

Royal Dutch Shell and the Nazis

By John Donovan

In the "Fortune Global 500 Ranking by Revenue 2010", Royal Dutch Shell Pic is ranked as the second largest company in the world, after Wal-Mart Stores.

Many people know something about the oil giants' controversial track record in Nigeria. It includes decades long plunder and pollution, with involvement in espionage, corruption, torture, murder, and other human rights abuses.

Some people are aware of Shell's unscrupulous dealings with despotic regimes in Iraq, Iran, and Libya. Shell deliberately disguised shipping movements of Iraqi and Iranian oil during UN sanctions.

Very few people have any inkling of Shell's pivotal support for Hitler and the Nazi Party.

Basically, Shell saved the Nazi Party when it was in danger of financial collapse and continued, for over a decade, to pump funds into the Nazi project. As a consequence, Shell was arguably indirectly responsible for over 30 million deaths in World War 2.

I have already published a series of articles on this explosive subject, the most recent major article under the headline: "Royal Dutch Shell Nazi Secrets"

The Dutch oil baron Sir Henri Deterding drove Shell's support for the Nazis. He was the dictatorial founder of Royal Dutch Shell publicly described as the "Napoleon of Petroleum" and "The Most Powerful Man in the World". Sir Henri was infatuated with Hitler and the Nazis.

An official account of the history of the oil giant - "A History of Royal Dutch Shell" - authored by eminent historians associated with Utrecht University, provided invaluable information during my research. The historians were given unrestricted access to Royal Dutch Shell archives. The Research Institute for History and Culture supervised the project. The entire 4-volume history published in 1997 costs £140 (over \$200).

I have created pdf files from relevant pages of Volumes 1 & 2 for publication on the Internet. Public interest in knowing the truth about such historically important matters in my view outweighs copyright issues. Instead of the information being buried in an expensive set of history books available mainly in a few reference libraries for research by academics, the information is now freely available on the World Wide Web.

The public and investors should be aware of Shell's Nazi past. Some people, perhaps relatives of those poor souls who suffered horrific deaths in the Nazi gas chambers, may wish to boycott Shell on these grounds alone. Shell's Nazi business partner, the infamous I.G. Farben, supplied the Zyklon-B gas used during the Holocaust to exterminate millions of people, including children.

Information in Shell's own authorised history of the company confirms that Shell pumped funds into the Nazi in a variety of ways, was at times anti-Semitic, sold out its own Dutch Jewish employees to the Nazis and conspired directly with Hitler.

Readers can see for themselves from the pages below that Shell continued its partnership with the Nazis in the years after the retirement of Sir Henri Deterding as leader of the company. Sir Henri remained a director after his retirement from the top job and made huge food donations to Nazi Germany that were widely reported. This meant that Shell was aware of his activities and allowed him to remain as a director; no surprise bearing in mind that Shell also continued its partnership with the Nazis (even after the subsequent death of Sir Henri).

As a long-term campaigner against Shell management misdeeds, my objectivity and impartiality is open to question. This is why I created pdfs containing relevant pages from "A History of Royal Dutch Shell", so those interested can read Shell's own account of relevant events.

Since the historians were paid by Shell, it follows that their objectivity and impartiality is also open to question. They also appear to have enjoyed some global jet setting funded by Shell.

The relevant historians - Joost Jonker and Jan Luiten van Zanden - downplayed the central issue of Shell funding the Nazis on the basis that Hitler would not even agree to meet with Sir Henri. My own research, including newspaper reports from the 1930's unearthed in The New York Times archive, revealed that this could not have been further from the truth.

Agents engaged in sinister activities jointly for Hitler and Sir Henri after the two men had a private four-day summit meeting at Hitler's mountain top retreat in Berchtesgaden. Both dictators had designs on the Russian oil fields.

What transpired all those years ago obviously has no reflection on current Shell employees, the vast majority of whom are decent hard working people.

The dreadful events do however stain forever the name of Royal Dutch Shell and the brand name by which the company is best known throughout the world: Shell.

John Donovan

March 2011

Powering the Hydrocarbon Revolution, 1939-1973
A History of Royal Dutch Shell, volume 2



Stephen Howarth & Joost Jonker



Volume 2 takes the history of Royal Dutch Shell from the outbreak of the Second World War to the eve of the 1973 oil crisis. Despite serious losses, the company contributed materially to the Allied war effort. The directors also solved the managerial crisis created by Deterding's resignation. This provided the foundation for a radical overhaul of the Group's top management structure, culminating in the celebrated matrix organization. Having repaired its war damage, Royal Dutch Shell expanded very rapidly to keep pace with booming demand. Shell also devoted a large amount of resources to developing petrochemicals as a second core business, which it considered to be the future of the industry. The rise of OPEC inspired Shell to widen its search for oil by pioneering deepwater offshore exploration. At the same time the growing environmental awareness in Western societies posed new challenges of a different kind.

Stephen Howarth is the author or co-author of numerous works of naval and maritime history and of commissioned corporate history. The latter include P&O, Shell Tankers (U.K.) Ltd., "Shell" Transport and Trading pic, Henry Poole & Co., the founders of Savile Row, and the Royal Naval Reserves. He is a Fellow of the Royal Historical Society and in 2003 was appointed an honorary Commander RNR by Her Majesty Queen Elizabeth II.

Joost Jonker specializes in financial and business history, ranging from the fifth century until the present. His publications include a history of Dutch international trading houses and an analysis of the emergence of securities trading at the Amsterdam exchange.

