* 234.

[85]BArch-MA, RW30, 178, KTB WiKdo Saporoshje, Oct. 6 and 9, 1941; BArch-MA, RW30, 178, Vierteljahrsbericht, Oct. 9-Dec. 31, 1941.

[86]BArchB, R2, 30584, Vermerk. Wiederherstellung des Kraftwerks in Saporoshje, April 22, 1942; BArch-MA, RW30, 107, RüKdo Dnjepropetrowsk, Halbmonatsbericht (Sept. 1–15, 1942); BArch-MA, RW30, 178, KTB WiKdo Saporoshje, March 26, 1942; BArch-MA, RW30, 178, Vierteljahr-Bericht über den Einsatz, Jan. 1-March 31, 1942. Again, the overlap between private and official staff was striking: the head of the technical battalion assigned to overhauling the power station machinery was also a leading engineer at AEG, which repaired the electrical installations in the plant; see BArch-MA, RW30, 180, KTB WiKdo Saporoshje, June 5, 1942.

[87]BArch-MA, RW30, 110, Halbmonatsübersicht, April 1–15, 1943.

the Donbas pits further enhanced fuel production.[88] Although it eased pressure on the strained German pits, local coal production never made more than a modest contribution to Ukraine's fuel needs. With a total output of slightly more than four million tons—some 5 percent of Soviet prewar production—it accounted for less than one-fifth of the total coal consumption in the Eastern territories.[89]

The third obstacle—transport—was especially troublesome. A persistent deficit in available engines and cargo space had been one of the most important reasons for rethinking occupation tactics in the first place, since the large-scale shipping of coal, steel, and clothing from the Reich had put massive pressure on the German railway system. The cost of transporting soft coal from Upper Silesia to the Ukrainian power stations was three times higher than the price of the coal itself.[90] Despite efforts to improve the situation, complaints about insufficient transport facilities featured prominently in economic reports until the end of the war.[91] This was particularly the case in times of massive troop movement, such as those that occurred during a major Soviet offensive in the winter of 1942–1943, which forced the Wehrmacht to retreat from Eastern Ukraine for several weeks.[92]

No problem posed greater difficulties for the German administration, however, than the labor shortage—a catastrophe of its own making. The lack of those skilled workers who had been evacuated by the Soviet authorities had not mattered much at first, but the subsequent change of course in economic policy only served to highlight the gravity of the loss. The German policy of extermination further exacerbated the situation.[93] When large-scale deportations bound for the Reich started in the spring of 1942, the working population was already significantly depleted. This certainly ran counter to Germany's economic goals, but did fit into the vision of "reordering" Europe along racial lines.

While some of the Reich's economic experts supported the murderous policies against the Jews and the Slavs, others took a more utilitarian stand. The *Wirtschaftsstab Ost* boasted in July 1941 that the Jewish labor issue had been solved admirably at a refinery in Drohobycz: skilled non-Jews had replaced Jewish workers, and the refinery was operating "wholly without Jews" (*ganz judenfrei*).[94] German officials justified this move by pointing to the allegedly hostile behavior of the local Jewish population and its (unspecified) propaganda activities. Around the same time, the German armaments office at Kiev noted that Jews had been responsible for destroying and dismantling factories, and for stealing machinery and tools.[95] Officials' efforts to blame the terrible fate of the Jewish population on their own "misdeeds" illustrated the fact that economic rationale did not outweigh ideological zeal. Other observers, though, acknowledged the advantages of employing Jewish labor: because it came for free (at least before the civilian administration took over), or because Jewish artisans were the backbone of many trades and industries and could not be

[88]BArch-MA, RW30, 98, Tätigkeitsbericht, Jan. 1–15, 1943; BArch-MA, RW30, 109, KTB WiKdo Dnjepropetrowsk, Jan. 6–8, 1943, and Feb. 11, 1943.

[89]See Penter, *Kohle*, 183–84.

[90]BArch-MA, RW31, 334a, Zur Wirtschaftslage in der Ukraine, May 31, 1943.

