

Stockholms Enskilda Bank,  
German Bosch and IG Farben.  
A Short History of Cloaking

*by*

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On 20 February 1979 Professor Gunnar Adler-Karlsson wrote an article in the Swedish newspaper 'Dagens Nyheter', entitled: 'Sweden, Neutrality and the Soviet Embargo. Did the USA remove Jacob Wallenberg from office?'<sup>1</sup>

In this article Adler-Karlsson asserted that the American authorities compelled Jacob Wallenberg to leave the board of Stockholms Enskilda Bank and that the Wallenberg enterprises in Sweden had to co-operate with the United States in its embargo-policy towards the Soviet Union. This co-operation also involved the 'sabotage' of the Swedish credit of 1 billion crowns extended to the Soviet Union in 1946. What troubled Adler-Karlsson especially was that this co-operation was contrary to the official Swedish neutrality policy.

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1. Gunnar Adler-Karlsson, 'Sverige, neutraliteten och Sovjetembargot. Avsatte USA Jacob Wallenberg', *Dagens Nyheter*, 20 February 1979, p. 4.

According to Adler-Karlsson, Jacob and Marcus Wallenberg had to co-operate in order to regain their assets in the United States which were blocked by the American authorities, due to certain transactions between Stockholms Enskilda Bank and German Bosch during the Second World War. About the nature of these transactions Adler-Karlsson remained rather vague because of insufficient evidence. But as a whole he described the affair as 'complicated' and also as an 'unusually dirty history'. Otherwise the Americans would not have taken such drastic steps against the Wallenbergs. He further maintained that Jacob and Marcus Wallenberg regained their assets bit by bit after long negotiations with the American authorities and that the Wallenbergs were aided by the Swedish Embassy in Washington, the Swedish 'Flyktkapitalbyran' and the brothers John Foster Dulles and Allen W. Dulles.<sup>2</sup>

The following article will try to reconstruct, on the basis of research done in eight major archives, the truth of Adler-Karlsson's allegations. This article can be divided into four parts.

In the first part we shall look more closely into the cloaking operations which German Bosch (hereafter Bosch) conducted in the period 1920-1939. This in order to get a deeper insight into the significant facts which laid the foundation for the later transactions with Stockholms Enskilda Bank (hereafter Enskilda). But also, with the aim of revealing the methods which Bosch used to safeguard its foreign interests. Such methods may have been appropriate in the period until 1939 but were not likely to be suitable in face of the threat of a new war, which could menace the foreign interests of Bosch.

In the second part of the article we shall show that this danger to Bosch could be neutralized through the help and co-operation of Enskilda. We shall show that it was possible for Bosch to continue its cloaking operations during the war with Enskilda's assistance.

In the third part we shall see that Enskilda's involvement in cloaking operations was not limited to Bosch. We shall show that Enskilda was also willing to render financial assistance to IG Farben so that this German firm could also continue its cloaking operations.

Finally, in the fourth part of the article, we shall deal briefly with Adler-Karlsson's assertions that the American authorities compelled Jacob Wallenberg to leave the board of Enskilda in 1946 and forced the Wallenbergs to co-operate in the American embargo-policy towards the Soviet Union in order to regain their blocked assets in the United States. We will see that the American authorities first treated the Enskilda-case as an economic offence but from March 1946 onwards decided to treat it rather as a political case.

#### *American Bosch*

We will start off in the United States where American Bosch was vested during the World War I by the Alien Property Custodian. After the end of the war, it was sold by the latter and control of the company remained in American hands until the stock market crash of 1929. This crash gave to Bosch the opportunity to reacquire its important subsidiary in the United States.

Hans Walz (Financial Director of Bosch) started negotiations on this subject with Jacob Goldschmidt of the Darmstadter National Bank of Berlin (henceforth the Danat). It was agreed

2. Adler-Karlsson used the words a 'ovanligt ful historia' in his article. See also: Gunnar Adler-Karlsson, *Western Economic Warfare 1947-1967. A Case Study in Foreign Economic Policy*, Stockholm 1968, pp. 168-169 and 244.

that the Danat and other banks would try to acquire on the American stock market a sufficient number of American Bosch shares, in order to gain control. This acquisition of sufficient shares, which were bought and held for the account and benefit of Bosch, was made possible by means of a loan to Bosch by a syndicate of banking houses (among them the Danat). Goldschmidt arranged the loan. The syndicate was headed by Kuhn, Loeb and Company of New York, who also cloaked the German ownership by purchasing the shares and holding them for Bosch.

But when in 1931 the Danat failed, Bosch had to find another banking house which would take over the Danat shares of American Bosch. Bosch turned to Fritz Mannheimer, whose banking house Mendelssohn & Company in Amsterdam (a branch of the Berlin Mendelssohn & Company) was willing to take over these shares and to hold them for the benefit of Bosch. But why this choice for a 'Dutch' bank? During World War I all German banks in Belgium, France and Great Britain were seized and this seizure did lead to heavy losses. Therefore, a return to Brussels, Paris and London after the war was considered an unwarranted risk and it was not even allowed to do so in Great Britain. In Sweden, the establishment of foreign banks was forbidden and because Switzerland was considered by the German banks as geographically too isolated, the choice for new German branches in a neutral Netherlands was obvious. Therefore all major German banks had a branch in Amsterdam. Other important facts as the 'strong' Dutch guilder, the very favourable economic situation of the Netherlands with respect to other European countries and the intention of the Dutch government to maintain her policy of neutrality, were for Bosch the decisive reasons to choose for a 'Dutch' bank in an important European financial centre, Amsterdam.<sup>3</sup>

In 1934, the passing of the Security and Exchange Act in the United States made it no longer desirable to continue the holding by Kuhn, Loeb and Company of the other syndicate shares of American Bosch. These shares were thereupon sold to Mendelssohn & Company. Thus by the end of 1935, Mendelssohn held the controlling majority of American Bosch shares for the benefit of Bosch. Mendelssohn appointed George Murnane (former vice-president of the New York Trust Company) as Director and Chairman of the board of American Bosch.<sup>4</sup>

3. Public Record Office, Kew Richmond (hereafter PRO), *FO 837/1309, M 13/50/204*, Headquarters Finance Division U.S. Group Control Council (Germany) APO 742 to Lt. General Lucius D. Clay, 03/08/1945 (henceforth the Clay Report). All quotations from documents in the PRO appear by permission of the controller of her Majesty's Stationery Office. See also: National Archives, Washington D.C. (hereafter NA), *Record Group 226, Records of the Office of Strategic Services* (henceforth RG 226, OSS-Files), *OSS Report XL-12736*, Robert Bosch GMBH, 20/05/1945. See for Danat's failure and related problems: Dr. Joh. de Vries, *Herinneringen en dagboek van Ernst Heldring (1871-1954), Deel II*, Groningen 1970, pp. 927-928 and Eberhard Czichon, *Der Bankier und die Macht. Hermann Josef Abs in der deutschen Politik*, Köln 1970, pp. 59-60 and 92. Cf. Johannes Houwink ten Cate, 'Amsterdam als financieel centrum', in: *DE FLORIJN, Vol. 7, No. 5 (May 1984)*, pp. 6-9; K. Strasser, *Die deutschen Auslandsbanken*, München, 1925, pp. 56-62 and Theo P. Bergsma, *Das Niederländische Bankwesen*, Den Haag 1939, passim.
4. PRO, *FO 837/1309, M 13/50/204*, the Clay Report, 03/08/1945 and James Stewart Martin, *All Honorable Men*, Boston 1950, p. 249. In 1945 Martin was Chief of the Economic Warfare Section of the Department of Justice and later in that same year Chief of the Decartelization Branch of the US Military Government in Germany. His book is based on his own findings and experiences in Germany during the American investigations.

*Europe*

Apart from the American Bosch-Mendelssohn connection, close ties also existed between Mendelssohn and the Bosch subsidiaries in Europe and Latin America. In 1930 Bosch organized the *Industria-Kontor* in Chur, Switzerland (henceforth *Industria*), in which corporation it held all the shares and transferred all the shares of its foreign interests (except those in Hungary) to *Industria*. This transfer was motivated by

'... (1) a desire to circumvent the increasing rigidity of German foreign exchange regulations, (2) facilitating inter-company finances, (3) facilitating external borrowing on these securities, and (4) cloaking.'

*Industria* also held a minority interest in American Bosch and further owned various manufacturing and trading companies, located in numerous European countries and in Argentina, all of which were controlled by Bosch. In order to conceal her interest in *Industria*, Bosch organized the '*NV Amsterdamsche Maatschappij voor Nijverheidsbelangen*' (henceforth *Amsterdamsche*) in Amsterdam in 1933, and transferred the shares of *Industria* to this subsidiary. The *Amsterdamsche* was now the owner of almost all Bosch subsidiaries outside Germany.<sup>5</sup>

In 1936, two important factors would lead to a series of negotiations and transactions, dealing explicitly with the Bosch subsidiaries and with Mendelssohn. The first factor was the rising anti-Jewish sentiment in Germany and in particular its effect on the principal Bosch pillar, Fritz Mannheimer of Mendelssohn, who was a Jew. He conferred with Walz and stated that he wished to sever the connections between Bosch and Mendelssohn. He insisted that Bosch should buy up Mendelssohn's interest in *Industria*, including the American Bosch shares.

Prior to Mannheimer's demand, Walz had been invited to a conference of German industrial leaders, organized by Hermann Göring in Berlin. What Göring told them, would constitute the second important factor. Göring ordered them to sell or pledge their foreign holdings in order to make foreign currency available to the German government. The German industrialists, however, indicated to Göring that they preferred not to pledge their foreign holdings, as a subsequent failure to raise the necessary foreign currency might result in complete loss of the investments. They told Göring that they preferred to sell their holdings in such a way that they might reacquire the investments when circumstances permitted. Göring finally agreed to this policy.<sup>6</sup>

Thus Walz, bearing in mind Göring's orders and Mannheimer's demand, decided to meet Mannheimer again in Paris and later in Amsterdam in December 1936 for the purpose of making a counter-proposal. Walz proposed to Mannheimer that instead of severing their relations, Mendelssohn should take over all Bosch subsidiaries, including American Bosch.

