

How IBM helped the Nazis

IBM and the Holocaust By Edwin Black, Little Brown, ISBN 0-316-85769-6, Hardback, £20

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IBM and the Holocaust tells the story of the involvement of this major US corporation in the establishment of Hitler's Third Reich and the destruction of European Jewry.

Author Edwin Black shows how technology developed in America by Herman Hollerith—a punch card and punch card sorting system—enabled the Nazis to organise their war machine and carry through the efficient and systematic genocide of the Jews. At the time of the Nazi dictatorship, IBM had a near worldwide monopoly over the technology and the production of its vital ingredient—the punch cards.

Edwin Black is not new to the subject of the Holocaust. His parents were both Jews of European decent and survivors of the Holocaust. Black first encountered the punch card technology at the Holocaust Museum in Washington, where he saw a Hollerith card sorting machine on exhibition. He explains that it was then that questions started to nag at him—what role did this machine play for the Nazis? What was the role of IBM? This became the starting point for his investigation. In 1998, he began to pursue these questions vigorously, recruiting a team of researchers, interns, translators and assistants, until it comprised more than 100 people.

In his introduction, Black explains “I was fortunate to have an understanding of Reich economics and multi-national commerce from my earlier book, *The Transfer Agreement*, [which dealt with the secret pre-war agreement between Zionism and the Nazis that enabled a limited number of Jews to leave Germany for Palestine] as well as a background in the computer industry, and years of experience as an investigative journalist specialising in corporate misconduct. I approached this project as a typical if not grandiose investigation of corporate conduct with one dramatic difference: the conduct impacted on the lives and deaths of millions.” (p15)

Black explains that ultimately, IBM helped the Nazis carry through their policy of genocide. Without this assistance, Hitler's regime would not have been able to carry through its extermination plan with such efficiency. IBM's machines were used at all stages of the persecution of the Jews. They collected the necessary information to identify the Nazis' victims, first to enforce the bar on Jews working in certain academic, professional and government jobs and later to carry out mass evictions from their homes and into the ghettos.

IBM technology was used to organise the railways, so that millions of Nazi victims could be transported to the concentration camps, where they were immediately led into the gas chambers. There were Hollerith departments at nearly every concentration camp, which registered the arrival of inmates, organised the allocation of slave labourers, and even kept tallies on the deaths of prisoners.

IBM was involved in virtually every aspect of the Third Reich's operations. The book explains that the company leased, serviced and upgraded more than 2,000 IBM multi-machine sets throughout Germany, and thousands more throughout Nazi occupied Europe. IBM developed custom-designed cards used by the Nazis; with as many as 1.5 billion

punch cards being produced in Germany annually.

The punch card technology first developed by Hollerith, a German-American living in Washington, was used to enable the US Census Bureau to count the 1890 census. Decades prior to the development of computers, Hollerith technology enabled the fastest tabulation of the US population ever undertaken. Through a series of punch holes, each card recorded information on an individual's gender, religion, nationality and occupation. Processed, and reprocessed, through sorting and counting machines the cards “could render the portrait of an entire population or could pick out any group within that population... Every punch card would become an informational storehouse limited only by the number of holes”. (p25) Within years, Hollerith's machines were being used to take censuses across the world. The technology also developed into an early computing system, being used for financial accountancy by some of the largest US corporations.

Hollerith established a near-world wide monopoly, leasing rather than selling his machines, but sold up in 1911 and the company was merged into the Computing-Tabulating-Recording Company. Under the stewardship of ex-sewing machine salesman Thomas Watson, CTR was transformed in the International Business Machines Corporation. Watson, a ruthless businessman, established a paternalistic hierarchy in the company. Watson spoke of the “IBM family” that included not only his workers, but also their wives and children, who would also be trained in the “IBM spirit” and would be well looked after and integrated into his empire.

In 1922, with hyperinflation in Germany leading to the collapse of the currency, Watson took over Dehomag (Deutsche Hollerith Maschinen Gesellschaft) that had used the punch card technology under licence. This German subsidiary would later play a crucial role in IBM's business alliance with the Third Reich. By 1933, when Hitler came to power, Watson had transformed the formerly ailing German company into IBM's flag ship—producing more than three times above its quota.