[91]BArch-MA, RW30, 105, KTB WiKdo Dnjepropetrowsk, Jan. 21, 1942, 43; BArch-MA, RW30, 97, WiIn Ukraine, Tätigkeitsbericht, Nov. 1–15, 1942; BArch-MA, RW30, 98, WiIn Ukraine, Tätigkeitsbericht, Jan. 16–31, 1943.

[92]BArch-MA RW30, 109, WiKdo Dnjepropetrowsk, Halbmonatsübersichten, Feb. 1943; BArch-MA, RW30, 98,WiIn Ukraine, Tätigkeitsbericht, Feb. 1–15, 1943; BArch-MA, RW30, 98, Rückblick über die wehrwirtschaftliche Entwicklung, March 31, 1943.

[93]Wendy Lower, *Nazi Empire-Building and the Holocaust in Ukraine* (Chapel Hill: University of North Carolina Press, 2005), 59–78, 96; Andrej Angrick, *Besatzungspolitik und Massenmord. Die Einsatzgruppe D in der südlichen Sowjetunion 1941–1943* (Hamburg: Hamburger Edition, 2003); Penter, *Kohle*, 202–7, 231–44; Roth and Abraham, *Reemtsma*, 177–214.

[94]BArch-MA, RW31, 11, Wochenbericht WiStabOst, July 16, 1941.

[95]BArch-MA, RW30, 128, RüKdo Kiew, Lagebericht, Dec. 14, 1941.

easily replaced—a point even made by the head of the murderous *Einsatzgruppe C*.[96] If there was any principled criticism of the extermination campaign directed by the killing units (*Einsatzgruppen*), it remained private.[97]

The significance of Jewish labor was further enhanced by the horrible fate of the Soviet POWs. Expecting swift victory and unwilling to spend any resources on captives deemed racially inferior, the Wehrmacht pursued a policy of deliberate neglect.[98] Herded together in fenced camps without adequate shelter or sanitary installations, undernourished Soviet prisoners died by the thousands every week during the first nine months of occupation. Dulag 205 at Berdychiv reported a mortality rate of over 82 percent by the end of 1941.[99] This was not unintended—nor was it surprising to German authorities. Descriptions of the catastrophic conditions were ubiquitous in military and civilian reports, which included depictions of cannibalism and mass executions. Given the primacy of provisions for the front and for the Reich, German officials agreed that, at best, *either* the civilian population *or* the POWs might be supplied—but certainly not both groups.[100] The *Wirtschaftsstab Ost* consequently advocated a reduction in rations for the POWs.[101] By February 1942, at least 2 million out of 3.35 million Soviet POWs had died of starvation.[102]

With the Jews and the POWs either dead or too weak to work, the only remaining source of labor was the non-Jewish Ukrainian population—a group that was initially well-disposed to the German occupiers. This was unsurprising after two decades of Soviet rule, which had cost between five and six million lives as a result of the liquidation campaign against the kulaks, the great famine of 1932–1933, and Stalinist terror.[103] It did not take long, however, for the Germans to frustrate Ukrainian hopes for liberation and independence. The horrifying fate of the POWs appalled the population, and the disillusionment only deepened when it became obvious that the German occupiers had no intention of treating the inhabitants on equal terms, much less to grant them self-determination or even some degree of autonomy.[104] Incidents of openly racist discrimination and mistreatment—the phrase "white negroes" rapidly spread—frequently occurred, prompting German officials to call repeatedly for more restraint and

[96]BArch-MA, RW30, 128, Lagebericht (Jan. 1942), Feb. 6, 1942; BArch-MA, RW30, 96, Tätigkeitsbericht, Sept. 16–30, 1942; BArch-MA, RW30, 97, Tätigkeitsbericht, Oct. 16–31, 1942. In the case of a furniture factory in Pinsk, the WiKdo went to great lengths to prevent the removal of the Jewish labor force; see BArch-MA, RW30, 96, Tätigkeitsbericht, Sept. 1–15, 1942.

