

Institut f. Zeitgeschichte
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ERKLAERUNG UNTER EID

ICH, PROF. DR. KARL MARIA HETTLAGE, NACHDEM ICH DARAUFGEMERKSAM GEMACHT WORDEN BIN, DASS ICH MICH WEGEN FALSCHER AUSSAGE STRAFBAR MACHE, STELLE HIERMIT UNTER EID FREIWILLIG UND OHNE ZWANG FOLGENDES FEST:

BETR. R O G E S ROHSTOFFHANDELSGESELLSCHAFT M.B.H.

1. DAS HAUSHALTSREFERAT DES PRODUKTIONSMINISTERIUMS (SPEERT), IN DEM ICH VON 1943 BIS ANFANG 1945 IN EHRENAMTLICHEM KRIEGSDIENST ARBEITETE, WURDE UNGEFAEHR ANFANG 1944 ERSTMALIG MIT DER BILANZ DER ROGES BEFASST. DAS STAMMKAPITAL DIESER REICHSGESELLSCHAFT WURDE VORHER VOM OBERKOMMANDO DER WEHRMACHT-OKW-VERTRETEN UND GING AUS HAUSHALTSRECHTLICHEN GRUENDEN AUF DAS PRODUKTIONSMINISTERIUM UEBER.
2. MIT DER VERWALTUNG DES STAMMKAPITALS DER ROGES WURDE DAS RUESTUNGSKONTOR GMBH. BEAUFTRAGT, WEIL DORT GEEIGNETE KAUFMAENNISCHE KRAEFTE VORHANDEN WAREN.
3. NACH DEN BESTIMMUNGEN DER REICHSHAUSHALTSORDNUNG HATTE DAS MINISTERIUM EINE ALLGEMEINE BILANZAUFSICHT AUSZUEBEN, DIE DAS REICH ALS GESELLSCHAFTER VOR KAPITALVERLUSTEN BEWAHREN SOLLTE. DIESE BILANZAUFSICHT WURDE VOM RUESTUNGSKONTOR AUFTRAGSGEMAESS WAHRGENOMMEN.
- MIT ANGELEGENHEITEN DER GESCHAEFTSFUEHRUNG DER ROGES WURDE DAS HAUSHALTSREFERAT DES MINISTERIUMS NICHT BEFASST.
4. DIE WAHRESBILANZEN DER ROGES WURDEN MIT IHREN UNTERLAGEN REGELMAESSIG VON DER DEUTSCHEN REVISIONS- UND TREUHAND AG. GEPRUEFT.
5. DIE ROGES HATTE EIN STAMMKAPITAL VON 1 MILL. REICHSMARK. DANEBEN VERFUEGTE SIE UEBER EIN GROESSERES BETRIEBSMITTELDARLEHN DES OKW, DAS 100 MILL. RM ERREICHTE ODER UEBERSTIEG. DIESES MISSVERHAELTNIS ZWISCHEN EIGENEN UND FREMDEN MITTELN WURDE VON DEM BILANZPRUEFER KRITISIERT. DIE GESCHAEFTSFUEHRUNG DER ROGES ERORTERTE DESHALB ENDE 1944 EINE ERHOEHUNG DES STAMMKAPITALS AUF ETWA 10 MILL. RM DURCH UMWANDLUNG VON RESERVEN ODER EINES TEILS DES OKW-DARLEHNS IN HAFTENDES GRUNDKAPITAL. DIESE MASSNAHME IST ABER MEINES WISSENS NICHT BESCHLOSSEN UND DURCHGEFUEHRT WORDEN.
6. AUB DEM HAUSHALT DES PRODUKTIONSMINISTERIUMS HAT DIE ROGES KEINE MITTEL ERHALTEN. SIE HAT MEINES WISSENS AUCH KEINE KREDITE BEI BANKEN AUFGENOMMEN. DIE ROGES WURDE VIELMEHR BIS ZUM KRIEGSENDE NUR AUS MITTELN DES OKW FINANZIERT.

7. DAS HAUSHALTSREFERAT DES PRODUKTIONSMINISTERIUMS
HAT DER ROGES KEINE WEISUNGEN ODER RICHTLINIEN FUER IHRE
GESCHAEFTLICHE TAETIGKEIT GEGEBEN. DERARTIGE RICHTLINIEN
ODER WEISUNGEN, INSBESONDERE FUER IHRE ANKAEUFE UND VERKAEUFE
HAT DIE ROGES MEINES WISSENS NUR VON DEN WARENLENKUNGS-
STELLEN DES REICHSWIRTSCHAFTSMINISTERIUMS ^{ERHALTEN} SO ZUM BEISPIEL
FUER EISEN UND STAHL VON DER REICHSTELLE FUER EISEN UND
METALLE.