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Powering the Hydrocarbon Revolution, 1939-1973 is one of four volumes of the work entitled *A History of Royal Dutch Shell*, written by a team of four authors associated with Utrecht University, Jan Luiten van Zanden, Stephen Howarth, Joost Jonker and Keetie Sluyterman. It is the result of a research project which was supervised by the Research Institute for History and Culture and coordinated by Joost Dankers.

The other volumes are:

Joost Jonker and Jan Luiten van Zanden

From Challenger to joint Industry Leader, 1890-1939

Keetie Sluyterman

Keeping Competitive in Turbulent Markets, 1973-2007

Jan Luiten van Zanden

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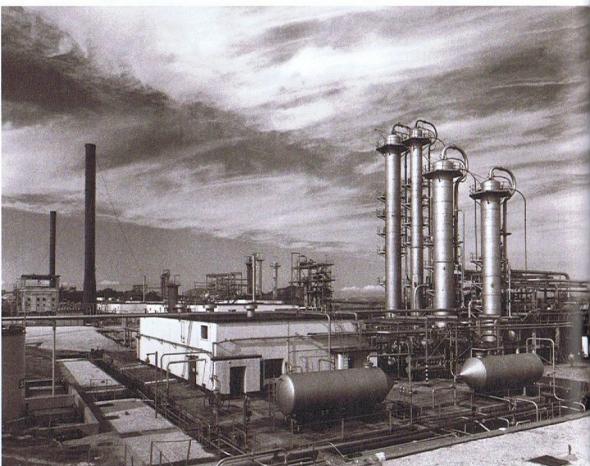
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Preparations for war In November 1938, almost two years after Hitler came to power, the British government asked the Oil Board, an interdepartmental committee set up in 1925 but which had been dormant since, to draft supply plans for a war against 'a European enemy'. The Board immediately started collecting data on estimates for oil supplies and tankers.¹ The first ripple from this tide reached the Group during 1936, when the oil companies agreed to raise their stocks of products for civilian uses to three months' peacetime use, the British government bearing half the cost of the extra tankage required.² In December of that year, the Air Ministry enquired whether the Group would consider building an iso-octane plant in the UK. Just four months earlier the production of this vital component for high-performance aircraft fuel had started at the Pernis plant, near Rotterdam, but the department's officials thought Britain could not 'rely on obtaining supplies of iso-octane from Pernis in the event of an emergency'.³ The Group responded a few months later by promising to supply 32,000 tons of iso-octane a year for five years, to be doubled in case of war, from a plant in the UK. Construction of the unit started the following spring at Stanlow and it came on stream in the summer 1939. The two high-pressure steel reaction vessels at the core of the installation had come from the German Krupp works.⁴ By the time the plant came on stream, however, the Air Ministry had substantially increased its projections of the demand for iso-octane aviation fuel and decided to build three additional installations. These plants were to produce iso-octane by a new and untried process, based on dehydrogenating isobutane into isobutylene. At the Ministry's request, Imperial Chemical Industries (ICI), Trinidad Leaseholds Ltd., and the Group formed a joint venture, known as Trimpell, to construct and manage the installations on behalf of the British Government. One plant was sited in the UK, at Heysham in Lancashire, the other two in Trinidad.⁵ The particular process which Trimpell pioneered did not become a success, because alkylation, another process for making iso-octane, proved to be far superior.⁶ Before the Heysham plant had reached its design capacity, ICI took over some of the premises for making synthetic ammonia.⁷

The motives which inspired the building of the Stanlow iso-octane plant also made the Group invest heavily in other new facilities there. In 1938, the Anglo-Saxon board accepted proposals to construct plants for making alcohols, ketones, and ester salts, from slack wax, a by product of the Stanlow lube oil factory.⁸ A few months later the board decided to replace the lube oil plant itself with new and greatly expanded installations, including a Duo-Sol extraction unit following the Rectiflow principle, a recent innovation developed by the Group's Amsterdam laboratory. This plant would both reduce the heavy dependence on imports from Rhenania-Ossag, Shell's German operating company, and fulfil the Air Ministry's increased requirements for special aircraft engine lubricants. The installation came on stream in July 1940, the entire output being earmarked for the Air Ministry.⁹

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Finally, coercion loomed large in Nazi oil policy. If private business resisted official policy, for instance the building of hydrogenation works, officials resorted to force. When, in '938, the Group refused to raise its participation in the Politz hydrogenation works to accommodate a substantial expansion of capacity ordered by the *Reichswirtschaftsministerium*, ministry officials threatened to take Rhenania-Ossag, which held the shares, into administration if managers did not comply (see Volume*, Chapter 7). Other companies had to be goaded into taking part in hydrogenation ventures by similar means.³¹ The government also imposed strict controls on the retail trade in oil products, setting standards, laying down numbers and locations of service stations, restricting the private use of fuel oil, and finally binding all oil companies to a semi-public body, all before the war had broken out.³² In January 1940, the Group lost control over its German business when the

government appointed a *Verwalter* caretaker manager to take charge of Rhenania-Ossag.

