

ARTICLE

The Nazi Financial Order: Banking Law and the Credit Supervisory Office in Germany and Austria

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Abstract

The Third Reich established a new financial order in Central Europe. This article examines one aspect of these changes, namely the evolution of banking law. After the seizure of power in 1933, Nazi officials weaponized financial and legal institutions to support the rearmament campaign. They initially worked through the Credit Supervisory Office, a regulatory agency created in 1934, to enforce a standardized model of regulation. Driven by more than a desire for self-sufficiency (autarky) and expropriative control, the authorities devised a system of economic governance that perpetuated the conflict and continually supported German financial interests. The politicization and dismantling of the regulatory office, officially dissolved in 1944, reflected the evolving priorities of the Nazi regime. By reinterpreting existing laws and working with a willing state bureaucracy, officials were able to use regulation as a tool for redesigning the banking systems of Germany and the annexed territories.

Keywords: banking; economic policy; law; Nazi Germany; Third Reich

Following its seizure of power (*Machtergreifung*) in January 1933, the Nazi Party enacted a series of policies that consolidated state control over the economy. An extensive rearmament campaign, the seizure of private assets, and the mass mobilization of resources aligned with its expansionist aspirations. Prior government interventions, such as a series of emergency decrees enacted by the cabinet of Heinrich Brüning in 1931, primarily aimed to isolate the domestic banking sector from foreign crises. In contrast, Hitler's policies focused on the rapid expansion of the country's economic capabilities and the fundamental restructuring of the legal system in which private firms operated. Supportive government bureaucrats were willing to use Weimar-era institutions not only as a means to confiscate resources but also as a channel through which they could impose their ideological agenda.

Building on existing scholarship concerned with the Nazi reordering (*Neuordnung*) of the wartime economy, this article emphasizes the simultaneous transformation of legal practices and banking structures in Germany and throughout Central Europe.¹ It shows how the Third Reich weaponized financial institutions to achieve its evolving wartime

¹ Richard J. Overy, Gerhard Otto, and Johannes Houwink ten Cate, *Die 'Neuordnung' Europas. NS-Wirtschaftspolitik in den besetzten Gebieten*, (Berlin: Metropol, 1997); Karl Heinz Roth, "'Neuordnung' und wirtschaftliche Nachkriegsplanungen," in *Krieg und Wirtschaft. Studien zur deutschen Wirtschaftsgeschichte 1939–1945*, ed. Dietrich Eichholtz (Berlin: Metropol, 1999): 195–219; Peter Melichar, *Neuordnung im Bankwesen. Die NS-Maßnahmen und die Problematik der Restitution* (Vienna: R. Oldenbourg, 2004); Harald Wixforth, *Die Expansion der Dresdner Bank in Europa* (Munich: R. Oldenbourg, 2006), 55–80; Jonas Scherner, "Anreiz statt Zwang. Wirtschaftsordnung

goals. Precisely because Weimar institutions had laid an inadequate foundation for state intervention in the economy, Nazi officials were able to adapt regulatory legislation in preparation for war. Central to this argument are the activities of the Credit Supervisory Office (*Aufsichtsamt für das Kreditwesen*), created in 1934 as a regulatory body with jurisdiction over the banking sector. Although designed as an apolitical entity, the office became subsumed within the Nazi state apparatus in the years after its establishment. Renamed the Reich Credit Supervisory Office (*Reichsaufsichtsamt für das Kreditwesen*) in September 1939, the office gradually lost its prerogatives—mainly to the Economics and Finance Ministries—until its de jure dissolution in 1944.

The operations of the Credit Supervisory Office constitute one area of Germany's wartime mobilization. Among economic historians, the main focus has been to understand if and when the Third Reich was able to overcome its industrial limitations and natural-resource constraints, notably through the lens of the War Economy and Armament Office (*Wehrwirtschafts- und Rüstungsamt*) and the myth of Speer's "armaments miracle."² More recently, historiographical concerns have shifted to the financial dimensions of warfare. Scholars have demonstrated how Nazi Germany was able to amass sufficient foreign-exchange reserves to fund rearmament. In expanding the country's wartime capacity, various government departments emerged as key drivers of occupation and annexation campaigns abroad.³ So, too, were financial institutions—including insurance companies, the Great Banks in Berlin, state banks, and savings banks—implicated in collaborationist activities.⁴

und Kriegswirtschaft im 'Dritten Reich,'" in *Unternehmen im Nationalsozialismus: Zur Historisierung einer Forschungskonjunktur*, ed. Tim Schanetzky and Norbert Frei (Göttingen: Wallstein, 2010): 140–55; Dieter Ziegler, "'A Regulated Market Economy': New Perspectives on the Nature of the Economic Order of the Third Reich, 1933–1939," in *Business in the Age of Extremes: Essays in Modern German and Austrian Economic History*, ed. Hartmut Berghoff, Jürgen Kocka, and Dieter Ziegler (Cambridge: Cambridge University Press, 2013): 139–52; Ulrike Zimmerl, "Regionalbanken im Nationalsozialismus. Die Instrumentalisierung österreichischer Geldinstitute in den Bundesländern," in *Österreichische Banken und Sparkassen im Nationalsozialismus und in der Nachkriegszeit, Band 2: Regionalbanken, Länderbank und Zentralsparkasse*, ed. Gerald D. Feldman, Oliver Rathkolb, Theodor Venus, and Ulrike Zimmerl (Munich: C. H. Beck, 2006): 69–78.