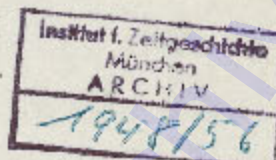
ICH HEBE JEDE DER ZWEI SEITEN DIESER ERKLAERUNG UNTEREID
SORGFAELTIG DURCHGELESEN, HABE DIE NOTWENDIGEN KORREKTUREN
IN MEINER EIGENEN HANDSCHRIFT VORGENOMMEN UND MIT MEINEM
ANFANGSBUCHSTABEN GEGENGEZEICHNET UND ERKLAERE HIERMIT UNTER
EID, DASS ICH IN DIESER ERKLAERUNG NACH MEINEM BESTEN WISSEN
UND GEWISSEN DIE REINE WAHRHEIT GESAGT HABE.

Emil M. Garslapp
⌋ UNTERSCHRIFT ⌋

25-320-3

STATEMENT UNDER OATH

OF Prof. Dr. Karl Maria HETTLAGE



(EXPLANATION: You are requested to complete this statement concisely with accuracy, and to the best of your knowledge and belief. After completion, you will be asked to swear to the truth of this statement. You will be held accountable for any untruth. You are to sign each page at the bottom. If the space provided for your answers is insufficient, note in the space provided that you are attaching additional pages. These additional pages should be headed with a reference to the number of the paragraph to which they refer).

Place of making statement: Muerenberg, 31 Dec. 1946.

BIOGRAPHICAL

1. My full name is: Karl Maria HETTLAGE
2. My birthdate is: 28 November 1902
3. My birthplace is: Essen (Ruhr)

ECONOMIC POSITION UNDER THE NAZI REGIME

4. On 30 January 1933, I hold the offices and positions in industrial or financial firms and enterprises, as indicated below:

Firm or Enterprise

Office or Position

None. At that time I was an administration official.

5. Between 30 January 1933 and 1 September 1939, I came to hold the additional offices and positions in industrial or financial firms and enterprises, as indicated below:

Firm or Enterprise

Office or Position

Time of

Appointment

None.

6. Between 30 January 1933 and 1 September 1939, I withdrew, or was removed, from the offices and positions in industrial or financial firms and enterprises, as indicated below:

Firm or Enterprise

Office or Position

Time of With-

drawal or Removal

None.

(signed) HETTLAGE

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7. Between 30 January 1933 and 1 September 1939 my income and total wealth increased or decreased as indicated below. (If there were particularly large changes during any particular year or any other particular period, state the reasons):

As an official I had a salary of RM. 23-25.000, which was increased by fees for scientific work (lectures etc.) to RM. 30-35.000. No essential changes since 1931/32.

8. Between 1 September 1939 and 1945, I came to hold additional offices and positions in industrial and financial enterprises, as indicated below:

<u>Firm or Enterprise</u>	<u>Office or Position</u>	<u>Time of Appointment</u>
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From the beginning of 1940.

Member of the Board of directors of the Commerz-Bank		
I was member of the curatorium of the Berlin Power and Light (Bewag) joint stock company		
of the Esplanade Hotel joint stock company in Berlin		
of the Hansabank joint stock company in Riga and Reval (Branch Offices of the Commerz-Bank)		
of the Wilhelm Winkler joint stock company (a family-enterprise)		
	Textile works at Halbau (Silesia)	

As of the middle of 1943, while on war service in the Ministry of Production as a Ministerial Expert for the financial control of the capital investments of the Reich, under the Reich budget decree, I was attached to the Board of Supervisors (Beirat) of the following enterprises: The Armament office (Ruestungskontor) Industry office (Industriekontor) Ltd., MONTAN Industriewerke Ltd, Heeres Ruestungs Kredit A.G. (as of 1944) Rohstoff Handelsgesellschaft Ltd., Generatorkraft Mittelwerk Ltd.

9. Between 1 September 1939 and 1945 I withdrew or was removed from the offices and positions in industrial and financial firms and enterprises, as indicated below:

<u>Firm or Enterprise</u>	<u>Office or Position</u>	<u>Time of withdrawal or Removal</u>
None.		

10. Between 1 September 1939 and 1945 my income and total wealth increased or decreased as indicated below. (If there were particularly large changes during any particular year or any other particular period, state the reasons):

By joining the Board of Directors of the Commerz-Bank in 1940 my regular income increased from about 25000 to gross 36000 RM. In addition there was a share depending on the profit the amount of which was not increased during the war. My former right to a civil service pension became invalid.

