Conclusion

There is no doubt that the takeover of the Hermann Tietz department store group was one of the first and most spectacular “Aryanizations” of the Nazi era. As early as the end of 1934, the Tietz family was deprived of their company property, which included flagships of modern consumer culture such as the KaDeWe [Kaufhaus des Westens, Berlin] or the department store cathedrals on Hamburg’s Jungfernstieg, Berlin’s Leipziger Straße and Munich’s Bahnhofsplatz. The company, initially passed into the possession of the creditor banks, was renamed Hertie Waren- und Kaufhaus GmbH and a few years later was acquired by the managing director Georg Karg, who had been appointed in 1933. With the abbreviation “Hertie,” the new company consciously linked up with the good name of the predecessor group. But there was no discussion of the fact that the world-famous department store company had been vulnerable for takeover only under the conditions of the National Socialist persecution of the Jews.

The questions that have remained unanswered for many decades regarding the “Aryanization” of the Hermann Tietz Group have been addressed for the first time in this study on the basis of extensive research and the evaluation of many previously unused sources: How was the Tietz family forced out of their company and how was their property valued? What role did the banks play in the founding of Hertie, and the appointment of managing director Georg Karg, who later took over the group? What was the further fate of the Tietz family under the pressure of the increasingly severe persecution measures and in their emigration? How should the attempts of *Wiedergutmachung* for this injustice in the Federal Republic be evaluated? The study spans an analytical arc that for the first time provides a multi-dimensional picture of the history of the company and its owners and proprietors, ranging from the founding and prehistory to the historical burdens from the Nazi era and the confrontation with the difficult past in the 1950s to 1970s.

Through innovative business methods, the linen goods store founded in 1882 by Oscar Tietz in Gera, East Thuringia, named after his uncle Hermann, became a department store group. After the death of the company founder, the Hermann Tietz company remained a general partnership, managed by Oscar Tietz’s two sons and son-in-law, the personally liable partners Georg Tietz, Martin Tietz and Dr. Hugo Zwillenberg. By 1932, the number of Hermann Tietz department stores had increased to twenty, half of which were in Berlin. The group also included a network of more than twenty real estate, trading and manufacturing companies. The real estate companies alone accounted for around two thirds of the group’s assets. The most valuable holdings were in the hands of Betty Tietz, the widow of

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the company's founder, whose crucial importance was hardly noticed from the outside.

At a time of rapid growth in the department store sector and increasing concentration within the industry, Hermann Tietz took over the Berlin-based A. Jandorf Group at the end of 1926. However, this expansion, which was carried out in good times, led to a significant rise in the company's debt level. Like many department store companies, the firm was therefore faced with considerable financial burdens during the global economic crisis that began in the autumn of 1929. As part of the restitution proceedings, Hertie later claimed that the Tietz family had sold their group because it had found itself in a hopeless situation during the global economic crisis due to its high level of debt. In fact, Hermann Tietz OHG was in financial difficulties in 1932, but they were able to overcome the slump, later referred to as the "cash failure." Thanks to the extensive real estate holdings, their assets were still greater than the debts, which therefore continued to be covered. Unlike Karstadt AG, which was even more heavily indebted, Hermann Tietz did not need to be supported during the global economic crisis. The sources analyzed clearly show that the Hermann Tietz Group was only brought to the brink of collapse by the department store crisis brought on by the National Socialists in the spring of 1933. The attacks on "Jewish" businesses, especially large department stores, which had already begun in the 1920s and which anti-Semites regarded as a symbol of the supposedly negative influence of Judaism on the economy and society, swelled into continuous terror after the National Socialists seized power. With the national "boycott of Jews" announced by the NSDAP leadership on April 1, 1933, these attacks became the declared policy of the regime. The fact that the future of the entire department store industry was now in question hit the department store companies even harder than the short-term consequences of the boycott campaign. At Hermann Tietz, sales fell by more than 40 percent in April 1933, and by 20 percent in the entire department store industry in 1933. This politically induced crisis caused massive financial difficulties for the Hermann Tietz Group.

