

# Towards a Great German Oil Empire

## A Review of Dietrich Eichholtz's Book

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A Review of Dietrich Eichholtz. *Krieg um Öl: Ein Erdölimperium als deutsches Kriegsziel 1938-1943*. Leipzig: Leipziger Universitätsverlag, 2006. 141 pp. ISBN 978-3-86583- 119-4; EUR 19.90 (paper), ISBN 978-3-86583- 119-4.

Although his expertise in the field of energy history is indisputable, Eichholtz is not interested in oil for oil's sake. Rather, he singles out the Third Reich's fuel problem to serve as pars pro toto for its military and strategic planning. -The Middle East was at the center of all experts' plans for supplying the anticipated German empire with fuel after the war was over. Both Bentz and Ernst Rudolf Fischer, the director of I. G. Farben and head of the mineral oil section of the Reichswirtschaftsministerium, prepared memoranda in 1941 in which they concluded that the oil reserves of the Near East (meant were Iraq, Saudi Arabia, Kuwait, Bahrain, and Iran) would be absolutely critical. -Galicia, Romania, Iraq, synthetic fuel production – all these played a role in Germany's fuel production plans. Nevertheless, it was the oilfields of the Caucasus that would prove decisive. In a monograph that is the starting point for any Anglophone researcher setting out to write a book about oil, Daniel Yergin notes that Hitler invaded the Soviet Union with the specific purpose of capturing the oil fields of the Caucasus.

Dietrich Eichholtz does not mince words. From the first page of this powerfully argued book, his underlying argument is clear: "The imperialist interest in oil played a role in the occurrence, course, and outcome" of the Second World War (p. 7).

More specifically, "[f]rom September 1939, petroleum was a short- and long-term war aim, as well as one of the most important means of waging the war itself" (p. 15). At the same time, in Eichholtz's telling, this is not a hair-raising tale about a dystopia that might have been; the Third Reich does not appear as an unstoppable juggernaut hurtling from one victory to another and narrowly, just narrowly, failing to secure not only world domination, but also a "great German oil empire" (p. 45).

On the contrary, "in reality, the military and politicians found themselves caught up, on the one hand, in the myth of their own invincibility, in their delusions of world conquest, and in their ideological megalomania, and on the other hand in the world of raw facts, the impossibility of enforcing their hybrid strategic visions, and their military and political failures and disappointments" (p. 41). At the heart of this book lies a forceful demonstration of the great gap between so-called German elites' grandiose plans and their inability to overcome the mundane, but exigent, obstacles to realizing them.

Although his expertise in the field of energy history is indisputable, Eichholtz is not interested in oil for oil's sake.<sup>1</sup> Rather, he singles out the Third Reich's fuel problem to serve

as *pars pro toto* for its military and strategic planning. It was, after all, a problem that every European power preparing for war in the 1930s had to solve. The lessons of the Great War were clear: the relative inferiority of the fuel supply available to the German army, navy, and air force relative to that of the Allies had been decisive. In Lord Curzon's oft-cited opinion, "the Allied cause had floated to victory on a wave of oil."<sup>2</sup>

If, in the words of a contemporary geologist, winning the First World War had been impossible "without gasoline for automobiles and airplanes, without oil for lighting in dugouts and on the homeland's flat soil, without diesel oil for submarines, and without lubricating oil for the innumerable machines in industry and transportation," the increasing demands of an enlarged navy, a powerful air force, and an increasingly motorized army made a petroleum-strapped victory even more unthinkable thirty years later.<sup>3</sup>

Nevertheless, in the 1930s, Germany seemed impossibly far from oil independence. Two-thirds of its oil consumption was covered by imports, most of them from North and South America.

Adolf Hitler knew it would be difficult to reconcile the anticipated post-mobilization growth in demand with a nearly inevitable shortage in the event of a war-related blockade, and demanded in August 1936 that Germany complete the move to its own fuel production within eighteen months. Synthetic fuel production played a critical role.<sup>4</sup>

But despite its frequent use of terms like "self-supply" and "autarky," the Nazi regime was "helpless and incompetent" (p. 9). The chaos and incoherence of energy policy from shortly before Hitler's rise to power until 1938 have been described in great detail by Titus Kockel ("no captain steered this ship," he notes with evident disdain).<sup>5</sup> Eichholtz's periodization therefore reflects not so much well-known political events on the domestic or international stage, but more specifically a turning point in Germany's oil policy that he, like Kockel, finds critical: only in the summer of 1938 did a concentrated attempt to follow a specific fuel policy emerge.