5. See for the quotation: PRO, FO 837/1309, M 13/50/204, the Clay Report, 03/08/1945 and Chamber of Commerce, Amsterdam (hereafter COC), File 42736, Folder M 251, the *Amsterdamsche*, 09/01/1933. See also: PRO, FO 371/56969, N 6292/6292/42, Foreign Office Report: Evidence in case against Stockholms Enskilda Bank (henceforth the *Enskilda Report*), 28/02/1946.

6. NA, RG 226, OSS-Files, OSS Report XL-12736, 20/05/1945.

After such a transaction, there would be no record of German ownership and Mannheimer would accomplish his objective of not participating in German holdings. Bosch would comply with Göring's orders, as the sale to Mendelssohn would provide the German government with the foreign currency needed.

But, as the industrialists (including Walz) told Göring, the German concerns always wanted to have the opportunity to reacquire their foreign subsidiaries when circumstances permitted. Therefore, an agreement was drafted between Mendelssohn and Bosch at the time of sale, which explicitly gave Bosch first option to repurchase ('vorkaufsrecht') their interests. Bosch also

'... was to be credited with accumulated dividends during the period of record ownership by Mendelssohn.'

Bearing in mind the two important factors Bosch had to deal with, they decided to sell their subsidiaries (including American Bosch) to Mendelssohn

'... while at the same time retaining complete rights to reacquire when feasible under German foreign exchange restrictions and the state of war. Instead of using the form of a loan and pledging the shares, they employed a form of sale which was in its final effect a loan to them by a banking house with the shares as security and with greater profit to the banker than he could have earned on a straight loan.'

This greater profit for Mendelssohn would consist of a basic commission (at least \$100,000) for the purchase of the shares and additional fees for management and supervision of the shares, the size of which was dependent on the length of time the investment would be held by Mendelssohn.

The contracts between Mendelssohn and Bosch were signed on 6th and 7th April 1937, but the amount of compensation for Mendelssohn was covered by an oral understanding between Mannheimer and Walz. As a safeguard, Otto Fischer of Bosch was appointed by the German firm as its representative on the board of Mendelssohn.<sup>7</sup>

### *Nakib*

We learn from the original contract between Bosch and Mannheimer, that Mendelssohn took over the shares of more than 29 Bosch subsidiaries (the so-called M-companies). Among these M-companies were the American Bosch Corporation (Springfield, Mass.), A/S Magneto (Copenhagen), A/S Automagnet (Oslo), AB Robo (Stockholm), AB Bosch

7. For the quotations: NA, RG 226, OSS-Files, OSS Report XL-12736, 20/05/1945; PRO, FO 371/56969, N 6292/6292/42, the Enskilda Report, 28/02/1946 and FO 837/1309, M 1350/204, the Clay Report, 03/08/1945. The long and intimate relationship with Mannheimer/Mendelssohn was for Bosch the most important reason to stick to this Jewish banking-house. See for the original contract: Dutch National Archives, the Hague (hereafter DNA), Archives of the Dutch Alien Property Custodian (APC-archives), File Nakib/Lavalette, No. 2327, Vertrag zwischen Mendelssohn und Bosch, 07/04/1937.

(Stockholm), the Amsterdamsche (Amsterdam), Fundus (Maastricht) and the Nakib (Amsterdam). Mannheimer decided to use the Nakib as the controlling holding company for all the shares of the 29 M-companies.<sup>8</sup>

The Nakib was founded in December 1929 and was a full subsidiary of the Internationale Bank. The latter was founded in 1924 by a consortium of banks, among them the Danat and Enskilda. The managing director of the Internationale Bank was Paul Goldschmidt and Enskilda was represented on the board of this bank by Jacob Wallenberg. However, in the summer of 1931 the Nakib was taken over by Bosch. The appointed new directors, persons who later also held positions in the Amsterdamsche.

On 27th April, 1937 the importance of the Nakib in the Bosch-Mendelssohn cloaking operation was stressed by the appointment of Otto Fischer as the new managing director of the Nakib. In order to justify its substantial participations to the outside world, the nominal capital of the Nakib was raised from 50,000 to 2 million Dutch guilders. The Nakib was now for Mannheimer the controlling cloak for 29 Bosch subsidiaries.<sup>9</sup>

These arrangements with Mendelssohn continued until Mannheimer committed suicide on 9th August 1939, followed by the collapse of Mendelssohn in the same month. The main reason for Mendelssohn's failure was the fact that in the summer of 1939 Mannheimer had speculated on a large scale, whereby the interests of some Dutch banks and companies were considerably injured. The prominent Dutch banker, Ernst Heldring, wrote in his diary on 19th August, 1939 that the liabilities amounted to almost 300 million Dutch guilders. The assets were mainly inconvertible Belgian and French government bonds and Mannheimer left no personal fortune.<sup>10</sup>

Mendelssohn was placed in the hands of the receivers in August 1939. Because Bosch had first right to repurchase, the receivers and Bosch started to negotiate at the beginning of September and both parties reached an agreement on 22nd September, 1939. All the former Bosch foreign subsidiaries (which were controlled by the Nakib) were to be sold explicitly to Bosch alone or to a third party which Bosch could designate. The significant part of the contract, however, was the renunciation by Bosch of its right to repurchase the Bosch subsidiaries in Great Britain (Ascot Gas Heaters Ltd.) and France (Lavalette SA), countries with which Germany was already at war.

Why this renunciation on the part of Bosch?

8. See: DNA, *APC-archives, File Nakib/Lavalette, No. 2327*, Vertrag zwischen Mendelssohn und Bosch, 07/04/1937. Cf. Martin, *op.cit.*, pp. 246-250.
9. See for the Internationale Bank: City Archives of Amsterdam, *Files N 20.04.09 and N 1044*. The Danat was represented in the board by Paul Goldschmidt's brother, Jacob. An issue of bonds by Robert Bosch AG worth \$1.500.000 was arranged through the Internationale Bank. See for the Nakib: COC, *File 36500, Folders T 15740, 07/12/1929; K 8512 & 8513, 19/06/1931; Q 6089 & 6090, 27/04/1937; R 14583, 27/08/1938 and R 15899, 29/09/1938*. See also: Netherlands Ministry for Foreign Affairs, the Hague (hereafter NMFA), *Archives Embassy London, Box 09, File NAKIB*, Roger Makins to Michiels van Verduynen, No. C 12680/5/62, 17/12/1941 and DNA, *APC-archives, File Nakib/Ascot, No. 2327*, Memorandum on all cloaking operations, 16/06/1952.
10. See de Vries, *op.cit.*, pp. 1383-1385 and 1392-1394. See also: Dutch State Institute for War Documentation, Amsterdam (hereafter SIWD), *Mannheimer Collection, Doc. II-1223, File: Report of the receivers*, undated. All quotations from documents in the SIWD appear by permission of the Director of this Institute.

'The method is clear. The right of purchase is deliberately renounced when Germany goes to war with the country in which the business is located. It temporarily disassociates the firm from German control in an effort to save the investment.'

The same contract also contained the important provision that Bosch renounced its right to purchase American Bosch. Why did it do this when Germany was not at war yet with the United States? The answer will not be found in the basic contract between the receivers and Bosch.

'It will, however, be found in a separate and secret agreement executed on the same date which provides that the surrender of the right to purchase American Bosch is to become effective only at the moment of the existence of a state of war between Germany and the United States.'

But after the Mendelssohn failure, matters got more complicated than German Bosch expected. It turned out that Mannheimer (due to its financial difficulties) had pledged the American Bosch shares to the New York Trust Company and had thereby violated the agreement with Bosch. The New York Trust Company demanded payment for the shares; otherwise the American Bosch shares would be sold on the American stockmarket.

At this point, Dr. Erich Rassbach (Director of Bosch) intervened. He made clear to the New York Trust Company that any sale of these shares required the consent of Bosch. This was because of the fact that American Bosch could operate only with patent licenses, which were granted to them by Bosch. If these licenses were withdrawn, American Bosch would be 'an empty shell', and the stock would be worthless.<sup>11</sup>

Bosch now had to find another banking house. This bank had to be willing to purchase and cloak the American Bosch shares from the New York Trust Company and the shares of the other Bosch subsidiaries (still controlled by the Nakib) from the Mendelssohn's receivers. Bosch turned to Enskilda, which was willing to play the same role as Mendelssohn had played before. So under the agreements with the receivers of Mendelssohn, Bosch could designate a third party to which the receivers were obligated to sell all the former Bosch foreign subsidiaries. And this third party turned out to be Enskilda, which was controlled by the Wallenberg family. Exactly what transactions took place between Bosch and Enskilda concerning the shares of all the Bosch subsidiaries? What follows deals firstly with the transactions concerning the American Bosch shares.<sup>12</sup>

11. See for the quotations: PRO, FO 837/1309, M 13/50/204, the Clay Report, 03/08/1945. Cf. also Martin, *op.cit.*, p. 249 and NA, RG 226, OSS-Files, OSS Report XL-12736, 20/05/1945. See for the original contract between Bosch and the receivers: DNA, APC-archives, File Nakib/Lavalette, No. 2327, Vertrag zwischen Bosch und Aufsichtspersonen, 22/09/1939.
12. PRO, FO 837/1309, M 13/50/204, the Clay Report, 03/08/1945. This report further notes on the role of Enskilda, that they '... entered without hesitation into a clandestine alliance with German Bosch, this despite the fact that it has consistently represented itself to be in sympathy with the United Nations.' See also: PRO, FO 371/56969, N 6296/6292/42, the Enskilda Report, 28/02/1946.

*Enskilda and American Bosch*

Bosch and Enskilda started to negotiate about the American Bosch shares at the end of 1939 and Enskilda established (at the request of Bosch) the AB Planeten (Stockholm). The Bosch negotiators quickly found out that dealings with the Wallenbergs had a different character from those with Mannheimer. Two distinct differences can be discerned.