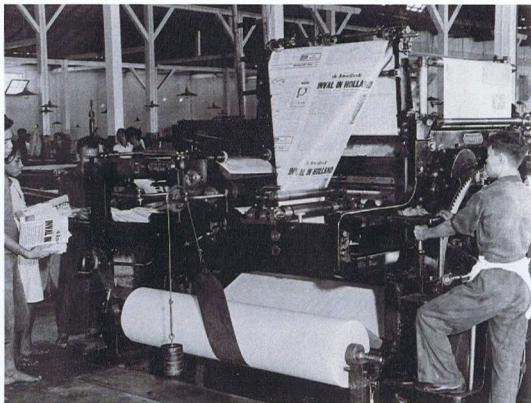
These very different starting positions determined to a large extent the outcome of what followed. The Allied countries had ample access to oil and could bring an overwhelming superiority of manpower and resources to bear on getting supplies of the kind and in the volumes required. To them, oil posed a logistic problem, as it had during the First World War. This could be formidable at times; as the American General George Patton famously put it to the Supreme Allied Commander General Eisenhower when he ran out of fuel in '944, 'my men can eat their belts, but my tanks have gotta have gas':³³ Even so the problem was not an impossible one. By contrast, two of the three Axis powers, Italy and Japan, would face a critical situation if war cut their overseas supply lines. The oil supply position of the third, Germany, looked far better, but it was

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Defending the business As for the Group's own war preparations, Bataafsche had been involved with defence issues in the Dutch East Indies from the early 1920s, when the colonial government started worrying about threats to the outlying districts of the vast archipelago, such as Tarakan and Balik Papan.³² The discussions with the military authorities about drafting plans for destroying oil stocks and installations led Bataafsche to take a decidedly contradictory stand. The company wanted a strong colonial defence, but refused to face the consequences, i.e. prepare plans for the evacuation and demolition of its installations to deny the enemy the use of vital resources. The Hague permitted the Batavia general manager to give the authorities oral information, but nothing written, about general arrangements on the various installations, so the army could draft its own plans, but no more. Similarly, Bataafsche managers militated against the deleterious effects of deep spending cuts on the readiness of army, navy, and air force, but fought tooth and nail against higher taxes to pay for increased defence spending: they pressed for vigorous action, and complained when government departments received comprehensive powers to deal with economic and military emergencies. The arrangements at the Pernis installation also reflected Bataafsche's general attitude towards economic defence. Company employees were not to engage in any demolition activities but were to leave this to army troops admitted to the installation for the purpose on giving a special password. When the signal came, the Pernis staff would do no more than mix the available product stocks together so as to make them unsuitable for direct use.³³

The principled refusal to collaborate originated from four considerations. First, the issue of information and command. Staff would not necessarily have the military intelligence required to assess the situation correctly and proceed with the demolitions at the right time, that is to say, neither too early nor too late. This required setting up a chain of command including provision for a rupturing of the chain. Second, soldiers engaged in demolition works had the cover of the Geneva Convention, but company staff ran the risk of being shot as saboteurs. Third, cost, presumably

reinforced by doubts about the validity of compensation claims for any damage inflicted if the company willingly collaborated in planning destruction; and finally, an aversion to endangering the continuity of the business under any circumstances.³⁴

As regards cost, in preparing the defence of the Dutch East Indies, the cradle of the business, Bataafsche took the same commercial attitude as in discussions with the government officials in Japan, Italy, France, or Germany about increasing stocks. This was summarized in a January 1940 instruction: 'the company cannot be expected to bear the financial burden of maintaining non-commercial stock and cannot be expected to make non-commercial investments without proper remuneration'. Or, as one telex from the same month put it, 'we are anxious to assist the government whenever possible without great inconvenience or expense to ourselves', in other words, the company came first, the country second. The other main producer in the Dutch East Indies, Standard-Vacuum's Nederlandse Koloniale Petroleum Maatschappij (NKPM), had a similar attitude to making defence arrangements.³⁵ The reader may remember from Volume 1, Chapter 3, that the Group nursed this kind of pragmatism concerning wartime operations during 1914-18 as well. Inflicting lasting damage on fields and installations would be too

TRANSFERS TO CURACAO

Royal Dutch Petroleum R.porta 'Freedom' in Operatitm.

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On 4 May 1940, four days after the invasion of the Netherlands, Kessler and Van Eck urged De Kok and other colleagues to evacuate to Britain (far left). But De Kok remained in The Hague until his premature death, and as readers of the *New York Times* learned belatedly in April 1941 (left). Royal Dutch's legal seat was carefully kept out of Britain.

Together with other companies facing the same problem, such as Philips, Unilever NV, and the big international shipping lines, the Royal Dutch and Bataafsche boards sought ways to bring the companies themselves into safety. Philips and Unilever NV transferred the ownership of their foreign assets to overseas trusts set up for the purpose, but the shipping companies, Royal Dutch, and Bataafsche preferred to use special legislation enacted on 8 May 1940 to transfer the legal seat of companies to the overseas territories of the Kingdom of the Netherlands in case of an emergency.⁴⁵ Two days later, on 10 May, Royal Dutch, Bataafsche, and a string of other Group companies officially moved from The Hague to Curacao, where A.S. Oppenheim, the head of the legal department, had prepared a formal company office in February. On that fateful day he sat at his desk, together with a notary public, knowing that the Netherlands were at war and waiting for the telegram instructing him to effect the transfer.⁴⁶