The key figure behind the new direction taken in 1938 was Hermann Goring, who pulled together a group of experts to develop plans to move Germany towards the goal of preparing to mobilize. At the core of this new "Four-Year-Plan" organization was the Reichsstelle für Wirtschaftsausbau, led by Carl Krauch of I. G. Farben. Along with Krauch, the planning team included General Georg Thomas, and Alfred Bentz, a leading petroleum geologist and Göring's "Bevollmächtigte[ r] für die Förderung der Erdölgewinnung" (Deputy for Petroleum Production).<sup>6</sup>

Although they represented competing private interests and at times advocated incompatible strategies, these men could all agree that estimates for Germany's fuel needs in the case of war had to be dramatically increased. Likewise, they were seduced by dreams of a Greater Germany with control over the most significant fuel supplies in Europe and the Near East – a vision that Eichholtz describes as "dangerously illusory" (p. 14), "hubris," and "the loss of every sense of reality in the field of fuel" (p. 15). Despite the prominent role of I. G. Farben's chairman, Krauch, and its director, Ernst Rudolf Fischer, there was never any doubt that synthetic oil would need to be supplemented by petroleum gained through military exploits. The "Four-Year-Plan" men, whom Eichholtz calls the "masterminds of the future German oil empire" (p. 46), were, despite their expertise, "positively intoxicated by the early successes of the Wehrmacht" (p. 92).

Although the book's title might seem to imply that Germany waged war in order to secure access to oil, the narrative itself does not suggest that this was the case. On the contrary, the thirst for oil seems to have been as much driven by military success as it was an inspiration for military engagement. The attraction of oil was not its value on the world market, but its indispensability to achieving and maintaining expansive imperial power. The chief of staff for military economy, Major General Georg Thomas, took Japan as his explicit model, noting that Japan "first carved out, according to plan, the basis for its war economy with the help of military operations in order then to proceed to the realization of its plans for world power" (p. 11). After introducing the fundamental fuel supply problem and outlining early successes in Austria, Poland, and on the western front, Eichholtz presents both phases of the process described by Thomas — planning and military operations — in sections devoted to specific geographical regions: Romania, Iraq, and the all-important Caucasus.

The greatest obstacle to developing a realistic fuel policy seems to have been Germany's early military successes; Hitler must have been pleasantly surprised to note that one year after the beginning of the war, Germany's fuel supplies exceeded their September 1, 1939 levels by 57 percent.

Thanks to the Galician oilfields in southeastern Poland, the Polish campaign brought a net increase. Victories in the west were helpful not so much because of the diminutive oilfields in Pechelbronn (Alsace), but rather because of large quantities of stored oil found in refineries in Rotterdam, Antwerp, and La Rochelle. The annexation of Austria had brought newly discovered oilfields in the Vienna basin under German control. The Germans were able to increase production in those fields by more than twenty-one times. Could it be that German expertise would work similar wonders in the Galician oilfields, and even in Romania? Göring gave a speech on September 9, 1939, as German troops headed towards the Galician oilfields, in which he noted, "the Poles have only exploited 10 percent of their 'natural resources (Erdschätze),'" and boasted that "we will soon have a utilization of 100 percent" (p. 18).

The lessons Göring and his group of economic experts gathered from the experiences of 1939 and 1940 encouraged them. First, Germany was able to extract more oil from conquered territories than the conquest itself had cost. Second, withdrawing forces had substantially damaged neither the Polish oilfields nor the western oil facilities. Eichholtz's summation is sobering: "In the summer of 1940, German imperialism seemed to stand on the pinnacle of success, both militarily and economically. In reality, the German leadership had problems to solve that were more difficult than ever before" (p. 40).

With hindsight, it is easy enough to see signs of the dangers inherent in Goring and Hitler's heady plans for economic exploitation. Germany's early victories in Galicia were soon repulsed by a Soviet push into eastern Galicia that forced Germany to retreat to the border designated by the "friendship treaty" between the two powers — a border that lay west of the most productive Galician oilfields (Boryslav and Drohobych). More foreboding than this was the fact that despite their "great plans to modernize the 'polnische Wirtschaft' in the oil industry" (p. 20)

("Polish management" being a ubiquitous slur for sloppy, careless, or backward business practices), the German occupiers were not able to do more than just barely maintain Polish production at its prewar levels, in part because they neglected to invest in any kind of long-term reconstruction. A contemporary analyst made less of Germany's culpability for low

Galician production levels than Eichholtz does here — the Petroleum Industry War Council in the United States was told in 1941 that “Poland’s negligible oil industry, enemy-occupied and Nazi-dominated, has doubtless been mulcted to the limit.”<sup>7</sup>

The most significant economic outcome of Germany’s early military victories in Poland and western Europe was not, however, a direct improvement in oil supply in those territories, but rather the influence that the impression of German strength had on Germany’s relations with Romania, which had been the fourth largest oil producer in the world in 1936. (That 1936 had represented Romania’s all-time production peak would only become clear later.)