[97]Lower, *Nazi Empire*, 83–85; see Dieter Pohl, "Die Einsatzgruppe C 1941/42," in *Die Einsatzgruppen in der besetzten Sowjetunion 1941/42. Die Tätigkeits- und Lageberichte des Chefs der Sicherheitspolizei und des SD*, ed. Peter Klein (Berlin: Hentrich, 1997), 71–87; Angrick, *Besatzungspolitik*, 139–206; Berkhoff, *Harvest of Despair,* 62–71.

[98]See the pioneering study by Christian Streit, *Keine Kameraden. Die Wehrmacht und die sowjetischen Kriegsgefangenen 1941–1945*, 4th ed. (Bonn: Dietz, 1997); Pohl, *Die Herrschaft der Wehrmacht,* 201–30.

[99]Lower, *Nazi Empire*, 65.

[100]StAN, Rep. 501, KVA, NI-5253, report from Ulrich Faulhaber to Jakob Reichert, Fall 1941; BArch-MA, RW30, 103, Zur Lage im Reichskommissariat Ukraine, Nov. 29, 1941; BArch-MA, RW30, 178, KTB WiKdo Saporoshje, Nov. 12, 1941.

[101]BArch-MA, RW31, 12, Halbmonatsbericht WiStabOst (Sept. 1–15), Sept. 29, 1941.

[102]Streit, *Keine Kameraden*, 136; Mark Spoerer, *Zwangsarbeit unter dem Hakenkreuz. Ausländische Zivilarbeiter, Kriegsgefangene und Häftlinge im Deutschen Reich und im besetzten Europa 1939–1945* (Stuttgart: Deutsche Verlags-Anstalt, 2001), 72. For Ukraine, see Penter, *Kohle*, 202–7; Berkhoff, *Harvest of Despair,* 91–113.

[103]See Berkhoff, *Harvest of Despair,* 114–15; Lower, *Nazi Empire*, 37–43; also see Anna Reid, *Borderland: A Journey through the History of Ukraine* (London: Weidenfeld & Nicolson, 1997), 116–32; Hiroaki Kuromiya, "Stalinist Terror in the Donbas: A Note," *Stalinist Terror: New Perspectives*, ed. J. Arch Getty and Roberta T. Manning (Cambridge: Cambridge University Press, 1993), 215–22; Penter, *Kohle*, 96–104.

[104]BArch-MA, RW31, 13, Halbmonatsbericht WiStabOst (Sept. 16–30), Oct. 20, 1941; BArch-MA, RW31, 14, Halbmonatsbericht WiStabOst (Oct. 16–31), Nov. 27, 1941; BArch-MA, RW31, 19, Monatsbericht WiStabOst (April 1942), May 18, 1942. For the devastating effects of "antipartisan warfare" on the rural population, see Angrick, *Besatzungspolitik*, 206–24, 484–525.

respect.[105] The success of such appeals remained limited, and the increasingly insufficient supply of foodstuffs and everyday goods only served to alienate the Ukrainian population even more. Propaganda could hardly conceal the failure of German policy to attract significant support. As some of the more enlightened commentators realized, slogans such as "Germany offers work and bread" were pointless: "the Russians have had more work than any other people … And we have little bread to promise today or in the foreseeable future."[106]

Germany's harsh occupation policy was disastrous both to Ukraine and to the Reich's economy. Peter-Heinz Seraphim—in civilian life a prominent *Judenforscher*—utterly lambasted the occupation policy in the single most damning document written by a German official. His long memorandum was shortened and toned down by his superior before it was forwarded to Germany, but it nonetheless squarely placed the blame for Ukraine's ruin on poor management.[107] Seraphim summarized the murderous intentions and effects of the hunger strategy, the scale of the killings of Jews and POWs, and the results of misguided planning and incompetent administration; he ridiculed the illusory ideas about agricultural benefits from occupation; and he highlighted the pernicious effects of the deliberately created disparity in buying power between German occupiers and locals. In a key passage of his philippic, Seraphim predicted that all efforts at reconstruction were doomed without a change in what might have been called human resource management: "We have to be absolutely clear about one thing: that in the Ukraine, in the last analysis, only Ukrainians can create economic assets. If we shoot dead all the Jews, let the prisoners of war die, condemn citizens of the big cities to death by starvation, and also, in the coming year, lose a part of the rural population through starvation, the question remains: who will be left alive to produce economically valuable goods?"[108]