Why did the Dutch Group directors opt for this particular solution and why did they choose Curacao? With an annual processing capacity in '940 of 8 million tons, 56 million barrels, in '940, the refinery there was the Group's biggest overall and the

third biggest in the world, after Anglo-Iranian's Abadan plant and Jersey's installations on Aruba; but from the viewpoint of management the island remained an outpost. As Oppenheim himself acknowledged, his Curacao office was a faade.⁴⁷ There was no intention to let it do more than to convene shareholders' meetings and perform other acts required under the law and under the articles of association. Such acts assumed a purely ritual character, because under the circumstances no shareholders, directors, or managers could think of travelling thousands of miles to attend meetings or sign financial statements. In July 1940, Group managers sent Van Eck to the United States so the company would have a senior manager outside of the combat zone should Britain also be invaded by Germany. Van Eck set up a representative office for the Group in New York and remained stationed there until the end of the war, as if to highlight the fact that Curacao was no more than a paper presence;⁴⁸ Batavia might have been a more logical choice. The shipping lines which had their main operations in Asia transferred their seats to Batavia and for some time Bataafsche had faced calls to show a greater commitment to the Dutch East Indies, for instance by raising the position of the general manager to board level.⁴⁹

Moreover, the solution chosen left the Group's assets controlled from the Netherlands dangerously exposed to enemy action until the very last moment. By contrast, Philips and Unilever NV had the trusts for their overseas assets safely in place during the summer of 1940. Managers of the big Dutch multinationals held regular meetings to discuss joint political, legal, and financial problems, and such an important subject as the legal preparations for war will have figured at those meetings. Both Philips and



ROYAL DUTCH PETROLEUM COMPANY

N. V. KONINKLIJKE NEDERLANDSCHE MAATSCHAPPIJ

Tot exploitat. van Petrolumbraan. in Ned.landch.-Indl.

THE ROYAL DUTCH AND ALL ITS DUTCH SUBSIDIARIES

including the

N. V. DE BATAAFSCHE PETROLEUM MAATSCHAPPIJ

transferred their domiciles from The Hague to Willemstad, Curacao, in May 1940 on the invasion of Holland by Germany. Shareholders are glad to know that the Company is conducting its business free from all control by the enemy and that all its resources are on the side of the battle for freedom.

The transfer of domicile, enabling the Company to escape all enemy influence, was made in virtue of the law promulgated in Holland on April 26th, 1940, the relevant clauses of which read as follows:-

ARTICLE I.

1. By making its head office on Millen in the Province of Zeeland, the place of domicile of a limited company domiciled in the Netherlands, Surinam or Ceylon it is intended to do so in the territory of the Kingdom of the Netherlands.
2. The name of the company is "The Royal Dutch and American Oil Company Limited" or "The Royal Dutch and American Oil Company Limited", which name may be shortened to "The Royal Dutch and American Oil Company Limited" or "The Royal Dutch and American Oil Company Limited".

The articles of association of the Royal Dutch and the B.P.M. have been altered according to the provisions of the law.

The official announcement of the transfer of Royal Dutch's legal seat to Curacao.

Bataafsche formed part of a commission which prepared draft legislation for the transfer of company seats. The Dutch Group managers will therefore have been aware of the trust construction chosen by Philips and Unilever NV. Why then did they not do the same and invest the Royal Dutch and Bataafsche assets in a British trust managed from London? After all, for both Royal Dutch and Bataafsche, St Helen's Court and Teddington became the centre of all operations. Moreover, the Group had made an arrangement with the British Treasury, probably in September 1941, to have Bataafsche treated as a resident in the UK and thus subject to that country's foreign exchange regulations. This was a logical consequence of Anglo-Saxon's position as Group treasurer; it meant that all Bataafsche's foreign currency earnings flowed to the Treasury, which in return undertook to supply the Group with any currency needed, for instance dollars to buy equipment in the US. The arrangement also covered Curaçao's unusual position, earning mostly sterling from oil exports, but needing dollars for its purchases. Keeping the Group within the sterling currency area was a vital interest for the UK, which had great difficulty in finding dollars to pay for essential imports. For the Group the arrangement was beneficial overall, though disadvantageous for some parts of the business, notably those in the Dutch East Indies.⁵¹

The answer probably lies in issues of management and control. The trusts effectively made the Philips and Unilever NV assets controlled by them subject to British and, in one case, American law, with the trustees exercising the management over them according to the best interests of the shareholders in those assets. When moving the company seat, the assets remained subject to Dutch law, however, and managers did not have to contend with outsiders who might have a different opinion about the interests of shareholders. In addition, the move to Curaçao was

probably intended as a statement, to emphasize the Dutch character of Royal Dutch and Bataafsche. Unilever NV made no bones about making Unilever Ltd. in London the focus of all its operations; Royal Dutch's choice for Curaçao suggests that managers felt uncomfortable at the prospect of relying too much on London and sought leverage by establishing an Archimedean point on Dutch territory. This must have been what annoyed Godber in writing to Van Eck: not the transfer itself, but the choice of destination. In the overcharged atmosphere of the war, such questions of nationality would assume ever greater proportions, only to suddenly melt away in 1945, as we shall see.

