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Name: NEUBACHER, Hermann Bevollm.f.d.Südosten	ZS Nr. 2069	Bd. I	Vermerk:

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HISTORICAL INTERROGATION REPORT

GERMAN WARTIME POLICY IN THE BALKANS

SOURCE : Dr. Hermann NEUBACHER, Reich Plenipotentiary for the Southeast and Special Econonmic Envoy in the Balkans.

DATE : 3-4 October 1945

PLACE : MISC - USFET

INTERROGATOR : Lt.Col. O.J.Hale

C O N T E N T S

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DECLASSIFIED-DOD Directive No. 5200.9, II September 1968.

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I. PERSONAL DATA

Source, who was born in Vienna on 24 June 1893, was not only the outstanding figure in the execution of Germany's wartime policy in the Balkans but he was to a considerable extent the originator of that policy. Source is highly educated and cultured, possesses an agreeable personality and is outspoken and forceful. He is obviously a high-level policy making and executive type of person. Source described his four years of Balkan service as an attempt to support the German war effort by political action and to prevent the Balkans from falling under the domination of Russia and native Communist forces. (Ed: For a lively description of Neubacher, see Countess Waldeck's book published in 1941 or 1942,Chap.I.)

Since the early 1930's source has been prominent in the political and economic life of Vienna where he organized and directed one of the largest municipal housing and real estate developments. One enterprise, a colony settlement for unemployed, attracted attention from social workers and planners outside of Austria. He also headed a large private construction and building materials concern. Source was a member of the three-man commission that investigated the failure of the Wiener Creditanstalt in 1931, which marked the beginning of the European economic depression. Source was also engaged in the administration of the 200 million shilling state insured credit to Russia, which was used to finance Austrian exports to the USSR. In this capacity he made annual trips to Russia for several successiveyears in the interest of Austrian exporters.

Neubacher's political activity began in 1925 when he was elected chairman of the Deutsch-Oesterreicher Volksbund, which had as its objective the union of Austria with Germany by revision of the Versailles Treaty and by a national plebiscite. The organization was non-partisan and was supported officially by the trade unions and the Social Democrats of both Germany and Austria, as well as national and professional societies.

With regard to the attempted Putsch and the assassination of Dolfuss in July 1934, source is of the opinion that with anyone butHabicht as leader of the Austrian Nazis a compromise could have been reached with the Dolfuss government. He does not think Hitler sanctioned Habicht's attempted coup. Habicht tried to stage-manage a "spontaneous uprising," but it was really a dilettante Putsch. Source expresses the deepest dislike and distate for Habicht --"ein lächerlicher Kerl."

In 1934, the Under State Secretary Rheinthaler and source attempted to negotiate a political compromise between the Austrian Nazi Party and Schusnigg. This only resulted in source's arrest and conviction for political conspiracy (Geheimbündelei). He served out a sentence of six months' imprisonment in 1935 and after his release gave up all political activity. He states that up to then he had believed a working compromise could be achieved by political means, but realized thereafter that the situation was revolutionary.

From 21 June 1935 to 13 March 1938 source held aloof from politics. During this time he was employed by the Central Finance Administration of the IG Farben Company,residing a part of the time in Berlin and travelling for the company in the Balkans. In March 1938 the Anschluss government was formed without source. He believes the Nazis rejected him, but shortly thereafter Seyss-Inquart appointed him Mayor of Vienna.

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He formally joined the Party in May 1938, later accepted rank in the SA, but rejected officer's rank in the SS on religious grounds. Source was soon involved in a conflict between the Nazi Party and the City administration of Vienna, which he headed. He held his own against Bürckel, the Nazi "coordinator" and the feud was transferred to Baldur von Schirach, when the latter became Reichsstatthalter. At their first meeting "it was a vote of no confidence." Bürckel had told Schirach to eliminate Neubacher before he became "King of Vienna". Source states that the people of Vienna were entirely on his side. Since Schirach had extensive evidence of his dealings with Jews, as a Viennese business leader before the Anschluss, they would undoubtedly have ousted him if it came to a showdown. When the opportunity was afforded him he went on temporary duty with the Foreign Office and was appointed Minister, First Class, in January 1940.

Between Jan 1940 and May 1945, Neubacher acquired the following posts and titles:

1. Special Envoy for Economic questions on the Staff of the German Legation in Rumania, Jan 1940 to May 1945. Responsible to the Foreign Office.
2. Plenipotentiary for Oil in Southeastern Europe, 1942-45. Representing the Four Year Plan, the Reich Economic Ministry, and the OKW.
3. Special Reich Envoy for Economic and Financial Problems in Greece, Oct 1942-Autumn 1944. Responsible to the Foreign Office.
4. Special Envoy of the Foreign Office for Southeastern Europe and Representative of the F.O. on the Staff of the Military Comdr in Serbia, Sept 1943-Autumn 1944.