Seraphim's clarion call seems to have gone unanswered. Ukrainian workers continued to be treated with disdain and with indifference to their physical and mental health. Output and food rations were strictly correlated to labor productivity. While the penalty for petty theft was execution, even minor mistakes and rule-breaking by workers led to harsh and frequently inhumane forms of punishment.[109] It was thus hardly surprising that labor recruitment became more and more difficult and that, despite the threat of severe sanctions and the use of brutal force, migration to the countryside—motivated by the hope for less harassment and more food—grew exponentially.[110] In October 1942, after the steel works in Zaporizhzhya had lost within mere days more than half of its 4,200-person workforce, BHO officials demanded that forced laborers be

[105]BArch-MA, RW19, 544, letter from Bräutigam to Thomas, Nov. 22, 1941. The advice was apparently not heeded; see BArchB, R3101, 15335, Monatsbericht WiStabOst (Oct. 1–31, 1943), Nov. 19, 1943; BArchB, R6, 305, Besichtigungsreise durch die Ukraine, June 3–23, 1943.

[106]BArchB, R6, 304, Die wirtschaftliche Lage in den besetzten Ostgebieten, May 18, 1942. Penter points out that the German occupiers reversed the Soviet system that had privileged the urban industrial centers over the countryside. Privilege was nevertheless relative in both cases and involved a miserably low level of rations. See Penter, *Kohle*, 185–92.

[107]BArch-MA, RW30, 103, letter from Leykauf to Thomas, Dec. 2, 1941; BArch-MA, RW30, 103, Zur Lage im Reichskommissariat Ukraine, Nov. 29, 1941. The memorandum is often cited in Leykauf's abbreviated version, which omitted Seraphim's authorship as well as his blunter tone; see, e.g., Müller, "Scheitern," 1010. See also Hans-Christian Petersen, *Bevölkerungsökonomie – Ostforschung – Politik. Eine biographische Studie zu Peter-Heinz Seraphim 1902–1979* (Osnabrück: fibre, 2007), 193.

[108]BArch-MA, RW30, 103, Zur Lage im Reichskommissariat Ukraine, Nov. 29, 1941. English translation from Steinberg, "Third Reich," 642.

[109]BArchB, R121, 2140, Bericht über die Waggonfabrik Kamenskoje, Oct. 1941-Nov. 28, 1943; BArch-MA, RW30, 134, Vermerk zur Akte Arbeitseinsatz/Allgemeines, Jan. 28, 1943; BArch-MA, RW30, 175, Vermerk. Bekämpfung des Arbeitsunwillens in Poltawa, Feb. 23, 1943.

[110]On recruitment methods, see Ulrich Herbert, *Hitler's Foreign Workers: Enforced Foreign Labor in Germany under the Third Reich*, transl. William Templer (Cambridge: Cambridge University Press, 1997), 167–71; Berkhoff, *Harvest of Despair,* 259–74; Markus Eikel, "'Weil die Menschen fehlen'. Die deutschen Zwangsarbeitsrekrutierungen und -deportationen in den besetzten Gebieten der Ukraine 1941–1944," *Zeitschrift für Geschichtswissenschaft* 53 (May 2005): 405–33.

kept in fenced and guarded camps.[111] Still, the numbers of so-called contract violations did not decrease significantly, and understaffing continued to be a problem until the end of occupation. In May 1943, the Dnipropetrovsk offices noted with some resignation, a turnout of fewer than 880 of the 9,300 workers expected for the "Ivan Program."[112]

To make matters worse from the German perspective, the year-long deportation of hundreds of thousands of forced workers to the Reich turned what was left of Ukrainian collaboration into either passive or active resistance.[113] Labor for German purposes had hardly been voluntary prior to the mass deportations—food rations in urban areas had been linked to employment certificates, work assignments had been made compulsory, and contracts could not be terminated by employees—but the degree of coercion reached new heights in terms of numbers and severity.[114] In May 1942, the German plenipotentiary for labor recruitment, Fritz Sauckel, fixed the number of workers that the Soviet territories would have to contribute at 1.6 million, with the vast majority (1.2 million) coming from Ukraine and southern Russia.[115] Sauckel's demand that recruitment should be implemented "by all means and ruthlessly" was swiftly implemented, and the targets were soon met and surpassed. At the end of January 1943, 1.8 million civilian workers and 600,000 POWs had been deported to Germany.[116] By the end of the war, some 3.1 million civilian men, women, and children had been forced to work in Germany and Western Europe; more than half of them, i.e., about 1.7 million, were from Ukraine.[117]