² Alan S. Milward, *The German Economy at War* (London: Athlone Press, 1965); Richard J. Overly, *War and Economy in the Third Reich* (Oxford: Clarendon Press, 1994); Werner Abelshauser, "Kriegswirtschaft und Wirtschaftswunder. Deutschlands wirtschaftliche Mobilisierung für den Zweiten Weltkrieg und die Folgen für die Nachkriegszeit," *Vierteljahrshäfte für Zeitgeschichte* (1999): 503–38; Hans-Erich Volkmann, *Ökonomie und Expansion. Grundzüge der NS-Wirtschaftspolitik. Ausgewählte Schriften* (Munich: R. Oldenbourg, 2003); Jonas Scherner and Jochen Streb, "Das Ende eines Mythos? Albert Speer und das sogenannte Rüstungswunder," *Vierteljahrsschrift für Sozial- und Wirtschaftsgeschichte* (2006): 172–96; Adam Tooze, *The Wages of Destruction: The Making and Breaking of the Nazi Economy* (New York: Viking, 2006).

³ Ralf Banken, "Die wirtschaftspolitische Achillesferse des 'Dritten Reichs.' Das Reichswirtschaftsministerium und die NS-Außenwirtschaftspolitik 1933–1939," in *Das Reichswirtschaftsministerium in der NS-Zeit. Wirtschaftsordnung und Verbrechenkomplex*, ed. Albrecht Ritschl (Berlin and Boston: De Gruyter, 2016): 111–232; Jonas Scherner and Eugene N. White, *Paying For Hitler's War: The Consequences of Nazi Hegemony for Europe* (Cambridge: Cambridge University Press, 2016); Jürgen Kilian, *Krieg auf Kosten anderer. Das Reichsministerium der Finanzen und die wirtschaftliche Mobilisierung Europas für Hitlers Krieg* (Berlin and Boston: De Gruyter, 2017); Paul-Moritz Rabe, *Die Stadt und das Geld. Haushalt und Herrschaft im nationalsozialistischen München* (Göttingen: Wallstein, 2017); Ralf Banken, *Hitlers Steuerstaat. Die Steuerpolitik im Dritten Reich* (Berlin and Boston: De Gruyter, 2018); Stefanie Middendorf, *Macht der Ausnahme. Reichsfinanzministerium und Staatlichkeit (1919–1945)* (Berlin and Boston: De Gruyter, 2022); Josephine Ulbricht, *Das Vermögen der 'Reichsfeinde'. Staatliche Finanzverwaltung und Gegnerverfolgung im nationalsozialistischen Deutschland* (Berlin and Boston: De Gruyter, 2022).

⁴ Gerald D. Feldman, *Allianz and the German Insurance Business, 1933–1945* (Cambridge: Cambridge University Press, 2001); Ludolf Herbst and Thomas Weihe, *Die Commerzbank und die Juden, 1933–1945* (Munich: C. H. Beck, 2004); Harold James, "Banks and Business Politics in Nazi Germany," in *Business and Industry in Nazi Germany*, ed. Francis R. Nicosia and Jonathan Huener (New York and Oxford: Berghahn Books, 2004): 43–65; Christopher Kopper, *Bankiers unterm Hakenkreuz* (Munich: Carl Hanser, 2005); Johannes Bähr, Axel Drecoll, Bernhard Gotto, Kim C. Priemel, and

As it appears, there is no shortage of work on the economics of the Third Reich. In its early years, the Nazi Party blamed the country's economic instabilities on Jews, political dissidents, and the Western powers. Such aggressions escalated into state-sponsored violence. Following the *Machtergreifung*, the party enforced its ideological goals on the financial sector through a series of "Aryanization" campaigns that targeted Jewish workers and businesses.⁵ It formed an alliance with industrial giants and private businesses to accelerate the transition to a wartime economy (*Kriegswirtschaft*).⁶ Inspired by the nationalist *völkisch* movement of the nineteenth century, a range of theories on the need for a greater German economic area (*Großraumwirtschaft*) and additional living space (*Lebensraum*) for ethnic Germans fueled territorial expansion in the East.⁷ These ideas also underpinned the myriad of occupation tactics, such as forced-labor camps, resource extraction, and scorched-earth policies, across the European continent.⁸