Firstly, the Wallenbergs demanded a commission payment for their services, which had to be paid in advance. Mannheimer always wanted payment when accounts were finally settled between him and Bosch. The Bosch negotiators gave in to the Wallenbergs on this and paid an initial commission of \$650,000 on the acquisition of the American Bosch shares. In addition to this amount, Bosch had arranged with the German foreign exchange office to purchase German bonds from Enskilda at premium rates. Negotiations on this 'inducement' continued until 1940, but the German military successes increased the material value of these bonds and Enskilda refused to sell. After this refusal Bosch agreed to pay an extra fee of \$65,000.

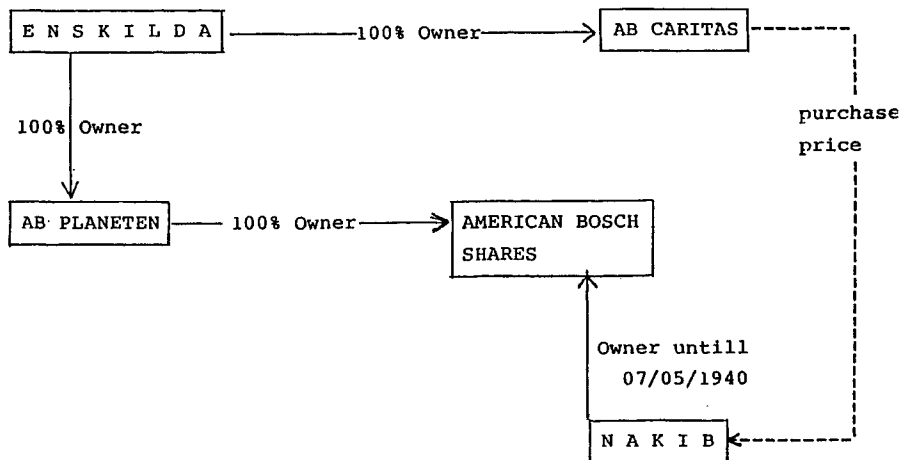
The second difference between dealing with Mannheimer and the Wallenbergs was that the latter wanted all agreements in writing and not a partly oral understanding as Mannheimer had agreed to. Thus, there was a basic open agreement which dealt explicitly with the transfer of the American Bosch shares to Enskilda. But there were also secret agreements, which dealt with the extent of the interest of Bosch in the investments, the absolute right for Bosch to repurchase at Enskilda's cost, the provision that Bosch would receive credit for dividends and Bosch's interest payments to Enskilda at cost price.

Both the open and the secret agreement were signed on the same day, 20th July, 1940. The open contract stated that Bosch renounced the right of first option to repurchase the American Bosch shares. However, the secret contract obligated the Wallenbergs to sell 'a majority of all outstanding capital stock of American Bosch'. This majority (51%) was at first 350,000 shares, later this was increased to 397,000 shares. The option would extend 2 years beyond the end of the war and profits from any sale of the balance was to be divided equally between Enskilda and Bosch. The latter would at the time of repurchase pay the price of Enskilda's costs plus interest and expenses but less dividends. In the meantime Enskilda had already bought up the 535,000 American Bosch shares from the New York Trust Company (although General Motors and Chrysler were also interested) for Skr 12,358,000. From the accountancy of the Nakib we learn that the official transfer of the American Bosch shares took place on 7th May, 1940. On that day were these shares bought by AB Planeten from the Nakib and the latter was paid by one of Enskilda's affiliated companies, the investment institute AB Caritas. The American Bosch shares were then on 30th November, 1940 transferred from AB Planeten to another Enskilda company, the AB Investor.<sup>13</sup>

13. Swedish National Archives, Stockholm (hereafter SNA), *Archives of the Flytkapitalbyran (Swedish Alien Property Custodian)*, Box 363, *Bosch Akt III*, File fb 4/46, Stockholms Enskilda Bank and the international Bosch assets, 14/01/1946 and Memorandum by Millquist, 17/01/1946. The German foreign exchange office regarded the refusal of Enskilda to sell German bonds as a breach of contract, but nevertheless authorized Bosch to pay the extra fee to Enskilda. See for the failure of the bond transaction: PRO, FO 371/56969, M 6296/6296/42, the Enskilda Report, 28/02/1946 and FO 837/1309, M 13/50/204, the Clay Report, 03/08/1945. For AB Investor: Martin, *op.cit.*, p. 250 and DNA, APC-archives, File *Nakib/Ascot*, No. 2327, Memorandum on all cloaking operations, 16/06/1952.



Table 1: American Bosch Transaction.



What were the motives for concluding such secret agreements? The desire for concealment, as an OSS-report noted, but also

'... Bosch's absolute right and obligation to purchase a large majority of the American Bosch shares, the provision for accumulation of dividends to be paid over to German Bosch upon re-purchase, the provision for German Bosch receiving half the profit realized on the sale of remaining shares to third parties, all reveal too clearly the extent of German control and beneficial ownership to be open to public scrutiny.'<sup>14</sup>

Now that Enskilda was cloaking the American Bosch shares for Bosch, the Wallenbergs had to formalize the cloaking operations in the United States itself. In November 1940 Marcus Wallenberg went to the United States and in close co-operation with John Foster Dulles he established a voting trust, whereby George Murnane was appointed by Enskilda as 'the sole voting trustee with complete power to vote the American Bosch stock at stockholders meetings'.

The choice of Murnane was an obvious one; he had been appointed by Mannheimer as director and chairman of the board of American Bosch in 1935. Marcus Wallenberg also arranged that if Murnane died, John Foster Dulles was to name his successor. Dulles was a senior partner of the law firm of Sullivan & Cromwell, which was the representative for Enskilda and the Wallenbergs in the United States. Furthermore, a close personal relationship

14. NA, RG 226, OSS-Files, OSS Report XL-12736, 20/05/1945.

had existed for a long time between Dulles and Murnane, and both men had been deeply involved in the liquidation of the Kreuger & Toll empire. Another friend of Dulles and the Wallenbergs, William L. Batt (President of American SKF) was appointed as president of American Bosch.<sup>15</sup>

Marcus Wallenberg also took the opportunity to set up three corporations which would act as the holders of the assets of Enskilda and Swedish companies associated with Enskilda in the United States. The total of these assets amounted to several million dollars, in addition to the American Bosch shares, which alone had a market value of approximately \$10,000,000. The third purpose of his visit was probably the purchase of German bonds on the stockmarket and there is a strong suspicion that Wallenberg 'was also acting simultaneously as agent of the German Reichsbank in other matters'. It is significant that during his visit, he informed the United States government that there was *no* German interest in American Bosch.

In the meantime, the war raged over Europe and on 22nd June, 1941 the Soviet Union was attacked by Germany. American-German relations were becoming even more strained and the United States government decided to extend its blocking control also to Swedish- and Swiss-owned property. This measure started off a debate between Bosch and Enskilda as to which of the two was to bear the loss if the American Bosch shares were seized by the American authorities. Enskilda demanded that Bosch should bear the entire loss, but the latter rejected this demand. After negotiations a compromise agreement was reached, by which Bosch would bear the loss on 350,000 shares (51% of the total capital) and Enskilda on the remaining 185,000 shares which they held. Later the division was revised to 397,000 and 138,000 shares respectively.

On 11th December, 1941 Germany declared war on the United States, and this made Enskilda and Bosch fear that the American authorities would seize American Bosch. Enskilda was warned of this possibility by Dulles. It decided to present a formal declaration to the Swedish government that there was no German interest in American Bosch. The Swedish government would then submit this declaration to the American government.

The Wallenbergs therefore summoned Dr. Gustav Thöma, who was a legal representative of Bosch, to Stockholm in December 1941. Thöma made the verbal statement that there was no German interest in American Bosch. He could make such a statement as it was in conformity with the open contract and this would have no consequences, due to the secret contract with Enskilda. Thöma's statement was the basis for Enskilda's representation to the Swedish government and one may assume that the Swedish authorities did not know the real facts. However, a memorandum from the archives of Bosch showed, that later Enskilda

15. Martin, *op.cit.*, p. 250. For the Murnane-Dulles relation: Ronald W. Pruessen, *John Foster Dulles. The Road to Power*, New York 1982, pp. 115-119 and 130. See also: NA, RG 226, *OSS-Files, OSS Report XL-12736*, 20/05/1945. And in a report to Robert Lovett (US Undersecretary of State) on 26th April, 1948 the Brown Brothers of New York are also mentioned as agents for the Wallenbergs. Significantly, Lovett had been partner in this law firm. See: NA, RG 59, *Main Decimal File 1945-1949, Box 6325, 858.5161-1049*, Williams to Lovett, 26/04/1948 and Martin, *op.cit.*, p. 265. See for the Batt-Dulles relation: Charles Higham, *Trading with the Enemy: An Exposé of the Nazi-American Money Plot 1933-1949*, New York, 1983, pp. 117-119. Higham reveals that Dulles also helped in setting up similar protections for SKF.

'... made a more accurate revelation of the facts to the Swedish Government, which passed them on to its diplomatic representative in Washington but instructed him to use his own discretion as to how much of the information should be furnished to the United States Government.'<sup>16</sup>

But who was informed in the Swedish government? According to Rolf Calissendorf, Enskilda's manager in Stockholm, it was he who informed the Swedish Ministry of Foreign Affairs. More precisely, he informed its Secretary-General, Erik Boheman, of the secret option clause after 1942. Boheman noted in his book 'På Vakt', that relations between Marcus Wallenberg and the Americans were temporarily disturbed by the so-called Bosch-affair. According to Boheman, this was an affair where ignorant and over-diligent American economic spies accused the Wallenberg-group unjustly of having acted in collusion with the Germans in the matter of a certain acquisition of shares. If Calissendorf made the correct statement, Erik Boheman should have known better than what he wrote in his book.<sup>17</sup>

On 17th January, 1942 Enskilda's declaration was handed over by the Swedish diplomatic representative in Washington to the United States Treasury Department. The declaration, in the form of a letter, stated that Enskilda was the sole owner of the American Bosch shares since the date of acquisition. Contacts between Enskilda and Bosch in Stockholm dealt only with matters regarding patent-rights. But the Treasury Department was not satisfied and in the same month they started an investigation. George Murnane immediately informed the Wallenbergs and they summoned Thöma back to Stockholm in April 1942.