Not surprisingly, forced labor recruitment had a devastating effect on workers' morale; it was also counterproductive with respect to reconstruction efforts. It was highly characteristic of occupation policy, as well as of the German war economy more generally, that the decision to rebuild Ukrainian industry coincided with efforts to draft more people from the very regions where the rebuilding was to take place.[118] The ensuing conflicts—reflected in many reports by guardian companies, civilian agencies, and Wehrmacht offices—remained unsolved and were instead camouflaged by strong rhetoric pretending that both goals could be fulfilled if necessary.[119] Because this proved to be wishful thinking, labor recruitment became even more brutal and merciless, drawing on whatever labor was at hand, including children, displaced persons (DPs) from the front, and even people in quarantine.[120] This hardly boosted productivity, but the sheer numbers alone managed to do the trick and accomplish much of the work—even if human sustainability remained irrelevant. In March 1943, German authorities counted a total of 557

[111] BArch-MA, RW30, 100, KTB WiIn Ukraine, Lagebericht für Juli 1943, Aug. 2, 1943; BArchB, R121, 2139, letter from BHO to RüKdo Dnjepropetrowsk, Oct. 9, 1942.

[112] BArch-MA, RW30, 107, RüKdo Dnjepropetrowsk. Halbmonatsbericht, Sept. 1–15, 1942; BArch-MA, RW30, 99, KTB WiIn Ukraine, May 6, 1943.

[113] On the forced labor program, see Spoerer, *Zwangsarbeit;* Herbert, *Hitler's Foreign Workers*.

[114] Eikel, "Menschen," 409–10, 415; Tanja Penter, "Arbeiten für den Feind in der Heimat—der Arbeitseinsatz in der besetzten Ukraine, 1941–1944," *Jahrbuch für Wirtschaftsgeschichte* 1 (2004): 65–94.

[115] BArch-MA, RW30, 130, Aktenvermerk, June 12, 1942.

[116] BArch-MA, RW31, 27, Gesamtüberblick über das 1. Quartal 1943, July 13, 1943; *Abschlußbericht,* 319–29; also see Penter, "Arbeiten für den Feind," 76–79.

[117] Spoerer, *Zwangsarbeit*, 80; Herbert, *Hitler's Foreign Workers*, 194, 462. There is no reliable data on how many Ukrainians worked, directly or indirectly, for the German occupiers. Penter arrives at a total of twenty-two million for all occupied Soviet territories, but does not break down the estimate by region. See Penter, "Arbeiten für den Feind," 66.

[118] Significantly, though, Nikopol was largely spared; see BArch-MA, RW30, 104, Lagebericht (April 1942), May 14, 1942; see Berkhoff, *Harvest of Despair,* 154–55.

[119] BArch-MA, RW30, 130, RüKdo Kiew to RüIn Ukraine, June 18, 1942; BArch-MA, RW30, 98, WiIn Ukraine, Rückblick über die wehrwirtschaftliche Entwicklung (Jan.-March 1943), March 31, 1943; BArch-MA, RW30, 109, Stahlwerke Braunschweig to Geilenberg, March 8, 1943. See also Penter, "Arbeiten für den Feind," 68–70.