Over the course of the war, the Third Reich leveraged existing financial institutions to achieve its goals.⁹ Scholars who have thus far examined the changing interpretations of the

Harald Wixforth, *Der Flick-Konzern im Dritten Reich* (Munich: R. Oldenbourg, 2008); Johannes Bähr, *Die Dresdner Bank in der Wirtschaft des Dritten Reichs* (Munich: R. Oldenbourg, 2006); Hörst Muller, *Regionalbanken im Dritten Reich. Bayerische Hypotheken- und Wechsel-Bank, Bayerische Vereinsbank, Vereinsbank in Hamburg, Bayerische Staatsbank 1933 bis 1945* (Berlin and Boston: De Gruyter, 2015); Janina Salden, *Der Deutsche Sparkassen- und Giroverband zur Zeit des Nationalsozialismus* (Stuttgart: Franz Steiner, 2019).

⁵ Britta Bopf, "Arisierung" in Köln. *Die wirtschaftliche Existenzvernichtung der Juden 1933–1945* (Cologne: Emons, 2004); Dieter Ziegler, *Die Dresdner Bank und die deutschen Juden* (Munich: R. Oldenbourg, 2006); Ingo Köhler, *Die "Arisierung" der Privatbanken im Dritten Reich. Verdrängung, Ausschaltung und die Frage der Wiedergutmachung* (Munich: C. H. Beck, 2008); Drahomír Jančík, Eduard Kubů, and Jiří Šouša, *Arisierungsgewinnler. Die Rolle der deutschen Banken bei der 'Arisierung' und Konfiskation jüdischer Vermögen im Protektorat Böhmen und Mähren (1939–1945)* (Wiesbaden: Harrassowitz, 2011); Peter Hayes, *Profits and Persecution: German Big Business in the Nazi Economy and the Holocaust* (Cambridge: Cambridge University Press, 2024).

⁶ On big business and the *Kriegswirtschaft*, see Birgit Buschmann, *Unternehmenspolitik in der Kriegswirtschaft und in der Inflation. Die Daimler-Motoren-Gesellschaft 1914–1923* (Stuttgart: F. Steiner, 1998); Paul Erker and Toni Pierenkemper, eds., *Deutsche Unternehmer zwischen Kriegswirtschaft und Wiederaufbau. Studien zur Erfahrungsbildung von Industrie-Eliten* (Munich: R. Oldenbourg, 1999); Rolf-Dieter Müller, *Der Manager der Kriegswirtschaft. Hans Kehr, ein Unternehmer in der Politik des "Dritten Reiches"* (Essen: Klartext Verlag, 1999); Constanze Werner, *Kriegswirtschaft und Zwangsarbeit bei BMW. Im Auftrag von MTU Aero Engines und BMW Group* (Munich: R. Oldenbourg, 2006); Alexander Donges, *Die Vereinigte Stahlwerke AG im Nationalsozialismus. Konzernpolitik zwischen Marktwirtschaft und Staatswirtschaft* (Paderborn: Ferdinand Schöningh, 2014); Talbot C. Imlay and Martin Horn, *The Politics of Industrial Collaboration During World War II: Ford France, Vichy and Nazi Germany* (Cambridge: Cambridge University Press, 2014); Martin Kukowski and Rudolf Boch, *Kriegswirtschaft und Arbeitseinsatz bei der Auto Union AG Chemnitz im Zweiten Weltkrieg* (Stuttgart: F. Steiner, 2014); Hans Otto Frøland, Mats Ingulstad, and Jonas Scherner, *Industrial Collaboration in Nazi-Occupied Europe: Norway in Context* (London: Palgrave Macmillan, 2016); Martin Lutz and Kim Christian Priemel, "Powering Conquest: How German Corporations Sustained Occupation in World War II Ukraine," *The Journal of Modern History* (2021): 636–67.

⁷ Eckart Teichert, *Autarkie und Großraumwirtschaft in Deutschland 1930–1939. Außenwirtschaftspolitische Konzeptionen zwischen Wirtschaftskrise und Zweitem Weltkrieg* (Munich: R. Oldenbourg, 1984); Volker R. Berghahn, ed., *Quest for Economic Empire: European Strategies of German Big Business in the Twentieth Century* (Providence and Oxford: Berghahn Books, 1996); Mark Mazower, *Hitler's Empire: Nazi Rule in Occupied Europe* (London: Allen Lane, 2008); Stephen G. Gross, *Export Empire: German Soft Power in Southeastern Europe, 1890–1945* (Cambridge: Cambridge University Press, 2015), 292–319; Georges-Henri Soutou, *Europe! Les projets européens de l'Allemagne nazie et de l'Italie fasciste* (Paris: Tallandier, 2021).

