THE ECONOMICS OF GERMAN REARMAMENT
GERMAN INDUSTRY, THE COLD WAR, AND THE BUNDESWEHR

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Introduction

On a foggy morning in early February 1951, a group of 29 German war criminals was released from Landsberg prison in Bavaria. The U.S. High Commissioner for Germany, John McCloy, had a few days earlier granted amnesty to this eclectic group of industrialists, politicians, doctors, and Nazi officials. One of those released, Alfried Krupp von Bohlen, drove off with his brother and celebrated the end of his prison term with a champagne breakfast. Before leaving, Alfried uttered a politically loaded comment to the assembled group of journalists. “I hope,” he stated dryly, “it will never be necessary to produce arms again.”¹ A few years later, Krupp and other German firms were either producing many of the same weapons used during the war, such as the MG-42, or other necessary components for the newly founded Bundeswehr and NATO members. This chapter briefly outlines the fate of German heavy industry after 1945. The survival of certain armament production facilities and, more importantly, the American husbanding of considerable dual-use manufacturing potential, influenced overall U.S. policy in Germany, especially the turn towards supporting rearmament during the late 1940s and early 1950s.

The historiography of post-war Germany tangentially asserted for decades that the Allies tore out the “sinews of war” from German heavy industry. This interpretation typically rests alongside general