After several conversations at the end of May between the Wallenbergs and Thöma two decisions were reached. First of all it was decided to destroy the secret contract on American Bosch. Secondly, Thöma gave in to the Wallenbergs' demand that Bosch should finally make a formal public renunciation of its rights to the American Bosch shares. This last decision was agreed upon in order to save the investment for both parties, because on 19th May, 1942 the American Bosch shares, under control of AB Investor, were seized by the American Alien Property Custodian. Thöma returned to Stuttgart, prepared a formal renunciation letter (dated 4th June 1942) and personally handed this letter over to the Wallenbergs on 25th July 1942. As the OSS-report noted, this final step was taken on the advice of George Murnane. The report continues

'The fact that German Bosch waited until half a year after war was declared between U.S. and Germany to write its renunciation of rights, might indicate how reluctant they were to loosen their hold on American Bosch in any manner. Or it might indicate a belief that

16. For the quotation: PRO, FO 837/1309, M 13/50/204, the Clay Report, 03/08/1945; NA, RG 226, OSS-Files, OSS Report XL-12736, 20/05/1945 and Martin, *op.cit.*, p. 250. Dulles warned because the Trading with the Enemy Act had been amended in the United States in December 1941 to permit seizure of properties and assets held on behalf of German firms by third parties. This measure would probably enable the US Alien Property Custodian to overcome the problem of cloaking of ownership by the Germans. See for instance: Graham D. Taylor, 'The Axis Replacement Program: Economic Warfare and the Chemical Industry in Latin America 1942-1944,' in: *DIPLOMATIC HISTORY*, Vol. 8, No. 2 (Spring 1984), pp. 145-164.

17. See for Calissendorf's statement: NA, RG 59, Main Decimal File 1945-1949, Box 6325, 858.516/1-1049, Rogers to Thompson, 10/01/1949. See further: Erik Boheman, *På Vakt, Kabinetssekreterare under Andra Världskriget*, Stockholm 1964, p. 29.

the secret agreements could remain undetected. On the latter score, the Wallenbergs must have lost their nerve by May, 1942, when they asked for the letter of renunciation.'

But, in spite of this letter, the situation remained the same, because in conversations between Thöma and the Wallenbergs on 25th July, it was agreed that later on the previous agreements would be remembered. That nothing had changed was also apparent from a letter by Bosch to the German Reichsbank. Bosch admitted that the renunciation letter was only for use in connection with third parties (here the American authorities). Nevertheless, Jacob and Marcus Wallenberg continued, in spite of this letter, to worry. Thus, they decided to bolster their position and Enskilda

'... reversed on its books the original payment to it from German Bosch in order to make its position seem less culpable to the Swedish Government. To this day, however, German Bosch has not made a corresponding entry on its books and the proceeds, which were invested by SEB in Swedish bonds, are held in a suitcase in the Svenska Handelsbanken in the name of an individual, rather than in the name of Bosch.'

But again, the situation between Enskilda and Bosch remained in practice the same, in spite of the antitrust action in the United States on 29th December, 1942 against American Bosch, whereby the latter was forced 'to issue licenses under all of the Bosch patents' to American firms, but without royalties.<sup>18</sup>

In the spring of 1943, however, Bosch decided that it would use the option clause in its secret agreement with Enskilda. Two representatives of Bosch went to Stockholm for new conversations with Jacob Wallenberg and Rolf Calissendorf. The two representatives were Dr. Carl Friedrich Goerdeler and Thöma. Goerdeler was the ex-Mayor of Leipzig and one of the leaders of the conservative German resistance during the war. From 1937 onwards he had been employed at Bosch and this trip was not his first one to Sweden in order to do business for Bosch with the Wallenbergs. He had indeed been in Stockholm more than 10 times already and was probably also the Bosch representative who signed the open and secret contract of July 1940.<sup>19</sup>

After Goerdeler's return to Stuttgart, he wrote a memorandum concerning his conversations with Jacob Wallenberg and Calissendorf. It turned out that Goerdeler's mission to Stockholm had been to convey the Bosch decision to use the option clause in the secret contract of 20th July 1940. The German firm wanted to avoid the interest payments they had to pay to Enskilda

18. See for the first quotation: NA, RG 226, *OSS-Files*, *OSS Report XL-12736*, 20/05/1945. See for the second quotation: PRO, FO 837/1309, M 13/50/204, the Clay Report, 03/08/1945. Cf. FO 371/56969, N 6292/6292/42, the Enskilda Report, 28/02/1946. Also: Martin, *op.cit.*, pp. 250-251. Thöma maintained during an interrogation by US military authorities that Bosch also had financial reasons for regaining control of American Bosch. See: SNA, *Archives of the Flytkapitalbyran*, Box 363, *Bosch Akt III*, File fb 4/46, Report by Alfred Bender, 23/04/1947.

19. See Gerhard Ritter, *Carl Goerdeler und die Deutsche Widerstandsbewegung*, Stuttgart 1954, pp. 82, 152, 231, 252, 328 and 422. See also: Ulrich von Hassel, *Vom Andern Deutschland*, Zürich 1947, p. 95 and Alan W. Dulles, *Germany's Underground*, New York 1947, pp. 142-146.

for its investment in American Bosch. Goerdeler told Jacob Wallenberg that Bosch wanted to repurchase American Bosch and the necessary funds were already on deposit in Swiss banks.

But as stated above, the Wallenbergs had lost their nerve because of the American actions. If the American authorities were to find out about this final transaction, it would have been 'a clear admission of the falsity of his earlier assertions', that there existed no German interest. This risk was too high; Jacob Wallenberg decided that Bosch could stop paying interest to Enskilda, but he also decided to leave the funds on the Swiss banks until the war had finished. This last decision somewhat surprised Goerdeler and he wrote down in his memorandum that he told Jacob Wallenberg that 'he should surely be able to make use of those funds'.

But Jacob Wallenberg decided to leave the money in Switzerland and as to the future of the American Bosch shares he told Goerdeler that after the end of the war 'one could speak again of further developments — and when possible under the circumstances'. He further stated to Goerdeler that he believed that he could hold the American Bosch shares, otherwise 'Murnane would have written if there were a new proceeding'.<sup>20</sup> So Bosch stopped paying interest, the money stayed in the Swiss banks, Enskilda kept the American Bosch shares and so the situation continued until the end of the War.

However, during the same conversations, another arrangement was made. Because the Wallenbergs got nervous, they wanted to get rid of the other foreign interests of Bosch in Europe and Latin America. Once this could be arranged, the American authorities would find no other ties between Enskilda and Bosch and this would improve Enskilda's position towards the question of American Bosch. But how did Enskilda get hold of these Bosch subsidiaries in Europe and Latin America? To throw light on this we must return to the failure of Mendelssohn in 1939.

#### *Enskilda and European Bosch*

As stated earlier, Mendelssohn owned the Bosch foreign holdings in Europe and Latin America through the Nakib. In the agreement between Mendelssohn and Bosch, the latter was granted first option to repurchase these subsidiaries, except those in Great Britain and France. This was acknowledged after Mendelssohn's bankruptcy in the contract of 22nd September 1939 between the receivers and Bosch, whereby the latter could also designate a third party. And in this case also Enskilda was willing to act as a cloak. So, on 5th December, 1939 a contract was entered into between Bosch and Enskilda whereby the latter was to take over the European and Latin American subsidiaries. Again, in a secret agreement Bosch was granted the first option to repurchase these shares. The terms of the secret contract with American Bosch emerged also in this 'European' secret contract.

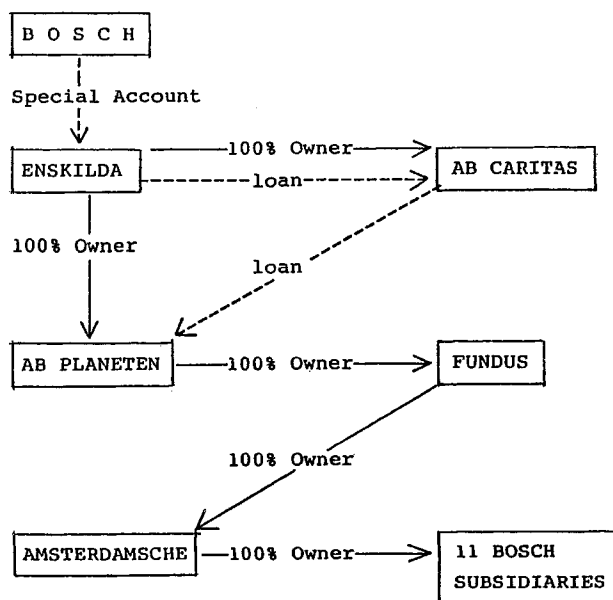
Enskilda was willing to keep the subsidiaries for Bosch for the duration of the war, and it was further agreed that Bosch should take them over within two years after the end of the war. Bosch would pay Enskilda the amount which they had paid the Mendelssohn receivers plus interest and expenses. As with the American Bosch transaction, the Wallenbergs demanded an advance commission payment, and Bosch offered 660,000 Swedish Crowns as a 'premium' for

20. PRO, FO 837/1309, M 13/50/204, the Clay Report, 03/08/1945 and NA, RG 226, OSS-Files, OSS Report XL-12736, 20/05/1945. Higham reveals that William L. Batt (President of American Bosch) flew to Stockholm in the beginning of October 1943 for talks with Jacob Wallenberg. See: Higham, *op.cit.*, p. 122.

their services and the risks run by them. Enskilda agreed to this sum and was willing to pay the Mendelssohn receivers for the Bosch subsidiaries other than American Bosch.