⁸ See, for instance, Hedwig Brüchert and Michael Matheus, *Zwangsarbeit in Rheinland-Pfalz während des Zweiten Weltkriegs. Mainzer Kolloquium 2002* (Stuttgart: Franz Steiner, 2004); Götz Aly, *Hitlers Volksstaat. Raub, Rassenkrieg und nationaler Sozialismus* (Frankfurt am Main: S. Fischer, 2005); Hein Klemann and Sergei Kudryashov, *Occupied Economies: An Economic History of Nazi-Occupied Europe, 1939–1945* (London and New York: Berg, 2012); Harald Wixforth, "Die Banken in den abhängigen und besetzten Gebieten Europas 1938–1945: Instrumente der deutschen Hegemonie?," in *Europäische Volkswirtschaften unter deutscher Hegemonie 1938–1945*, ed. Christoph Buchheim and Marcel Boldorf (Munich: R. Oldenbourg, 2012): 185–207; Oliver Rathkolb and Florian Freund, *NS-Zwangsarbeit in der Elektrizitätswirtschaft der "Ostmark" 1938–1945* (Vienna: Böhlau Verlag, 2014).

⁹ On legal tactics and economic policy, see Martin Dean, "The Role of Law in the Seizure of Jewish Property in Nazi-Occupied Eastern Europe," in *Das Europa des "Dritten Reichs." Recht, Wirtschaft, Besatzung*, ed. Johannes

law have historicized the concepts of expropriation, dispossession, and restitution.¹⁰ The services offered by the Gold Discount Bank (*Golddiskontbank*), for instance, actively facilitated the seizure of assets held by Jewish individuals and businesses. Although originally created to support German exports and reparation payments, the entity began to implement an array of confiscatory procedures in collaboration with the Currency Offices.¹¹ In these and other instances, the state was able to retool Weimar legislation to expropriate private wealth. During the Great Depression, the notorious Reich Flight Tax (*Reichsfluchtsteuer*), enacted in 1931, initially aimed to prevent the further depreciation of the currency (the Reichsmark, or RM), but was later used to prevent German Jews and political dissidents from sending their funds abroad.¹²

Yet the financial policies of the Third Reich encompassed more than the one-time seizure of private assets and the confiscation of reserves. They also prolonged the war by continually addressing the shortage of capital, protecting the interests of creditors, and reproducing the German system of regulation in the annexed and occupied territories. Together, these elements constituted the defining features of the Nazi financial order. Between 1934 and 1945, the state bureaucracy worked with institutions designed by its Weimar predecessor to devise a new regulatory policy. Experts, including Friedrich Ernst (Credit Supervisory Office) and Joachim Riehle (Economics Ministry), sought to craft a regulatory apparatus

Bähr und Ralf Banken (Frankfurt am Main: Vittorio Klostermann, 2005), 82; Martin Dean, *Robbing the Jews: The Confiscation of Jewish Property in the Holocaust, 1933–1945* (Cambridge: Cambridge University Press, in association with the United States Holocaust Memorial Museum, 2008); Mathias Schmoeckel, *Rechtsgeschichte der Wirtschaft. Seit dem 19. Jahrhundert* (Tübingen: Mohr Siebeck, 2008); Herlinde Pauer-Studer, *Justifying Injustice: Legal Theory in Nazi Germany* (Cambridge: Cambridge University Press, 2020); Kim Christian Priemel, “Searching for Order: German Jurists Debate Economic Power, 1919–1949,” in *Reshaping Capitalism in Weimar and Nazi Germany*, ed. Moritz Föllmer and Pamela E. Swett (Cambridge: Cambridge University Press, 2022): 85–113.

¹⁰ See, for instance, Elazar Barkan, *The Guilt of Nations: Restitution and Negotiating Historical Injustices* (Baltimore and London: Johns Hopkins University Press, 2000); Constantin Goscler und Jürgen Lillteicher, “Arisierung” und Restitution. *Die Rückerstattung jüdischen Eigentums in Deutschland und Österreich nach 1945 und 1989* (Göttingen: Wallstein, 2002); Constantin Goscler und Philipp Ther, *Raub und Restitution. “Arisierung” und Rückerstattung des jüdischen Eigentums in Europa* (Frankfurt am Main: Fischer Taschenbuch Verlag, 2003); Shoshana Duizend-Jensen, *Jüdische Gemeinden, Vereine, Stiftungen und Fonds. “Arisierung” und Restitution* (Vienna: R. Oldenbourg, 2004); Theodor Venus and Alexandra-Eileen Wenck, *Die Entziehung jüdischen Vermögens im Rahmen der Aktion Gildemeester. Eine empirische Studie über Organisation, Form und Wandel von “Arisierung” und jüdischer Auswanderung in Österreich 1938–1941* (Vienna: R. Oldenbourg, 2004); Martin Dean, Constantin Goscler, and Philipp Ther, *Robbery and Restitution: The Conflict Over Jewish Property in Europe* (New York and Oxford: Berghahn Books, in association with the United States Holocaust Memorial Museum, 2007); Jürgen Lillteicher, *Raub, Recht und Restitution. Die Rückerstattung jüdischen Eigentums in der frühen Bundesrepublik* (Göttingen: Wallstein, 2007); Constantin Goscler, “The Dispossession of the Jews and the Europeanization of the Holocaust,” in *Business in the Age of Extremes: Essays in Modern German and Austrian Economic History*, ed. Hartmut Berghoff, Jürgen Kocka, and Dieter Ziegler (Cambridge: Cambridge University Press, 2013): 189–203; Christiane Fritsche and Johannes Paulmann, “Arisierung” und “Wiedergutmachung” in deutschen Städten (Cologne: Böhlau Verlag, 2014).