The boycott on April 1 also marked the beginning of the "Aryanization" process of the department store companies. Under pressure from the party and the banks, Alfred Leonhard Tietz, a cousin of Georg and Martin Tietz, had to resign from Leonhard Tietz AG on that day. It was now only a matter of time before politicians, with the support of the banks, would push for "Aryanization" of the Hermann Tietz Group. The owners refused to negotiate, but the increasing liquidity problems into which their company had been driven by the National Socialist campaigns made them vulnerable to blackmail. The banks were not prepared to support Hermann Tietz with urgently needed millions in Reichsmark loans. They can be blamed for consciously and prematurely yielding to the regime's expectations with this refusal. But the witch hunt against Hermann Tietz that was now beginning can be attributed to those in power. From the point of view of the lenders, the group could no longer offer reliable security because the continued existence of a “Jewish” department store company was politically endangered.

Although the liquidity crisis escalated dramatically in June 1933 and suppliers could no longer be paid, the Tietz family initially resisted the pressure to “align” [gleichschalten] their company. According to statements from the post-war period, the personally liable partners Georg Tietz, Martin Tietz and Hugo Zwillenberg were then lured to the Berlin Adlon Hotel on June 22, 1933 under a pretext, and locked in a room until they “agreed” to step down. The Reich Ministry of Economics and the Akzeptbank, which was associated with the Reich, were prepared to approve the rescue loan of millions on this condition. But Hitler’s approval was required for this – it could hardly have been clearer how the granting of a loan had become a political issue for Hermann Tietz. Hitler initially refused, but on July 4, 1933, he gave in as part of a shift to a more business-oriented policy, as advocated by the new Reich Minister of Economics, Kurt Schmitt. Only now did the banks make their move.

The owners of the Hermann Tietz company, as personally liable partners of a general partnership, could not be forced to resign like board members of a stock corporation. Since they were liable for the company’s debts with their personal assets under commercial law, they could only be ousted after a complex balancing of liabilities and were then released from liability for the company’s debts after they left. In lengthy discussions, the banks of the creditor consortium, led by the Dresdner Bank and the closely associated Bankhaus Hardy & Co., agreed to carry out the “Aryanization” of the Hermann Tietz OHG by means of a limited liability company (GmbH), which would enter the company as a personally liable partner, expelling a member of the Tietz family. This strategy was implemented on July 24, 1933 with the founding by the banking consortium of Hertie Kaufhaus-Beteiligungs GmbH – a name that was chosen in reference to the “Hertie” private brand that had long been sold by Hermann Tietz. The group’s authorized signatory Georg Karg was appointed one of the two shareholders on behalf of the banks and, together with Trabart von der Tann, who was designated as a trusted representative of the banks, was also appointed managing director. However, the decisive factor at Hertie GmbH was the administrative advisory board appointed by the banking consortium, which had extensive powers over the management. The composition of the advisory board gives a clear picture of how broad the circle of those involved was. Three of the seven members of the first Hertie advisory board, including the chairman Charly Hartung (Hardy & Co.), were later persecuted themselves as “non-Aryans.” No member of the advisory board belonged to the NSDAP, and the two managing directors Karg and von der Tann were also not in the party and did not join later.

The creditor banks had agreed, in coordination with the Reich Ministry of Economics, to proceed in two steps towards the “Aryanization” of Hermann Tietz OHG. Just five days after Hertie was founded, the company owners had to sign an amendment to the partnership agreement on July 29, 1933, which replaced Hugo Zwillenberg as personally liable partner with Hertie GmbH. The company was now called Hermann Tietz & Co., and the managing directors of Hertie joined Hermann Tietz’s management, where they could outvote the two remaining managing directors, Georg and Martin Tietz, at any time. Only after signing this “Gleichschaltung” agreement did Hermann Tietz receive the rescue loan of around 14.4 million RM, coupled with a moratorium on debt servicing. The Akzeptbank contributed around 5.7 million RM to the loan, and the consortium of creditor banks contributed around 8.7 million RM. In the consortium formed by ten banks, including five private banks, under the leadership of Hardy & Co., the Dresdner Bank Group and Deutsche Bank dominated, as did the Hertie administrative board.