(signed) HETTLAGE

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There were only reduced amounts of revenue from scientific work (lectures, fees) and property revenues (inheritance).

I received no recompensation for my war-service as a Ministerial expert in the Production Ministry not even from associations of which the Ministry held shares.

In no respect do I owe an increase of my income to the Nazi regime, nor to war-conditions.

11. The reasons why my income and total wealth increased or decreased under the Nazi regime are:
12. Under the Nazi regime my economic position, influence and status increased or decreased for the reasons indicated below:

After my retirement from civil service on pressure of the Berlin Gauleitung of the Nazi Party, it became generally known that the Nazi Party fought me. When I joined the Board of Directors of the Commerz Bank at a later date, the bank did not get into contact with the Nazi Party. After my joining the Party repeatedly demanded the appointment of an additional Nazi-trustee to the Board of Directors. Similar requests had been complied with by the Dresdner Bank and - to a less far-reaching extent - by the Deutsche Bank. Up to the middle of 1944 (!) the Commerz Bank successfully opposed an old Party Member joining the Board of Directors, at that time the former manager of the Duesseldorf branch-office, HOEFERMANN, President of the local Board of Trade and the former personnel manager, HAMPF had to be accepted in the Board of Directors as trustees of the Nazi Party as a result of a written demand of the Party.

The Commerz Bank was always considered the most independent of the 5 large banking institutions which was not subject to Nazi influence.

INDUSTRIAL ORGANIZATIONS

13. Beginning with the year 1933, I was an official, advisor, or committee member or member of the following industrial trade, or other economic organizations for the period indicated (Include all positions in the "self-administrative" industrial organizations, such as the Reichsgruppe, Wirtschaftsgruppe, Chambers of Industry and Commerce, Industrial Associations, etc.):

<u>Organization</u>	<u>Position</u>	<u>From - To</u>
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No activity in economic associations.

14. Explain your duties and responsibilities for each of the positions listed in question 13 above.
15. State the nature and extent of the control and influence exercised by the "self-administrative" industrial

(signed) HETTLAGE

organizations (such organizations as Reichsgruppe, Wirtschaftsgruppe, Chambers of Industry and Commerce, Industrial Associations, etc.) upon firms and enterprises in which you were an official:

The consulting activity of the Economy Group "Private Banking Trade" was of no special importance to the affiliated banking institutions. Any influence or even control which constantly increased with the industrial self-administrative organs was unknown to the banking institutions.

16. In firms and enterprises in which I was an official, the persons indicated below had access to the directives, orders, and other publications of the so-called "self-administrative" industrial organizations:

All the employees of the bank had access to the circular letters of the Economy Group and of the Reich Group "Banking Institutions".

GENERAL BUSINESS CONDUCT

17. In addition to the controls described above, my business conduct was materially affected by direction or pressure placed upon me, or upon firms and enterprises of which I was a leading official, by representatives of the HITLER regime, as indicated below (Here describe any measures which you felt compelled to follow because representatives of the HITLER regime directed or suggested these measures to you or to firms and enterprises of which you were a leading official. State the full circumstances, indicating the names of the persons involved, the issues, the time and the consequences):

A committee was established in connection with BORNEANN's Party Chancellory for stricter political control of the banking institutions. Among other old Party Members Reichsbank Vice President Kurt LANGE was its trustee. In a letter dating from the end of 1944 he demanded of the chairman of the Board of Directors of the Commerz Bank the additional appointment of one more very old and very reliable Party Member for the Board of Directors of the Commerzbank - as had been demanded already at an earlier date from the Deutsche Bank and in particular from the Dresdner Bank. The demand was turned down.

The members of the Board of Directors of no other large banking institution displayed such an unanimously reserved and declining attitude as the members of the Commerz Bank. Apart from me another colleague refused to become a Party Member; the rest of the members of the Board of Directors became Party Members for official reasons in 1934 or later.

I have read over the answers given in the above statement, and herewith declare under oath that these answers are the full truth.

(signed) HETTLAGE

To the best of my knowledge and belief without any records to support my memory.

Sworn to before me this
day of 1946
atGermany.

(signed) Karl Maria HETTLAGE

CERTIFICATE OF TRANSLATION

10 February 1947

I, E. ROSENBERG, No. 20076, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the original document.

E. Rosenberg
E. ROSENBERG,
No. 20076

file
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Interview-Nr. 1179a



VERNEHMUNG

des Prof. Dr. Karl M. HETTLAGE
am 27.6.1947 von 14.00 - 14.30 Uhr
durch Mr. HEUSER.
Stenografin: TOCHERCH.