The transfer was not an unqualified success, either. The Reichskommissar, Seyss-Inquart, the highest civil authority in the Netherlands during the German occupation, picked on a technicality to declare it null and void. Consequently the Verwoerter appointed to manage Royal Dutch and Bataafsche had full powers to act on behalf of the concern in occupied Europe and in the countries allied to Germany, such as Romania. The Verwoerter lost no time in appointing a new general manager, more amenable to the German demands, at Astra Romana, the Group's operating company there and that country's biggest oil producer.⁵² The evacuation of the management and core staff from The Hague also had the unfortunate side effect of leaving the office and the rest of the employees there without proper guidance. It had apparently been agreed that the Royal Dutch Director-General and de facto Group CEO Frits de Kok would accompany the last staff and papers to leave the country, leaving fellow director J. M. de Booy in overall charge of central offices in The Hague, but on the afternoon of 14 May De Kok, already terminally ill, persuaded De Booy to go in his place. That evening De Booy caught a fishing boat leaving Scheveningen for Britain, one of the very last escape opportunities.⁵³



Part of the crowd that gathered outside Royal Dutch's head office in a spontaneous display of sympathy at De Kok's funeral.

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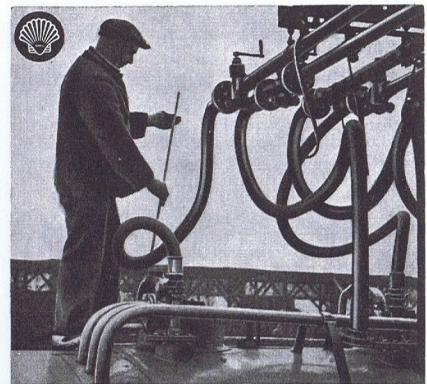
In September '940 De Kok slipped discreetly out of the offices, telling only one person that he needed to rest. He went directly into hospital and did not return. De Kok died on 28 October at the age of only fifty-eight, and the news of his death created a spontaneous show of public sympathy in The Hague, best understood as an expression of mourning both for the man and for a national past, brutally ended by the German occupation, in which his long-distance flights had captured the imagination. A large, silent crowd gathered in front of the Royal Dutch office in the Carel van Bylandtlaan to pay its last respects, and an even larger number of people attended the funeral a few days later.⁵⁴ Following De Kok's death N. van Wijk, the Royal Dutch company secretary, became the senior manager of the rump in The Hague and the Verwalter Hauptmann Eichard von Klass appointed him a director.⁵⁵ The Dutch companies in exile now faced the very difficult problem of appointing a successor, with all the normal rules suspended. As in

'936, Kessler was the obvious candidate, and again he did not make it. To avoid antagonizing the British managing directors further, no successor was appointed.⁵⁶ However, as we shall see, the Group managing directors soon clashed over other appointments.⁵⁷

Another measure taken following the German invasion of the Netherlands was the dismissal of German staff and other employees considered to be of doubtful political allegiance, such as Dutch Nazi party members, Austrians, and Romanians. Whether Anglo-Saxon and Asiatic had dismissed Germans and other enemy aliens from their overseas operating companies in September '939 we do not know: at any rate Bataafsche had not done so. In April '939, Bataafsche suspended some people with Nazi sympathies working at central offices in The Hague, presumably to quell unrest amongst the rest of the staff.⁵⁸ No further steps appear to have been taken until mid-May, when reports began reaching London about employees being arrested in the Dutch East Indies, Surinam.

Under the shadow of the Nazis. The German occupation of most of the European continent effectively took the operating companies there outside the Group's control. We have already noted the Nazi government's appointment of a *Verwalter* for Rhenania-Ossag in January 1940; the Bataafsche *Verwalter* subsequently assumed formal control over the companies in countries under German occupation or in the German sphere of influence, such as Hungary.

Of the Group's companies under Nazi control only Astra, Rhenania-Ossag, and Nafta Italiana continued operating at their former levels. As we have already seen, Astra was drawn into the German war effort. As one of the two biggest German oil companies and the main lube oil manufacturer, Rhenania-Ossag was an industry leader in the country. Following Hitler's annexation of Austria and Czechoslovakia, Group managing directors sanctioned Rhenania-Ossag taking over the Shell companies in those countries.¹⁴² With the rupture of overseas supplies, Rhenania-Ossag turnover plummeted, but the company formed part of the official oil cartel and thus had a share in the processing and distribution of any oil coming in, which assured a steady, if meagre, flow of revenues. In December 1940 the *Verwalter* activated the hidden financial reserves built up during the 1930s to raise the company's capital from 75 million to 120 million Reichsmarks. A year later Rhenania-Ossag floated a bond loan of RM 60 million to payoff an old loan from Bataafsche and finance some new installations.¹⁴³ Meanwhile the relationship between parent company and subsidiary had to some extent been reversed by the appointment of Rhenania-Ossag's research director as *Verwalter* over Bataafsche's Amsterdam laboratory, to ensure that it would contribute to the German war effort.



In allen Betriebsstellen unserer Organisation, in den Werken und Lagern, in den Laboratorien und wissenschaftlichen Versuchsabteilungen wird mit großer Anstrengung für Aufgaben gesiebt, die heute vor allem wichtig sind. Was dabei an Erfahrungen gewonnen, an Verbesserungen erzielt wird, dient heutes schon der Kriegswirtschaft und wird morgen unserer gesamten Kundschafft zugänglich sein.

