

PS 2353 35. IV

THE INFLUENCE OF CENTRAL ORGANIZATION ON DEVELOPMENT AND  
ACTIVITIES OF THE WAR ECONOMY ORGANIZATIONExtract

Centralization of the supreme Reich authorities, ordered in case of war, has influenced the development and the activities of the war economy organization to such an extent, that it is necessary to discuss this matter in detail.

The foundations had already been laid for the central organization of the supreme Reich authorities in the event of a war, prior to 1933 in many discussions and decrees, but it was radically altered when the National Socialists came into power and especially by the decease of Reich president von Hindenburg. The latest orders were decreed in the Reich defense law of May 21, 1935, supposed to be published only in case of war, but already declared valid for carrying out war preparation. As this law (see appendix IV, 1) fixed the duties of the armed forces and the other Reich authorities in case of war, it was also the fundamental ruling for the development and activity of the war economy organization.

General Donovan:

These are the copies of the excerpts from the Thomas diary, as far as it went.

JES

*Get some more.*

*M*

WAR AND ARMAMENT ECONOMIC MEASURES FROM ENTRY INTO  
AUSTRIA (1938 TILL MOBILIZATION 1939).

Extract

The discussion between the Fuehrer and the Austrian chahceller of state Schuschnigg on February 12 led to the military-political measures against Austria, which concluded with the entry into Austria on March 13. This action against Austria, disguised under the code name "Action Otte" prepared in a short time, has resulted in a wealth of experience of utmost importance for the preparation of mobilization and especially for the economic preparations, and has in the course of the year led to changes in the regulations regarding mobilization.

Extract

The action was prepared and started without the cooperation of the WStb. The result was, that the military measures created great confusion in the economic sphere leading to unpleasant conditions for the army and also for the economy for the time being.

Extract

The first planned action by the war economy organization during an actual operation was at the time of the entry into the Sudeten territory. Liaison officers of the OKW (WStb) were attached to the corps commandos, they were in charge of technical war economy units and finally war economy officers for special missions were created to take over definite economic departments. The military-political developments during the occupation of the Sudeten German territory evolved in such a manner, that the liaison officers as well as the technical war economy units and the offices of WWi were rarely in action. The planned preparation for action by these administrative units and their activities in the Sudeten German territory nevertheless provided experience which was also very valuable for the later mob-preparations. Primarily it was admitted by all departments, that the installation of the liaison officers of the OKW (WStb) at the corps commandos is of great value not only to the troops but also for OKW, and is a necessity in modern warfare. This proved especially valuable insofar as the chiefs of the civil government, were as a rule not instructed in their duties and authority, and the offices for special missions, first had to give them the necessary directives for their task.

Extract

At the beginning of the year 1939 a new level was reached as regards the military-political situation -- the occupation of Bohemia and Moravia by the German army and the abrogation of the sovereignty of Czechoslovakia. These operations also were prepared "war economically" by the creation of war economy units, who had as in the case of Sudetenland, a very small scope for action. Immediately after the occupation, a war economy inspectorat for special missions was set up, which took over all the duties of the Czechoslovak secretaryship general for National Defense and which was transformed into the Inspectorat of War Economy Prague on March 30, 1939 already. The main duties of the Inspectorat are:

Utilization of the total industrial economy of the Protectorat for the purpose of Reich defense;

Control of manufacture of war material for at home and abroad, and

Effect synchronization of demands to be made, by military and civilian Reich authorities, and the industrial economy of the Protectorat.

Furthermore they are assigned:

The instructing of the Reich protector on the economic demands to be made in the interest of Reich Defense and to advise with him concerning legislation resulting therefrom.

Air raid precautions in industry and guarding of factories and the Defense measures (Abwehrmassnahmen) in the factories.

## EXECUTION OF THE ECONOMIC MOBILIZATION

Extract

Before discussing the actual process of the economic mobilization I regard it as my duty, to give my opinion on the possibility of successful warfare as regards war economy, from my experience as Chief of the WStb gained during August 1939. During this time many conferences were held with the then Generaloberst Keitel discussing our readiness for war and conditions in regard to armaments as compared with that of the prospective enemy states. During all those discussions I maintained the point of view, that a war with Poland would present no problems for us, but that for a great world war of long duration, our economic structure would be too weak and that in the case of a world war, decisive measures, conforming to a total war, would have to be carried out immediately. These objections and the resulting demands were nevertheless ignored.

The process of German mobilization in 1939 was most intensively influenced by the progress of the military-political situation and was carried out with the idea of surprising the enemy, at the right moment. The experiences gained during the operations against Austria, Sudetenland and Czechoslovakia which led to separate and camouflaged mobilization, formed the basis for the measures to be taken. The tension existing between Germany and Poland since July was used to take all the measures necessary for a surprise attack on Poland. Some of these preparations as far as war economy was concerned were the acceleration of the delivery of armaments, which in particular was carried out by the branches of the Armed Forces and for the organization of war economy the forming of war economy units to be attached to the attacking armies.

After August 1 the formation and distribution of VO of WStb took place, they were attached to the AOK; on August 24 formation of war economy units for the attacking armies concerned. On August 25 orders for the camouflaged mobilization were released, with August 26 ordered as the first X-day. (see appendix XVIII, 1 and appendix XVIII, 2). In this manner the form of mobilization was ordered, which represented the most unfavorable form for the mobilization of war economy. Reiterated objectives against divided mobilization, submitted by WStb as late as August 24 were overridden by the Chief of OKW, while the Supreme Command was of the opinion, that a war with Poland did not necessitate a general mobilization, and any other form of mobilization was out of the question for political reasons.

On August 25 - 1830 o'clock a copy of case X was remitted to the Inspectorate of War economy (copy, see appendix XVIII, 3).

The decree of August 25 orders expressly, that case X shall not be extended in its entreaty to civilian matters even though it was ordered that future proposed mob measures must not be endangered by unplanned demands, requisitions and commandeering. There was still considerable danger in the mobilization being divided and carried out at different times. This was especially applicable as far as economy was concerned, insofar as regulations for economy read that with the utmost consideration of economy in general only the most important war factories should be maintained at their former level and that only isolated war factories should be immediately speeded up to produce a large output. These regulations in consideration of the Economic Policies which were to oppose every

unnecessary change, and also of the kind of propaganda adopted were bound to endanger the planned process of economic mobilization.

The preparations, covering many years of work, for the mobilization of Economy were consequently for the most part invalid. This regulation was unfortunately to become an inconvenience later on when starting up the armaments industry and the economy of war and was even noticeable for the first four years of the war up to the declaration of total war in 1943. A large number of the measures, contained in the preparations for mobilization of the WStb and invalidated by the above regulation, were not executed until 1943 as a result of demands by the Reichminister for Armaments and Ammunition.

On August 21, 1939 the regulation on the administration of economy was issued, whereby the Oberpraesidenten were charged with executing and directing all economic measures of the GBW. Included in this was the official founding of the District Economy offices, the Provincial Food offices, (Landesernaehrungsamter), Offices of Forestry and Economy of timber (Holzwirtschaftsamter) forming finally the organization, that should have been in force long ago as a result of the mobilization order by GBW.