
Hjalmar Horace Greeley Schacht

Adolf Hitler's 'Respectable' Banker

by Nancy Spannaus

When one thinks of the great Nazi criminals these days, one does not generally think of bankers. Yet, in the Nuremberg Tribunals which were held after Nazi Germany's defeat in 1945, the U.S. prosecution argued forcefully for the idea that the Nazi crimes were the result of a *criminal conspiracy*, led by bankers and industrialists, who set in motion, and collaborated with the military, the ideologues, and the thugs, to carry out aggressive wars, and crimes against humanity. Justice Robert Jackson said in his opening statement to the Tribunal:

"The case as presented by the United States will be concerned with the brains and authority in back of all the crimes. These defendants were men of a station and rank which does not soil its own hands with blood. They were men who knew how to use lesser folks as tools. We want to reach the planners and designers, the inciters and leaders with whose evil architecture the world would not have been for so long scourged with the violence and lawlessness, and wracked with the agonies and convulsions of this terrible war. . . ."

One of those key "men of rank" whom the United States insisted upon prosecuting, against the objections of the British, was a high-level banker indeed. His name was Hjalmar Horace Greeley Schacht, a banker who had consorted with the international banking elite in London and the United States from the early 1900s on, and had served on the board of the Bank for International Settlements, an institution of which he claimed to be the intellectual author. Within Germany, this same Schacht served as chairman of the Reichsbank during 1923-29, and 1933-39. Between 1934 and 1937 Schacht held the position of Economics Minister in Hitler's government as well, and remained even after leaving the Reichsbank, as Minister without Portfolio until 1943.

Justice Jackson and the planners of the Nuremberg Tribunal were convinced that Schacht was a crucial player in creating and implementing the conspiracy that led to the hideous crimes of Hitler's Third Reich, a conspiracy that actually began as early as Schacht's role in the pre-Hitler period. In his summation of the case against the Major War Criminals, he singled out Schacht as "the most dangerous and reprehensible type of all opportunists," someone who would use a Hitler for his own ends, and then claim, after Hitler was defeated, to have been against him all the time. He was part of a movement "that he knew was wrong" because he saw it "winning." Jack-

son ridiculed Schacht's claim to be an "honorable man," stating that it was he, while claiming to despise Hitler, who "armed Hitler to blackmail a continent."

Schacht, said Jackson, "boasts that he would have shot Hitler if he had the opportunity, but German newsreel shows that, even after the fall of France, he stepped out of line to grasp the hand of the man he now claims to loathe and hung on the words of the man he now says he thought unworthy of belief." If Schacht did not believe in the Nazis, it made his working for them in his position of minister that much worse, because, in Jackson's words, he gave "credibility," especially in international circles, to the Hitler regime. His alleged distaste for the Nazis and Hitler, said Jackson, was that of a "Brahmin among the untouchables—he could not bear to mingle with the Nazis socially," but still worked for them as a member of a criminal regime. His opposition to the Nazis and Hitler, which Schacht spoke of with the skill of a sophist during the trial, was "over tactics, not principles. . . . While he may have disagreed with his Nazi confederates about what was expedient in reaching their goal, he never dissented from the goal itself." Not to convict this man would be a travesty of justice, Jackson argued.

But a ruling by the Tribunal to limit the scope of the conspiracy to 1937-45, and to restrict the charge to the "planning of concrete crimes" for which evidence could be presented, in effect, prevented prosecutions for crimes committed before Hitler launched war in 1939, and saved defendants such as Schacht and von Papen from harsh punishment. The fact that Schacht had set in motion the economic policies which led to the Nazi war crimes, was not able to be used effectively, and Schacht was acquitted by the Tribunal, against the votes of the Russians and the Americans.

Schacht's Actual Role

To those with any knowledge, of course, it was clear that Adolf Hitler would probably never have come to power without Hjalmar Schacht. When Schacht left the Reichsbank in 1929, soon after the adoption of the Young Plan and the new round of murderous reparations being demanded of the German government, he devoted himself assiduously to bringing the Nazis, and specifically Hitler, to power.

In promoting Hitler, Schacht knew precisely what he was doing. He had read *Mein Kampf* with enthusiasm in the early 1930s, and wrote in his Memoirs: "What struck me was how persuaded the man was that his views were right, and how very determined he was to put those views into actual practice." Schacht worked closely to mobilize among the industrialists, with the determination that, when Hitler was brought to power, he, Schacht, could take over economic policy for Germany.

