

SUMMARY OF INFORMATION: W. SCHMALFUSS 6 October 1945.

Mr. Elliott  
Room 509, Park Hotel  
Lassalle

Shanghai, Sept. 27, 1945.

Dear Sir,

As requested by you I am giving you below a written summary of what I told you on Tuesday.

On Tuesday morning Mr. Glathe, the Chairman of the German Emergency Office and Vice-Chairman of the German Residents Association, upon entering the office said "How do you feel this morning?" He then told me that I was mentioned in one of the local Russian papers as a Gestapo agent, together with Mr. Kautt and that I could obtain full details from Mr. v. Puttkamer. I telephoned immediately to the latter and when I asked what he could suggest in order to correct this pure invention, he advised me to go straight to you which I did.

I was born in Hamburg on Feb. 14, 1904, went to school there and, after having entered an import and export house, was sent by Oscar Gaertner & Co, Hamburg in 1925 to their branch in Tokyo. I returned to the head office in Germany in 1928 and was once more sent to Japan (Osaka) in 1927 as manager. When my contract expired in 1931 I joined the Corn Products Refining Co, New York, who had built a factory in Korea with offices in Osaka and Tokyo. In 1935 I was appointed Sales Manager for the factory in Korea, went on leave to Germany in 1936 for the first time since 1927 and stayed there 3 months, mainly to see the Olympic Games. I also travelled in Germany with our American President, Mr. R.S.K. Irvin.

After returning to Japan, our organization soon handed over the management to the Japanese (Mitsubishi) and I was told by New York to choose whether I wanted to go straight to Germany to our Germany subsidiary or whether I preferred to look into our business in the Philippines. I preferred to go to Manila because I felt that I had been away from Germany already too long and that the strict regimentation of business as enforced by the Nazis at that time might not allow me enough elbow space for my ambitions. Business developed so well in the Philippines so that I stayed until August 1941.

I also made an extensive trip to Java to investigate the growth and manufacture of Taploca which is a strong competitor of our own products. In 1940 I went on a combined business and vacation trip to the USA. I was told in our Head Office in New York to go back to Manila and not to worry because our organization having so many factories outside of the USA (15) always needs men, regardless of nationality. However I was cautioned not to get mixed up in Nazi politics which I carried out to the letter. On my return trip to Manila, I stopped over at Honolulu, stayed for 14 days with our American agents in order to look into our business.

I hardly knew the Germans residing in Manila as all my friends were Americans, in particular the staff of Connell Bros. Co Ltd. who were our agents. I shunned the German community, was not a member of the German Club but held memberships at the American Polo Club and the Filipino Wack Wack Golf Club.

When Washington issued a general order in June 1941 forbidding American firms to keep Germans on their payroll, I was told to go back

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to Shanghai or Tokyo in order to re-enter our Japanese subsidiary. I arrived here in August, 1941, but was unable to obtain a clear answer before the end of November, saying that they could not re-engage me. As remittances from Germany were denied me because I had been American-employed on Sept 1, 1939, I finally had to apply for relief here. All my money had been frozen in our New York office earlier in the year by order of Washington and upon leaving the Philippines I had been allowed to take only US \$500 with me.

When this money gave out I had to apply for relief and when the local German relief office learned of my more than average knowledge of the English language and my ability to speak Japanese, they turned me over to the German Information Bureau in early December, 1941, where linguists were badly needed. My chief job there was to improve the English language that came over the ticker from Berlin, to do proof reading and to help out as interpreter in Japanese. The official Japanese liaison man was Raiko Arima, educated in Germany who returned in April 1945 to his father's home at Ashiya N/Kobe. He comes from a very prominent family and had good connection in Army and Navy circles. He acted as official interpreter and was present at all official banquets, meetings etc, for which my knowledge of Japanese is inadequate. I handled matters of minor importance, mostly of purely personal character, involving requisitioning of houses and flats by the Japanese, arranged the monthly foodstuff rationing from the Japanese to the Germans, assisted local Germans in general in dealing with the Japanese whenever there was any trouble of a purely private character but not involving business matters.

My status in the German Inf. Bureau was that of a local auxiliary staff member. I was discharged in early May 1945, when the Inf. Bureau was dissolved after the conclusion of hostilities in Germany. The regular staff including Mr. v. Puttkamer, Miss Mueller-Hauff, Messrs. Romain, Heinemann and Seumer were transferred to the payroll of the Embassy.

I had practically ceased work at the Inf. Bureau in Mar 1945 when preparations were made to provide for an emergency in case Shanghai should become a war theatre. Owing to my knowledge of foodstuffs, I was put in charge at the Germany Emergency Office to work out a plan to feed 2500 Germans for 40 days which we figured would be the maximum time required by the Americans to capture Shanghai from the date of landing on the coast. I am working there until this date, receiving no remunerations but being paid relief as I have neither savings nor funds to which I could have access.

As to your question whether I am anti-Nazi, I answered you already that I never did join the Party because I did not agree with their racial policy, aside from the fact that I thought it incompatible with my job in an American organization to get mixed up with German Extremist politics. What made me a definite anti-Nazi is through the snubbing directed against my wife. She is 3/4 Spanish and 1/4 Filipino.

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When she came here in August 1941 in order to get married, we had to overcome many obstacles in order to get married at all. The Nazis here in Shanghai were strictly enforcing a rule not to marry Germans to foreigners and I only succeeded in registering my marriage after I proved to them that in Manila--to where my then fiancee could not return on account of communications having already been severed--the German Consulate would have been obliged to respect and recognize church marriages between Germans and Filipinos due to the existence of a reciprocal law to that effect between the USA, Philippine Islands and Germany. No such law existed here and which prompted the Nazis to carry their racial policy to the extreme. What made me especially sore is the fact that my wife not only has the finest education that money can buy but here family trees boast of such famous names as the Napoleons, one of whom was the President of the French Republic after Napoleon III abdicated in 1871. Naturally, I felt more than indignation to be snubbed by men in Nazi uniform who only a little while ago had been practically nobody.

The result of all this was that I lived a very secluded life with practically no social contact in the German community. The only contact that we did have at one time was with Dr and Mrs Klare. He was the Deputy Director of the German Inf. Bureau and since both of them were eager to learn English we at one time had a standing date to play Mahjong at the German Club (my wife was educated in the English language and speaks it correctly and fluently). Both of them died some time ago. Dr Klare himself was a confirmed Nazi and a member of the SS Security Service as he had told me himself. With the arrival of Major Huber from Germany abt. 2 1/2 years ago I understand that his work ceased. Since Dr Klare was generally known in the German community as a Gestapo man, it may have been through these few harmless meetings at the German Club that somebody got the idea that there must be something sinister behind an occasional Mahjong party.

Another reason for being an anti-Nazi is the fact that I always considered the German foreign policy suicidal. I had been abroad too long and had seen too much so that I was always afraid that the Nazi policy would eventually lead Germany to a catastrophe. This especially has reference to the Jewish question. I always had to think of President Roosevelt's words which he uttered as early as 1937 (?) "Just give the Dictators enough rope to hang themselves!" That is exactly what Hitler did.

As it was my job in the German Inf. Bureau to go over the English version of official publications (speeches by leading Nazis) I not only shook my head at the incredible utterings of Hitler, Goebbels, but on 2 occasions actually pointed out to Mr v. Pattkammer the necessity of modifying certain passages as they were unfit for publication outside of Germany. He always dismissed me with a shrug, saying that Berlin wants a word for word publication. If he did not have the courage to advise Berlin I did not see what I could do to educate the Nazis and from then on I did not say anything any more.

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