1. F. Ich habe hier eine Ihrer Notizen bekommen.
- A. Es lag mir daran, es Ihnen nochmals genau zu sagen. Deshalb habe ich es in Form einer Erklärung aufgestellt.
2. F. Ich habe hier eine eidesstattliche Erklärung, wenn Sie es durchlesen und unterschreiben wollen?
- A. Darf ich zu dem "Mitglied des SPERR-Ministeriums" sagen, dass ich zum Kriegsdienst eingezogen war. Statt Mitglied würde ich sagen, ehrenamtlicher Mitarbeiter. -
- Dann steht hier Gemeinschaftsunternehmen. KRUPP wollte kein Gemeinschaftsunternehmen, er wollte getrennt unternehmen, mit eigenen Leuten, eigenen Fabriken, eigenem Gewinn usw. in getrennten Räumen. Die Tendenz aller übrigen war, keine Trennung, das gibt nur Sonderunternehmungen, wir müssen es so organisieren, dass die beiden sich unter einem Dach vertragen. Es sollte ein Gemeinschaftsunternehmen sein unter der Firma Elmag, nicht KRUPP, in dem KRUPP zwar seine Leute oder Maschinen mitbrachte, aber alles als Elmag weitergeführt wurde. Der Leiter der KRUPP'schen Produktion sollte in den Vorstand mit eintreten.
3. F. Nicht umgekehrt?
- A. Es ist mir nicht bekannt, ob und welche Produktionen der Elmag später noch gemacht worden sind, ob die neben der KRUPP'schen Produktion noch eine eigene Produktion gehabt haben.
4. F. Es war sehr gering, die anderen Leute behaupten, dass die Produktion, so wie sie stand, weitergekauft ist.
- A. Auch unter Mitverantwortung der KRUPP'schen Herren?
5. F. Ja.

A. Das war anders, als vorgeschlagen war.

6. F. KROPP hat sich verantwortlich gemacht fuer die alte Elmag. -

Ich habe auch noch einen Auszug aus Ihrem Bericht gemacht, den ich gerne separat haette. Ob Sie damit einverstanden sind?

A. Darf ich fragen. Ich verstehe die Feststellung nicht, sie scheint mir ^{Hauptausschuesse} ganz selbstverstaendlich zu sein. Diese Organisationen sind gebildet worden von dem fruheren Ministerium fuer Bewaffnung und Munition schon vor meiner Taetigkeit als Referent und vor der Ernennung des neuen Minister SPEER. Sie sollten reine Selbstverwaltungsorganisationen der beteiligten Industriebetriebe sein. Sie hatten im Auftrage des Ministeriums bestimmte Produktionsprogramme durchzufuehren, z.B. das ~~Hauser~~ ^{Hauser}programm, das Munitionsprogramm, das Waffenprogramm. Was zu produzieren war, bestimmten die Wehrmachtteile als Auftraggeber im Einvernehmen mit den ^{Produktions} ~~Produktion~~seentern des SPEER-Ministeriums. Wie zu produzieren war, bestimmten ganz ueberwiegend die Industriellen in dieser Organisation, ihre Hauptausschuesse, Sonderausschuesse usw.

7. F. Was die also in ihren Hauptausschuessen gemacht haben, war nicht unbedingt vom SPEER-Ministerium angeordnet?

A. Doch, die waren nur Befehlsempfaenger oder Auftragsempfaenger des SPEER-Ministeriums. Sie waren Durchfuehrungsorgane des SPEER-Ministeriums.

8. F. Wie es durchgefuehrt werden sollte - - -

A. Wer das Halbfetige Fabrikat liefern sollte, das sollten die Industriellen alles alleine unter sich ausmachen. Ich bin mit den Dingen nicht befasst worden, habe nicht genugend Einblick bekommen, um das zu sagen.

Z.B. wo wieder aufgebaut werden sollte, bestimmten praktisch diese Ausschuesse. Die hatten verschiedene Vorsitze, ihren Hauptausschuss fuer Waffen und Munition oder fuer Kraftfahrzeuge. Darunter gab es wieder Sonderausschuesse fuer Lastwagen, Personenwagen und wieder Unterausschuesse.

9. F. Das ist das, was ich feststellen wollte.

A. Sie wurden aber nur auf Initiative des Ministeriums und fuer Zwecke

des Ministeriums gebildet. Sie waren tatsaechlich Vollzugsorgane des Ministeriums, aber beauftragte Selbstorganisationen der Industrie. In Deutschland nennen wir das Auftragsverwaltung durch Selbstverwaltungs-koerper.

10.F. Vielleicht koennen wir das etwas besser formulieren.

