The Prosecution of Hjalmar Schacht
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Professor James Morrison
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“Is Hjalmar Schacht guilty?”
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We have neither given nor received unauthorized aid on this assignment. -Chime Dolma and Nestor Martinez
**Issue**

Is Hjalmar Schacht guilty of crimes against peace and crimes against humanity for the roles he played during the time of Third Reich (1933-1945)?

**Background**

Hjalmar Schacht served as Commissioner of Currency and President of the Reichsbank from 1923 to 1930. In December of 1930, already a well-known economist and banker, Schacht met Hermann Goering. Not soon after, in early 1931, he met Adolf Hitler for the first time and was soon introduced into the top financial and leadership circles of the Nazi Party.¹

In July of 1932, using his influence and prestige, Schacht asked Franz von Papen, then chancellor of Germany, to step down in an effort to have Hitler take the chancellery. Of his progress, he wrote to Hitler in November of 1932, stating: “We are trying to secure a large number of signatures among the industrial circles to ensure your appointment to this post.”² Furthermore, Schacht was responsible for amassing large amounts of funds for the pre-election campaign of the Nazi Party in February of 1933.

Following the success of the Nazi Party in the elections of 1933, Schacht was appointed once more to the position of President of the Reichsbank in March of 1933, an institution which he considered “none other than a National Socialist [one].”³ Roughly one year later, in August of 1934, Schacht was appointed as Reich Minister of Economy, specifically charged with “the task of carrying out the economic preparation for war.” Under a secret law passed in May of 1935, Schacht was appointed to the position of Plenipotentiary General for War Economy, whose task it was to “place all economic resources in the service of warfare.”⁴

Schacht was Plenipotentiary General for the War Economy and Minister of Economics until 1937 and President of the Reichsbank until 1939, at which time Hitler dismissed him. He remained a “minister without portfolio” until 1943. In the same year, Schacht established contact with individuals who had planned to assassinate Hitler. He, however, was not part of the actual planning and as a result was only imprisoned and sent to a concentration camp.

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Argument

In the roles of Plenipotentiary General for War, President of the Reichsbank and Minister of Economics, Hjalmar Schacht, in having specifically aided the Third Reich in both political and economic matters, is guilty of having committed crimes against peace and crimes against humanity.

I. Conspiracy Through Rearmament

Hjalmar Schacht helped amass the necessary funds for the illegal rebuilding of the German army and weaponry, later to be used in the various wars of aggression as orchestrated by the Third Reich.

Following the end of World War I in 1919, in order to “render the initiation of general limitation of the armaments of all nations”, the Versailles Treaty placed a number of limitations on the military power of Germany. As stated in Part V, these limitations included a maximum limit of the army “to not exceed 100,000 men,” the strict control of the “manufacture of arms, munitions, or any war material,” and the abolishment of compulsory military training.\(^5\) Furthermore, Germany agreed to acknowledge the independence of Austria, as well as other European nations, and had its borders defined by other articles in the treaty.\(^6\)

The Versailles Treaty, moreover, established the international organization known as the League of Nations, created “in order to promote… international peace and security” among its members. As stated in the Covenant, members were to renounce resorting to war for national means, agree to disarmament, and to respect the sovereignty and integrity of other members.\(^7\) Germany became a member of the League of Nations on the 10\(^{th}\) of October 1926. It should be noted here that the Treaty also addressed, in Article 164, that should Germany become a member of the League of Nations, the limitations on armaments would remain in force regardless of membership.\(^8\)

Signed on October 16\(^{th}\) 1926, the Locarno Pact between Germany and other nations, including Belgium, Austria, and Czechoslovakia, was a restatement of many of the provisions in the Versailles Treaty, most notably the respect of sovereignty and the renunciation of war as a means to settle disputes.\(^9\) On the 27\(^{th}\) of August 1928, Germany, along with many of the same nations in the previous treaties, signed the Kellogg-Briand Pact. In doing so, Germany agreed to “solemnly declare in the names of their peoples that

\(^{6}\) Ibid, Part II: Article 80.
\(^{8}\) Ibid, Part V: Article 164.
\(^{9}\) The Locarno Pact, October 16\(^{th}\), 1926. http://avalon.law.yale.edu/20th_century/locarno_001.asp
they condemn recourse to war for the solution of international controversies...”

Controversies and other disputes between nations were to be settled only through peaceful means.

