Hjalmar Schacht: Germany’s Oracle of Finance

  


*The End of Reparations*, written by German economist and banker Hjalmar Schacht (1877-1970), deals with the unfairness Germany suffered after the Great War economically and morally. The burden of being held solely responsible for the war was not only wrong, but unjust. The Treaty of Versailles was an absolute mockery of the very term treaty. Germany was forced to agree to the terms or otherwise face military discipline. France had set the stage and put the spotlight of blame on Germany. The Young Plan was a 1929 program intended to settle the Great War reparations. However, as Schacht pointed out, this program would not work under the conditions Germany faced due to the Versailles treaty. The conclusion therefore was to either renounce reparations or enable Germany to make the money. Hjalmar Schacht believed in these ideas and wrote them in this book which was published in 1931. This book was published because he was approached during his lecture tour in the United States to publish the subject-matter of his lectures in book form\(^1\). He ultimately wrote twenty-five other books, of which at least four have been translated into English.

Hjalmar Schacht was a brilliant economist and banker. This became evident as he became president of the Reichsbank. He also collaborated with other economists on the Young Plan. Schacht was thus the perfect man to lead Germany’s position in the world of economics. His experience can be seen when he helped fight the German hyperinflation and stabilize the German

\(^{1}\) *My First Seventy-Six Years*, pg. 272
mark. This great feat was what got him the presidency of the Reichsbank. At the end of 1929 he resigned from his office. Later on after Hitler became chancellor, he re-won his office as Reichsbank president and the Germany’s Minister of Economics. Once Schacht began telling Hitler not to spend so much on military, he would eventually resign as Minister of Economics. Schacht was so skilled in economics that if he had left Hitler’s side in total, people would have started asking questions. Schacht was always concerned with the financial future of Germany and his involvement with Hitler, especially with the plan involving Jewish property, brought him to the Nuremberg trials. Schacht wrote two books dealing with the two topics. The *Magic of Money* (1967) dealt with the Jewish property while his other book, *Account Settled* (1949), was about his acquittal from the Nuremberg Trials.

**Annotated Bibliography in Chronological Order**

- Special Cable to THE NEW YORK TIMES. "PARIS PRESS URGES SCHACHT’S REMOVAL." *New York Times*, Mar 01, 1930. https://search-proquest-com.proxy.library.ucsb.edu:9443/docview/99083208?accountid=14522. This article goes into how the French press perceived Schacht as someone who was deliberately trying to undo and/or prevent progress in the reparation payments. The French people wanted him removed from office, but this could not happen as per the agreement at The Hague.

- "SCHACHT IS CRITICAL OF BRIAND PROPOSAL." *New York Times*, Oct 16, 1930. https://search-proquest-com.proxy.library.ucsb.edu:9443/docview/98803112?accountid=14522. In this article Schacht refutes Briand’s conception that Pan-European Union should not be based on politics but instead economics. The only way it could have worked, according to Schacht, was through the slow binding of nations of Europe economically. He then went through the process of how it would work. More importantly, through his process no nation would lose but only profit from it. Briand only focused on politics which would never get anything to work. Schacht brought up again the difficulties and obstacles from the Treaty of Versailles and the auxiliary treaties. The clear point was to focus on the economical point before bothering with politics.

Schacht argues in this article that Germany was justified in suspending reparation payments if Germany was incapable of making them. Germany was only able to pay off the war debts if they had money. Schacht argued with economical common sense. Germany required a surplus in order to pay off the war debt without utterly destroying Germany’s market.


This article talks about how Schacht declared that reparations were to blame for the world-wide economic depression. He went on to say that it was impossible for Germany to make its payments after already having so much wealth taken away from it. Schacht pointed out that he was not a politician, but a banker. He made it plain and simple that the math would not add up.


In this article, Dr. Schacht and Dr. David Friday had a debate, during Schacht’s lecture tour in the United States, over the reparations. Dr. Friday was an adviser to the United States Treasurer and drafted the wartime luxury taxes. Friday held that it was “economically possible” while Schacht did not. The Young plan required revision in order for Germany to come up with the payments, because the German people could not stand being heavily taxed for much longer.