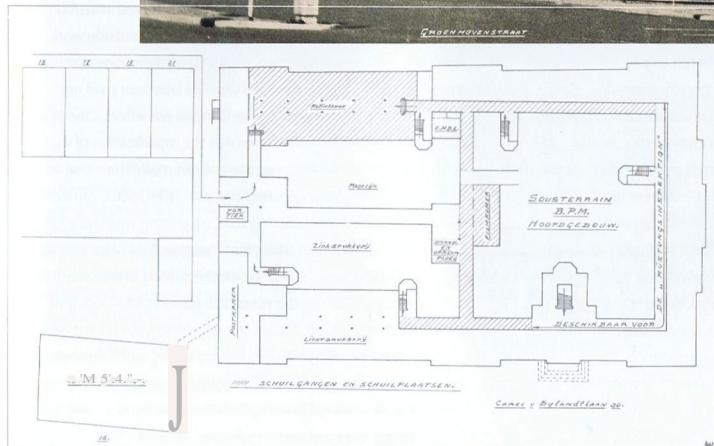
RHENANIA- OSSAG

An advertisement from the *M-Hchl*
April 1941 issue of the Ring house
magazine of the Group's company
Rhenania-Ossag. Though under
German control since January 1940

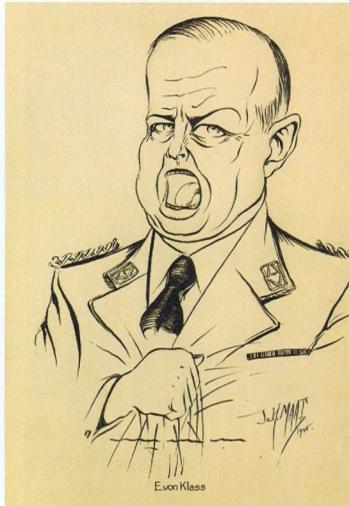
and thus formally no longer part of
the Group, Rhenania-Ossag still used
the prefix in its publications such as this.

The Group similarly lost control over its subsidiary Nafta Italiana in July 1940. After Italy's entry into the war, the Mussolini government sequestered the company, putting the Group general manager, W. de Graan, in prison and appointing the president of AGIP as caretaker manager. Since Bataafsche held 80 per cent of the Nafta shares and Anglo-Saxon only 20, von Klass vigorously protested and attempted to get the sequestration overturned. However, in 1942 the Italian government fulfilled a long-standing ambition to create a national oil company and merged Nafta into AGIP.¹⁴⁴

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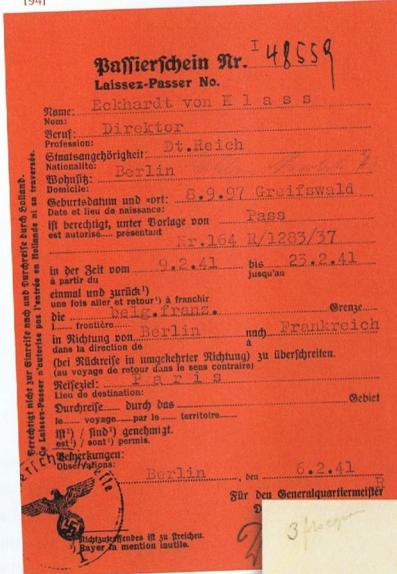
Above, as an epitome of the Nazi occupation of the Netherlands, the Swastika flag flies on the classic Dutch façade of Royal Dutch's head office at 30 Carel van Bylandtlaan in The Hague. In the offices' ground plan, left, preparations for their defence include emergency exits and shelters.



All other European companies had to reduce their operations sharply following the suspension of overseas imports. Norske Shell dismissed 30 per cent of its staff, and Danske Shell a full 50 per cent.⁴⁵ In July 1940, Bataafsche put 2,376 of its 5,373 employees in the Netherlands on half pay. The sale of remaining stocks from Pernis and elsewhere plus various other sources of income generated sufficient revenue to pay the skeleton staff and the company ended the war with a small surplus.¹⁴⁶ By December 1945, Pernis still had some stocks left, a little gasoline, some white spirit, substantial quantities of lube oils and fuel oil, and a surprisingly large volume of butane gas, more than ten times the volume present in May 1940.¹⁴⁷ Some employees found work in the government-organized distribution of oil products. Bataafsche kept other staff in work by forming a joint venture with the German company Gewerkschaft Elwerath for E&P operations in the eastern regions of the Netherlands and along the border with Germany.¹⁴⁸ The Amsterdam laboratory and the Delft engine-testing station,

which together employed over 1,000 staff, received instructions to start generating their own income by attracting outside work. Amsterdam succeeded so well in getting commissions that in 1943 a memo to von Klaas complained that the laboratory did not contribute any serious work to the German war effort. One of the commercial activities undertaken was the modification of motor vehicles to run on butane/propane and gas made from coal and charcoal. Following the growing interest in pesticides, Amsterdam laboratory started investigating DDT, producing small quantities and preparing plans for a pilot plant. Another field of investigation was polyvinylchloride or PVC. Researchers discovered a way for making this plastic from the coke oven gases at MEKOG's IJmuiden plant, which was later to enable Bataafsche to bypass existing patents based on using offgases from cracking oil.¹⁴⁹ Following the same line of thinking, the French Group company Jupiter embarked on large-scale charcoal-burning activities, buying woodlands and setting up a processing and distribution network.¹⁵⁰

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The Verwaller Eckhardt von Klass, caricatured (far left) in 1945 by Johannes Maat (presumably a group employee), and (above left) Von Klass in his office at 30 Carel van Bylandtlaan. Above right is one of Van Klass's travel documents, and right, a receipt for aviation fuel, both prominently stamped with the Nazi eagle.