¹¹ Christine Schoenmakers, “The ‘Legal’ Theft of Jewish Assets: The German Gold Discount Bank (Dego),” in *Dispossession: Plundering German Jewry, 1933–1953*, ed. Christoph Kreutzmüller and Jonathan R. Zatlin (Ann Arbor: University of Michigan Press, 2020), 80–85.

¹² Dorothee Mußnug, *Die Reichsfluchtsteuer 1931–1953* (Berlin: Duncker & Humblot, 1993), 40–46; Susanne Meinel and Jutta Zwilling, *Legalisierter Raub. Die Ausplünderung der Juden im Nationalsozialismus durch die Reichsfinanzverwaltung in Hessen* (Frankfurt am Main and New York: Campus Verlag, 2004), 40–46; Alfons Kenkmann, “The Looting of Jewish Property and the German Financial Administration,” in *Networks of Nazi Persecution: Bureaucracy, Business, and the Organization of the Holocaust*, ed. Gerald D. Feldman and Wolfgang Seibel (New York and Oxford: Berghahn Books, 2005), 162; Martin Friedenberger, *Fiskalische Ausplünderung. Die Berliner Steuer- und Finanzverwaltung und die jüdische Bevölkerung 1933–1945* (Berlin: Metropol, 2008), 95–127; Albrecht Ritschl, “Fiscal Destruction: Confiscatory Taxation of Jewish Property and Income in Nazi Germany,” in *Dispossession: Plundering German Jewry, 1933–1953*, ed. Christoph Kreutzmüller and Jonathan R. Zatlin (Ann Arbor: University of Michigan Press, 2020), 59–62.

that could manage the complexity of the banking system in Central Europe. Both standardized practices and licensing requirements aimed to integrate the financial systems in the annexed territories of Austria, Danzig–West Prussia, the Sudetenland, and the Warthegau, among others, while replicating the German model in the occupied territories, including the Reichskommissariat Ostland and Ukraine. Even with their logical inconsistencies, government officials were able to implement a wide range of structural changes to the European economy.

The evolution of banking law may also be contextualized within the broader scope of geopolitics. Banking regulation provided the nation with a channel for promoting its national security in a changing international order. Through a system of trade (administered by the so-called HISMA–ROWAK monopolies) with Francoist Spain, Nazi Germany was able to procure much-needed raw materials in exchange for gold and foreign-exchange reserves. However, Spanish exporters and politicians simultaneously searched for ways of acquiring more stable foreign currencies, notably dollars and pounds, through arrangements that would have undermined Germany's economic hegemony.¹³ The continued ambiguities and interdependencies within the global economy compelled German officials to search for new ways of securing national interests.

By linking the scholarship on economic history, legal history, and the history of international orders, this article shows how officials were able to deploy a series of regulatory changes that reshaped the financial system of Central Europe. Civil servants and bankers debated the terms of banking law in Germany and subsequently imposed standardized supervisory practices in the annexed territories. Through these changes, a regulatory framework emerged to legitimize and sustain Nazi politico-economic governance for the duration of the conflict. The wartime policies of the Third Reich thus relied on continual reinterpretations of existing laws and a regulatory office with broad oversight over the financial sector.

Designing a Regulatory Apparatus

In its first year in power, the Nazi Party could claim relatively little power over banking policy. Ongoing discussions over the establishment of a new state bank in Mecklenburg-Schwerin, for instance, aimed to offer relief to the agricultural sector, particularly for farmers who had voted for the party. When the government rejected the plan in December 1933, the Regional Governor (*Gauleiter*), Friedrich Hildebrandt, wrote to the Führer inquiring about the decision to block the much-needed credits.¹⁴ It was, however, the Reichsbank President and Economics Minister, Hjalmar Schacht, who had been the one to dismiss the proposal on grounds of potential manipulation. From one perspective, an ongoing government inquiry had already been in discussions on the prospect of banking reform. Furthermore, because the proposal did not specify the potential source of the bank's capital, he wrote in January that "a better credit supply of the economy will probably not be achieved by founding a state bank, but by other means."¹⁵