But there was the promise of even more to come. “Nazi Germany offered Watson the opportunity to cater to government control, supervisions, surveillance, and regimentation on a plane never before known in human history. The fact that Hitler planned to extend his Reich to other nations only magnified the prospective profits. In business terms, that was account growth. The technology was almost exclusively IBM's to purvey because the firm controlled about 90 percent of the world market in punch cards and sorters.” (p46)

Black stresses that Watson was not a fascist, but a ruthless profiteer. The strong German state under an authoritarian leader offered great potential for moneymaking, and that was what Watson identified with. In fact, as the chairman of IBM, one of the most prestigious companies in the USA, Watson was a well-respected businessman, a supporter of Roosevelt and special advisor to the president. Watson was elected chairman of the Foreign Department that also made him chairman of the American section

of the International Chamber of Commerce (ICC). This, in essence, made Watson America's official businessman to the rest of the world. He became installed as president of the entire ICC in 1937 and arranged the organisation's next conference in Berlin.

Right from the start, IBM developed business solutions for the Third Reich. In April 1933, the Hitler regime began a census of all Germans, partly aimed at identifying Jews. The first step was to register data about the citizens of Germany's largest state, Prussia, which Dehomag was commissioned to undertake. The procedure that was established in this census gives an example of how the co-operation between Dehomag and the Nazis would work in practice in the fields of statistical and data collection.

To cater to the specific requirements of Germany's statistical programmes, the closest collaboration between Dehomag's technicians and the Nazi authorities was necessary. Every project required specific customized applications. First, Dehomag was specifically informed about the task to be undertaken. Then mock-ups of punch cards were produced with pen and pencil marking the columns and holes to carry the needed information. Production of the punch cards only began if both Dehomag and the German reporting agencies were happy with the result. The company then manufactured and sold the cards, often pre-printed with project names. Once a project was undertaken, the company trained the personal to carry out the work.

With the expansion of its enterprise, Dehomag needed constant technical innovations and developments. Far from intervening in its German subsidiary to halt its collaboration with the Nazi persecution, IBM in New York carefully supervised the whole process and also would make sure that all technical requirements were provided. Dehomag technicians were constantly sent to the US for training.

Whilst IBM was famed in the US, little was known about its German activities. The internal structure of Dehomag was organised in such a way that as far as the Nazis were concerned it was a German company, whilst overall control remained with IBM. This also meant that the mother company could circumvent the American trading restrictions with Germany, once the war had begun.

Nonetheless, Watson not only fully exploited the profit making possibilities offered by Nazi Germany, he also became a political spokesperson for the German Reich. Black explains that Watson believed the world should extend "a sympathetic understanding to the German people and their aims under the leadership of Adolf Hitler". (p43)

For his role, Watson was awarded the specially created Merit Cross of the German Eagle with Star to "honour foreign nationals who made themselves deserving of the German Reich"—a medal ranking second in prestige only to Hitler's German Grand Cross. Only when the war started did it become necessary for Watson to return his medal.

In 1937, the Nazi regime ordered another nationwide census. This one was decisive for Hitler's war preparations and "for the Jews it would be the final and decisive identification step". (p139) In accordance with the Nuremberg race laws, it meant tracing any Jewish ancestry. IBM bought in 70 card sorters, 60 tabulators, 76 multipliers and 90 million punch cards for the 3.5 million Reich Mark contract (worth about \$14m today).

In advance of the Nazi annexation of Austria in 1938, IBM's Viennese subsidiary, under the supervision of Adolf Eichmann, was working to collate comprehensive demographic information about the country on punch cards. This meant the Hitler regime knew exactly where the Austrian Jews were that were to subject to the forced expulsion programme.

When German troops invaded Czechoslovakia on March 15, 1939, IBM was already there and was helping to run strategic operations such as the State Railway, whose system could be easily taken over by the Nazis.

After several postponements, the nation-wide census ordered in 1937 was finally carried out in May 1939. Some 750,000 census-takers were

involved, covering all of the Greater Reich's 22 million households—80 million citizens in Germany, Austria, the Sudetenland, and the Saar.