A. Sie waren Organisationen, etwas selbstaendiger, ausserhalb des Ministeriums stehend. Sie waren vollkommen an die Weisungen des Ministeriums gebunden. Sie sollten das Wie der Produktion selbst bestimmen, das Was der Produktion war ihnen vollkommen entzogen.

11.F. Ich stelle die Erklaerung noch mal auf, diese ergibt nicht das Ganze.

A. Hier gibt es noch kompetentere Leute, die das alles viel besser wissen und beurteilen koennen. Fragen Sie mal SAUER und SCHIEBER, die haben das auch gemacht.

12.F. Das ist alles fuer heute.

WAR DEPARTMENT HISTORICAL COMMISSION
WAR DEPARTMENT SPECIAL STAFF
HISTORICAL DIVISION

HISTORICAL REPORT

Institut für Zeitgeschichte	
Akz. 46377	Bez. 25 920
Rep. /	

SOURCE: Prof. Dr. Karl M. HETTLAGE, Special Financial Adviser to
Albert Speer, German Minister for Armament and War Production.

PLACE: MISC -- USFET

DATE: 1 Oct 1945

PREPARED BY: Lt. Col. O. J. Hale

IMPRESSIONS OF THE REICH MINISTRY OF FINANCE AND THE
ATTITUDE OF THE NAZI PARTY TOWARD FINANCIAL PROBLEMS.

C O N T E N T S

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Ministry of Finance.
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Armed Forces.
- VI. Career Officials of the Reich Ministry of Finance.
- VII. The Attitude of the Nazi Party Toward Financial
Leaders and Institutions.

I. Personal Note

From 1931 to 1935 I served as an official (Beigeordneter) of the Deutsche Stadtetag (Association of German Municipalities). My work consisted in preparing studies on problems of communal finance. Because of my special knowledge in this field I was appointed Treasurer (Kammerer) for the City of Berlin in 1935. In 1940, because of basic differences of opinion and at the insistence of the Nazi Party leaders of the Berlin district, I gave up this position.

Among the municipal councillors of the city of Berlin I was the only one who was not a Party member. Nor did I become a Party member at any later time.

In 1940 I became a member of the board of directors of the Commerzbank, a position which I still hold.

Because of my knowledge of the finances of the City of Berlin Mr. Speer, who was at that time Inspector General for the Reconstruction of Berlin, asked me to place myself at his disposal informally as a consultant on questions of finance. As a result of this connection, Mr. Speer requested me during the latter part of 1942, after he had been appointed Minister of War Production, to take up as war service a similar type of activity in the administrative finance division of his ministry. The work in my office was placed under the ministry's central administrative bureau. My official superiors were Oberbürgermeister Liebel and, since December 1944, Dr. Hupfauer. During my work with the Association of German Municipalities and with the city administration of Berlin, and also during my war service with the Speer ministry, I was able to form certain general impressions concerning the Reich Ministry of Finance and its work, which I shall record in the following memorandum.

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My work brought me chiefly into contact with the communal affairs division of the Reich Ministry of Interior, which also handled the financial problems of the city of Berlin. The chief of this division, until 1933, was Ministerialdirektor Dr. von Leyden, who was succeeded by Ministerialdirektor Dr. Suren. The specialists for communal finance problems were the following Ministerialrate: Dr. Bucha, Hoffmann, Dr. Loschelder and Lindig, who was my successor as Treasurer of the City of Berlin.

My relations with the Reich Ministry of Finance were less definite. The specialists with whom I had contact were Ministerialdirektor Dr. Olscher, who was at that time chief of the Budget Division of the Ministry and later a member of the board of directors of the Reichskreditgesellschaft; and Ministerialrat Dr. Markull and, after his death Dr. Augustin, former mayor of Charlottenburg. Questions of communal debt administration were handled by Ministerialdirigent Dr. Bayrhofer. It was with him that I chiefly discussed problems bearing on the general situation of the finances of the national government. The financial affairs of the City of Berlin were completely dependent, as was the entire German banking system, upon the administration of German national finance. The problems discussed, therefore, included chiefly the development of the national debt, techniques and conditions of new loans, and the relations between tax burdens and war finance. The slogan "Kanonen statt Butter" (Guns instead of butter) was a severe headache for all leaders of finance ever since 1937.

It was on the basis of these contacts that my impressions of the general attitude and work of the Reich Ministry of Finance were formed. They must therefore be evaluated as those of an outsider.