II. OPERATIONS IN RUMANIA

Source's first task in Rumania was the implementation of the economic accord negotiated by Minister Clodius in 1939. The agreement had not worked smoothly for two reasons. First, the enemy-owned refineries in Rumania would not deliver their products to Germany and second, French and English interests had pushed up the price of Rumanian oil to three times the original price. As a result the German-Rumanian clearing arrangements had collapsed and oil deliveries had practically ceased.

Surveying the situation, source saw one point of leverage. This was the complete domination of Rumanian political opinion by fear of Russia.

The government wanted Flak and anti-tank guns and they could only get them from Germany. In March 1940 he negotiated the "Oil-Weapons Accord" which took final shape in the formal agreement of May 1940. Germany would deliver guns against oil. A special state oil export firm was established, oil producers delivered their products to this concern, and the German interests took the oil at the 1939 base price plus a 30 per cent bonus. The Rumanian government made up the difference between the contract price and the current market price. The arrangement operated well until the end of the war with occasional price

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development in Austria. The new fields in Hungary (almost 1 mil. tons in 1944) source described as "oil from Heaven." In the end, American air attacks on refineries and transport denied Germany the use of Rumanian resources. After the first American attack on Ploesti, in June 1942, source proposed that the refineries be dispersed by building 200 small plants along the railway lines. This proposal got no consideration from either military or oil interests.

Source was asked if it was true, as alleged in the press, that in cooperation with the SD he had inspired the Iron Guard uprising in Bucharest at the end of January 1941. Source then narrated his part in the Putsch. The Iron Guard and their Legionnaires were political blockheads with a fanatical martyr complex. They hated the German Minister Fabrizius, blaming him for the death of Codreanu. Source was trusted by the Iron Guard and he acted as a middleman between them and Marshal Antonescu. The German SD Chief, Bolschwing, was in close touch with the Iron Guard and pursuing his own foolish policy encouraged the opposition of the Legionaires to the Antonescu government. Bolschwing, because of his rashness and stupidity later landed in a concentration camp. The real inspirer of the uprising, according to source, was the Minister President Mihai Antonescu, who wanted to oust the Marshal and make himself dictator. He therefore exaggerated the differences with the Iron Guard and provoked the hostilities. Source claims that after three days of street fighting Mihai Antonescu called him to his office and asked him to intervene to end the fighting. Antonescu was weeping hysterically and said:" I bear the guilt and I must shoot myself." With the Chief of the SD, source states that he then passed through the barricaded streets, found Horia Simas command post and persuaded him to order the Legionnaires to cease firing. He told Horia Sima that the Rumanian Army was loyal to Antonescu and that the uprising was disturbing the operations area of the German Wehrmacht. At 05:30 on 31 January 1941, source dictated the cease-firing order which Horia then issued to the Legionnaires on the barricades. In the provinces, German officers acted as conciliators and prevented the outbreak of hostilities. The fighting in Bucharest lasted for three days and source estimates that 2000 of the Iron Guard were killed. At the beginning the regular Rumanian troops were reluctant to fire upon the Legionnaires manning the barricades, but the Communists took to the rooftops of the buildings and fired upon both troops and Legionnaires. Thereupon the fighting between the opposing forces in the streets became severe.

III. OPERATIONS IN GREECE

As Special Plenipotentiary for Economic Problems in Greece, source was mainly concerned with the enormously difficult food problem and the fantastic inflation of the Greek Currency. He has written a special report on the German financial and Currency actions in Greece.

IV. GERMANY'S BALKAN POLICY

The alliance with Italy in 1938 was, in effect, a recognition of Italy's imperium in the Mediterranean and particular-

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Source discribed this policy as catastrophic for Germany because:

1. It inspired Serbian nationalism against Germany, because of the pro-Croat policy and the separation of old Serbia from Montenegro, which Serbs regarded as their heroic land.

2. Germany lost all native goodwill in Albania as a result of the alliance with Italy.

3. Greece, even after the end of the Balkan campaign in the spring of 1941, was 70 per cent pro-German until the Italians, whom the Greeks had defeated, came into Greece to occupy and exploit the country.

With Italy's withdrawal from the war in Sept 1943, the entire Axis structure in the Balkans collapsed. Coordinated military and political action on Germany's part was required to fill the vacuum created by Italy's defection. In the then existing situation, Albania was the greatest danger point. The British were in Bari and there was less than a battalion of German troops available in Albania to secure the important coast line. Source states that the British could have landed with one regiment and paraded through the country at any time within two weeks after the Italian defection. The Albanians, in his opinion, would have gone along with the power -- England or Germany - that got there first. They were simply waiting for the first to arrive.

At that time source had just been appointed Foreign Office Plenipotentiary for the Southeast and was at the time in Belgrade. He went immediately to Tirana by plane, found the pro-German native leaders that he required --some of whom he had already known in Vienna and Belgrade -- and carried through the formation of a native government and the proclamation of an "independent Albania." Source states that he both made and executed the policy in Albania, Berlin and Belgrade concurring. From behind the scenes in Tirana he directed the formation of the provisional government, the meeting of a National Assembly and the formation of the Regency Council.

