

Hjalmar Schacht

By Paul Winkler

Nazi Economics

IT WAS WITH some skepticism that I read the reports that Dr. Hjalmar Greeley Schacht, former president of the Reichsbank, was supposed to have been killed in the present confused conflict in Germany. There have been unreliable reports at various times of Schacht's being in disfavor with the Nazis, and this latest story is also one which the informed will refrain from accepting until some genuine proof is given. The informed also will be likely to think that if it isn't true, that's too bad.

The reason why persons who are intimately acquainted with the developments in Germany might wish Schacht out of the way is that he represents a much greater danger for the future peace of the world than Hitler; for Hitler can no longer pull the wool over anyone's eyes, but Schacht perhaps could.

Schacht's Record

Dr. Schacht possesses a convenient alibi. He has been out of the presidency of the Reichsbank since January, 1939, and he had resigned from the position of minister of economics the preceding year. Thus he has not been officially and directly associated with the Nazi government during the whole course of the war.

But Schacht's retirement from a position in the front ranks of the German hierarchy was not due to any ideological dislike for Nazi methods. It resulted simply from personal disagreement with Hermann Goering as a result of certain events associated with the founding of the Hermann Goering Werke. A banking consortium with which Schacht had connections appears to have desired to secure for itself the mining rights which became the basis for this industrial empire. But Goering, aided by his position in the party and the state, succeeded in launching the Hermann Goering Werke as a personal concern, financed almost entirely, not by private bankers, but by the state. A clash concerning this matter resulted in Schacht's retirement from open control of Germany's economic affairs—but he was succeeded by Dr. Walter Funk, Schacht's protege, and it was generally understood in high German banking and heavy industrial circles that Schacht was still pulling the strings from behind the scenes.

It is notable that during the present crisis in Germany nothing has been said about the attitude of the men who control the heavy industries of the Ruhr. In the triumvirate, the Junkers, the army and the heavy industrialists, which has run Germany from behind the governmental facade for many years, whether that facade was the imperial government, the Weimar "republic" or the regime of the Nazis, the industrialists have usually preferred not to show their hand unnecessarily. Before Hitler came to power they usually applied their influence through intermediaries like Schacht.

Schacht had made up his mind about Nazism quite early in the game. The man who had been known as the "democratic financial wizard" of Germany; who had stabilized the mark; who was on the best of terms with Sir Montagu Norman and other leading figures of the financial world; who had been attacked early in his career by Nazis; who had represented Germany in many international financial conferences: this man, in March, 1930, suddenly resigned his position as president of the Reichsbank and declared his devotion to Hitler's cause in the fall of the same year.

Hitler's Goodwill Emissary

It was at this time that Schacht set out on a journey through various foreign countries, including America, ostensibly as a private citizen. He visited his friends in high banking circles, and to all of them he explained that their fears of the Nazis were groundless.

Schacht's 1930 resignation occurred in suspicious circumstances and eventually led to the major German financial crisis of 1931. From the time of his resignation on Schacht did everything possible to prepare for a totalitarian economic regime in Germany for which the financial crisis constituted an indispensable prelude. The moment Hitler came to power, Schacht returned to his old post as president of the Reichsbank, and became Germany's economic dictator. He was then able to organize Germany's economic structure on an autarchic basis. This was the necessary basis for Germany's advance towards war. It made possible the rapid rearmament of Germany.

During the war the securing of economic control over all Europe through such measures as taking over majority stock interests in the corporations of the occupied countries was carried out according to the blueprints prepared by Schacht. It was Walter Funk's well-trained staff marching in immediately behind the occupying armies, which actually carried out the transactions, but the brains behind Funk were still being supplied by Schacht.

If the world regards Germany today as dangerous, it is to a large extent because her plans to secure domination over the world inspire all her leaders, whoever these momentary leaders may be. In the economic domain, Dr. Schacht was one of the planners who created the fundamental danger, of which the executives represent only the superficial and temporary peril.