

Hans Kehrl Describes the Inefficient Management of the German Economy in the Fall of 1940 (Retrospective Account, 1973)

Abstract

Like all other political areas, German economic and armaments planning was characterized by a multitude of competing authorities—a situation that on the one hand gave rise to great flexibility, but on the other also created planning chaos and spawned rivalries that generated weakness all around. For example, in 1940, economic and armaments planning was undertaken by all of the following: Göring's Office of the Four-Year Plan, the Defense Economy and Armament Office under General Georg Thomas, the Ministry of Armaments and Munitions under Fritz Todt, and the Ministry of Economics under Walther Funk.

The following account by Hans Kehrl provides insight into the fragmented and inefficient management of the economy in the fall of 1940. At the time, Kehrl was General Consultant for Special Affairs in the Ministry of Economics, where he was responsible for procuring raw materials from the occupied territories. Later, he rose to Chief of Planning in the Ministry of Armaments under Albert Speer. On account of his participation in illegal economic activities, he was given a multiple-year prison sentence at the so-called Wilhelmstraße Trial in 1949. However, he was granted a pardon shortly thereafter.

The following excerpt was originally published in Kehrl's 1973 memoirs *Krisenmanager im Dritten Reich: 6 Jahre Frieden, 6 Jahre Krieg: Erinnerungen*.

Source

[...]

The attempt to get any kind of sense of direction or guidelines for my future work from within the Ministry [of Economics] proved fruitless. State Secretary Dr. Landfried had only a modest conceptual ability as far as economic matters were concerned and certainly lacked the imagination to develop new ideas. Essentially, he restricted his activities to making sure that whatever occurred was done according to the book and to carrying out instructions from the Four-Year Plan whenever there were any. A conversation with Walter Funk revealed that, as Minister of Economics, he had no contact whatsoever with Hitler because the latter, following the outbreak of war, was entirely preoccupied with military-political considerations. No directives had been issued by the Four-Year Plan and none were expected. As Commander-in-Chief of the Air Force, Göring had been concentrating his attention on the military actions in Poland, Norway and the western campaign. All his energy and thoughts were focused on military events. As a result the Four-Year Plan, which had been conceived as a control centre for the whole economy, was almost completely inactive. A conversation which I had with State Secretary Körner revealed that I could not expect even the most limited guidance or any suggestions from them. Only current matters were being dealt with. Funk was concentrating mainly on his role as President of the Reich Bank because he was primarily an expert in financial and currency matters.

The comparatively frequent meetings of the departmental heads, which were held by General von Hanneken, were my only opportunity of getting any information from the Ministry. When I presented a report, following my return from my trip to the occupied western territories, I tried to initiate a general discussion about guidelines for our future work. The military actions and their outcome, which had

certainly not been anticipated by the majority of the officials, had produced a kind of wave of euphoria, particularly among those who had previously been extremely skeptical about the future prospects of the war. At one of the first meetings of department heads after the start of the western campaign, *Ministerialdirigent* Holtz had remarked smugly that he knew exactly how long the war would last. In reply to my question as to how he did so he replied: "our copper supplies will only last six months and so we can't go on fighting any longer than that." But that was completely untrue. For, at the time, the assumption was that even in wartime the needs of the non-armaments sector would continue to be met in full. The significant opportunities which existed for making savings in industry and in the consumer goods sector, which had played such a major role in the First World War, had not been attempted at all.

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Possibly in response to my remarks, General von Hanneken, who had close links with the Army Procurement Office and with Thomas's Economy and Armaments Office, reported that during the war in the west, weapons consumption in particular, but also fuel consumption, had been far less than envisaged. A few weeks later, he reported to us on the preparations for the "Sea Lion" operation, an invasion of England with strong forces planned for August or September. That was the only military operation which could be expected in the foreseeable future, if at all. The requirements for materiel which were envisaged were comparatively small since one could not deploy millions of men for an invasion of England but only hundreds of thousands. Hanneken reported further that, on account of these experiences, the production of munitions, bombs and normal weapons had been sharply reduced, since "*there would be no need for them in the foreseeable future.*" Tank production, on the other hand, would be stepped up, which in Hanneken's opinion was complete nonsense. He considered we had "enough" tanks. Finally, he informed us that he had "heard" from State Secretary Körner that it was Hitler's wish that restrictions on the civilian population and on the civilian economy should be implemented as gently as possible and harsh cuts should be avoided. He told me personally that the tough measures in the clothing sector, some of which had been implemented and some of which were in preparation, had "made an unfavorable impression."

It seemed to me completely pointless to try and influence General von Hanneken. Despite his martial appearance, he was timid, avoided responsibility and was anxiously concerned not to cause offence by raising objections. One could not expect any initiatives to come from him. I considered the trends hinted at by Körner or considered correct by Hitler were wrong and posed a serious threat to our nation. Increasingly I gained the impression that we were in the process of fighting a world war without having a Reich government which understood that now we should also mobilize the economic and human resources of the whole nation. Certainly, the Reich Ministry of Economics was the most important civilian Government department in this sphere and so if there was a complete lack of leadership here then things would hardly be any better in other departments. But I wanted to try and find out. [...]

I then spoke to State Secretary Stuckart from the Reich Ministry of the Interior. [...] I explained to him my great concern that, to put it bluntly, while fighting a life and death struggle, we did not have a functioning Reich government, but only the performance of fragmented functions by the individual Reich ministers, who were simply operating as department heads without any awareness of the overall picture. Hitler was almost never in Berlin, did not hold any cabinet meetings, nor did he exercise what we would now call "control over the main lines of policy" [*Richtlinienkompetenz*]. The Führer did not even seem to be kept adequately informed from below. According to my impression, only ad hoc and often chance pieces of information reached him and only ad hoc directives were issued. And thus, in my view, the "Führer and Reich Chancellor" could only be inadequately and certainly not systematically informed.

I hoped to provoke Stuckart into contradicting or correcting me. But, unfortunately, while expressing himself cautiously, he basically agreed with me. He himself was trying to improve this unsatisfactory situation and was in contact with Lammers about it. If the political and military events became less

turbulent, which could be anticipated for the next period, then improvements could no doubt be made. He tried to reassure me. So there was nothing doing there either!

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