It is not for the court to decide whether these treaties, and in particular the Treaty of Versailles, had been unjust and imposed too harshly on Germany. Moreover, there is no question that a treaty, though it be signed by representatives of a nation, is signed in that nation’s name and is therefore legally binding to its individuals. Treaties have a well-established history in Europe, extending as far back to the Treaty of Westphalia of 1648, known historically for being one of the first to discuss the issue of sovereignty. Moreover, signed by numerous nations on the 23rd of May 1969, the Vienna Convention on the Law of Treaties codified both procedure and the definition of treaties as exemplified through standard custom, though in no way did it express a definition not already acknowledged on the international level.

Therefore, it is established that well before the Nazi Party’s acquisition of power in 1933, Germany had willingly agreed to renounce war and had moreover been prevented from rearming. Yet, immediately from his return to the Reichsbank, Hjalmar Schacht enacted several policies that directly contributed to the process of rearmament, including using assets from political opponents toward the fund as well as the program known as Mefo bills. In short, the Mefo bill program was a cleverly disguised process operating through dummy corporations that allowed the Reichsbank to lend more money to the government than was legal. Schacht called his economic policies the “New Plan” for rearmament.

Of the rearmament process, Schacht noted to Hitler in a letter dated 3rd of May 1935 that “all expenditures which are not urgently needed... must be concentrated on one goal: to arm.” Schacht was vehement in pursuing the policy of rearmament through any means he deemed necessary, having been granted this power through his appointed as Plenipotentiary General for War Economy. In his report on this office, Schacht furthermore detailed his responsibility in having gathered raw materials and available manpower for the war effort, as well as system of rationing in the army when mobilization came about. Schacht was therefore responsible for preparing the manufacture of “war material” and for gathering manpower that had been forbidden by the Versailles Treaty.

It should be noted here that Schacht’s report came a month after the conference of the 5th of November 1937, at which time Hitler laid out his plans of aggression on Austria and Czechoslovakia. In fact, Schacht would ultimately be responsible, in part, for the policies of the Third Reich in Austria. In his affidavit, George S. Messersmith, then head

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12 1168-PS: Unsigned Schacht Memorandum to Hitler, 3rd May 1935 (USA 37) III. P. 827 http://avalon.law.yale.edu/imt/chap16_part12.asp
of the U.S. Consulate in Nazi Germany, affirms that Schacht gave “the authorization that from then on [1937] 200, 000 marks a month were to be set aside for this [support of the Nazi Party in Austria].”

Furthermore, once Austria had been annexed by Germany, Schacht signed an order to have the assets from the National Bank of Austria transferred to the Reichsbank. In his testimony, Schacht also admitted that he was in charge of taking over the bank of Czechoslovakia and for converting the currency once it had been annexed. Schacht once more breached the treaty of Versailles, as well as others, for impeding on the sovereignty of these nations. In fact, Schacht was well aware of this, as he stated himself to Gustav Gilbert in his interview during the trials: “The only thing that they can accuse me of is having broken the Versailles Treaty.”

It is therefore precarious to suggest that Schacht had no knowledge of the aims of the Nazi Party and had acted unknowingly. Schacht acknowledged that he had read Hitler’s Mein Kampf and must have had some understanding of Hitler’s views on the Jews and German expansionism. Moreover, Schacht remained in an official position until 1939, during which time he saw the reintroduction of conscription, German expansion into the Rhineland, Austrian and Czechoslovakian annexation, and the enactment of various anti-Jewish laws. With this knowledge, it is tenuous to argue that Schacht remained ignorant of the policies of Hitler and the Nazi Party throughout these years. Rather, Schacht had willfully and resourcefully aided the Nazi Party in establishing itself through his economic policies and had personally expressed great pride and satisfaction in doing so. He was a willing contributor to the conspiracy that was Nazi Party aggression, and, as an accomplice of the conspiracy is “responsible for all acts performed by any persons in execution of such plan.”

II. Crimes Against Humanity

Hjalmar Schacht, during his time in office, enacted specific policies that both targeted Jews and denied the Jews their right to self-determination.

Without a doubt, Hjalmar Schacht was an anti-Semite. He carried out speeches that were clearly discriminatory against Jews. In his letter to Hitler, Schacht wrote, “Wherever my work may take me in the near future even if you should see me one day

within the fortress-you can always count on me as your reliable assistant.”²⁰ He also once asserted, “the Jews must realize that their influence in Germany has disappeared for all time. We wish to keep our people and our culture pure and distinctive . . .”²¹ As the speech and his letter to Hitler present, his hostility and rejection of the Jews show a distinct Anti-Semitic attitude.