As Bataafsche Verwaltung von Klass had the difficult task of running a fairly large and international company which had lost its purpose. He strove to maintain the integrity of Royal Dutch as a holding company with an eye to keeping the business strong so it could serve Germany after the war. To that end he travelled around to exercise supervision over Group companies in occupied Europe, negotiated successfully to acquire the companies in Hungary, Yugoslavia, and Greece, but failed to get hold of companies in neutral countries because he could not show title to the shares, which were in London. When Germany invaded the Soviet Union, von Klass immediately contacted Berlin to resuscitate the Group's claim on its nationalized properties in that country.¹² To make himself agreeable, he had Bataafsche sell idle installations and equipment to German companies and tried to mobilize employees to work in Germany, but apparently without much success.





As the war dragged on, the Group's Amsterdam laboratory set up its own food distribution system (above left), and became the site of strange activities forced by shortages: of every kind of necessary item, from inside the laboratory came a detailed report (below left) into the best way to make synthetic mayonnaise, and outside, the laboratory's grounds (right) were excavated to considerable depths by employees in search of 0° coal.

Rapport
VOEDINGSWAARDE EN HOUDEBARHEID VAN KUNSTMAYONNAISE, BEPEKT UIT
BLOEDPLASMA

De Kunstmayonaise werd bereid volgens het recept ons door den heer Mulder verstrekt.

3 gram gelatine werd opgelost in 30 cm³ water en daes oplossing met 30 en 3 kwasdeegjes (4 tig. en 251 cm³) gesmeerd onder roeren toegevoegd. Het resultaat was vervolgens ca. 1/3 vuur op een voldoende onder uitte naief waren verwerkt.

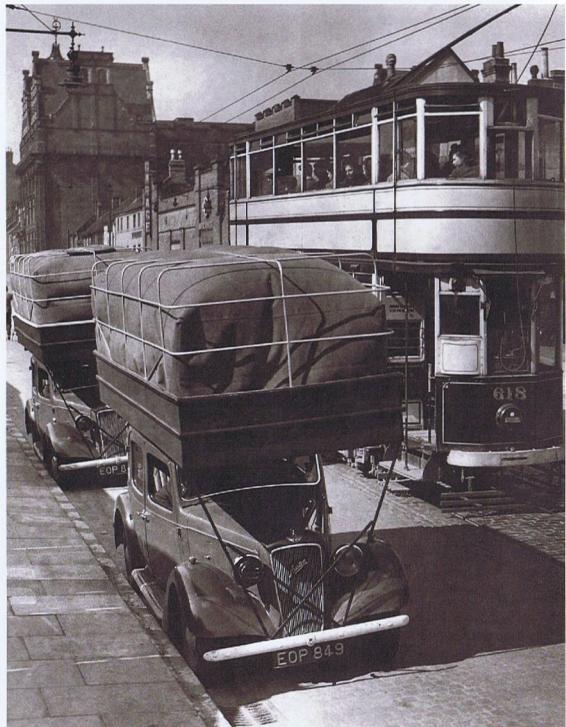
Het product werd gecontroleerd door het tussen de walsen van een verfmoer te laten vloeien en vervolgens geanalyseerd. Het geanalyseerde product was niet de voor de praktijk gebruikte toevoeging van smaakstoffen, nl. 1/2 gram mosterd, 1/2 gram keukenzout en 0,2 gram peper.

TOEVOEGING	14 dage[n]	21/ dag	7 dagen	14 dagen
0,1% salicyluur in alcohol	goed, reuk naar blik-groente	reuk schimmelig	schimmel gegroeid	schimmel groeit nog steeds
0,3% boorzuur (in alcohol)	goed, reuk naar blik-groente	onveranderd	onveranderd	onveranderd
dubbele hoeveelheid azijnzuur	goed, enige reuk naar blik-groente	onveranderd	reuk erg schimmelig	schimmel groeit nog steeds
0,2% Kaliumnitraat, opgelost in water	goed, reuk naar blik-groente	onveranderd	reuk erg schimmelig	schimmel groeit nog steeds
5-voudige concentratie aan azijnzuur	goed	goed	goed	goed

Von Klassalo forced Bataafsche to comply with the Nazis' anti-Semitic policy. In general, the rump organization left in The Hague showed little enthusiasm for his initiatives and seems to have harboured comparatively few Nazi sympathizers. After the war, out of a pre-war total of more than 5,000 staff in the Netherlands, Royal Dutch dismissed fifty for collaboration with the Germans.⁵² The managers tasked with implementing anti-Jewish measures delayed their implementation for as long as possible, presumably because they understood the dangers to Jewish colleagues. During 1938 and '39, various Group companies had exerted themselves to find shelter and work for employees and other refugees from Germany, creating an awareness of the very real threat posed by the Nazi regime.⁵³ In October 1941, the German authorities in the Netherlands issued a decree for the dismissal of Jewish employees from private companies. The commercial banks fired their Jewish staff that same month, as did Unilever. Philips set up a special department for its Jewish employees in December, hoping to keep them out of harm's way by offering them work under the company's protection.⁵⁴ Bataafsche responded rather more

Necessity is the mother of invention. and in Birmingham, UK, taxis were converted to run on gas rather than gasoline. But with steel urgently needed for the armed forces, there was no chance of using pressurized tanks, and

the fuel had to be carried in gaseous form, not liquid. One bag lasted 5-10 miles. In Amsterdam (main picture), not even that opportunity existed, and another solution was found.



