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Defendant Hjalmar Schacht

(Neumann rough draft, unedited)

Schacht first became internationally known when he was appointed, on 2 November 1923, Reich Currency Commissioner and, a few weeks later, president of the Reichsbank. With the support of the big business groups, with whom he was on intimate terms by virtue of his position as manager of the Darmstaedter und Nationalbank, he put into effect a scheme for stabilization of the mark.

At that time he supported a policy of fulfillment of German international financial obligations, under the Dawes Plan, and later, under the Young Plan. In fact, he had a leading part in the formulation of the Young Plan during the negotiations carried on in the spring of 1929. However, when a conference of German industrialists rejected the plan, he changed his position completely. On 7 March 1930, he resigned the presidency of the Reichsbank and engaged wholeheartedly in working for the Nazi Party and against the Weimar Republic.

He travelled extensively in foreign countries, and there propagandized for the Nazi cause. At the same time he criticized the German government's economic policies. In the spring of 1931 he declared to Dorothy Thompson that in case of a victory of the Nazi Party, economic and financial policies would be directed by him. In October 1931, he organized, together with Hugenberg and Thyssen, the meeting at Harzburg in which the National Socialists and the German Nationalists worked

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out an alliance. Goebbels called the defendant "one of the few who stand by the Fuehrer through thick and thin."^{1/} In a newspaper interview the defendant supported Hitler's candidacy for Reich Chancellor, and rejected the proposals to restrict any of his powers.^{2/}

In February 1933, shortly after being appointed Reich Chancellor, Hitler attended a meeting of German industrialists and promised to fight Communism. When he left, Schacht appealed to the guests to raise a 3 million Reich Mark election fund for the NSDAP and the German Nationalist Party.^{3/} A few weeks later, on 17 March 1933, the defendant was appointed president of the Reichsbank by Hitler. On 18 February 1937, due to a change of the Reichsbank Statute, the Reichsbank was placed directly under Hitler and the defendant thus assumed a still more powerful position. On 20 July 1934, he was charged with the control of the Reich Ministry of Economics. He held this position until 27 November 1937, the presidency of the Reichsbank until 20 January 1939. His resignations were the result of Hermann Goering's victory in their two-man contest

^{1/} See his diary entry of 29 November 1932 (Vom Kaiserhof zur Reichskanzlei, Muenchen, 1934.)

^{3/} Georg von Schnitzler's statement quoted in May 1945 report of U. S. Group C. C. Finance Division.

^{2/} Norbert Muehlen, Der Zauberer.

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for control of German economic life. Hitler appointed the defendant Minister without Portfolio to act as his personal advisor, but his official career under the Nazis was ended.

In his position as Reichsbank president the defendant, especially after 18 February 1937, was in charge of German currency and credit controls. This involved the issue of Reichsbank money and credit to finance German rearmament, which was made possible by the amendment of the Banking Act of 27 October 1933 and the direction of savings into public channels. It further involved control over foreign debts, utilized to suspend payment of capital and interest due for-
eign creditors. The defendant also controlled the institutions affiliated with the Reichsbank, namely the Golddiscontbank which subsidized exports, and the Konversionskasse which administered certain foreign debts.

As Minister of Economics, the defendant was in charge of German foreign trade and foreign exchange controls reorganized in accordance with the so-called New Plan of 1934 to serve Nazi economic preparations and as an instrument in the penetration and economic domination of smaller countries. He was in charge of the corporative organization of the German economy set up in accordance with the Law of February 1934 to serve as an instrument of State control over business and to coordinate governmental and private economic interests. He controlled the

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cartels, whose powers were increased under the Nazis, and directed the Reich Supervisory Office for Banking, an agency entrusted with control over German banking under the Reich Credit Law of 5 December 1934. Also he supervised measures adopted to divert part of corporation profits to the purchase of government bonds, and the use of government credit to expand the production of Ersatz materials.

The defendant made decisive contributions to the downfall of the Weimar Republic and to the Nazi Party's seizure of power. He played an equally important part in Germany's economic preparations for aggressive war.