

*Schacht - last part - for Gen. Donovan*

I financed rearmament by credit expansion, by regulating capital investment so as to cause a flow of capital to armament purposes.

I established rigid controls in foreign trade to assure raw materials needed for armament. I caused the prices of imported goods to be strictly controlled.

R.G.Bl. I. 343.

Decree on Prices for foreign goods, 22 September 1934.

I caused the banking system to come under me.

R.G.Bl. 1934, I. 1203 - Credit Act of 1934.

By this system of supervision of control of credit institutions I was able to facilitate the program of credit expansion which was one of my chief instruments in financing armament.

I created the so-called "New Plan" to control imports and exports with a view primarily to obtaining the raw materials needed for armaments and the foreign currency required to sustain the armament program.

EC 423, 29 November 1938, Speech of Schacht.

I caused the disposition of foreign exchange to be controlled by creating devisenstellen all imports to be controlled by the creation of Ueberwachungsstellen. Under this, licences for imports were required and separate offices were set up for specific commodities or commodity groups. Through this control the Reich could favour the import of raw materials for armament and could select those raw materials which could be used by the export industries to produce foreign exchange.

Devisen Control Law, 4 February 1935.

R.G.Bl. 1935

To obtain foreign exchange I subsidised exports to defeat foreign competition.

I extended clearing agreements for the primary purpose of obtaining necessary raw materials for armaments. I caused the Clearing Bank to be established by the Law of 16 October 1934.

R.G.Bl. 1934 I, 997.

I extended the transfer moratoria and after 1 July 1934 no more foreign exchange transfers for payment of interest or amortisation took place.

To carry out this purpose I created the Conversion Bank into which it was required that German debtors make payments in reichsmarks on foreign debts instead of paying in the foreign currencies in which the debts were incurred.

R.G.Bl. 333 - 349.  
Interrogation of Schacht, 24 August 1945.

I froze the assets of foreigners in Germany to make them help finance the armament program. I reported to Hitler "The Reichsbank has invested the amount of marks under its jurisdiction but belonging to foreigners in notes of armament."

EC 417, Schacht to Hitler, 3 May 1935.

I increased the use of blocked marks which foreign creditors naturally sold at a discount.

See Law Regulating Maturity of Foreign Loans, R.G.Bl. 1937 I, 600.

These blocked balances outside of Germany created a special mark exchange which favoured German trade.

I requisitioned existing foreign exchange reserves of Germans and also required foreign exchange arising out of current exports to be sold to the Reichsbank. I aided in the promulgation of a law providing the death penalty for Germans illegally shifting assets abroad "wittingly or unwittingly"

R.G.Bl. 1936, I, 999.

To encourage exports, foreign exporters were often paid in special marks called "Aski" marks which they had to sell to importers of German goods in their own country.