slowly, in February 1942 sending a circular to its Dutch offices instructing them to have the staff complete an *Artilverklozing*, a form giving particulars about their descent. This survey resulted in forty people being classified as Jewish under the German laws. In March, von Klass ordered them to be put on half pay and then dismissed with effect from the end of April. At least twenty of them did not survive the war.¹⁸⁸

In September 1942 von Klass volunteered to send men and installations from Bataafsche to help with the planned rehabilitation of the Soviet oil industry, now that the German army had reached the Caucasus and looked likely to conquer the great production regions there. An inspection team toured Group installations to select suitable ones and two Bataafsche engineers, both NSB members, were appointed to head a department entrusted with preparing the mission to the Caucasus. The initial plans envisaged a team of 200-300 men able to operate as an independent unit, which would first dismantle the Petit-Couronne refinery and then rebuild it in the Soviet Union. A call for volunteers resulted in 228 applications, of which 106 came from Bataafsche staff and the rest from outsiders with friends or family members in the company. However, Kontinentale O1 had already contracted a company to dismantle Petit-Couronne and did not want help. The two prospective leaders showed themselves incapable of forming a proper team and, because no senior staff had applied, the mission remained seriously underqualified for any work. In the end, nothing happened; during November 1942 the German push towards Grozny and Baku was beaten back, ending all prospects of

capturing the oil industry.¹⁵⁶ In the autumn of 1943 von Klaas halted the sales of idle plant and equipment to Germany and ordered the recommissioning of the Dubbs plant at Pernis as part of a plan to crack Romanian oil there. The order was eagerly taken up; it helped to keep staff busy and thus free from the danger of being sent to work in Germany, and Bataafsche managers reckoned that sending crude from Romania to Rotterdam would prove impossible anyway, as was indeed the case.¹⁵⁷

The Caucasus project and the attempted restart of Pernis underline the structural weakness of von Klaas's position at Bataafsche's. The company contributed very little to the German war effort, while the Nazi regime's designation of Kontinentale as the spearhead of its oil policy relegated Bataafsche and its *Vawlato* to the sidelines. Von Klaas tried to get back into the game by coaxing Astra into an alliance with Kontinentale and by devising useless projects. For everything he did, von Klaas remained heavily dependent on a handful of Bataafsche middle managers who sympathized with the Nazis, but who themselves did not have much grip on the organization either. A March 1943 memo to von Klaas summarized the problem concisely. The installations managed by Bataafsche all lay idle and would remain so for the rest of the war. The employees had found a variety of non-essential occupations, studying to improve their job qualifications, or preparing reports on useless subjects such as the geology of Mexico. Even those who were sympathetic to the Nazis found the situation intolerable and attempted to find productive jobs elsewhere.¹⁵⁸ During the last phase of the war the offices ground to a halt. Public transport stopped, preventing people coming into work and as food became ever scarcer, all efforts were concentrated on providing staff and their families with means for survival.¹⁵⁹

The battle of the boards If Godber had hoped that his May 1940 letter to Van Eck might clear the air between the British and Dutch managing directors, he was disappointed. During the first years of the war, relations between them went from bad to worse until, at an unknown point in time, the two sides finally found each other again in a compromise solution. As Godber's letter showed, the friction originated in a struggle for power which had started after Deterding's retirement as de facto Group CEO in 1936 (see Volume 1, Chapter 2). Deterding had truly acted as a bridge between the parent companies, his very personal leadership style and unquestioned authority preventing differences of opinion between British and Dutch managing directors becoming a wedge.

Once he had gone, a wide crack opened. The central issue was always the question of ultimate control over the Group: a confrontation between insensitive Dutch assertions of their majority and a British failure to accept that the business was not simply a British business. If Dutch directors were too quick to see threats to their position of power, the British directors were prone to present their own interest as the self-evident Group interest, and anything that went against that as harmful to the integrity of the business. Conversely, the Dutch appear to have been more imaginative in devising managerial changes to eliminate bottlenecks in the organization, with the British keen advocates of the status quo, as often as not interpreting proposals for change as Dutch attempts to take control. And of course, each side considered its own contribution to the business as more important than the other, the Dutch likely to emphasize technology and the Dutch East Indies, the British the brand and the power of the British Empire. De Kok had done much to bridge the gap with his tactful personal diplomacy, and the emergence of the term Group managing directors for the five top managers showed him trying to build a team, but the bonding between them remained tentative.

The Group's planning for war immediately widened the crack to a chasm. British managers used the threat to the Group's assets managed from The Hague to press for greater British control over them by the appointment of Godber and Legh-Jones as managing directors of Bataafsche, so they could represent the company in

REICH OIL MONOPOLY SOUGHT BY DETERDING,

Hitler's Terms for Control of Distribution Unsatisfied by Royal Dutch and Shell.

Wireless to THE NEW YORK TIMES

LONDON, Oct. 25.-It is reported confidentially from Berlin that the object of Sir Henry Deterding's recent visit to Chancellor Hitler at Berchtesgaden, where he stayed for four days, was to discuss the conditions for granting a monopoly to the Royal Dutch and Shell ^{COIN-} pantes of petrol distribution in Germany for a long period of years. Chancellor Hitler's terms were unsatisfactory and the negotiations have broken down temporarily.

Three conditions advanced by the Germans were:

First-The companies were to supply oil on credit for the first year.

Second-The companies were to build a network of distributing stations along strategic motor roads, these buildings to be protected against air attacks.

Third-The companies were to invest their money, frozen in Germany, locally.

The New York Times

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