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SCHWERIN-KROSIGK, GRAF LUTZ

The principal subjects of discussion concerned the administration and development of German finances in the war years and much of the information obtained is to be found in a document written by the prisoner and since issued under CCPWE 32/DI-9 of 19 June 1945. Special Detention Center "Ashean".

At the close of hostilities the national debt had amounted to about RM 400 thousand million - including a "secret" debt of about RM 8 thousand million outstanding from before the war: the figure of Reichsmarks in circulation while there was still some semblance of order at the beginning of the year was about 65 thousand million, and it may later have reached the RM 80 thousand million mark; the principal causes of currency expansion had been air-raids and evacuation; there had been normally no restrictions on the withdrawal of bank deposits, but in the case of evacuees banks had later insisted on certain terms and conditions before opening new accounts. Evacuation presented, incidentally, the greatest problem in the collection of taxes after the early spring of 1944 - altogether some 20 million people are estimated to have changed their residence, their original revenue office remained responsible for their taxation, and when the office itself was evacuated it followed as far as possible its clientele. No provision had been made for permanent repairs and rebuilding of damaged property, the cost of which had been reckoned at about RM 100 thousand million at the beginning of 1945 on the basis of wage rates prevailing at that time.

In the last months of the war, German expenditure was running at the rate of RM 80 to 100 thousand million a year, and the sound principle under which at least half of it had been met out of taxation had gradually to be abandoned in favour of increased borrowing, and of that an increasing proportion was raised on short-term Treasury bills; it would have been Krosigk's opinion that the greater the danger to Germany and the greater the danger of inflation, the more it would have been possible to exact from the people in taxation.

In the spring of 1943 the Ministry of Finance had proposed a number of tax increases; discussions with the various Departments concerned - it should be remembered there was no Cabinet - had lasted into the summer of 1944 without any agreement having been reached, when the Ministry had to make drastic modifications in its proposals; even so, the draft proposals were not ready until later in the year, when the military situation had so worsened that they were never signed. In the winter of 1944-1945, still more drastic proposals had

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SECRET  
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SECRET

-2-

been put forward, including a ten-fold increase in the tax on tobacco, which would have brought e.g. cigarettes up to the Black Market price: this, it was claimed, would have been interpreted by the masses as inflation, and it had to be dropped, while, because of the delays involved, the remainder of the new bill never materialized.

ministry

The propaganda/ appears to have had an important say in the question and to have been sensitive to hostile propaganda on the subject of inflation. It was the Fuehrer himself who had forbidden the offer of war loans for public subscription throughout the war. Armament production proper had increased up to the middle of 1944 at the expense, of course of industrial production in general, but the price of armaments had not risen. Good cooperation between the contractors and the ministry's representatives on fiscal matters had been achieved, and in general only reasonable profits had been made; additional expenditure resulting principally out of air-raids - evacuation of workers and factories, dependents' allowances, etc., increased rapidly from 1943 onwards, and he had hoped to cover this out of the RM 20 thousand million of new taxes he had planned but failed to get through at that time. Money was only spent on business which could be brought back into war production or beneficially re-erected elsewhere.

Krosigk had not regarded State-subsidised "uneconomic" enterprises such as the Hermann Goering Werke and the synthetic industries as in preparation for a war of aggression under conditions of blockade, but simply as measures to make German industries independent of outside supplies, and his chief interest in them was to see that the money was not spent extravagantly - in the case of the H. G. Werke, thanks especially to the ability of Pleiger, he is quite satisfied that it was not. He was horrified at the prospect of war in 1939; there seemed little chance of Germany winning a long war against her potential enemies and they were getting on so nicely without it. But like other "technical" ministers he was never consulted on political matters which were wholly under the direction of the Fuehrer and a few of the Party leaders; the only responsibility of such ministers was to carry through the resulting orders and decrees as far as their ministries were concerned. Why had he not resigned? In the first place they had been bound to the Fuehrer by oath, and in the second place the Fuehrer, whose authority rested on a constitutional basis, had forbidden resignations.

The public protest achieved by ministerial resignations in a democratic country could not have resulted from a resignation in the Third Reich where no publicity would have been

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SECRET

SECRET

-3-

Moreover, and this had influenced him and some others of his friends before the war, to have resigned would have been to make room for a radical candidate and even more extremist administrative measures than were already in force. In war-time resignation would have been tantamount to desertion. He had remained at his post with little or no knowledge of high policy, foreign affairs or of the military situation.

He had last seen Hitler to speak to in 1937, in a cabinet meeting. He had collected and paid out the Church tax up to the end against the intermittent efforts of Party interests to prevent him; in general the Churches had not been subject to organised persecution. The authority of the clergy had varied from place to place according to the disposition of the Gauleiter; in some cases, such as Augsburg and Münster, the bishops had been allowed almost complete freedom. The Church, he believes, was at no time a centre of active opposition, though some of the few active opponents of the regime may have been influenced by religious considerations. Opposition had been principally found among officers and members of upper and middle class intelligentsia, who believed that Hitler and his associates were leading the country to ruin.

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