The Jewish employees of Hermann Tietz & Co. immediately felt the effects of the “Gleichschaltung.” According to Karg, around 1,000 of the 14,000 employees were of Jewish origin, and 500 of them were dismissed in August 1933. The management was not forced to do this by legal regulations, but rather accommodated the NSBO and the Berlin SA with the wave of dismissals. When business threatened to suffer because no equivalent replacement for the missing staff could be found, Karg held on to Jewish employees for a while, especially those in management positions.

One year after being deprived of management positions, the Tietz family was forced to give up their company assets in a settlement agreement. The preamble to the agreement signed on August 13, 1934 stated that the family’s “exit” was “described as necessary in the public interest.” It could not have been made clearer that the family did not lose their company because of economic problems – as was later claimed – but as a result of the persecution and robbery of Jewish entrepreneurs. It would have been no different if the Hermann Tietz company had not been in debt.

The fact that the family was ousted by means of a settlement agreement was a result of the company’s legal form as a general partnership and also followed the strategy that the creditor banks had adopted in coordination with the Reich Ministry of Economics. The owners could also have been robbed of their concern by canceling the bank loans, but this would have forced the entire company into foreclosure. The government and the banks wanted to avoid this at all costs because of the obvious economic consequences. The “Aryanization” of the company's assets could not be carried out by means of a simple purchase either, since the acquiring company, Hertie GmbH, had already joined Hermann Tietz & Co. as a personally liable partner. The forced removal of the Tietz family therefore had to take place under commercial law as the departure of the personally liable partners Georg and Martin Tietz through a settlement agreement with a new allocation of the "divisible assets."

The Hertie management had no qualms about disclosing in a report written a few months later how the company's assets had been valued during the dispute to the detriment of the Tietz family. In contrast to the balance sheets previously prepared by the banks' trust companies, a capital deficit of around 29 million RM was reported due to the failure to take goodwill into account, high provisions for debts of the group companies, "special write-offs" on real estate and the increased bank debts. In order to ensure that the family was released from the company's debts, Betty Tietz, as the wealthiest family member, made up this deficit by contributing her private shareholdings. It is important to note in this context that the disposal of the private assets now resulted in a surplus of 15.5 million RM. Hertie should have made up this amount, but received it without any equivalent payment. These obligations from the settlement agreement were offset by commitments to the Tietz/Zwillenberg family, which, according to Hertie's calculations, amounted to a material value of around 2.5 million RM. Of course, the fact that the family was released from liability and that they were allowed to continue their commercial activities was more important to them.

In the overall balance sheet, the Tietz/Zwillenberg family lost the largest part of the company's assets due to the high level of debt of the group, which was estimated at around 130 million RM in mid-1933. They were thus held liable not only for the costs of expansion before 1929 and for the effects of the global economic crisis, but also for the damage to the company's assets caused by persecution and Nazi terror. Added to this were the losses from Hertie's described "Aryanization profit" in the partition balance sheet.

After the family was forced to leave the company at the end of 1934, Hertie took over the Hermann Tietz company which thus became the property of the creditor banks. Anyone who had believed that the banks would set about opening up a sustainable new perspective for the company, now known as Hertie Waren- und Kaufhaus GmbH, was soon proven wrong. The consortium continued to see itself as a creditor to Hertie and only increased the share capital to 2.5 million RM, which in no way met the requirements of a department store group of this size. Later explanations that the Tietz family's removal was a financially necessary restructuring measure turn out, on closer inspection, to be purely defensive claims.

