

The fundamental question concerning the responsibility of former Reichsbank Directors in connection with war crime impeachments is:

has a German banker who in the years 33 - 38 inclusive granted credits to industries which produced war materials (armament credits) committed war crime?

the answer must be in the affirmative, if the banker knew that Hitler was planning war aggression; the answer must be in the negative, if the banker had no such knowledge.

For arguing this question one should go to the depth of the armament question.

After Versailles Germany was nearly the only country really disarmed. The Treaty prescribed that the other powers had to follow. This prescription never was fulfilled. It is obvious that France was the strongest military power of the world.

The idea that Germany for ever should remain disarmed in the middle of strong military powers was not within the frame or spirit of the Versailles Treaty and even absurd. In consequence of the breaking of the Treaty by the other nations Hitler began the rearmament of Germany, introduced compulsory military service in 1935 and occupied the Rhinlandzone in 1936. The fact is that all parties got far and farther from the prescriptions of the Versailles Treaty.

This development was accompanied by Hitler's proposals for international disarmament, which have been rejected by the other powers.

The only positive outcome of these discussions seems

to be the British German Navy Agreement of 1937. This agreement makes clear two points:

1. Hitler was then found a trustful partner by the British Government, and
2. within the limit of this agreement armament was not a crime but right and allowed and internationally approved. How could a German subject helping in this armament commit a war crime if he was not initiated in secret plans of aggression?

Today one may say that Hitler's disarmament-proposals were not sincere. But in these years it was not at all obvious that Hitler was a liar. As a liar he was not unmasked before march 1939, when he invaded Prague and annexed a non German population against his own solemn declaration. Before that date he was not a liar in the view of the German population.

He again and again had declared that he was maintaining peace, that he was strongly against war, that war would ruin the world and his own works of peace.

One may say that in "Mein Kampf" war aggression was proclaimed. I do not know if that is true because - like many Germans - I never read this book. In any case one was entitled to assume that the responsible statesman might follow ideas different from the conceptions of an irresponsible author of a book.

Indeed Hitler not only strongly declared the necessity of maintaining peace but his acts also seemed to prove the sincerity of his declarations: he planned gigantic works of peace and began their execution spending, even wasting milliards for building etc. If he in the same time was rebuilding a German military power that was not incompatible with the declared

intention to maintain peace. It seemed to be part of the by and by normalification of the German state as a power amidst other powers, he might have thought it necessary to strengthen Germany, against possible future aggression, he might have acted according to the rules: Si vis pacem para bellum, he might have found military power a necessary means for an effective foreign policy etc.

One must admit that in 1938 Hitler's intention to maintain peace became more and more doubtful. But even in summer 1938 the Munich conference seemed to assure the world that the leading statesmen including Hitler have reached a sincere agreement by which peace for many years was settled. Why should the German banker not trust Hitler's declaration if Chamberlain and Daladier visited Hitler and concluded in mutual trust and confidence an agreement of peace, harmony and understanding?

Then came the breakdown of all confidence and hope by Hitler's new attacks against British statesmen. This brought Schacht and his colleagues to force a final decision. We could not longer bear the responsibility for armament credits which every day came in a more dangerous light. We solemnly declared that in a Memorandum delivered to Hitler December 1938. We refused hereby further to grant credits for political purposes. It was an official act of the Reichsbank and therefore had to be kept within our responsibility as leaders of the Reichsbank, i.e. within the argumentation of currency policy. We explained that further granting credits for public purposes was ruining the basis of stable money, that the note circulation was doubled since 1933 that 3 milliards were lacking in the states household etc., that the Reichsbank could not give its help in ruining the monetary

situation and bringing inflation over Germany, that instead of increasing armaments it was necessary to consolidate our economic situation, in summa: that a fundamental change was necessary.

This document was answered by the dismissal of Schacht and all his colleagues, leaving in office only two Nazi-Members, (Puhl and Kretschmann) and replacing the others by Nazis.

It would be a big mistake and an injustice to judge the facts of 1933-38, e.g. granting credits to armament-industries - and all industries by and by became connected with products useful for the war - in the light of 1945 or even in the light of September 1939. Today Hitlers plans are open and obvious. In the years under question they were the secret of a very few persons. Neither Schacht not any other member of the Reichsbank-Direktorium belonged to this narrowest circle of personalities initiated in Hitler's most secret intentions.

For persons not belonging to this circle the german rearmament was not a crime. It was done under the eyes of the whole world, especially to the representatives of the other powers and their military experts, which were invited to all the great exhibitions, parades etc. of the german military apparatus. The building of this military apparatus was done to a good deal even by the active support of foreign countries, their capital, their export ect. To works of the highest military importance like the Hydrierwerk Pölitz 80 % of the financing was done by British and American capital. And even to August 1939 war materials were imported to Germany from USA and Great Britain. Nobody earnestly would think of sentence the exporters or authorities controlling and allowing such exports to Germany as war

On the other hand Germany all these years exported armaments to other countries, e.g. Persia, China, Russia, Spain etc., such exports forming a useful means for improving our devisen-situation.

Even in the end of August 1939 my friend Vice-president Dreyse of the Reichsbank, the right hand of Dr. Schacht, told me that he was convinced that Hitler would not begin a war but would bluff only. He said that Hitler was certainly clever enough to see, what we clearly saw: that a war would become a world war, and that Germany in the end never could win a world war. Should Hitler be so blind not to see that? We could not believe it.

May I sum up in two words the whole argumentation:

who knew Hitler's plan of war aggression and helped him, committed a war crime of the most dreadful atrocity; on the other hand: who did not know his aggressive plans, is not guilty of such a crime.

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