On 16th December, 1939 Enskilda established the AB Planeten and the latter bought (as agreed in the contract) 11 Bosch subsidiaries from the Nakib. The necessary funds for the purchase were raised by AB Planeten in the following manner. Enskilda borrowed one of its affiliated companies, the AB Caritas, an amount of Skr 3,9 million. AB Caritas in its turn borrowed this amount to AB Planeten. As security Bosch then opened at Enskilda a special account of the same amount as AB Planeten's loan and on 16th February, 1940 all the shares of the 11 Bosch subsidiaries (among them of Fundus) were transferred to AB Planeten. Bosch and Enskilda then decided that Fundus would play the same role as Nakib did before. Therefore in the autumn of 1940 Fundus issued nom. Hfl. 230,000 new shares, which were subscribed by AB Planeten. This was done in order to justify the more important role of Fundus. Although the shares were obtained by AB Planeten, payment for the shares was effected by Bosch. The latter also loaned a large amount to Fundus, with which this firm could buy the Amsterdamsche from AB Planeten. By 9th October, 1940 all the cloaking operations were completed and Enskilda now owned through AB Planeten and Fundus the Bosch subsidiaries in Europe (except France) and Latin America.<sup>21</sup> This situation continued until

Table 2: European Bosch Transactions.



21. SNA, *Archives of the Flytkapitalbyran*, Box 363, *Bosch Akt III*, Contract between Nakib and AB Planeten, 16/02/1940; *Bosch Akt I*, File G 297/48, Supplement to AB Planeten's inventory, 31/12/1940 and *Archives of the Valutakontoret (Foreign Exchange Office)*, File E III b.a., Volume 302, Memorandum by Magnusson, 19/04/1945. See also: PRO, FO 837/1309, M 13/50/204, the Clay Report, 03/08/1945; FO 371/56969, N 6292/6292/42, the Enskilda Report, 28/02/1946; DNA, APC-archives, File Nakib/Amsterdamsche, No. 2327, Memorandum by Asser to Dutch APC, 24/10/1947 and File Nakib/Ascot, No. 2327, Memorandum on all cloaking operations, 16/06/1952.

the beginning of 1942. In that year Bosch decided, probably inspired by the German military successes, not to wait until the end of the war for the repurchase of the Bosch foreign holdings, other than American Bosch. They exercised the secret option right, paid off AB Planeten's debt to Enskilda and regained possession of its subsidiaries from Enskilda in line with the secret agreement. Enskilda received full payment (acquisition price plus expenses plus interest) from Bosch. The latter started ingenious recloaking operations in the Netherlands and Switzerland. However, these recloaking operations produced some difficulties with leading Dutch Nazi's and probably therefore did Enskilda continue to hold the formal title through AB Planeten to the Bosch subsidiaries until the summer of 1943. An additional fee was paid by Bosch for that purpose. For this reason a Dutch investigator could only conclude

'... Robert Bosch A.G. used AB Planeten as if it were a subsidiary company of Robert Bosch A.G. instead of being a subsidiary of Stockholms Enskilda Bank. This went so far that until after the German capitulation Stockholms Enskilda Bank ignored all transactions which had been entered into by and in the name of AB Planeten.'<sup>22</sup>

During the conversations between Jacob Wallenberg and Goerdeler in May 1943, it became clear that Enskilda definitely wanted to get rid of these subsidiaries, which were still formally held by AB Planeten. Goerdeler understood Wallenberg's wish because then it would be easier for Enskilda to defend the American Bosch shares, and that, in turn, would also be in the interest of Bosch. Despite the difficulties with the recloaking operations in the Netherlands, the separation of Enskilda from AB Planeten was now quickly completed. Bosch decided to use her new Swedish subsidiary, the AB Tessalia, for this final transaction. Thereupon were the shares of AB Planeten sold by Enskilda to the AB Tessalia and AB Planeten was thus now a full Bosch subsidiary.

Bosch then concluded a secret contract with AB Tessalia on 15th July 1943, and this contract governed the conditions under which AB Tessalia now held the Bosch subsidiaries other than American Bosch for the benefit of Bosch. This secret contract with AB Tessalia was then transferred to the safe deposit box No. 1218 at Enskilda under the control of Hugo Stenbeck. However, the shares of AB Tessalia were transferred to three Swedish lawyers (Hans Holm, Herbert Lickfett and Hugo Stenbeck) in Stockholm and they now held AB Tessalia for Bosch. They were members of the board of AB Robo and also owned AB Lagern and AB Kaldag, all Bosch subsidiary in Sweden.<sup>23</sup>

22. For the quotation: DNA, *APC-archives, File Nakib/Amsterdamsche, No. 2327*, Memorandum by Asser to APC, 24/10/1947. See also: PRO, *FO 837/1309, M 13/50/204*, the Clay Report, 03/08/1945 and DNA, *APC-archives, File Nakib/Ascot, No. 2327*, Memorandum on all cloaking operations, 16/06/1952 and *File Nakib/Amsterdamsche, No. 2327*, letter from Asser, 01/02/1947.
23. SNA, *Archives of the Flytkapitalbyran, Box 363, Bosch Akt III, File 531*, Report by Alfred Bender, 23/04/1947; *File 530*, Report on Ownership of AB Tessalia, undated and *Archives of the Valutakontoret, File E III b.a., Volume 302*, Memorandum by Magnusson, 19/04/1945. Cf. also: PRO, *FO 837/1309, M 13/50/204*, the Clay Report, 03/08/1945 and *FO 371/56969, N 6292/6292/42*, the Enskilda Report, 28/02/1946. The AB Robo was placed under the control of the Flytkapitalbyran. See: NMFA, *Secret Arcives Embassy Stockholm, Box 12, File Flytkapital*, Neuberburg to Van Boetzelaer, No. 2575/344, 14/04/1947 and DNA, *APC-archives, File Nakib/Lavalette, No. 2327*, Letter of Harold Lee (US Department of Justice), 03/08/1950.

So, the consequence of the transfer of the Bosch subsidiaries other than American Bosch to AB Tessalia was that these subsidiaries were again owned outright by Bosch. American Bosch remained the exception.

### *IG Farben and Enskilda*

In the third part of this article we will deal with the relations between Enskilda and IG Farben. IG Farben was formed in 1925 by the amalgamation of the three chemical giants in Germany, Bayer, Hoechst and BASF. IG Farben was the largest single company in Germany, and between the wars this company organised a system of cartels which ensured its domination of the chemical industry on a global scale. However, Enskilda's relations with IG Farben were of a quite different nature from its relations with Bosch. In the case of Bosch, the shares of Bosch's foreign interests were 'owned' by Enskilda and there were secret agreements which secured Bosch's rights to the profits made as well as the right to repurchase its shares after the end of the War. In the case of IG Farben, however, Enskilda acted as a intermediary bank that furnished the capital for the cloaking operations which were executed by IG Farben. Enskilda did not own shares of IG Farben subsidiaries and there were no option agreements, but again there was a secret contract. These transactions between IG Farben and Enskilda took place just before and during the Second World War. For a better understanding of this complicated matter, we have to go back to 1925, when IG Farben was established.

Already in that same year IG Farben started to conceal its interests in its foreign subsidiaries. The reasons for concealment were then of course different from those in the late thirties when the looming war cast its shadow over Europe and the danger of seizure of IG Farben's foreign subsidiaries became acute. From the interrogation of Dr. Gustav Küpper, one of the principal lawyers of IG Farben, by the American authorities in 1946 it becomes clear why already in 1925 IG Farben started to hide or cloak its interests abroad.

These subsidiaries were legally independent, but economically completely under the control of IG Farben, which was the beneficial proprietor of all their shares. Küpper stated that the three main reasons for the cloaking operations in the twenties and early thirties were of a fiscal nature. IG Farben wanted to avoid double taxation, which was the consequence of having a branch office in a foreign country since taxes would have to be paid on the profits of the subsidiaries as well as on the 'profits and property of IG Farben falling proportionately to the country concerned'.<sup>24</sup>

In order to avoid these tax difficulties, IG Farben reorganized its foreign subsidiaries in such a way that it did not formally hold one single share in these companies. But Küpper mentioned more reasons for cloaking. For instance, IG Farben wanted to avoid protective measures which were taken in some countries. With this reorganization they could also circumvent German currency restrictions and sometimes avoid the boycott of German goods during the Nazi regime. But in the late thirties the principle reason for cloaking 'was to safeguard the interests of I.G. against seizure in case of war'.<sup>25</sup>

24. SIWD, *IG Farben files, File N 95/5, VN 18*, Interrogation of Dr. Gustav Küpper on 31st July and 1st August 1946. See for a complete survey of subsidiaries and participations of IG Farben on 31st October 1939: *File N 72/NI 1543*, Document No. NI-9540.

25. SIWD, *IG Farben Files, File N 95/5, VN 18*, Interrogation of Dr. Gustav Küpper on 1st August 1946. See also: Martin, *op.cit.*, pp. 65-66.



This brings us to the relation already existing between IG Farben and Enskilda. These links dated back to the mid-twenties, when in Amsterdam the Hollandsche Koopmansbank was founded by Gerhard Fritze, a German. This bank was owned initially by the Swedish Kreuger & Toll concern, IG Farben and Enskilda and had a Scandinavian outlook in its financial business.<sup>26</sup> After the crash of Kreuger & Toll in 1932, the Hollandsche Koopmansbank was probably jointly owned by IG Farben and Enskilda and it concentrated its business more specifically on Germany. It started to conduct all kinds of banking transactions on behalf of IG Farben and would become an important link in IG Farben's international financial operations.

In 1936 the shares of the Hollandsche Koopmansbank (apart from the Enskilda shares) were sold to an international syndicate of banks (among them Enskilda) which already owned the Internationale Bank. One year later these two banks merged and the 'new' bank continued its operations under the old name of Hollandsche Koopmansbank. So, through this Dutch bank there already existed a business relation between IG Farben and Enskilda.<sup>27</sup> And this connection would prove to be very valuable to IG Farben because, in order to safeguard its foreign interests against seizure in case of war, it needed a bank which would provide the necessary capital for the cloaking operations.