Hertie managing director Georg Karg took advantage of the difficult situation in the summer of 1936 to propose a plan to the banks that would enable him to take over a majority stake in the company. His proposal was that, with the support of a loan from Dresdner Bank, he would acquire a majority of the shares at a price of 50 percent of the nominal value and then pay off the loan with a ten percent share of the profits. Karg took advantage of the fact that Hertie had a share capital that was set far too low. Dresdner Bank, Hardy & Co. and the other creditor banks were happy with Karg's proposal, as the share capital consisted almost entirely of converted bank debts. The creditors wanted to see this money again and in view of the unfavorable business development of the department store group they had to fear that this investment would be even more expensive for them. Against this background, with the involvement of the Reich Commissioner for the Credit Industry, the creditors agreed on a package that included an increase in the share capital to 7.5 million RM by converting the bank debts, a four-year standstill agreement and the sale of a 51 percent stake to Karg. By September 1937, Karg had a majority stake in Hertie. Since the department stores were now experiencing a strong upturn, he was able to gradually increase the stake from his share of the profits. In June 1940, he finally achieved his goal of taking full ownership of Hertie.

Contrary to what is sometimes claimed, Karg did not take over the department store group as an "Aryanizer," but he profited from this "Aryanization" like no other and also took Jewish-owned department stores in Guben, East Prussia and Berlin into private ownership. Parallel to his rise as Hertie managing director, he expanded the "Aryanized" Berlin department store Paul Held Nachf. into a private business base.

The Tietz/Zwillenberg family stayed in Germany after losing their group and tried to manage the assets they had left. They were able to rely on promises that were unusual for an "Aryanization" and for which there had still been scope for negotiation in the early years of the regime. The settlement agreement was still based on commercial law provisions that provided for negotiations between the shareholders and were further grounded on the idea of a division of assets. Taking these promises into account, Georg and Martin Tietz founded trading companies in Berlin and London that belonged to the Hertie Group's purchasing group. They were supported with a subsidy from their transferred company assets. They were also exempted – at least temporarily – from the Reich flight tax, and with official approval they were given the opportunity to finance foreign trade transactions to generate foreign currency with loans of up to nine million RM.

With this background in mind, the legend later arose during the restitution proceedings that the Tietz family had left Germany with a compensation of between six and twelve million RM. In reality, the special permit worth millions was a credit line for export transactions, which could then be carried out on a much smaller scale than originally hoped. When one considers that the family was left with less than two percent of the company's assets in the settlement agreement and also lost a large amount of privately held shares, then one cannot speak of a "compensation" and certainly not of "fair treatment."

The promises received proved useful nonetheless. They made it easier for the Tietz family to transfer assets abroad before emigrating. Because they had long invested parts of their assets in banks in Switzerland and the Netherlands, Georg and Martin Tietz were able to acquire citizenship of the Principality of Liechtenstein for themselves and their family after emigrating to Switzerland in 1937. Protected by this status, Georg and Edith Tietz managed to emigrate with their children via England and Cuba to the USA. Martin and Anni stayed in Cuba. Betty Tietz followed her sons to Switzerland and from there emigrated to her home country, the USA.

The family of Hugo and Elise Zwillenberg had to take a much rockier path of escape. They were drawn into the vortex of the merciless November Pogrom of 1938 and the head of their family, Hugo, was taken to the Sachsenhausen concentration camp. Like many wealthy Jewish businessmen, Zwillenberg was forced to sell all his real estate under the pressure of threats of violence. His emigration to the Netherlands and a renewed arrest by Nazi occupation troops began a true odyssey that led him through numerous camps. The torture of persecution and escape left the Tietz and Zwillenberg families torn apart, robbed and scattered across the world.