This article tells of Dr. Schacht’s expected luncheon and extended lecture tour. He would arrive in New York City on October 2nd to be the guest of the Board of Trade for German-American Commerce and the Institute of International Education. Then he would speak on “The Pan European Idea.” After his stay in New York City, he would go
through the United States and speak at universities and other bodies interested in international problems of finance.

  Schacht argues in this article about how the reparations were jeopardizing peace. Germany would eventually not be able to pay the reparations and Germany needed to fix other financial issues first. Schacht did not out-right say that Germany will suspend the payments, but that it would come to pass. Once the reparations were revised and fixed, only then would there be peace again.

  In this article, Schacht argues, while at a symposium in the pan-German Deutsche Zeitung, that if surplus was not met in German market, then reparation payments must stop. Germany’s credit would not survive if they continued to increase their deficit. He repeated the same conclusions he had made when he was doing a lecture tour in the United States

  This article gives an overview of Dr. Schacht’s main points in his book. Dr. Schacht emphasized that “economic sense” from businessmen, and not politicians, would bring the world economy back to normal. The reparations imposed on Germany not only impeded its growth, but also its survival. Germany could not continue to operate under such impossible conditions. The article points out that much of the material in this book was voiced by him during his lecture tour in the United States. The Treaty of Versailles, according to Dr. Schacht, was “immoral in placing all blame for the war on Germany.” Dr. Schacht believed that the Pan-European movement offered little hope of relief because it was motivated by politics instead of economics.

In this review, Greenwood says that Schacht's book was one of the best dealing with the Reparations and War Debts. It gives the German perspective of everything financial after the war, but more specifically about the reparations and Germany’s inability to comply with the conditions.

  
  Dulles was an author and professor who focused on economics and European affairs. This review of the book clearly sees it as positive. She points out how he was able to predict the moratorium, how incredibly smart he was, and how he was active during the entire period. She said that most of the book focused on the struggle of 1929. Schacht emphasized the political difficulties as well as the collapse of German credit. The book clearly presented the German point of view of trying to break the invisible barriers and to push export trade.

  
  This book is Dr. Schacht’s self-defense against the implication with Nazi crimes. Even though he was acquitted by the Nuremberg Tribunal, many people had felt that innocence was suspicious. Therefore, Schacht wrote this book to further explain why and how he separated himself from the Nazi Regime. He admits to making mistakes, but also holds that he was no more to blame than many other people both in Germany and in Europe.

  
  This article dealt with the proceedings of how the German banking head during the Nazi Regime, Hjalmar Schacht, gained an acquittal on 1st October 1946. The British judge favored the defense that Schacht could not have been responsible for the Nazi actions since he was sent to a concentration camp for the attempted assassination of Hitler. Schacht was simply a patriot who cared for the economic situation of Germany.

  
  In this autobiography Schacht tells the story of how he came to write *The End of*
Reparations on page 234, in a separate chapter (pp. 272-277), and ... 294. This autobiography is a character study telling readers about one of Germany’s smartest ministers. The book goes into how Dr. Schacht deals with inflation and export while also talking about important events in Germany before 1939. Dr. Schacht points out that he only concerned himself with economics when everyone around him was more focused on politics. He also mentions how he came about writing his book The End of Reparations (1931). Schacht, nearing the end of his lecture tour, was offered from an American firm to publish the subject-matter of his lectures in book form. He was delighted at the offer and took it immediately. The rest of the autobiography recounts his past without shame. Schacht claims he could not understand how Germany was blamed when they had “clean hands.”

  This book is Schacht’s perspective of politics and international finance between 1900 and 1965. He explains Germany’s financial problems during the interbellum and stresses how Germany was not prepared for a world war. Schacht also blames the hyperinflation on the central bank who was monetarizing the allied reparations induced debt.

  The book was republished in 1979 in English.

  This website gave a summary of the career of Hjalmar Schacht and his involvement in Germany’s economy. It is quite clear how important a figure Schacht was for Germany, not only before the World Wars, but even after.