Hitler became Chancellor on Jan. 30, 1933. By March 17, Schacht had once again been made chairman of the Reichsbank. In 1934, after the populist Sturmabteilung (SA) had been purged, Schacht became Hitler's Minister of Eco-



Hjalmar Schacht with Hitler in 1934, at the laying of the foundation stone for the new Reichsbank building.

nomics. Equally important for Hitler was the fact that Schacht, as part of the international Synarchist bankers' club, brought him a patina of international "respectability," or at least tolerance.

The first phase of Schacht's program for Hitler consisted of public works slave-labor, an alleged response to the massive unemployment which had ravaged the German population, and made them desperate for a "strong man" to take control. Key to this program's success was the fact that it was implemented in tandem with a brutal suppression of labor unions and political associations, enforced by the Nazi state.

At the same time, Schacht moved rapidly to create the "credit" for restarting industry, specifically the armaments industry. He created a corporate front group comprised of the Reichsbank, the Ministry of Defense, and the four major armaments producers, which issued MEFO bills that were backed by the government. At the same time, Schacht used his international financial connections to bargain for raw materials, even as he cut back on debt payments to foreign creditors.

The Crux of the System: Primitive Accumulation

The key to Schacht's economic system (as to that of his followers today) was the policy of "primitive accumulation" against the living standards of the population, and the productive apparatus of the nation. In other words, in order to fund war production, in particular, Schacht was determined to pay less than the amount necessary to sustain the labor force, and

the productive power of industry. He was able to get away with this policy because the Nazi state had the police power to enforce a genocidal policy, which would otherwise have led to popular revolt.

Thus, he was one of those whom Justice Jackson described as refusing to soil their own hands with blood, even disdaining the "barbarians" whom they employed to carry out their dirty work, but who had moral and political responsibility for what they did.

Schacht's accomplishment in looting labor in Germany was impressive. Yes, there was full employment: In fact, eventually a worker was not allowed to leave his job. But under the government's diktat, the recompense for employment went down, and down, and down.

For example, wage rates were fixed by Schacht through the state-appointed Trustees of Labor at the depression level of 1933, a level that was one-half of the weekly earning of 1928. On top of that, there were a slew of deductions taken out of the workers' pay. These included "old age insurance" dues to the Labor Front, "Strength through Joy," and other "voluntary" contributions such as those to the Nazi Party. Then there was the outright swindle of the "Volkswagen" contribution, by which every worker was to pay to get his own car, although not a single car was delivered during the Nazi years (a precursor of Bush's "ownership society"?). In the mid-'30s, it was estimated that taxes and contributions took from 15 to 35% of a worker's gross wage.

Nor were the cuts in living standards simply reflected in wage payments. Schacht's policies also called for cutbacks in investment in education, in hospitals, and in quality consumer goods. The fact that these cutbacks began with certain categories of the population whom the Nazis had demonized—the Jews, the gypsies, the communists, and foreigners—did not really bother Schacht, although he claimed to oppose Hitler's racist views.

Some useful infrastructure was built by Schacht's programs, of course. The Autobahn and dams were built, swamps were drained, and other structures were built, especially those that would be useful for the war economy. The policy was known as *Primitivarbeit*, a concept which called for low-technology labor, even hand-labor, so as not to "waste" scarce machinery and other resources required for the armaments industry. However, this "productive" industry amounted to only about 20% of the Nazi economy, while the other 80% went into the military.

What Schacht was famous for, was not only "solving unemployment," but "fighting inflation." The method for this was simple: To pay for the monetary inflation, Schacht simply gouged that amount out of the flesh and bone of the productive economy. That's the very same policy which his modern-day followers, Milton Friedman, George Shultz, and others, carried out in Pinochet's Chile, and wish to carry out in the United States today.

Schacht's policies of looting German labor and plant and

equipment had limits, of course, and he was fully aware of them. It was clear that Germany was going to have to acquire resources from other nations. The fact that Hitler determined to take these resources by force, to conscript the workforces of Eastern Europe into German factories, to seize the factories and raw materials, and to set up work camps that would work prisoners to death and cannibalize their bodies for “useful” parts, may not have been Schacht’s idea, but it was the lawful result of his economic system.