II. The General Attitude Prevailing in the Reich Ministry of Finance

Any Ministry will be found to reveal a certain typical attitude. This attitude will be determined by the personality of the Minister, if he is original and forceful enough, or by the established tradition of the Ministry. It was my impression that in the Reich Ministry of Finance the effect of the tradition was stronger than the personality of the Minister. The State Secretary in the Ministry, who was a Party man, was in constant opposition to this spirit. The Ministry of Finance had inherited from the former Reich Treasury a basic attitude which differed somewhat from that of the Prussian Ministry of Finance. The latter clearly exemplified the former tradition of Prussian administration, and its manner of thinking on fiscal problems. There the emphasis in financial policy was placed on the careful balancing of state income and expenditures and upon a conservative bureaucratic administration of the property of state, especially the lands and forests. It was not a coincidence that in Prussia even the personnel records of the highest officials of the government were handled by the Ministry of Finance.

The Reich Ministry of Finance, on the contrary, did not give the same weight to such strictly fiscal matters. The fundamental orientation of this Ministry seemed preeminently determined by questions of taxation policy and questions bearing on the relationship of taxation to the country's social economy. Equal care was not devoted to the general budget or to its expenditure columns and the administration of the property of the Reich. In supervising economic enterprises throughout the country, the Ministry obviously regarded it as important to avoid being suspected of tendencies in the direction of Prussian bureaucracy or--even worse--state socialism. Thus the prevailing attitude and the methods of operation of the leading government enterprise--VIAG, Vereinigte Industrie Unternehmen, holding company for the State-owned industrial enterprises in electronics, aluminum production, etc.--hardly differed from those of a private concern.

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III. Minister and Secretary of State

At first the Reich Ministry of Finance was not affected as greatly as the other ministries by the changes that occurred in 1933. The Minister, Count Schwerin von Krosigk, remained in this position and finally proved to be the only Reich Minister who remained in office from the Papen cabinet until the end of the war. He was manifestly valued above all as a professional expert, a fact which was attested by his years of service in the Finance Ministry. As a result of his earlier experience as director of the budget he was acquainted with all the financial difficulties of the Reich and with all the methods and possibilities so far taken into account to relieve them. He possessed a mastery, above all, of the techniques and apparatus of finance. With a view to "Gleichschaltung" (political coordination) of the Ministry, Reinhardt, an old Party member was installed as State Secretary. Reinhardt had formerly been a teacher at a school for accounting and taxation procedure in Thuringia. Following the general principles laid down, he dismissed members of former opposition parties from the service. At his suggestion a majority of leading officials were taken over later as a group into the NSDAP. The State Secretary actually had the final decision in personnel matters and he also maintained liaison with the Party Chancellery (Bormann).

The Minister himself was not regarded as a politically powerful personality capable of offering energetic resistance to an increasing tendency toward expenditures in all branches of the government. He was suspect for his connections with conservative circles among the nobility and high persons of the church. In his fiscal policy, presumably more or less under the influence of State Secretary Reinhardt, he followed the path of least resistance. Thus he was unable, for instance, successfully to defend before the Party Chancellery the absolute necessity of tax increases for the great mass of taxpayers in the lower and intermediate income brackets. It is said that since 1937 he was no longer received to present his views before Adolf Hitler. Whenever it proved impossible to come to an agreement with all the Reich ministries concerned in any given measure affecting financial policy, i.e., the Reich Minister of Economy and the Price Commissioner, it was State Secretary Reinhardt, who, in view of his better political relations with the Party Chancellery, obtained Bormann's views on the subject. The Minister himself ordinarily made use in such instances of official channels through the office of the Chief of the Reich Chancellery, Reich Minister Lammers, requesting a final decision by Adolf Hitler.

According to my own personal impression, State Secretary Reinhardt was the final authority in the Ministry in political matters. Aside from matters of personnel and organization, he devoted his attention chiefly to the problems of taxation. The work he enjoyed most was to train tax officials, and he delivered many lectures and wrote numbers of stereotyped text books on accounting and taxation procedures. He also organized training schools in fiscal affairs. He is probably responsible more than anyone else for the special treatment said to have been accorded to high Party leaders in matters of taxation.