In 1934, Schacht proposed an inhumane and hostile agreement called the “Paltrue Agreement,” where he sent off Jews to Palestine at the rate of 15,000 Reichsmarks per person. Under this agreement, Schacht cunningly increased Germany’s funding for armament, having ultimately sent 170,000 Jews.²² His motive to implement such a policy was nothing more than to eliminate the Jews from Germany. In this, his actions were not so different from any other Nazi war criminals in except that his method of eliminating the Jews appeared less aggressive in the eyes of people since the crime was carefully disguised as a policy. Clearly the intention of eliminating is not much different from any other Nazi’s reasons to mistreat the Jews. This illegal act was inhumane and terrible in that it took away the right of Jews to make decisions for themselves, or rather rejected their entitlement to self-determination. Furthermore, the fact that he mistreated the Jews politically and economically based on their race is a violation of the Universal Declaration of Human Rights from 1948.²³ This declaration was established by United Nations, that every individual has the right to self-determination regardless of one’s color, gender, language, and race. Schacht’s policies are also a violation of the International Covenant on Economic, Social and Cultural Rights from 1966.²⁴

As he admitted to in the proceedings, Schacht passed laws that infringed on the economic and social rights of individuals. For example, he signed a law that “prohibit[ed] all Jews from receiving licenses to deal in foreign currencies,” as well as a law that “prohibit[ed] all Jews from being admitted to examinations for public economic advisors.”²⁵ Again, Schacht was therefore clearly responsible for denying the Jews their basic rights to self-determination through economic and social means.

In considering that these legal orders were encoded after 1945, one may argue that these laws are not applicable to the crimes committed before this date. Though it is logical to assert such a statement, this argument, however, does not invalidate the fact that Schacht’s policies were in violation of human rights, though they were not clearly defined at the time. Despite the non-existence of codified legal covenants like the Universal Declaration and International Covenant on Economic and Social and Cultural Rights

²² Ibid, 227.
Rights before the Nuremburg Trial, this moral and legal obligation— that is, to not discriminate any group of people based on their race— had come to be acknowledged earlier than the Nuremberg Trials. For example, in 1919 a treaty was signed between Poland and various nations including Great Britain and the United States that established the “total and complete protection of life and freedom of all people regardless of their birth, nationality, language, race or religion.” Therefore, the moral obligations to allow individuals rights regardless of any differences had come to be accepted as a legal standard. The argument, then, that the Universal Declaration of Human Rights did not have precedent does not hold in light of these facts.

It is therefore established that Schacht enacted policies that directly targeted Jews and deterred them from their right to self-determination. The deceiving fact that Schacht was never an officially registered Nazi, therefore, does not deny these policies. In reality, his contribution to the Nazis was one of most constructive contributions to the party, and by extension, one of the most destructive contributions to the rest of the world. As quoted in a German publication, Schacht was “able to assist it [the Party] better than he would… had he become an official party member.” In 1933, Schacht was able to amass over 3 million Reichsmarks to contribute to the pre-election campaign of the Nazi Party, as well as collect signatures from many industrialists to empower Hitler to the position of Chancellor. Moreover, between 1937 and 1942, Schacht contributed over one thousand marks a year to the Nazi Party. In the same year, Schacht was granted the Golden Swatika, an award he considered “the greatest honor that could be conferred by the Third Reich.” Therefore, Schacht’s affiliation and contribution to the Nazi Party is undeniable; he was an active, contributing member without officially being registered with the party.

Though Hjalmar Schacht was no longer an active official after 1939, his resignation from his positions were not on disagreements with Nazi Party ideology or benevolence, but rather his rivalry with Goering “over methods of creating a war economy and who should have final authority.” Thus, his resignation does not imply that he was not in cooperation or did not contribute to the overall plan of war.

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**Indictment**

It is for the abovementioned facts that we indict Hjalmar Schacht on three counts:

**Count One: Common Plan or Conspiracy.** Schacht’s “New Plan” policies were the direct sources of funds for rearmament.

**Count Two: Crimes Against Peace.** Schacht’s policies were both direct planning of a war of aggression as well as a flagrant breach of international treaties.

**Count Four: Crimes Against Humanity.** Schacht’s policies violated the rights of the self-determination of individuals.

**Conclusion**

Given the evidence at hand, we find that Hjalmar Schacht was fully aware of the intentions of the Nazi Party, that he acted willingly in contributing to its war of aggression and that therefore he is guilty of having committed crimes of peace and crimes against humanity.
Works Cited