This was Dehomag's biggest undertaking. It included a so-called "supplemental card" to record each household's racial ancestry. This enabled the identification of a total of 330,530 so-called "racial Jews" in the Greater Reich. This was then broken down by gender, and was further divided between "full-Jews" and other shades of Jewish ancestry, with all those recorded in this way also being identified by their address.

This pattern would be repeated over and over again. In virtually every country that the Nazis occupied, an IBM subsidiary—normally already doing business there—would collect national and racial statistical information for the Nazis, which could then be used to identify Jews and other undesirables.

Dehomag even knew in advance that Hitler was preparing for war, as the company had been approached on how to protect its functioning in the event of an attack. With the outbreak of World War II in September 1939, IBM profits leapt as a result of Germany's activities—especially with the roundups in Poland and the East.

Whether it was in Czechoslovakia, Poland, Hungary, Bulgaria, Romania, Scandinavia, Sweden, Belgium, the Netherlands or France the Nazi war machine relied upon IBM technology. It helped to organise the allocation of military equipment and personnel just as efficiently as it assisted in identifying Jews and facilitated their transportation to the death camps by train. Although it is true that even without the collaboration of IBM, Hitler fascism would still have carried through its policy of genocide, it is equally true that without it, the Nazis could not have proceeded with such ruthless efficiency.

After the war, IBM was able to retrieve its German assets, machines and profits alike with astonishing ease. At the end of 1946, Dehomag was valued at more than 56.6 million Reich Marks (\$230m today) with a gross profit of 7.5 million Reich Marks (\$30m). Its machines had been salvaged, its profits preserved and its corporate value protected.

The reasons for this were threefold. Firstly, Dehomag's interests were well looked after by the Nazi policy of custodianship of enemy property. That meant that a custodian was designated by the Reich Economics Ministry to run foreign businesses, so as to keep the companies profitable and productive. Since it was forbidden to transfer money out the country, Dehomag's profits were kept in the company bank accounts, where they remained frozen during wartime but were easily collected thereafter.

Secondly, the Hollerith technology continued to be used by the Nazis, even after their military fortunes began to change. Since the cards could provide damning evidence of the Nazis' atrocities, when the Allies advanced and German positions in the occupied territories, the Nazis would destroy them. But they transported the machines out of reach of the advancing armies.

Thirdly, the Allied powers also had an interest in keeping the machines intact. Already in December 1943, the United States government concluded that strategically it should save Hitler's Hollerith machines because they held the keys to a smooth military occupation of Germany. To this end, all the Allied powers used Dehomag to conduct economic surveys, collect industrial statistics and carry out censuses.

"Dehomag emerged from the Hitler years with relatively little damage and virtually ready to assume business as usual. Hence, when the war ended, IBM New York was able to recapture its problematic but valuable subsidiary, recover its machines, and assimilate all the profits". (p398) In 1949, Dehomag's name was changed to IBM Germany.

Whilst Black received co-operation from many sources, IBM rebuffed his requests to conduct interviews and denied access to its documents. Black says that since World War II, the company has refused to co-operate with anyone researching its involvement with the Nazi regime. However, he did obtain hundreds of IBM documents via an academic archive.

IBM has attempted to dismiss Black's allegations, insinuating that they are a type of black propaganda, published as part of a "coordinated campaign" by Holocaust survivors. Publication of "IBM and the Holocaust" coincided with a class-action lawsuit, filed in a New York in February this year, which accuses the company of being an accomplice in the Holocaust, and demands that IBM open its archives and pay compensation. The company continues to deny any responsibility, claiming that its German subsidiary was taken over by the Nazis before the war.

Black rejects these assertions and shows, moreover, that IBM did not lose administrative control of Dehomag until 1942. "We've gone after the men in the camps, we've gone after the German companies. The final frontier of Holocaust accountability is the United States," Black has stated.

I highly recommend the reading of the book. Not because it gives new insights into the political reasons for the establishment of fascism in Germany, Black does not attempt to make such an appraisal, nor does he claim to, largely attributing IBM's involvement with the Third Reich to the unscrupulous nature of Watson as an individual.

Nevertheless, Black's research into the involvement of such a major corporation does help in understanding how the Nazis were able to carry through their genocide. In doing so, he sheds more light on the role of international capital in one of the greatest crimes of the 20th century.



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