For the Nazi regime, the emigration now provided the formal reason to seize the family's remaining assets in Germany. Although the range of confiscation instruments used here has long been known, it remains shocking how systematically and cunningly the state enriched itself at the expense of the entrepreneurial family. Even more shocking, however, is the finding of how many different private profiteers ruthlessly gained personal advantage in the slipstream of the regime. It is clear that the desire for "Aryanization" and robbery represented a holistic phenomenon of a society that had lost its compass of values. Evidence of this can be found in the "Aryanization" of real estate, in which manufacturers, small retailers, insurance companies and even the Wehrmacht itself participated. A genuine race for wealth arose over the family's valuable art and book collections. After these were confiscated or seized as enemy assets, the financial authorities set about appropriating the most valuable pieces, selling them at auction or simply selling them off to individual interested parties. The loss of the family was thus combined with irreparable damage to the German cultural landscape.

After the end of the Second World War, attempts to "make amends" for the National Socialist injustice through private restitution and state compensation faced the difficult task of mapping the complex experiences of persecution in lawful normative structures in order to be able to process them legally at all. A particularly inglorious chapter in West Germany's policy of dealing with the past was the behavior of the German authorities in resolving the compensation claims. When it came to financial compensation for confiscated and seized private assets, the German caseworkers barricaded themselves behind legal regulations. In an extremely bureaucratic manner, they burdened the applicants with documentation requirements, confronted them with incomprehensible calculations and often delayed the proceedings for years. It must have seemed utterly shameful when the Zwillenberg family's interim stay in military internment camps was not classified as a result of persecution. Such revisionist maneuvers undoubtedly made those affected question the impartiality and honesty of the compensation offices.

The restitution of their former department store and thus the inheritance of their parents' generation was of particular importance to the family. The narrative of the encounter after the war between the Tietz family and Georg Karg and Hertie took place under different circumstances. The Allied occupying powers had placed the operating assets of the German companies under supervision. In addition, the restitution regulations assessed all legal transactions concluded with Jewish company owners since January 30, 1933 as illegal confiscation. This presumption reversed the burden of proof and put the purchasers under pressure. It was hardly possible for Georg Karg to deny the "Aryanization" with conclusive evidence. Nor could he afford to resort to delaying tactics in order to obtain legal certainty for the continued operation of the department stores. This link between reimbursement and the resumption of business activity had a particularly strong effect in the Hertie case, as the group lost its branches in the eastern sector of Berlin and in the Soviet occupation zone. If the company wanted to succeed in West Germany against strong competitors, the new start could not be blocked by pending reimbursement proceedings. These circumstances motivated Georg Karg to strive for a quick clarification, which was of course also in the interests of the claimants.

Starting from the summer of 1948, the Tietz family submitted almost a dozen restitution applications against Hertie. Both parties were aware that clarifying the complex claims through individual proceedings would be time-consuming and not very productive. They therefore agreed to combine the proceedings and to seek a universal settlement. This was the first strong signal that Georg Karg and the Tietz family were adopting a pragmatic approach, because this decision also meant that both sides refrained from individually evaluating and balancing the confiscated assets – each piece of land or property, each warehouse or share in a company. Instead, they sought a material settlement that was primarily based on the monetary viability of both parties. With this understanding, there were no meticulous calculations of the “Aryanized” assets, so that the legitimate questions about the amount of Hertie’s “Aryanization profit” can hardly be answered from a historical perspective. However, this study clearly shows the point in the restitution negotiations at which both sides considered their rights and obligations to be appropriately balanced.

The entire course of the restitution process reveals a picture that is already familiar to informed researchers. Hertie saw itself as materially, but by no means morally, guilty, as responsibility for the discrimination and persecution of Jewish victims was shifted entirely onto the Nazi state. The only way to be able to conduct negotiations despite this attitude was for both sides to tacitly agree to stop discussing past guilt and instead to concentrate entirely on balancing current and future economic interests. An important prerequisite for this approach, which can be seen in the sources, was that Georg Karg sought personal contact with the Tietz family. They had known each other for years, even from their collaboration before 1933, and this acquaintance evidently enabled an objective and constructive atmosphere.