Hitler himself explained the relationship in an Oct. 15, 1941 remark to his Berchtesgarden cronies: “Even to Schacht, I had to begin by explaining this elementary truth: that the essential cause of the stability of our currency was to be sought for in our concentration camps.”

Schachtianism Was Never Defeated

It is not surprising that Schacht was not convicted of the *criminal conspiracy* of which he was accused at Nuremberg; his economic policy was shared by a very powerful pool of international bankers, starting with Montagu Norman, governor of the Bank of England, and including even powerful American financiers such as the Morgans, the Mellons, and the Harrimans. As Will Wertz pointed out in a recent article on the Nazi cartels (*EIR*, Jan. 21, 2005), these bankers not only played a crucial role in bringing Hitler to power, but were committed to a global fascist system. To have been complete, the Nuremberg Tribunal would have had to deal not only with Schacht, but the international bankers’ cabal of which he was part.

Worse yet, the economic theories of Schacht have been preserved wholesale within the economics profession, and business schools, of Western society, although allegedly divorced from their “jackboot” enforcement methods. This point was dramatized during the early 1970s, when so-called liberal, anti-war economists such as Queens College’s Abba Lerner came out defending the brutal Schachtian austerity programs being imposed by the International Monetary Fund around the world. In a famous debate in late 1971, Lyndon LaRouche provoked Lerner to the point that the professor endorsed Schacht’s policies *during the Hitler period as well as now*. Lerner claimed that if the Germans had followed Schacht’s policies, Hitler “would not have been necessary.”

Today, even that liberal cover has been ripped aside, as the full Schachtian assault on labor and living standards is under way. The question remains: Will the modern-day Schachts be stopped?

Further documentation for this precis can be found in The Hitler Book, edited by Helga Zepp-LaRouche, and published by the Schiller Institute in 1984, and The Ugly Truth About Milton Friedman, by Lyndon LaRouche and David P. Goldman (New York: New Benjamin Franklin House, 1980).

Wall Street’s Eyes On Social Security Loot

by Richard Freeman

In the Bush Administration’s hell-bent-for-leather drive for Social Security privatization, one unrelenting reality stands out: If Bush forces privatization through, hundreds of billions, and soon trillions, of dollars will flow into the coffers and accounts of the largest Wall Street, Boston, City of London, and related banks, in the biggest financial bonanza since the 1840s Gold Rush.

These wealthy financial institutions, and the oligarchical families that own them, have, in their own name and through cut-outs like the Mont Pelerin Society’s Cato Institute, single-mindedly driven privatization: They have opened up their deep wallets to finance the multi-hundred-million-dollar-a-year campaign for privatization. They have directly crafted and specified the key financial features of the reports and the proposed legislation on privatization.

The overseer of this drive has been George Shultz, the modern-day Hjalmar Schacht. The world financial system, overhung with \$300 trillion in derivatives, racked by crises at Fannie Mae and Freddie Mac, the U.S. Federal and current-account deficits, and the like, is bankrupt. Shultz’s group and allied super-wealthy circles desperately need to get Social Security’s funds into the markets—to get their hands on the world’s largest cash flow.

In carrying out this gambit, the financiers believe that charity begins at home: They will siphon off hundreds of billions of dollars in a variety of fees that will be applied to the newly created private accounts: administrative fees, management commissions, advisory fees, custodial fees, etc. This is what was done in Gen. Augusto Pinochet’s Chilean model of social security privatization, imposed by Shultz’s “Chicago Boys” economists. There, fees gouged 15-30% of the workers’ private accounts. Indeed, a recent study puts the cumulative amount of fees to be collected in U.S. privatization at a rate only slightly lower than that in Chile.

Nineteen financial firms are identified as either actively organizing to impose privatization upon the United States, and/or preferring services best suited to privatization. Not accidentally, they feature the most powerful banks and insurance companies in the United States. They have the most to gain from privatization, and the most to lose from a global financial breakdown. These are: Alliance Capital (Axa Insurance); American Express; American International Group insurance; Barclays, PLC; Citicorp/Salomon Smith Barney; Deutsche Bank; Fidelity Investments; Goldman Sachs; Ed-