Preamble by the Translator

In the early summer of 2019, Mr. Masao Kyuno, a prolific Japanese writer of academic books on the banking system who was a former professor of economics at Seinan Gakuin University in Fukuoka Prefecture, asked me, the editor-in-chief of this International Journal of Geriatrics and Rehabilitation, to translate into English the Japanese economics dissertation he authored in 2000 which is titled,”A Study of Merchant Bankers (2), The Dramatic History of M.M. Warburg & Co. based in Hamburg,” the second in a two-paper dissertation series on the saga of the famous Jewish banking family that has run the time-honored bank since its 1798 foundation.

The academic said he wanted me, one of his long-time friends, to translate it into English because the dissertation is the dearest to himself among numerous economic papers he authored in the course of his 34-year-academic career, first as a Seinan Gakuin University professor and then as a frequent contributor of analytical articles to the Economist weekly, an arm of the Mainichi Newspapers group., and to periodicals of Japanese banks’ industry bodies.

After reading my translation which I completed in a week or so, he ringed me, calling me to a restaurant near his residence in Tokyo’s Chofu City on June 24, 2019, and asking me to translate and integrate seven key paragraphs of the first of the two-volume series into the translation at appropriate places in view of the context, while adding his oral statements on his warm personal memories on Mr. Eric Warburg (1900-1990), a former managing partner of M.M. Warburg, Brinckmann, Wirtz & Co., with whom Mr. Kyuno became acquainted in 1964 during his two-month apprenticeship in the Hamburg bank after Mitsui Bank, a longtime correspondent bank of M.M. Warburg, asked it to train the then 28-year-old Kyuno, who was then working at the prestigious Japanese bank’s Research Division, in European banking business.

Eric Warburg is a noble international banker who played a crucial role in post-World War II reconstruction of the German economy through his discussions in August 1949 with his friend John McCloy, who was to become the first U.S. High Commissioner for Germany the following month.

McCloy had been, until that discussion, siding with a proposal - - which was earlier put forward inside the administration of President Harry Truman and began to be implemented -- to go on dismantling German industries. Eric Warburg cleverly warned that such a demolition “would poison German relations with the Allies, foster nationalism and possibly drive Germany towards Communism.” At the end of the diner discussion, McCloy was convinced in the reasonableness of Eric Warburg’s arguments. Then, McCloy asked him to draw up a list of those industries which should be spared from demolition. On August 27, Eric submitted the list. McCloy subsequently put in great efforts to convince the U.S. and the Allies that this was ultimately the right policy to pursue.

I presume that Mr. Kyuno requested my translation service in 2019 because the academic, who was then already suffering from Stage 1 of a pancreatic cancer, developed a desire to leave to the world his dearest dissertation in a form expressed with a language that is comprehensible to as many readers as possible, so that the readers may benefit from key universal lessons that lurk acquirable in examining the actions and decisions, both as bankers and as human beings, taken by the many members of the Warburg family, who put up courageous nonviolent resistance to cruel and cunning policies and pressure applied to the family and the Warburgs’ fellow Jewish people, especially during the 1930s and 1940s amidst the “arianization” and other savage anti-Jewish policies implemented by Adolf Hitler, his henchmen, the German masses indoctrinated in Nazism and windfall beneficiaries of those savage policies.

In 1938, M.M. Warburg & Co., which was then spearheaded by Eric’s father Max Moritz Warburg (1867-1946), was arianized on Hitler’s instructions. Eric, who was then working as the right-hand man of his father, left Germany on August 23, 1938. A week later, Max Warburg, his wife Alice and Lola Warburg, the eldest of his four daughters, left Germany.

Prior to their own departures, Max, his younger brother Fritz Warburg, Eric and his sisters worked for years ameliorating the fate of Jews in Germany, managing to enable some 40,000 Jews to emigrate out of Germany into the U.S. and other countries. Readers would deeply recognize the importance of the Warburgs’ merciful activities if they read books like “Students against Tyranny” by Inge Scholl and “Gewalt und Gewissen (Violence and Conscience)” by Klaus Vielhaber.