IV. Relations with Reich Minister of Finance Dr. Schacht and Dr. Popitz

Aside from the nature of relations between the Reich Minister of Finance and State Secretary Reinhardt, public discussion tended to bear chiefly on his relations with Dr. Schacht, at that time President of the Reichsbank, and Dr. Popitz, the Prussian Minister of Finance. On these relationships I was not in the position to form impressions of my own:

Dr. Schacht was regarded as originator of all political measures of finance and all solutions of problems involving the technique of finance, throughout his term of office. He was unquestionably the dominating and influential individual in this field. During the beginning of his term of office, after 1933, he also exerted very considerable political influence. He was probably the only financier to exert any measure of influence on the decisions of Adolf Hitler and to

be regarded by him, at least for the time being, as politically dependable. The devising of the special work creation drafts (Arbeitsbeschaffungswechsel), Mero draft, and the special loan form designed for the liquid reserves of the savings banks--measures which provided the Reich with additional credits for public works and armaments--were almost universally ascribed to the initiative of Dr. Schacht. Relations between Dr. Schacht and the Reich Minister of Finance were determined by the former's critical-dialectic method. It was said of the Reich Minister of Finance that he avoided critical discussions with Dr. Schacht. Schacht himself regarded the Minister of Finance as the chief of an administrative agency rather than as a financial policy maker.

Not much different was the personal attitude of the Prussian Minister of Finance, Dr. Popitz, toward Count Schwerin von Krosigk. Popitz had been for some years State Secretary in the Reich Ministry of Finance, and during that time Von Krosigk, then a Ministerialdirektor, had been his subordinate. Popitz was regarded as the most capable and intelligent mind in the Ministry, where he was the driving force. In 1933 he was appointed Prussian Minister of Finance by Goring, who was at that time Minister President of Prussia. Popitz was at first regarded as politically acceptable, perhaps in a large measure due to the fact that he provided the means for Goring's pet projects, such as the state theater and the development of the Schorfheide project. It was owing to this special position occupied by Popitz that until 20.7.1944 the Prussian Ministry of Finance remained as the only Prussian Ministry that was not merged with the corresponding Reich agency.

At an early period Popitz developed into a severe critic of Nazi policy. He entered into close relations with the men engaged in the plot of 20 July 1944, especially Mayor Goerdeler and Col. Gen. Beck. After the collapse of the Putsch he was condemned to death and executed.

Popitz, likewise, regarded the Reich Minister of Finance as a pliable man; and in matters of Prussian finance it was reported that he frequently opposed him successfully.

V. Reich Minister of Finance and Expenditures for the Armed Forces

In my own opinion the most disastrous measure of public finance taken since 1933 was the abandonment of the budget plan for expenditures upon the armed forces. Even after the parliamentary method of examining the budget, under the Weimer constitution, was abandoned, all Reich expenditures had to be presented as estimates, strictly according to purpose and amount, and this budget had to be approved by the Reich government. The budget was prepared by the Reich Minister of finance after Discussion with the various Reich agencies concerned. In cases of disagreement with one of the other Reich ministries concerning its budget, the Minister of Finance was in many instances compelled to give in for political reasons. As a result of the more direct and more satisfactory political relations maintained by the other ministers with Adolf Hitler or with Bormann, his opposition was bound as a rule to remain ineffective.

At the beginning of German rearmament Hitler ordered (or by "decree" of the Reich government) that the Minister of Finance would no longer have a voice in the approval of expenditures for the Wehrmacht. As a result, the position of the Reich Minister of Finance was reduced to that of a mere procurer of money and bookkeeper, so far as the most important part of the Reich budget was concerned. I have no knowledge as to how this order came into being. Nevertheless, every financier was now perfectly aware that it would no longer be possible to exercise any sort of control over the amount and purpose of expenditures for the armed forces, at least from an economic and financial standpoint. There was every reason to anticipate that the armed forces themselves would not proceed very carefully and economically in expending the funds placed at their disposal. Their chief interest was to be able to report as completed within the assigned time limits whatever measures had been entrusted to them. Since this time--and not just since the beginning of the war--"money did not matter any longer".

The bad effects of this abolishment of budgetary control over expenditures for the armed forces were further increased by the fact that each branch of the armed forces (Army, Navy, and Air Force) determined its own expenditures and in doing so went its own way. There was no coordination by the OKW. This created a situation in which each branch of the armed forces applied different principles in financing its armament projects and orders. The Luftwaffe based its financial operations on the Bank der deutschen Luftfahrt (Bank of German Aviation). Later, in 1943, the Army followed a similar course of procedure and established the Heeresrüstungs-Kredit-AG (Armament Credit Company) in cooperation with the Deutschen Industriebank (German Industries Bank).

In actual practice, the activities of the Reich Minister of Finance were restricted to receiving reports from the branches of the armed forces as to their financial requirements, and thereupon to procure the necessary funds by means of taxation or credits. There was no possibility any longer of formulating a comprehensive Reich financial policy with emphasis upon the limitation and control of the expenditure side of the Reich budget.

It may be that other countries engaged in the war likewise relieved the armed forces of all budgetary control as well as responsibility to the Minister of Finance. As a pre-war measure, together with financial autonomy accorded to each branch of the Wehrmacht, this action, taken in Germany, may well be without precedent in the history of Finance.