Most Romanian oil companies were controlled by foreign capital. (French, British, and Dutch shareholders controlled 45 percent of the capital in Romanian oil companies, Romanians 43 percent, U.S.-Americans 9 percent, Italians 3 percent, and Germans only 0.2 percent.) After the war began, Germany had an advantage that those other countries did not: the bellicose and revisionist Romanian government saw its own best interest in an alliance with Germany – after all, “no one else, not even Great Britain, was in the position to arm the Romanian military” (p. 30).

Thanks to its victories in Poland and elsewhere, Germany had arms to trade for oil – and that is exactly what it did, at extremely favorable rates. Eichholtz characterizes the behavior of German firms in Romania as imperialist – thanks to hostile takeovers and tremendous political pressure, German companies (such as Deutsche Bank) were able to secure control over formerly French and Belgian holdings in Romania. Soon the German share of control over Romanian oil production rose to 47 percent, leading Hermann Neubacher, Germany’s “Special Representative for Economic and Transportation Issues” in Bucharest, to claim with pride that Romania had been turned into a “gas station” for the German military that “ran as smoothly as an automated machine” (p. 36) – a claim Eichholtz says was, in 1941, not exaggerated.

As in Galicia, German oil experts expected that their influence in Romania would lead to a dramatic increase in production. But here, too, they would be disappointed. In 1941, Romania accounted for 96.8 percent of German oil imports, and it remained the most important foreign source of oil for the German military until the summer of 1944. But Germany’s declared goal of raising Romanian production was never realized, for several reasons.

First, the fields were actually reaching the point of exhaustion. Second, Germany could afford to dedicate neither the capital nor the time required for successful exploration, drilling, and exploitation of new fields (the riskiest and most capital-intensive stage of oil production). Additionally, the same Romanian nationalism that made cooperation with Germany attractive (Hitler had promised Romania unspecified land in the Soviet Union as a reward for loyal alliance) made Romanian politicians reluctant to give up total control over their own natural resources.

The Middle East was at the center of all experts’ plans for supplying the anticipated German empire with fuel after the war was over. Both Bentz and Ernst Rudolf Fischer, the director of I. G. Farben and head of the mineral oil section of the Reichswirtschaftsministerium, prepared memoranda in 1941 in which they concluded that the oil reserves of the Near East (meant were Iraq, Saudi Arabia, Kuwait, Bahrain, and Iran) would be absolutely critical. Despite the appeal of a potential “peripheral” anti-British strategy (that is, drawing Britain’s attention to the margins of its empire by carefully selected engagements), the contingent

that supported destroying the British Empire rather than the Soviet Union was “by no means a lasting, consistent, or united, not to mention organized, fraction within the ruling class” (p. 54).

Within the regime itself, the top priority was the “anti-Bolshevik crusade and colonial war” (p. 55), and the resources available to operations in the Middle East were limited. Eichholtz completely dismisses Winston Churchill’s claim that the Germans barely missed securing control over Syria, Iraq, and Iran as “lying outside the realm of the possible”; Germany’s half-hearted attempts to encourage uprisings in Iraq were nothing more than a “sad operetta war” (p. 79).

Galicia, Romania, Iraq, synthetic fuel production – all these played a role in Germany’s fuel production plans. Nevertheless, it was the oilfields of the Caucasus that would prove decisive. In a monograph that is the starting point for any Anglophone researcher setting out to write a book about oil, Daniel Yergin notes that Hitler invaded the Soviet Union with the specific purpose of capturing the oil fields of the Caucasus.<sup>8</sup> Eichholtz’s account, however, emphasizes that going after the oilfields of the Caucasus did more to increase fuel demand than fuel supply – and that Göring’s advisors foresaw this problem. In so doing, he does not undermine the importance of the fuel question to the planning and carrying out of Operation Barbarossa so much as reiterate that this operation was symptomatic of a regime that repeatedly created problems it could not solve.