[120] BArch-MA, RW30, 108, RüKdo Dnjepropetrowsk. Halbmonatsübersicht, Dec. 15–31, 1942. StAN, Rep. 501, KVP, Fall 5, B-24, NI-3624, Wochenbericht, July 18, 1943.

iron and steel plants and factories employing some 86,000 workers. Another 65,000, including 8,200 POWs, were working in the Donbas mines.[121]

The reconstruction of heavy industry along the Dnipro and Don Rivers progressed despite these obstacles. Barely six months after "Ivan" had been launched, basic iron and steel production resumed, and the sheet rolling mills at Dniprodzerzhynsk and Makeyevka were back online by October. In May 1943, the Voroshilov plant started the fabrication of shells.[122] Optimism prevailed and the BHO administration was enthusiastic about the "gratifying new spirit" that made itself felt on the banks of the Dnipro—in contrast to the disappointing situation in Mariupol', where Krupp had not delivered on its promises.[123] The high spirits of German managers and officers were illustrated by renewed attempts by private businesses to make permanent inroads into the Ukrainian steel industry, as well as by the belated renaming of the plants, which were now given the names of German *Gaue*.[124] The "success" story came to an abrupt end, however, in the summer of 1943, when the Eastern Front collapsed. In early September, orders came for the termination of "Ivan" and the dismantling of all industrial installations. The industrial hubs in the Donbas and along the Dnipro were once again turned into battlefields.[125]

What followed was a repeat of 1941. Since mid-July 1943, preparations for the deconstruction and shipping of all equipment, machinery, and installations had been under way; guardian firms had been drawing up lists with everything worth "cannibalizing," as dismantling was aptly called.[126] Everything that had been rebuilt in the past two years was now taken apart; factories and bridges were shipped westward. Seventeen thousand railroad cars were dispatched from Dnipropetrovs'k and Kiev, with more than three thousand coming from the iron and steel works alone.[127] The districts east of the Dnipro also contributed a significant amount of raw material, finished goods, and livestock; in addition, they witnessed the forced migration of 375,000 people to areas still under German control, many of them against their will. What could not be retrieved was destroyed, leaving nothing but "scorched earth" behind, as the RKU's Erich Koch had demanded.[128] In a scene bordering on the grotesque, the recently repaired Zaporizhzhya dam was blown up by the same people who had just finished filling the holes, and the coal mines of the Donbas were flooded once again. Force was used to break resistance by those segments of the local population that tried to prevent their workplaces from being

[121] These figures did not include the fifty-two "W-Betriebe," with some fifty-four thousand employees, most of them in Ukraine; see BArch-MA, RW 31, 27, *Abschlußbericht,* 236; KTB WiStabOst, Jan. 20, 1943.

[122] BArchB, R121, 2129, Zweiter Arbeitsbericht der Berg- und Hüttenwerksgesellschaft Ost, Dec. 1942; BArch-MA RW30, 108, KTB RüKdo Dnjepropetrowsk, Oct. 13, 1942; BArch-MA RW30, 108, Überblick, Oct.-Dec. 1942; BArch-MA, RW 30, 110, KTB WiKdo Dnjepropetrowsk, April 20 and May 3, 1943.

[123] BArchB, R121, 2140, Hüttenverwaltung Ukraine. Wochenbericht, March 15, 1943; BArchB, R121, 2139, Bericht. Besprechungen Geilenberg, June 24, 1943.

[124] BArchB, R121, 2140, Aktenvermerk für Herrn Staatsrat Pleiger, July 8, 1943; BArchB, R121, 2140, Akten-Vermerk. Hütte Kriwoj Rog, Aug. 23, 1943; BArch-MA, RW30, 111, Aufstellung der W-Betriebe im Bereich des Wehrwirtschaftskommandos Dnjepropetrowsk, July 1, 1943.

[125] BArch-MA, RW30, 111, KTB WiKdo Dnjepropetrowsk, Sept. 3 and 22, 1943; BArch-MA, RW30, 111, Überblick der Gruppe Rü zum Kriegstagebuch 3. Quartal, 1943.

[126] StAN, Rep. 501, KVP, Fall 5, B-22, NI-5219, letter from Mitteldeutsche Stahlwerke to Eisenwerkgesellschaft Maximilianshütte, July 22, 1943; StAN, Rep. 501, KVP, Fall 5, B-22, NI-5219, Notiz für Herrn Flick, July 16, 1943.