It is noble and edifying that these members of the Warburg family refused to just let themselves swept away by the muddy and furious torrents of that period’s German society infiltrated by brutal Nazism and instead did their best to soften the hardships of others. These Warburgs refused to be swallowed by the darkness around them.

Impressed by lots of interesting and spirit-bolstering episodes that characterized the history of this banking family, especially those since the onset of the 20th century which had crucial positive (overall) effects on Japan’s fortune, I asked in late 2020 for Mr. Kyuno’s permission to upload the integrated version of his two-part dissertations onto the Archive Segment of my online medical journal. He gave me a ready consent immediately. This translator is sure that he would be pleased to see that clever readers of this translation would benefit from the universal lessons that are contained in it.

In mid-March, this year, I had a telephone conversation with the academic and sought to check what dimensions and aspects in his encounter with the family mesmerized him to the point of motivating him to study the details of the banking family’s history so thoroughly.

Mr. Kyuno said he found charming and romantic particularly three points that showed up in the course of the banking family’s history.

Firstly, it was the family’s resilience that enabled the family as a whole to surmount multiple harsh and tragic developments that rocked the fate of the family and the bank. Even after the arianization policy forced Max Warburg to hand over control over M.M. Warburg & Co. in 1938 to two German businessmen, Rudolf Brinckmann and Paul Wirtz, opening the path for the pair to rename it as Brinckmann, Wirtz and Co. in 1942, the family did not lose its will-power to fight its destiny, restarting its efforts to revive its legitimate rights to the bank’s management, starting with Eric’s provisional summer return to Hamburg in 1952 with his wife Dorothea and three children.

The appellation M.M. Warburg & Co. was finally revived on October 1, 1991, thanks to steadfast efforts by the son of Eric Warburg, Max A. Warburg, who took over as his father’s successor amid the family’s efforts to give the Hamburg bank a firm and honorable position in the German banking community again.

　　The second point that fascinated Mr. Kyuno was the courageous and unyielding personality of Mr. Eric Warburg, which led him to volunteer for the U.S. Army Air Force Intelligence in 1942. Eric was determined to strive against fate without simply letting himself and the international society go on being devastated by bestial Nazi Germany’s military conquests. He confronted the powerful wrongdoers by risking his life.

At that juncture of the history, the American military urgently needed people steeped in the German language, politics and geography, so Eric was sent to Palm Beach, Florida, for an officer-training course. Then, he attended an intelligence school in Harrisburg, Pennsylvania. When he was finally assigned by his superiors to teach at the Harrisburg school as a speaker of excellent German, he lobbied in Washington to reverse the superiors’ decision, as he was eager for combat. Two weeks later, he flew in a bomber to England, where he became a liaison officer between the U.S. Army Air Force and the Royal Air Force. After taking part in Allied campaigns as an interrogation officer in Algier, Tunisia and even in the Normandy landing, Eric interrogated in May 1945 high-ranking German Air Force officers, including Hermann Goring, prior to the Nuremberg trials. He spent more than twenty hours with Goring, seeking to reconstruct Luftwaffe tactics and strategies since the Battle of Britain with more than five hundred questions he had memorized.

Eric had a tremendous insight into international security matters. This is attested to by an episode in July, 1943, when Eric was consulted by several Pentagon generals on the proposed division of Germany among the Allied occupation forces. When the postwar planning staff at the federal government was framing plans for the proposed division of Germany prior to the Tehran Conference of Franklin Delano Roosevelt, Joseph Stalin and Winston Churchill from Nov. 28-Dec. 1, Eric had a chance to gain access to the earlier draft of the proposal.

After passing through multiple checkpoints at the Pentagon, he was taken into a room that contained a map hidden behind a curtain. The map sketched the proposed American, British, and Soviet occupation zones. When the curtain was drawn, Eric saw, to his absolute horror, that both Hamburg and Schleswig-Holstein lay in the Soviet zone, with the Elbe River serving as a border. He convinced the generals not to include the Kiel Canal in the Soviet zone to avoid giving the Soviet Union control over the Baltic Sea. He also successfully lobbied for an American-held port enclave of Bremerhaven to be set up within the British occupation zone. Eric warned the generals against placing too much trust in the Soviets – an insightful observation which turned out to be very accurate when one ponders what happened to East Germany, Hungary, Czechoslovakia, Georgia and Ukraine in the post-WWII world.