What instead determined the overarching legal framework for intervention in the financial system was the new Reich Banking Law (*Reichsgesetz über das Kreditwesen*). Enacted in December 1934, the law aimed to resolve the long-standing problems associated with

¹³ Charles E. Harvey, "Politics and Pyrites During the Spanish Civil War," *The Economic History Review* (1978): 90–96; Christian Leitz, *Economic Relations between Nazi Germany and Franco's Spain 1936–1945* (Oxford: Clarendon Press, 1996), 41–44; Pierpaolo Barbieri, *Hitler's Shadow Empire: Nazi Economics and the Spanish Civil War* (Cambridge, MA, and London: Harvard University Press, 2015), 166–72.

¹⁴ Bundesarchiv Berlin-Lichterfelde (hereafter, BArch) R2/13682, Friedrich Hildebrandt [Reichsstatthalter of Mecklenburg-Strelitz] to Hitler, December 19, 1933.

¹⁵ BArch R2/13682, Reichsbank-Direktorium to Hildebrandt, January 8, 1934.

Germany's exposure to foreign capital. During the 1931 banking crisis, the rapid withdrawal of funds from domestic financial institutions, especially from the Great Banks of Berlin, had destabilized the Reichsmark and demonstrated the vulnerability of the domestic economy to foreign crises.¹⁶ In response, the legislation included a wide array of technical clauses on minimum-liquidity rules, lending restrictions, and licensing requirements on domestic banks and branches of foreign banks based in the country.¹⁷ These changes, according to one Reichsbank official, intended to "subject [Germany] to comprehensive regulations and controls based on uniform criteria."¹⁸

To enforce the new regulation, a newly created Credit Supervisory Office obtained legal jurisdiction over the banking sector. Although the office reported directly to the Economics Ministry, its advisory board included representatives from the Reichsbank and various government ministries. The head of the regulatory office, the Reich Commissioner for the Banking System (*Reichskommissar für das Bankgewerbe*), was also given the ability to set standards on lending practices and interest rates. Discretionary policies allowed the commissioner to decide which banks, both domestic and foreign, would effectively be granted exemptions to stringent regulatory requirements. These arrangements ensured that there would be a relatively broad distribution of administrative responsibilities across different government agencies.

While neither the Credit Supervisory Office nor the Reich Banking Law were inherently national socialist in origin, both were later used as a legal pretext for state intervention. Franz Willuhn (Reich Chancellery), although not formally a party member until 1937, called for the immediate "reordering" of money and credit markets in line with the tenets of national socialism.¹⁹ His intention was to use the legitimacy of existing institutions, such as the Credit Supervisory Office, to promote an ideological agenda. For other government officials, the Weimar legal system seemed to provide a range of instruments for maintaining investors' confidence in response to the demands of rearmament. As a report by the Committee for Banking and Stock Exchange Law from February 1935 asserted, "[t]he starting point for the renewal of the law in the area of safekeeping and acquisition of securities

¹⁶ On the problem of foreign capital, see Werner Link, *Die amerikanische Stabilisierungspolitik in Deutschland, 1921–32* (Düsseldorf: Droste Verlag, 1970); T. Balderston, "The Beginning of the Depression in Germany, 1927–30: Investment and the Capital Market," *Economic History Review* (1983): 395–415; Harold James, *The German Slump: Politics and Economics 1924–1936* (Oxford: Clarendon Press, 1986); Albrecht Ritschl, *Deutschlands Krise und Konjunktur 1924–1934. Binnenkonjunktur, Auslandsverschuldung und Reparationsproblem zwischen Dawes-Plan und Transfersperre* (Berlin: Akademie Verlag, 2002); Albrecht Ritschl, "Reparations, Deficits, and Debt Default: The Great Depression in Germany," in *The Great Depression of the 1930s: Lessons for Today*, ed. Nicholas Crafts and Peter Fearon (Oxford: Oxford University Press, 2013): 110–39; Natacha Postel-Vinay and Stéphanie Collet, "Hot Money Inflows and Bank Risk-Taking: Germany from the 1920s to the Great Depression," *Economic History Review* (2024): 472–502.