[127] BArch-MA, RW30, 111, KTB WiKdo Dnjepropetrowsk, Sept. 22, 1943; BArch-MA, RW31, 204, Räumungsbericht WiIn Süd [1943]; BArch-MA, RW30, 111, KTB WiKdo Dnjepropetrowsk, Sept. 28, 1943; BArch-MA, RW30, 111, Nachtrag zum Kriegstagebuch, Sept. 13-Oct. 3, 1943; *Abschlußbericht,* 376–78; also see Werpup, *Ziele*, 204–14.

[128] BArchB, R6, 305, RKU, Lagebericht, Nov. 13, 1943.

destroyed once again. If the occupiers were unable to retain these assets, the enemy would surely not benefit from them, as the retreating *Wirtschaftsinspektion Süd* noted with grim satisfaction.[129]

Conclusion

German economic planning for the Eastern territories was either nonexistent or ineffective during the three years of occupation. Large parts of the USSR were not to be developed in an industrial sense at all; others would cater only to the needs of the "Greater German Empire," i.e., delivering agrarian products, as well as those resources the German economic *Großraum* lacked. The foremost target of economic exploitation was Ukraine because of its significance as an alleged agrarian surplus region—something it could only become by starving millions of locals to death. In fact, German planners deliberately factored this into their visions of creating a new European order. Besides agricultural products, it was above all the manganese and iron ore deposits at Zaporizhzhya and Nikopol' that appealed to German military economists as the key to continental autarky. Yet, these plans were deficient in a number of ways: the USSR could not provide everything the German war economy needed, and German strategists did not realistically expect to move beyond the European part of the Soviet Union: the essential resources of the Urals would thus remain beyond Germany's reach. More important, it was doubtful that the Wehrmacht could get its hands on the Caucasian oil fields. All of this meant that the German war economy would be worse—not better—off after attacking the USSR. Such doubts were articulated in several Berlin agencies, but criticism of the decision to invade the Soviet Union nevertheless remained muted.[130]

The first three months of the campaign vindicated the objections previously voiced by the skeptics. The Red Army had not been swiftly defeated, and, as a result, the region's vast resources eluded the Germans. Despite the lack of preparation, Soviet administrators had devised a skillful evacuation strategy that left much of the Ukrainian economy in ruins. With few exceptions, neither the mines nor the farms could be put to use in the way the German occupiers had planned. With no substantial energy production, with machines and motors missing by the thousands, with skilled labor either evacuated or evading German recruitment, and with a lack of transport facilities, the occupation proved more of a burden than a victory. But one should not overlook the fact that an immediate and intense reconstruction effort could have mobilized a significant portion of Ukrainian industry, as developments after the spring of 1942 would show. The German occupiers lost valuable time by adhering to the notion of turning the Eastern territories into a subordinate source of farming products and raw materials without sophisticated industry of its own. Meanwhile, racist Nazi policies had led to the extermination of Ukrainian Jewry, the starvation of millions of Soviet POWs, as well as the mistreatment of the local non-Jewish population. Opportunities for large-scale cooperation were wasted, and the labor pool was drained by the deportation of forced workers to the Reich.

Against this backdrop it is not surprising that the German efforts failed, but rather that there were significant achievements at all, such as the "Ivan Program" of 1942–1943. If such a decision had been taken earlier—and this is a point that has been underemphasized by older characterizations of

[129]BArch-MA, RW30, 112, letter from Kommandeur to Einsatzstaffel WiKdo Dnjepropetrowsk, n.d.; BArch-MA, RW30, 137, KTB RüKdo Kiew, Nov. 1–7, 1943; BArch-MA, RW31, 204, Räumungsbericht WiInSüd [1943]; Werpup, *Ziele*, 212–13.

[130]The failure of German experts is less astonishing given the very similar Anglo-American estimates of Soviet fighting power in mid-1941; see Martin Kahn, *Measuring Stalin's Strength during Total War: U.S. and British Intelligence on the Economic and Military Potential of the Soviet Union during the Second World War, 1939–45* (Göteborg: Göteborg University Press, 2004), 149–62.