Similar to how the “Aryanization” took place under special conditions, the restitution settlement also had a special character. In contrast to all previously known cases, the parties did not agree on a one-off return or compensation payment. They entered into a long-term, business-like relationship. The Tietz family received back the buildings and land of the department stores in Karlsruhe, Stuttgart and Munich, but immediately leased them back to Hertie for twenty years. The rent was set at a fixed share of up to 2.5 percent of the department stores’ sales.

For Hertie, this meant that the company was not obliged to make a one-off payment worth millions, which it could hardly have shouldered at the time. Instead, the services were provided in moderate quarterly lease payments, which the group was able to finance from its profits. The Tietz family, on the other hand, secured a significant portion of their still tangible property as well as a continuous source of income to provide for themselves and their heirs in the long term. This settlement certainly entailed a certain business risk as to whether Hertie’s future sales could actually cover the restitution payments. However, this sift to the future was to pay off for both parties to the settlement in view of the onset of the “economic miracle” and the accompanying wave of consumption. Since annual sales had exceeded the previously estimated level by far since the mid-1950s, the restitution payments were also significantly higher than the original expectations.

Shortly after the restitution settlement was concluded and Hertie began to grow again, including through the takeover of the previously “Aryanized” department store companies Wertheim and Hansa, Georg Karg adapted the group's organizational and ownership structures. He streamlined the complex capital entanglements of the numerous group companies and finally placed Hertie GmbH under the umbrella of a company-affiliated foundation, the Karg Family Foundation. This hybrid governance model enabled him to shield his group assets from the outside world in the style of a family business and to secure for himself and his family the long-term control rights over the company's assets, which were now immune to inheritance laws.

Despite the market development being financially favorable for all sides, the relationship between Hertie and the Tietz family was not free of conflict in the years that followed. This was also due to Hertie's rapid expansion, which Georg Karg believed was slowed down by the competition clause anchored in the agreement. From the mid-1950s onwards, the department store patriarch once again pursued his commercial goals alone, but he tried to circumvent this clause of the contract. When the debates about the local ban on opening further branches combined with discussions about buyback offers, deep tensions arose that also affected the family. Hertie behaved increasingly insensitively, even threatened individual family members with lawsuits and, through a number of machinations, came to be suspected of attempting to assert its interests over the heads of the company's heirs.

It is interesting to note that additionally these conflicts always remained on two levels of negotiation. While the respective legal representatives of both parties argued fiercely, the personal connection between Georg Karg and the former owners remained intact. This was the only way the disputes could be settled in the early 1960s. When the restitution settlement finally expired on July 1, 1970, Hertie was able to fall back on some purchase options that had already been agreed upon for the properties in Karlsruhe, Stuttgart and Munich. Martin Tietz and his heirs even extended their leasehold for another 15 years and thus continued to work with the department store company. At the end of the long restitution phase, however, almost all of the previously confiscated property was returned to Hertie. At the same time, all other claims arising from the "Aryanization" were considered legally settled.

If one sums up the history of the encounter between the former "Aryanizer" and the victims of anti-Jewish persecution, who now faced each other in changed roles as those entitled to make claims and those obliged to respond to these claims, it must be stated that they found a relationship on equal footing, not least due to the fact that Hertie was economically dependent on good relationships. The Tietz family was in the fortunate position of being competently represented in the extremely complex, detailed questions of restitution by experienced lawyers, with Kurt Jasen even from their own ranks. As a result, they succeeded in satisfactorily realizing their claims. With their conduct in the Paul Held Nachf. restitution proceedings, Hertie and Karg also provided a counterexample in how coldly and calculatingly they enforced their business interests against those claimants. Here they exploited the financial hardship and poor health of the Aufrichtig couple in order to quickly placate the former department store owners with a compensation that was far too low.

This once again confirms the double face of Hertie representatives in dealing with their own past. Their greatest shortcoming was their lack of insight into the need to take moral responsibility for their own involvement with the unjust regime of National Socialism, regardless of any material or legal level. This was a failure that continued well beyond the end of the restitution phase and the dissolution of Hertie, and into our recent past.