First of all, we will describe the cloaking operations themselves which took place mainly in the Netherlands. Why this neutral country and not, for instance, Sweden? In fact, the same reasons that were valid for Bosch, also applied to IG Farben: the favourable economic situation of the Netherlands, the leading financial position of Amsterdam and the Dutch policy of neutrality. The Legal Committee of IG Farben had concluded that if the shares of the IG Farben subsidiaries were actually held by companies in a neutral country (here the Netherlands), enemy economic warfare measures would be ineffective and even an option in favour of IG Farben would remain unaffected. This was a lesson that IG Farben had learned from World War I. The Legal Committee therefore came to the conclusion that

'...the risk of seizure of the sales organizations in the event of war is minimized if the holders of shares or similar interests are neutrals residing in neutral countries.'<sup>28</sup>

26. PRO, FO 837/1309, M 13/50/204, the Clay Report, 03/08/1945; SIWD, *IG Farben Files, File N 149/1, Folder B*, Interrogation of H. F. van Meer, 7 October 1947 and COC, *File 18572, Folder G 10681, 01/09/1927 and Folder I 15324, 28/11/1929*. See also: Wim Klinkenberg, *Prins Bernhard. Een politieke Biografie*, Amsterdam 1979, pp. 50-58 and Igor Cornelissen, 'De protectie van Alois Miedl en de vredesmissie van Gerhard Fritze', in: *Vrij Nederland, Jaargang 37 No. 42*, 16 October 1976.
27. PRO, FO 837/1309, M 13/50/204, the Clay Report, 03/08/1945; SIWD, *IG Farben Files, File N 149/1, Folder B*, Dutch Alien Property Custodian to Hollandsche Koopmansbank, 6 March 1946 and the Report on the Hollandsche Koopmansbank, undated and *Folder BBH/750*, Memorandum by Mitchin, undated. For Fritze who was employed at IG Farben from 1931 onwards as a confidential agent: *File N 148/4*, Report on Fritze, undated. See also: COC, *File 18572, Folders O 8957 & Q 8959, 14/06/1937; Folder Q 9231, 18/06/1937 and Folders Q 12686 and 12687, 09/09/1937*.
28. For the quotation: *Trials of War Criminals before the Nuernberg Military Tribunal Volume VIII*, Washington 1962, pp. 1286-1291.

The choice of the (neutral) Netherlands was thus an obvious one. This country had another advantage compared with — for instance — Sweden. IG Farben owned some 'dummy companies' in the Netherlands which had already been involved in cloaking operations or were still 'dormant' companies. Now, with the rising international political tension at the end of the thirties, IG Farben decided that real protection of its foreign interests could be obtained only by renouncing all legal ties either of a direct or indirect nature between IG Farben and these interests. They decided that these legal relations should be replaced by transferring the rights of access to these assets to such neutral agencies (here Dutch cloaks), which would give IG Farben an absolute guarantee that they would never dispose of these assets otherwise than in a manner entirely in accordance with IG Farben's interest.

IG Farben's oldest subsidiary in the Netherlands was the 'Maatschappij voor Industriële Ontwikkeling' (henceforth Voorindu); a firm which had been established by Cassela & Co. in Frankfurt. When in 1925 the biggest German chemical industries (among them Cassela) merged into IG Farben, Voorindu became an IG subsidiary. Voorindu was engaged in many cloaking operations for IG Farben as late as 1939, especially in the United States. Voorindu was one of the most important record owners of large controlling blocks of stock of American IG, the General Aniline and Film Corporation. Voorindu also held subsidiaries for IG Farben in Australia, Belgium, Canada, Egypt, Great Britain, France and the Netherlands.<sup>29</sup>

However, when tension grew in Europe in the late thirties, IG Farben feared that its real ties with Voorindu might be discovered and decided that a new cloaking operation had to be started up in order to conceal the real ownership of its subsidiaries shares and inventories. The decision was made to divest Voorindu of most of its responsibilities and to transfer these to another Dutch dummy company, the 'Chemicaliën Handels Maatschappij' (henceforth Chehamij).

This firm was established in 1934 and had led a dormant existence until 1939. The managing director of this firm was Ludwig Brehm, a German who was described by the British Foreign Office as an IG Farben cloaking expert. Because Chehamij would take over from Voorindu most of IG's foreign subsidiaries, this substantial participation had to be made plausible to the outside world. So, the authorized capital was increased to Hfl. 1,000,000, of which Hfl. 200,000 was issued.<sup>30</sup>

In order to 'deFarbenize' all the ties between Chehamij and IG Farben, three companies and a bank were chosen in Switzerland who would act as shareholders of Chehamij. These Swiss companies were connected to IG Chemie (a Swiss subsidiary), while the bank, Ed. Greutert & Cie was also closely affiliated to IG Farben. A favourable arrangement was made with these three Swiss companies, as appeared from a letter to the German Ministry of Economics

29. SIWD, *IG Farben Files, Folder BHH/750*, Memorandum by Mitchin, undated and File N 95/5, VN 18, Interrogation of Dr. Gustav Küpper, 1 August 1946. See also: Joseph Borkin, *The Crime and Punishment of I.G. Farben*, London 1979, pp. 184, 187 and 190-192; Martin, *op.cit.*, pp. 67-68 and Pruessen, *op.cit.*, pp. 123-132.

30. PRO, FO 935/49, B 10 B/104/51R, IG Farben Report, 12/09/1945 and COC, File 53359, Folder S 9855, 27/06/1939 and Folder U 1757, 31/01/1941. Also: SIWD, *IG Farben Files, File N 148/4, Folder B*, Report on Brehm, undated.

'The shareholders and we are in accordance as to our dominating influence on Chehamij; and in consideration of the fact that the shareholders without having any influence on Chehamij contributed the capital of Hfl. 200.000 paid out of their own funds, they demanded from IG to guarantee them internally a minimum dividend of 6%.'<sup>31</sup>

IG Farben had by carefully selecting these three shareholders, not only cut its legal ties with Chehamij, but also safeguarded the maintenance of its influence on Chehamij. Or as a British report noted

'... Chehamij was an attempt by IG Farben to *differentiate*, although nominally *between ownership and control*, in order to avoid the consequences of the former. There is no doubt that Chehamij was at material dates controlled by IG Farben.'<sup>32</sup>

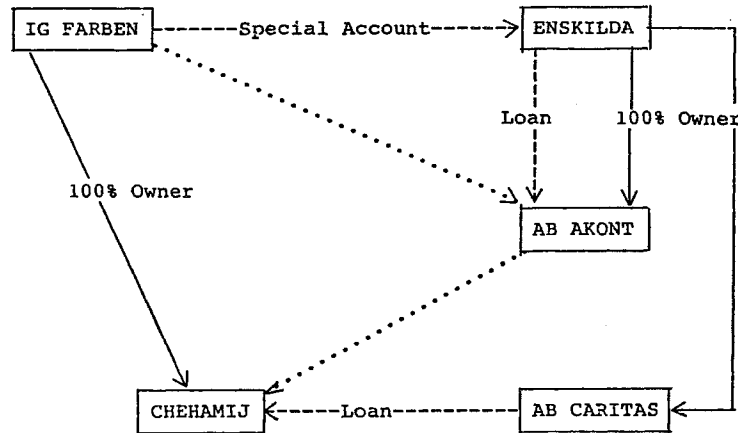
There was, however, still one important problem left. How could Chehamij get hold of the capital needed in order to buy up the IG Farben subsidiaries, mainly in Europe and the Commonwealth, which at that time were still held by Voorindu? Obtaining the capital from IG Farben directly or indirectly would of course have been too revealing and was out of the question. Preferably a foreign bank with no direct ties with IG Farben would have to provide the funds. And again — as in the case of Bosch — Enskilda was willing to co-operate. Its role can be summarized as follows

'... a number of IG's foreign subsidiaries were sold to Dutch companies and (...) the latter were enabled to purchase by credits granted directly or indirectly by holding companies, which were subsidiaries of Stockholm's Enskilda Bank.'<sup>33</sup>

On 13th July, 1939 a secret agreement between IG Farben, Enskilda, AB Akont and AB Caritas was worked out, which would enable IG Farben to complete its cloaking operation. It was arranged that Chehamij would receive the necessary capital in the following way: IG Farben would maintain at Enskilda an 'special account' to the extent of the capital Chehamij needed. Enskilda would then give to one of its affiliated companies, AB Akont, a loan of the same amount as IG's account. Another of Enskilda's affiliated companies, the investment institute AB Caritas, would then grant Chehamij a loan of again the same amount. In these loan transactions there would be no clear relationship between the AB Caritas and Enskilda Bank or AB Akont.<sup>34</sup>

31. SIWD, *Chehamij Files*, File N 92/2, Folder NI 5769, IG Farben letter, 26/06/1939 and PRO, FO 935/49, B 10 B/104/51R, IG Farben Report, 12/09/1945. Ed. Greutert & Cie. controlled with the Hollandsche Koopmansbank another Dutch IG Farben cloak, the Mapro, which was the majority shareholder of Chehamij. Ed. Greutert & Cie. was the predominant shareholder of the Mapro and thereby indirectly of Chehamij. See: DNA, *APC-archives*, File *Chehamij*, ST 1991, Report on Chehamij by Van Marle, 19/06/1954.
32. See for the citation of the British report: DNA, *APC-archives*, File *Chehamij*, ST 1991, Report on Chehamij by Van Marle, 19/06/1954. See also: SNA, *Archives of the Flyktkapitalbyran*, Box 361, File AB Arto, Report by Samuel Rose, 18/12/1947 and File AB Arto, Folder C 583, Money Flow Chart, undated.
33. PRO, FO 188/534, G 8/1/46, Villiers to Jerram, 07/05/1946.
34. SNA, *Archives of the Flyktkapitalbyran*, Box 361, File AB Arto, Contract between Enskilda and IG Farben, 13/07/1939; DNA, *APC-archives*, File *Chehamij*, ST 1991, Report on Chehamij by Van Marle, 19/06/1954. The Dutch APC stated on AB Caritas: 'An outpost of German interests during the war'. See: File *Chehamij*, ST 1991, Memorandum on Chehamij, 15/08/1946.