German occupation policy as blinded by racist visions[131]—the plans to make the Eastern Front self-sufficient in munitions might have been achieved after all. In practice, Ukrainian finished products never made a major contribution to the German war effort. Yet, more important were the raw materials produced under German rule: between November 1941 and November 1943, Ukraine provided 4 million tons of bituminous coal, 750,000 tons of lignite, some 380,000 tons of iron ore, and 1.8 million tons of manganese. Substantial quantities of mercury, molybdenum, and tungsten were also extracted. But nothing was more essential than manganese: when Nikopol' was lost, calculations suggested that steel production in the Reich and the annexed territories would fall from thirty million to a mere thirteen million in the middle term, thereby decisively undermining armaments production. Without the large amounts of ore gathered in Ukraine, the collapse of the German war economy would have been greatly accelerated, a fact that even comprehensive studies such as Tooze's *Wages of Destruction* have missed because of their marginalization of the occupied territories.[132]

At the end of the war, German economists tried to compute what the Third Reich had actually gained from the occupation of the western Soviet Union. Despite insufficient data and various obstacles to quantification (such as the weighing of exports against imports), their estimates found that the vast territories of the occupied East had contributed only insignificantly to the German war effort—less than Belgium or the Netherlands had, and a mere fraction of the spoils of war gained from France.[133] The comparison among the net production values of French, Belgian, Dutch, and Soviet deliveries is misleading, however, even when compensating for differentials in purchasing power: the Western countries contributed mostly finished goods with higher prices than raw materials. Still, they had to be made of something—namely, the raw materials provided, directly or indirectly, by the Soviet territories: primarily manganese, soft coal, wheat, and human labor. It is difficult to express in monetary terms the value that the Soviet *Fremdarbeiter* (foreign workers) made to German production—and inappropriate, given the horrific death toll of the forced labor program. It is even harder to estimate the economic burden that the deportations placed on the occupied territories. Indeed, most research has not even addressed this question.[134] It seems safe to say, though, that the strained German war economy needed all the help it could get, and, in that respect, Ukraine certainly represented the largest chunk of all Soviet territories. Provisions for the Eastern Front would have broken down long before autumn 1943 without the assets gained from occupied Ukraine, for the Reich proper depended heavily on scarce resources such as the alloys it provided.

Ukraine's situation after its second "liberation" was even worse than it had been before the first one. Already suffering from Stalinist oppression before the war, Ukrainians suffered through three years of continuous battle, and had to see their homes and workplaces ravaged twice in succession. Hundreds of thousands of family members and friends were deported to the Reich, while those who remained in Ukraine became victims of malnutrition, mistreatment, and mass murder.[135]

[131] This is not only true for the Reitlinger generation but also, in part, for more recent studies such as Berkhoff's; see the introductory footnotes.

[132] BArchB, R10III, 53, letter from Beck to Schieber, Oct. 1, 1943; BArchB, R6, 417, Monatsbericht WiStabOst (Feb.), March 23, 1944; Jäger, *Die wirtschaftliche Abhängigkeit*, 209–21.

[133] *Abschlußbericht,* 193, 197, 382; Christoph Buchheim, "Die besetzten Länder im Dienste der deutschen Kriegswirtschaft während des Zweiten Weltkriegs. Ein Bericht der Forschungsstelle für Wehrwirtschaft," *Vierteljahrshefte für Zeitgeschichte* 34 (Winter 1986): 117–45. Postwar investigations noted that German estimates were far too low, however; see Donovan Nuremberg Trial Collection, Cornell Law Library, vol. XII, sec. 28.02, "The Spoliation of Russia," 1945.

[134] But cf. Hein Klemann and Sergei Kudryashov, *Occupied Economies: An Economic History of Nazi-Occupied Europe,* 1939–1945 (London: Berg, 2012).

[135] For a strong continuity thesis, see Timothy Snyder, *Bloodlands: Europe between Hitler and Stalin* (New York: Basic Books, 2010).

The loss of lives defies computation. That German economic planners failed to grasp the meaning of genocide beyond its implication for the human factor of production (*Produktionsfaktor Mensch*)—even while their New Order vision was falling apart—speaks volumes about their racist prejudices as well as their *déformation professionelle*.[136]

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[136] *Abschlußbericht*, 347.