With regard to Montengro, during this crisis, source recommended and secured approval for the establishment of a system of "self-administration" in preference to German military government. A national administrative council was formed in Montenegro and a native committee in the Sanjak.

In Greece, the liquidation of the Italian political heritage was carried out effectively by Neubacher's deputy, Altenburg.

V. NEUBACHER'S PROPOSED SERBIAN POLICY

German difficulties in the Balkans were enormously increased by the Italian surrender to the Allies, and with the continued unfavorable progress of the war the situation continued to worsen. Source states that as German fortunes declined more troops were required to garrison the vital areas. Until 1943 Germany operated in the Balkans with 60 per cent prestige and 40 per cent troops. As Germany's military prestige declined with the Balkan peoples these percentages were re-
versed. Partisan activity increased as military prestige de-

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in Serbia's favor of the Smyrian frontier between Croatia and Serbia.

Source's program would have required a reversal of the German Croat policy and he was not able to achieve his objective completely. Hitler had a romantic anti-Serb complex, resulting from the assassination of the Archduke in 1914, and a pro-Croat and Bulgar conception of Balkan affairs. Ribbentrop knew nothing about the Balkans and had no positive ideas. He only wanted to avoid responsibility and blame for what was done. Kaltenbrunner was interested and supported source even to the extent of removing the HSS Pf Meyssner, who was opposed to source's program. Field Marshal Weichs approved and supported source.

To prepare the way for reorientation of German policy with regard to Serbia, source secured first, the setting aside of 850 pending death sentences pronounced by military courts in Serbia. Weichs approved this despite the OKW. The next action was the removal of the notoriously corrupt Neuhausen, who had been sent to Serbia in 1941 by Goering as Special Envoy for Economic Affairs in Serbia and subsequently became chief of the military government. This man made himself a multi-millionaire and his reputation as a corruptionist made him notorious from Berlin to Crete. He was an intimate of Goering and enjoyed his support. However, source went direct to Hitler, with the support of Himmler and Ribbentrop, and with Hitler's order had him arrested and sent to Moabit prison to await trial (Aug 1943). Goering subsequently intervened and Neuhausen was released but not restored to his former position.

The next step was the strengthening of Nedich's powers and authority in the puppet Serbian state. That was the significance of the removal of Draja Jovanovich, in Sept 1943, from the Ministry of the Interior and the assumption by Nedich of this office as well as control over all Serbian police and military forces. Draja Jovanovich is described by source as "a sort of anti-communist policeman," a typical Balkanmensch, brutal and without honor. Nedich wanted to remove him but he was supported by the HSS Pf Meyssner. By appealing to Kaltenbrunner source got Meyssner removed and the desired change in the Ministry of the Interior was effected.

Another measure to win the Serbs over to greater activity against the Partisans was the bringing about of more effective cooperation between Nedich and Mihailovich. Relations between the Axis powers and Mihailovich began in 1943(1942). With the Italians it was a question of need, with the Germans a question of policy. A modus vivendi was effected between the two Serb leaders in 1943 which led in July 1944 to a personal meeting. This meeting remained a secret even from the F.O. in Berlin. (Neubacher: "Now you know more than Ribbentrop." Interrogator: "That's not precisely a compliment.") To signalize the new orientation of policy, Nedich was received by Hitler in Sept 1943. Source was present at the meeting as was also Ribbentrop. No important commitments or decisions resulted from the meeting. Nedich protested the treatment of the Serbian people and Hitler promised to make concessions and support Nedich in more active opposition to the Partisans. Subsequently

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are army divisions." Source presented the advantages of the union of Serbia, Montenegro and the Sanjak: It would solve the Serbian problem; and strategically it would establish a block of anti-Communist mountain people cutting across Tito's political territory and his north-south lines of communication. Source was unable to secure approval of his complete plan because of Hitler's pro-Croat and pro-Bulgar complex. When Ribbentrop saw Hitler's reaction he also spoke out against Neubacher's plan. According to source one always had to count on these flank attacks by Ribbentrop when something unwelcome had to be proposed or defended.

Neubacher left Belgrade on 8 Oct 1944, accompanying the staff commanding the 7000 Serbian Volunteers who withdrew to the West. They were joined by 7000 Mihailovich Chetniks and 3000 Chetniks from Bosnia. Altogether there were between 16 and 18 thousand Serbs in Croat territory at the end of the war. When source left them in Istria, in April 1945, he advised the leader, Ljotec:" When you leave Istria withdraw to the west and surrender to the British."

Source throughout the interrogation expressed critical opinions of the German Croat policy. Asked if it was not unusual for an Austrian nationalist to hold pro-Serb views, he replied that he was a realist. Serbian nationalism was the most vital force in the Balkans and the only force that could have opposed Tito's communism. This could have been turned greatly to Germany's advantage. "Tito will never uproot Serb nationalism; the Serbian peasants will never be Communist."

Of the Poglavnik and the Ustascha Colonels in Crotia, source declared that the proper policy would have required their hanging in the city square of Zagreb. The Ustascha was not an Erneuerungsbewegung but a terrorist club -- the worst the war produced.

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