¹⁷ "Reichsgesetz über das Kreditwesen. Vom 5. Dezember 1934," *Reichsgesetzblatt* (December 7, 1934), 1203–14; Christoph Müller, *Die Entstehung des Reichsgesetzes über das Kreditwesen vom 5. Dezember 1934* (Berlin: Duncker & Humblot, 2003); Johannes Bähr, "Modernes Bankrecht und dirigistische Kaptallenkung. Die Ebenen der Steuerung im Finanzsektor des 'Dritten Reich,'" in *Wirtschaftskontrolle und Recht in der nationalsozialistischen Diktatur*, ed. Dieter Gosewinkel (Frankfurt am Main: Klostermann, 2005), 207–11; Jan Körner, Jörn von Elsenau, and Klemens Grube, "Zur Entstehung zwangsmittel- und strafbewehrter Vorschriften im Reichsgesetz über das Kreditwesen (RKWG)," *Journal on European History of Law* (2018): 96–127; Alexander Nützenadel, "Fascism and Finance: Economic Populism in Inter-War Europe," *German Historical Institute London Bulletin* (2022): 20; Robert Yee, "A State of Supervision: The Political Economy of Banking Regulation in Germany, 1900s–1930s," *Business History Review* (2023): 93–125. There had, however, been regulatory legislation for specific types of financial institutions, such as savings banks in Prussia (1838), the stock market (1896), and mortgage banks (1899).

¹⁸ Underlining in the original; BArch R2501/6512, ff. 321–29, Franz Döring, "Die deutschen Banken im Jahre 1934," February 1935, ff. 321–29.

¹⁹ "Nr. 38. Vorlage des Ministerialrats Willuhn für Staatssekretär Lammers," November 7, 1934, in *Akten der Reichskanzlei. Die Regierung Hitler, Band II, Teilband I: 1934/35*, ed. Friedrich Hartmannsgruber (Munich: R. Oldenbourg, 1999), 151.

is the demand ... for the creation of a capital market sufficient for the needs of National Socialist Germany.”²⁰

Although the Nazi Party was unable to seize immediate control over banking law, its repeated attempts to exert influence over the financial sector defined the post-*Machtergreifung* years. Even before a law concerning a reform of the civil service was enacted in April 1933, purges across the government ministries had already been underway.²¹ As a result, Nazi officials were able to promote many of their own members and sympathizers to higher roles within the state bureaucracy. In subsequent years, new legislation sought to align economic institutions with the Nazi *Weltanschauung*. In October 1934, the Tax Adjustment Law (*Steueranpassungsgesetz*) allowed the authorities to exercise discretionary control over fiscal collection, while the Stock Dividend Law (*Anleihestockgesetz*) in December placed restrictions on the amount of dividends that private companies could issue.²² These measures further centralized the system of economic governance in Germany.

In this context, the Credit Supervisory Office emerged as another tool for government intervention. It was initially led by a leading financial expert, Friedrich Ernst, who had risen through the ranks of the state bureaucracy.²³ While working in the preeminent Prussian Trade Ministry, Ernst advised the Brüning cabinet on its interventions in the financial sector during the 1931 crisis. Considered by one Reichsbank official to be “the best qualified man for the office,” he was then appointed Reich Commissioner for the Banking System.²⁴ The position was tasked with leading the regulatory office and acting as a mediator between government officials and private bankers. By 1935, it had been renamed the Reich Commissioner for the Credit System (*Reichskommissar für das Kreditwesen*).

On credit policy, Ernst described his largely bureaucratic, technical role as the Reich Commissioner. He endeavored “to keep himself informed about the situation of the German banking industry and the German credit economy, in particular their relations with foreign countries, and to influence general banking policy from the point of view

²⁰ BArch R61/112, Akademie für Deutsches Recht, “Bericht des Vorsitzenden des Ausschusses für Bank- und Börsenrecht zur Rechtserneuerung auf dem Gebiet der Verwahrung und Anschaffung von Wertpapieren,” February 1935.

²¹ Stefan Fisch, “Willkür und Regelhaftigkeit. Personal und Organisation des Reichswirtschaftsministeriums im Dritten Reich,” in *Das Reichswirtschaftsministerium in der NS-Zeit. Wirtschaftsordnung und Verbrechenkomplex*, ed. Albrecht Ritschl (Berlin and Boston: De Gruyter, 2016), 21. On the Economics Ministry, see Ludolf Herbst, *Der totale Krieg und die Ordnung der Wirtschaft. Die Kriegswirtschaft im Spannungsfeld von Politik, Ideologie und Propaganda 1939–1945* (Stuttgart: Deutsche Verlags-Anstalt, 1982): 261–81; Michael von Prollius, *Das Wirtschaftssystem der Nationalsozialisten. Steuerung durch emergente Organisationen und politische Prozesse* (Paderborn: Ferdinand Schöningh, 2003), 173–84.

²² “Steueranpassungsgesetz (StAnpG). Vom 16. Oktober 1934,” in *Reichsgesetzblatt* (October 17, 1934), 925–41; “Gesetz über die Gewinnverteilung bei Kapitalgesellschaften (Anleihestockgesetz) vom 4. Dezember 1934,” *Reichsgesetzblatt* (December 10, 1934), 1222–23; von Prollius, *Das Wirtschaftssystem*, 236; Harold James, *The Nazi Dictatorship and the Deutsche Bank* (Cambridge: Cambridge University Press, 2004), 26; Johannes Bähr, “Unternehmens- und Kapitalmarktrecht im ‘Dritten Reich’: Aktienrechtsreform und das Anleihestockgesetz,” in *Wirtschaftssteuerung durch Recht im Nationalsozialismus. Studien zur Entwicklung des Wirtschaftsrechts im Interventionsstaat des ‘Dritten Reichs’*, ed. Johannes Bähr and Ralf Banken (Frankfurt am Main: V. Klostermann, 2006): 35–69; Caroline Fohlin, *Finance Capitalism and Germany’s Rise to Industrial Power* (Cambridge: Cambridge University Press, 2007), 302.