Table 3: IG Farben Loan Transaction.



In all probability IG Farben met with some difficulties with Enskilda in the beginning. Enskilda demanded further securities, and the bank apparently considered the account of IG Farben at Enskilda an insufficient security for the transactions which Enskilda and AB Caritas had to conduct. However, IG Farben dealt with this matter successfully and could write to the Reichs Ministry of Economics

'We are only bound to maintain with Enskilda Bank currently an account of the same amount to the extent of which the credit will be given to Chehamij by the investment institute related to Enskilda Bank.'

It was also agreed between Enskilda and IG Farben that Chehamij could borrow to a maximum of 3 million Swedish Crowns (5% interest) from AB Caritas, as long as IG Farben maintained a sufficient account. Furthermore, for compensation IG Farben would pay Enskilda 1% per year of the amount Chehamij borrowed.<sup>35</sup>

On the basis of this agreement AB Caritas loaned Chehamij in July 1939 an amount of almost 3,000,000 Swedish Crowns, with which the Dutch firm could buy IG Farben subsidiaries in Great Britain, the Commonwealth and also neutral countries. Chehamij

35. SIWD, *Chehamij Files*, File N 92/2, Folder NI 5769, IG Farben letter, 26/06/1939; NMFA, *Secret Archives Embassy Stockholm*, Box 12, File *Flytkapital*, Memorandum to Dutch Ambassador, N. I 942/74976/547, 22/08/1947 and PRO, FO 935/49, B 10 B/104/51R, IG Farben Report, 12/09/1945. It is further interesting to note that in the framework of the relations between Enskilda and IG Farben, Wittmann already revealed the agreement that Enskilda would extend a credit of 4.4 Million Swedish Crowns to the IG Farben subsidiary in Norway, the Norsk Hydro-Kvaeststoffaktieselskap. See: Klaus Wittmann, *Schwedens Wirtschaftsbeziehungen zum Dritten Reich 1933-1945*, München/Wien 1978, p. 276 and also SIWD, *IG Farben Files*, File N 72, Folder NI 1543, Memorandum IG Farben subsidiaries, undated. There existed also a Mendelssohn-Norsk Hydro relation. See: Mr. G. van Hall, *Ervaringen van een Amsterdammer*, Amsterdam/Brussel 1976, pp. 110-115.

bought, for instance, the IG Dyestuffs Ltd. (Manchester), Dychem Trading Company Ltd. (Melbourne), Consolidated Dyestuff Corporation Ltd. (Montreal) and AB Arto (Malmö).

AB Arto was established in 1917 and bought by IG Farben in 1926. On 29th December, 1939 Chehamij bought the shares of AB Arto from IG Farben for almost 240,000 Swedish Crowns. Chehamij could buy these shares due to the loan from AB Caritas. As security for the loan, Chehamij pledged the shares of IG Dyestuffs, Consolidated Dyestuff Corporation and AB Arto and these shares were deposited in the vaults of Enskilda.<sup>36</sup> This situation continued until 14th September, 1943. On that date, Enskilda returned these pledged shares (except for AB Arto) to Chehamij and did not replace them by other securities.

When questioned after World War II, Calissendorf stated that Enskilda had returned them because these shares 'which belonged to a Dutch company situated in German occupied territory were worthless'. However, he did not explain why this decision was not taken until 1943. But an IG Farben representative stated that the return of the shares probably had to do with the new Swedish currency regulations of 1943. These forced Swedish nationals to report all foreign securities to the Swedish government. He assumed therefore, that Enskilda Bank '... preferred AB Caritas to renounce the pledge which involved no risk as the real security was IG Farben's deposit, in order not to risk disclosure of the whole construction of the credit.'<sup>37</sup>

In 1944, the German military situation deteriorated rapidly and Enskilda apparently decided that the time had come to terminate the agreement. On 16th October, 1944 IG Farben received a letter from AB Akont, in which it was announced that Enskilda wished to dispose over IG Farben's special account. AB Akont's debt to Enskilda was thus passing now to IG Farben. As was agreed on 14th July, 1939, the claim of AB Caritas against Chehamij could be used by AB Akont to pay off her debt to IG Farben. In settlement of AB Akont's debt, the letter therefore transferred this claim to IG Farben and they became thus on 16th October, 1944 the direct creditor of Chehamij.<sup>38</sup>

36. DNA, *APC-archives, File Chehamij, ST 1991*, Report on Chehamij by Van Marle, 19/06/1954 and letter from the Swedish Restitutionsnämnden, 19/11/1948; NMFA, *Secret Archives Embassy Stockholm, Box 12, File Flytkapital*, Memorandum of the Department of Economic Affairs of the Ministry for Foreign Affairs, 19/06/1946; letter Dutch Embassy to Swedish Ministry for Foreign Affairs, No. 3694, 08/07/1947; Teixeira de Mattos to the Hague, No. 1885/244, 14/03/1947 and SIWD, *IG Farben Files, File N 149/1, Folder B*, Memo: participations and credits, 27/06/1946 and *Chehamij Files, File N 92/2, Folder NI 5769*, IG Farben letter, 26/06/1939.
37. As regards ås Calissendorf's statement: after the war Enskilda wrote to the Flytkapitalbyran that it wanted other securities in stead of the pledged shares. Enskilda preferred a guarantee from a Dutch bank, but the Dutch foreign exchange authorities declined. See: SNA, *Archives of the Flytkapitalbyran, Box 361, File AB Arto*, letter by Enskilda to T. Millquist, 29/04/1946. For the quotations: DNA, *APC-archives, File Chehamij, St 1991*, Report on Chehamij by Van Marle, 19/06/1954 and Report to the APC directors, (No. 6403), 24/01/1949. This last report noted also: 'The Caritas credit was regarded as so important to the whole Chehamij scheme that, even within Zefi, Zentralfinanzverwaltung of IG Farben, knowledge of it was limited to the few officials immediately concerned with it.'
38. It is interesting to note that after the Bosch relocking operations in the Netherlands in 1943/44, the new Bosch holding company/cloak became the 'Mabaha'. And the Mabaha (i.e. Bosch) was a 25% shareholder of Chehamij (i.e. IG Farben)! See further: DNA, *APC-archives, File Chehamij, ST 1991*, Report to the APC directors (No. 6403), 24/01/1949. The Dutch APC concluded: 'the Caritas credit was 100% German owned & controlled!' See: DNA, *APC-archives, File Chehamij, ST 1991*, Statement on Chehamij, 31/08/1949. Cf. also: SNA, *Archives of the Flytkapitalbyran, Box 361, File AB Arto, Folder D 605*, Memorandum by A. Björklund, 03/05/1946.

One may conclude that the cloaking operations were conducted so successfully that even until July 1946 the Dutch authorities had not the faintest idea of what was going on. When the Swedish authorities informed them about the status of Chehamij in relation to AB Arto, the Dutch ignorantly stated that Chehamij was 'entirely free from enemy interests.' IG Farben could also claim success and could write to the Reichs Ministry of Economics

'We declare, moreover, that the decisive real influence we shall have on the foreign sales companies (...) will be sufficient in every respect.'<sup>39</sup>

#### *After the War*

Returning to Adler-Karlsson's article in *Dagens Nyheter*, one arrives at the conclusion that its assertion about the connections between Bosch and Enskilda prove to be true, and that these connections were moreover not limited to Bosch but also included IG Farben.

But what about that part of Adler-Karlsson's article in which he claimed that the Wallenbergs and their corporations had to co-operate with the United States embargo policy towards the Soviet Union in order to regain their blocked assets in the United States? It will be clear that when the US investigation teams had finished their job in Germany and had discovered Enskilda's involvement in the cloaking operations of Bosch and IG Farben, the mood in Washington was not too positive towards Jacob and Marcus Wallenberg. It therefore came as no surprise when the assets of Enskilda, so of Jacob and Marcus Wallenberg — especially on account of the Bosch transactions — were blocked. This information was passed on to the British Embassy in Stockholm by Marcus Wallenberg himself, who with Jacob Wallenberg and Rolf Calissendorf on 15th August 1945 promptly left for the United States in order to negotiate with the Americans.<sup>40</sup>

In the negotiations which the Wallenbergs and Calissendorf had with the State Department and the Treasury Department, they had to admit to the existence of secret documents concerning Bosch. Later, during talks in October — December 1945, they also admitted that Enskilda had made false statements to the Swedish government. However, in an apparent attempt to extenuate Enskilda's activities on behalf of Bosch, they stated that Enskilda

'... had entered into transactions with Bosch in consideration Bosch promise to influence German government to purchase German bonds from SEB in order to enable latter to liquidate its German bond position.'

39. Josiah E. Dubois, *Generals in Grey Suits*, London 1953, pp. 317-318 and NMFA, *Secret Archives Embassy Stockholm, Box 12, File Flytkapital*, letter Dutch Embassy to Swedish Ministry for Foreign Affairs, No. 3694, 08/09/1946. The Dutch Embassy added to the letter a list of shareholders of Chehamij and we can discern on the list IG Farben's cloaking expert Ludwig Brehm, two Chehamij Directors and two IG Farben 'cloaks' (i.e. Voorindu and Parta). For IG Farben's role before and during the Second World War: Borkin, *passim*, Martin, *op.cit.*, pp. 59-70 and Martin Gilbert, *Auschwitz and the Allies*, New York 1981, pp. 86, 175-176, 190 and 249.
40. Adler-Karlsson, *Sverige*, p. 4 and PRO, FO 371/48072, N 10661/10661/42, Jerram (Stockholm) to Warner (Foreign Office), 10/08/1945. Villiers of the British Economic Warfare Department wrote to Warner upon the receipt of Jerram's telegram and German documents:  
'I understand that the evidence contained in these papers is extremely black, particularly against Monsieur Jacob Wallenberg.'  
The mood in Washington was probably also not too positive towards the Wallenbergs due to the line SKF had taken in the United States during World War II. See for this episode: Higham, *op.cit.*, pp. 116-129.