I have no information as to whether and in what manner there was any accounting of expenditures submitted by the armed forces to the Reich Minister of Finance and to what extent accountings were submitted to and checked by the Rechnungshof (supreme accounting authority) of the German Reich.

The expenditures of the Reich Ministry of War Production were approved each year by the Finance Ministry, either in the ordinary or extraordinary budget, as in the case of all other civilian agencies.

Expenditures for extension of war production and the financing of armament orders were borne exclusively by three branches of the armed forces. No such expenditures were contained in the budget of the Ministry of War Production.

VI. Career Officials and Employees of the Reich Ministry of Finance.

Despite all the influence exerted by the Nazi Party, the officials and employees of the Reich Ministry of Finance maintained, with only a few exceptions, so far as I am aware, a creditable level of professional competence and personal integrity. So far as my own personal observation went, at any rate, I never observed that the basic ethical attitude and realistic insight required of competent financial officials was seriously impaired. To be sure, in this Ministry as in others, decisions no doubt were reached on the basis of tactical political considerations rather than objective, purely factual considerations. This holds true, above all, of the treatment of the taxation affairs of leading Party members. It seems to me that the nucleus of the financial officialdom remained clean and intellectually sound.

From personal conversations with some of the higher officials of the Ministry I have reached the conclusion that these men, at any rate, could not be described as pro-Nazi, no matter how rigid the criteria applied. I have in mind here especially those whose general attitude was determined by philosophic or religious convictions, as for instance, Ministerialdirigent Dr. Bayrhofer and Ministerialrat Dr. Franken.

VII. The Attitude of the Nazi Party Toward Financial Leaders and Institutions

I happen to know that in a number of instances officials of the Reich Ministry of Finance have called attention in writing to the dangerous effects

of the war and methods of financing the war upon German economic life, and above all on the position of the German currency. I do not believe, however, that these warnings, if the Reich Minister of Finance considered them at all, exerted any influence whatever upon the political leadership of the Reich.

It was a matter of principle with Adolf Hitler and the entire Party leadership to distrust any of the men concerned with the administration of finance and banking. They were regarded by their nature as politically unreliable and secret or open saboteurs. According to the well-known dictum, computation and calculation were regarded as the beginning of anti-state activity.

The leading banks were spied upon by agents of the SD and the SS. A similar supervision was exercised by the Betriebsobmann in each bank and by the Fachgruppe Banking and Insurance of the German Labor Front, which was under the direction of a Party member, Mr. Lencer. A number of members of the boards of directors of the leading banks (myself, for instance) were frankly told by these men that they were regarded as opponents of the Nazi party. This attitude of the Party toward leading men of the German banking world finally resulted, during the second half of 1944 in an energetic intervention on the part of Bormann and the Party Chancellery, acting at the instigation of a small group of Nazi banking people (Lencer, Kurt Lange, Hunke, Avieny, etc.). The boards of directors and the managerial boards of the leading banks were infiltrated with "reliable Party members". Thus Dr. Hunke, Gau Economic Adviser for the Gau Berlin, was placed on the board of the Deutsche Bank. Similarly, in the Dresdener Bank, in addition to Dr. Luer and Dr. Rasche, three old established Party members and Gau Economic Advisers were appointed to the managerial board. At the Commerzbank, where the writer himself is one of the directors, the Party insisted upon the appointment to the managerial board, of two "reliable Party members", the president of the Gauwirtschaftskammer of Dusseldorf and the director of the Bank personnel division, and three old Party members to the board of directors. Above and beyond that, the Party presented a written demand that the Commerzbank should complete this measure of political penetration by admitting a very old and particularly reliable Party member to the directorate.

The economic group surrounding Himmler, the Reich Leader of the SS, included, as far as I am aware, only a small number of financiers or bankers. Those known to me were Dr. Rasche of the Dresdener Bank; Ritter von Halt, of the Deutsche Bank; and Dr. Olscher, of the Viag and Reichs-Credit-Gesellschaft. The same group included Friedrich Reinhart, the former president of the board of the Commerzbank. After his death in 1942, no other member of the Commerzbank was invited into this circle. Membership in this particular group of leading men from German economic life seemed to have consisted mainly of a monthly dinner followed by general discussion in which Himmler himself sometimes participated.

Generally speaking, the attitude of the Nazi Party toward bankers and financiers can best be characterized by quoting a remark by Adolf Hitler, who said on one occasion that the ancient Romans were right when they created in the person of Mercury a common god representing money lenders, thieves and prostitutes.

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