

Schacht

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TO : General Donovan, ✓
Mr. Dodd.

23 November 1945.

SOME OBSERVATIONS ON SCHACHT'S DEMEANOUR
DURING MR. DODD'S PRESENTATION.

When Document EC 404 was read concerning the secrecy of the rearmament of the Rhineland and the statement was made that Schacht was Plenipotentiary of the War Economy in connection with this matter, he seemed to object strenuously. I am inclined to think he is right, as the Plenipotentiary was not actually an operating office but a preparatory office.

When the report of 30 September 1934 on the achievements of the Ministry of Economics was read, Schacht seemed to deny that this was in preparation for the movement of industries to secure areas.

With respect to "mefo" bills, when it was stated that the "mefo" bills did not appear in the balance sheet of the Reichsbank he made some note about this. The fact, of course, is that all bills held by the Reichsbank in its own portfolio would be carried in the balance sheet, as I recall it, under the heading of "Inland Bills" but there would still be no way of knowing how much of these were "mefo" bills, i.e. for armament.

It was stated a little too baldly in the presentation that the reason why "mefo" financing was given up in April 1938 was because secrecy was no longer necessary. The real reason, of course, was, as appears in my Schacht brief, that the economy might provide enough funds by that time from taxes and long term loans. The need for secrecy it is true is no longer necessary but it happens to be an incident rather than a reason.

With respect to the document in which Hitler tells Blomberg that the Air Force must be ready by 1 April 1937 (I think 1301 PS - No.7.), Schacht, I think will take the position that he never saw this. My interrogation of Blomberg should be checked as I believe Blomberg testified he handed the document personally to Schacht. This point may come sharply into issue. The piece of evidence that made the strongest impression on him, as far as I can see was his Vienna Speech of 21 March 1938. This seemed to disturb him greatly.

In the part of the presentation which said that he continued as a Minister without Portfolio and as a "Special Adviser to Hitler", the latter I do not think is true and should not be repeated.

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