In June 1941, Goring signed a document stressing that “the main economic goal of the operation is to win for Germany as much food and petroleum as possible” (p. 86). But what would really be required in order to gain control of the oil of the Caucasus? What seemed on the surface like a question of controlling territory (a traditional military goal) quickly became much more complicated. As Eichholtz explains, Germany would have not only to secure and use the fuel supplies it found in the Caucasus, but also to secure, repair, or create the infrastructure, tools, and equipment necessary to keep oil production and refining active. This would require the ongoing maintenance, construction, and repair of derricks, oil wells, refineries, pipelines, pumping stations, storage facilities, mixing and filling stations, reservoirs, barrels, tanks, railroads, and much more.

Eichholtz mentions dozens of studies examining disagreements between advocates of an attack on the Caucasus and advocates of an attack on Moscow and its surrounding armaments industry, nothing that such debates often occur “under the unserviceable premise that one of the two sides represented the ‘right’ strategy and the other the ‘wrong’ one” (p. 93).

The problem they faced, however, had no good solution. German troops were exhausted and Soviet manpower seemed inexhaustible. Rather than choosing between two imperfect options, Hitler sent troops simultaneously south to the Caucasus and east towards Stalingrad.

This decision “rested on a catastrophic self-delusion regarding the relative strength, and in particular regarding the material and moral potential of the Soviet Union” (p. 95). Germany’s long string of military successes was abruptly cut off with the failed attack on Moscow. Nowhere, however, was the gap between “goals and means” as great as in the south, where Hitler hoped as late as December 1941 to gain control of the Caucasian oil wells before the end of the year.

When the Germans reached Khadyzhensk (southwest of Maikop) in August 1942, they were horrified to find the oilfields in a condition much worse than even their most pessimistic imaginings had anticipated. Bentz visited the oilfields and reported, “[e]verything is broken. It is gruesome to look at.

Every nail has to be brought along [from Germany]” (p. 125). For the next four months, the Technical Brigade Mineral Oil (TBM) worked desperately to return the oilfields to working condition: “The recklessness with which the German leadership adhered to its oil strategy becomes conspicuously apparent when one considers that in this time not a single major military unit was sent from the Caucasus to support the relief of Stalingrad” (p. 129). Ultimately, this dedication to the oilfields of the Caucasus would produce less than 1,000 tons of oil – most of it used locally by the TBM itself.

This book, though brief, is packed full of illustrative detail, rich footnotes, careful textual analysis of archival documents, and more than a little polemical language. Because it is in German, it does not lend itself to use in the U.S. classroom, which is a shame. Although it is devoted to a specific topic, its underlying argument stresses the vast gulf separating Hitler’s grandiose plans for the German Reich and the thoughtless irresponsibility with which actions were taken to achieve goals for which no adequate preparations had been made.

## Notes

1 Eichholtz’s other works on the topic of oil include *Deutsche Politik und rumänisches Öl, 1938-1941* (Leipzig: Leipziger Universitätsverlag, 2005), and *Die Bagdadbahn: Mesopotamien und die deutsche Ölpolitik bis 1918. Aufhaltsamer Übergang ins Erdölzeitalter* (Leipzig: Leipziger Universitätsverlag, 2007).

2 Arthur J. Marder, *From the Dreadnought to Scapa Flow: The Royal Navy in the Fisher Era, 1904-1919*, vol. 2, *The War Years: To the Eve of Jutland* (London: Oxford University Press, 1965), 332.

3 Ferdinand Friedensburg, “Das Erdöl auf dem Gebiet des galizischen und rumänischen Kriegsschauplatzes, 1914-1918,” *Militärwissenschaftliche Mitteilungen* 70 (1939): 455.

4 There is, not surprisingly, a considerable literature on Germany’s fuel problems and strategies during the National Socialist period. On the role of I. G. Farben in particular, see Peter Hayes, *Industry and Ideology: I. G. Farben in the Nazi Era* (Cambridge: University Press, 1987).

5 Titus Kockel, *Deutsche Ölpolitik, 1928-1938* (Berlin: Akademie Verlag, 2005), 334.

6 Bentz is a leading figure in Kockel’s monograph.

7 George A. Hill, Jr., *Trends in the Oil Industry in 1944 (Including United States Foreign Oil Policy): As Presented to the Petroleum Industry War Council, January 12, 1944* (Washington, DC: Petroleum Industry War Council, 1944), 10.

8 Daniel Yergin, *The Prize: The Epic Quest for Oil, Money & Power* (New York: Simon and Schuster, 1991), 13.

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