However, a British Foreign Office report remarked on this statement

'Regarding this allegation it should be noted that it was SEB that refused to consummate bond transaction when it ceased to be profitable to sell at agreed prices ...'.

So finally, they had to admit that the transactions with Bosch were cloaking operations and had in fact the character of a loan from Enskilda to Bosch and were not a true sale. The Enskilda representatives also stated that the Nazi Government had been taken fully into confidence concerning the American and European Bosch transactions and that it had at all times been fully informed of all secret details.<sup>41</sup>

After this confession by the Enskilda representatives, the State Department and the Treasury decided to designate Enskilda, but especially Jacob and Marcus Wallenberg, as 'special blocked nationals' in the United States. A decision to 'blacklist' Enskilda was not, however, yet taken. The State Department then approached the Foreign Office with a request that Great Britain also block the assets of Enskilda and the Wallenbergs. But the Foreign Office was 'somewhat reluctant' to take such a step. The British Embassy in Stockholm pointed to the economic disadvantages to Great Britain of blocking or blacklisting Enskilda's assets. The Embassy also pointed to the very close personal relationship between the British Ambassador Victor Mallet and Marcus Wallenberg. A drastic British step would thereby harm Mallet's position. The Bank of England also advised against such a step, for financial as well as commercial reasons. And, finally when the Embassy reported that in Stockholm

'Informed financial opinion thinks that listing might create financial reactions wider even than Kreuger affair. They regard the matter as one of national importance ...'

the decision was taken in London not to block or blacklist.<sup>42</sup>

So there was no united Anglo-American front against Enskilda and the Wallenbergs. The British Ambassador in Washington, Lord Halifax, reported, a few months later, that probably therefore the US Treasury had still not made the decision to proceed to blacklisting. The problem was — according to one American source — that while it was able to produce a technical case for blacklisting, it would probably not be able 'to produce a sufficient case from the State Department's point of view'.

But in February/March 1946 the contours of the final decision not to blacklist Enskilda showed themselves. Setchell from the British Embassy in Washington reported that

41. See for the quotations: PRO, FO 371/56969, N 6292/6292/42, the Enskilda Report, 28/02/1946. One may conclude from this confession that the American, British and Dutch Governments were fully ignorant of the transactions and that the Swedish Government was perhaps partly (through Calissendorf) informed. Significantly is the fact that the Director of the FBI, J. Edgar Hoover was told the following: '... it is believed advisable that Mr. Wallenberg be kept under surveillance during his visit to the United States.' See: NA, RG 59, Confidential File 1945-1949, Box C 701, 862.20211/8-1445, Lyon to J. Edgar Hoover, 14/08/1945.
42. PRO, FO 371/48072, N 11503/10661/42, Foreign Office to Stockholm Embassy, 02/09/1945; N 11779/10661/42, Jerram to Foreign Office, 05/09/1945; N 12460/10661/42, Jerram to Foreign Office, 14/09/1945 and N 12873/10661/42, Foreign Office Memorandum, 27/09/1945. See also for the British negative reply: PRO, FO 371/56969, N 6292/6292/42, the Enskilda Report, 28/02/1946.

'... the Americans have withdrawn their claim of fraudulent action that is, that they actually purchased the shares with reversory rights and are substituting instead an accusation of intended action to defraud.'

Setchell also reported that he had heard from a reliable source that the Americans were going to make an offer to Enskilda, 'under which the bank would pay 40 million Swedish Crowns for compensation and in settlement of the matter'. Setchell expected that Enskilda would pay this amount in order to have their accounts unblocked. Finally, he reported 'as pure gossip' that he had heard the rumour that Jacob Wallenberg would have to leave the board of Enskilda. On the basis of these reports from Washington, the investigations in Germany and the American measures, the Foreign Office decided that it would like to question Jacob and Marcus Wallenberg and also Rolf Calissendorf on the Bosch affair.<sup>43</sup>

But the fact remains that in February/March 1946 the State Department and the Treasury apparently were willing to settle the whole affair and therefore did not take such a drastic measure as to blacklist, although on this point there was still no final decision. It is also significant that in the spring of 1946 the so-called Safehaven negotiations were to start between Sweden and the United States. Safehaven was in fact an outcome of the Bretton Woods Conference in 1944 and called upon the neutral governments to take all necessary steps to immobilize looted securities, to uncover and control enemy property and to hold German assets for the disposition of the occupying powers in Germany. The State Department now implemented this decision and the whole Enskilda affair perhaps played a role in the consequent negotiations with Sweden.

In a State Department memorandum it was stressed that if the whole affair had been revealed one or two years earlier, Enskilda and the Wallenbergs would have lost their blocked assets

'... and indeed, there is considerable agitation in favor of this move at the present time. No decision has as yet been reached and in any case no action would be taken prior to the commencement of the Safehaven negotiations.'

It was further stated that the State Department did not wish to use Enskilda as a 'club' to induce the Swedish Government to agree with the American Safehaven objectives. The American negotiators hoped to treat Enskilda as a separate case.<sup>44</sup>

But did this hope materialize and were indeed the blocked Enskilda assets not used as a club to induce the Swedish Government? In 1948 there were negotiations with the Yugoslav

43. PRO, FO 371/48072, N 16584/10661/42, Halifax to Bevin, 21/11/1945 and FO 371/56969, N 3179/3179/42, Setchell to Villiers, 28/02/1946. The Foreign Office's wish for an interrogation is reported by Villiers to Jerram. However, he also reported the following significant information: 'Marcus Wallenberg's action in volunteering information regarding SEB's purchases of looted securities (...) suggests that he may be in the mood for confessions.' See: FO 188/534, G 8/1/46, Villiers to Jerram, 07/05/1946 (our underlining). Did Villiers intend to say that Enskilda bought securities which were looted by the Nazi's all over Europe? Anyway, we have not found evidence in the researched archives for Villiers' remark.

44. *Foreign Relations of the United States 1946, Volume V, The British Commonwealth; Western and Central Europe*, Washington 1969, pp. 202-220. The negotiations started on 29th May and an agreement was reached on 18th July 1946. See also: NA, RG 226, OSS-Files, Research & Analysis Report No. 4520(PV), 10/02/1948 and RG 59, Confidential File 1945-1949, Box C-621, 858.516/5-2246, Office of European Affairs to Cumming, 22/05/1946.



government on blocked assets, and the State Department was strongly advised to retain these assets and use them as 'a bargaining lever' to induce the Yugoslav government to agree with the American objectives. But, it was also noted that

'... this is not the first instance where the US has maintained freezing controls to obtain other objectives. We held Swedish and Swiss funds frozen until we obtained agreements with those countries concerning German assets and looted gold.'<sup>45</sup>

Reading this statement, one may come to the conclusion that the State Department did use the frozen Enskilda and Wallenberg assets as a 'club' to induce the Swedish government to accept the American objectives. But one may come to a more important conclusion: the State Department decided in the spring of 1946 to use the blocked assets of Enskilda and the Wallenbergs as a political weapon. They probably used this weapon in the Safehaven negotiations; why should they not try to use the same weapon against the Swedish credit to the Soviet Union? Talks about this credit had been going on already since 1943, and in March 1946 there finally materialized in negotiations and an agreement between Swedish and Soviet representatives.<sup>46</sup>

And this brings us back again to Adler-Karlsson's article in *Dagens Nyheter*, because on the basis of interviews with leading Swedish politicians, civil servants and business people he also came to the conclusion that the blocked assets were used as a political weapon. He concluded that the State Department apparently insisted on two conditions for the return of the assets to the Wallenbergs. The first one was the withdrawal of Jacob Wallenberg from the board of Enskilda, which — as we have seen — Setchell reported as a rumour to the Foreign Office. The second was that Enskilda and the Wallenberg-controlled companies should co-operate with the United States in an embargo policy towards the Soviet Union. This co-operation would come into effect as soon as the Soviet Union tried to use the Swedish credit to buy Swedish goods. So a refusal to sell to the Soviet Union would 'sabotage' the implementation of the credit.

What is the truth about this second American condition? We are afraid that the archives we have researched until now do not give a conclusive answer to such a question. We have found some scanty pieces of information concerning this matter which back up Adler-Karlsson's allegation in one way or another. So, further multilateral archival research will have to be done in order to give such a conclusive answer to the possible political *and* economic considerations, because it is also well known that the interest of Swedish industry in exporting to the Soviet Union declined rapidly as it gradually became clear in 1946/47 that there would be no major post-war depression in the West.<sup>47</sup>

Finally, the archives also show that the State Department was forgiving. In March 1947 Jacob Wallenberg wanted to travel to Germany. The State Department agreed, but the

45. *Foreign Relations of the United States 1949, Volume IV, Western Europe*, Washington 1974, p. 1062.

46. See for instance: Ernst Wigforss, *Minnen III, 1932-1949*, Stockholm 1954, pp. 330-335.

47. See for possible political and economic considerations for instance: Adler-Karlsson, *Western Economic Warfare, op.cit.*, p. 169.

American Embassy in Stockholm advised against it and turned down the application, as 'Jacob Wallenberg's active and closely co-operation with the Nazis during the war is clearly established'. However, times changed and in 1949 Jacob Wallenberg was finally permitted to go to Germany. And the American Ambassador reported

'I hope very much that there will be no delay in issuance of travel permit to Jacob Wallenberg. Delay or refusal of permit would have adverse effect on this Embassy's relations with Swedes in many important circles.'<sup>48</sup>

Indeed, times had changed.

48. NA, RG 59, Main Decimal File 1945-1949, Box 6543, 862.20258/3-1047, Dreyfus to Marshall, 10/03/1947; 862.20258/11-3049, McCloy to Acheson, 30/11/1949 and 862.20258/12-2749, Matthews to Acheson, 27/12/1949.