Later, the East-West partition line was shifted just east of Hamburg, whose usefulness as a postwar seaport to handle American troops stationed in Germany was underlined by Eric in his answers to the generals’ inquiries.

The third and last point that captivated Mr. Kyuno in the history of the Warburg banking family was its friendly connections with former Japanese Finance Minister Korekiyo Takahashi, who was so noble and courageous as to reject, in November 1935, a demand from Japan’s increasingly colonialistic and belligerent military leaders to raise the ratio of next fiscal year’s military expenditures to beyond 45.8 percent of that fiscal year’s overall national budget, which finally came to 2.28 billion yen following a sharp confrontation.

With this uncompromising attitude and his deep knowledge of the effectiveness of active fiscal policy in propping up a sagging economy in times of a recession like the one induced by the 1929 Great Depression, Takahashi sought to buttress the successive administrations of Prime Ministers Makoto Saito and Keisuke Okada, because he was aware of their resolves to do their utmost to counteract the egoistic desires of the military leaders and their subordinate officers to seek their own personal glory by making a series of military conquests and plunders in China faits accomplis even at the risk of worsening diplomatic relations with the peace-loving majority of the international community.

Takahashi then said, “Japan must not follow a military policy that would risk antagonizing most other countries across the world.”

On February 26, 1936, he was assassinated with six bullets fired by the guns of young military officers who were acting at the instigation of some military leaders.

Mr. Eric Warburg, the son of Max Moritz Warburg who befriended Takahashi in 1905 due to his cooperation as an international banker with his relative Jacob Schiff, head of Kuhn, Loeb & Co. and the father of Frieda Schiff, the wife of Felix Warburg, a younger brother of Max, conjured up the image of this noble finance minister in the mind of Mr. Kyuno due to the family’s connections with Takahashi.

Takahashi has been a sort of a hero for Mr. Kyuno who admired Takahashi’s courage due to his life-risking confrontation with the brutal Japanese military and Takahashi’s deep knowledge of both international finances and clever management of Japan’s fiscal policy at the finance ministerial portfolio since 1913.

In 1904, Schiff became a key benefactor of the entire Japanese populace as a sort of its financial and security “savior” when he offered to underwrite a huge amount of Japanese government bonds following talks around April 24, 1904, with Takahashi -- who was then staying in London in his capacity as the Japanese government’s commissioner on international finance matters -- to help Japan finance its military expenditures in the Russo-Japanese War with which Japan counteracted Russia’s five decades of colonialistic moves to expand its sphere of influence eastward and southward.

These colonialistic moves got under way in Asia in 1858, when Russia signed the Treaty of Aigun which forced China of the Qing Dynasty to hand over a huge territory north of the River of Amur to Russia.

Moscow enraged Schiff due to its cruel anti-Semitic policy under the rule of successive Czars. He appears to have developed a desire to induce a change of oppressive policies against the Jewish people inside Russia by dealing military and then political blows to the ruling class of the Czarist Russia on the basis of his assistance to Japan’s war effort, although he never harbored a hope of triggering such tragic incidents as the Bloody Sunday Incident or the Bolshevik Revolution, according to the autobiography of Takahashi.

Max Warburg took part in Schiff’s Japanese government bond underwriting, starting with the fourth issue among a total of five flotations from 1904 to 1905 to fund its military activities against Russia. In June, 1905, Max organized a German underwriting syndicate for Japanese government bonds with the syndicate consisting of 13 major German banks. Takahashi held talks with Max in London on November 19, 1905.

For more details of decisions and actions by Schiff and Max Warburg and for their backgrounds, the translator suggest that readers will take a close look at Mr. Kyuno’s dissertation uploaded here and benefit from its tremendous insight.