²³ BArch R3101/35132, “Personalmachweisung,” February 25, 1932, f. 1; Stephan H. Lindner, *Das Reichskommissariat für die Behandlung feindlichen Vermögens im Zweiten Weltkrieg. Eine Studie zur Verwaltungs-, Rechts- und Wirtschaftsgeschichte des nationalsozialistischen Deutschlands* (Stuttgart: Franz Steiner, 1991), 48.

²⁴ Hans Luther, *Vor dem Abgrund 1930–1933. Reichsbankpräsident in Krisenzeiten* (Berlin: Propyläen, 1964), 233; quoted in Joachim Scholtyseck, *Die National-Bank. Von der Bank der christlichen Gewerkschaften zur Mittelstandsbank 1921–2021* (Munich: C. H. Beck, 2021), 95.

of the German economy as a whole.”²⁵ Given these overarching priorities, the Credit Supervisory Office would be willing to work with other “purely administrative bodies” (*reine Verwaltungsorgane*) of the government apparatus to regulate the “more than 30,000 credit institutions” across Germany.²⁶ However, political pressures on the office could already be seen in its first meeting on March 13, 1935. Various government officials, such as Wilhelm Keppler (Commissioner for Economic Affairs) and Fritz Reinhardt (State Secretary of the Finance Ministry), tried to exert influence over regulatory affairs.²⁷ Their goal was to confront the pressing question of political control: would there need to be a complete overhaul of the system, or could existing arrangements accelerate the rearmament drive?

In these early debates, the latter seemed to be the case. There was the possibility that the Credit Supervisory Office would only play a minor role in economic affairs as other initiatives appeared to be more successful. After being appointed the Economics Minister in September 1934, Schacht proposed a new mechanism for financing rearmament. The scheme involved the creation of a shell corporation, the *Metallurgische Forschungsgesellschaft* (MeFo), to issue short-term bills that would cover rearmament spending.²⁸ By using an alternative means of payment, the state could purchase weapons from the major industrial giants without raising the national debt. Meanwhile, a general plan for economic recovery (the New Plan) addressed Germany’s persistent shortage of gold and foreign-exchange reserves.²⁹ Exchange-control offices helped to rationalize the country’s reserves by limiting the volume of foreign imports. Through a series of bilateral trade agreements with countries in Latin America and Southeastern Europe, the authorities were able to conserve their reserves of hard currencies. Schacht also advocated the imposition of import restrictions on raw materials as a means of halting the decline in the exchange rate, much to the opposition of his predecessor, Kurt Schmitt.³⁰

In contrast to interventions related to foreign trade, house construction, and work creation, projects with more definitive outcomes, the Nazi Party had an indeterminate plan with regard to the banking sector. Its endeavor was to seize financial assets and prepare for a future war, but the means to achieve this goal had yet to be decided. In many instances, Weimar-era legislation still exerted considerable influence over regulatory affairs. The Reichsbank was responsible for drafting a public announcement to confirm that cooperative and savings banks would be subject to the same reporting requirements as commercial banks.³¹ According to the Reich Banking Law, all banks were prohibited from lending excessively to one or a few individual clients.³² This maximum-credit rule, which had been the outcome of deliberations of the 1933–34 Committee of Inquiry into the Banking System

²⁵ Quoted in Friedrich Ernst, “Grundzüge des Reichsgesetzes über das Kreditwesen,” *Bank-Archiv* (June 1, 1935): 379.

²⁶ Ernst, “Grundzüge,” 380.

²⁷ BArch R3101/15485, “Protokoll über die erste Sitzung des Bankenaufsichtsamtes am 13. März 1935,” March 13, 1935, ff. 21–22..

²⁸ Christopher Kopper, *Hjalmar Schacht. Aufstieg und Fall von Hitlers mächtigstem Bankier* (Munich: Hanser, 2006), 269–73; Michael C. Schneider, “Die ‘geräuschlose’ Finanzierung durch Mefo-Wechsel,” in *Die Dresdner Bank in der Wirtschaft des Dritten Reichs*, ed. Johannes Bähr (Munich: R. Oldenbourg, 2006), 299–301; Frédéric Clavert, *Hjalmar Schacht, financier et diplomate (1930–1950)* (Brussels: Peter Lang, 2009), 222–27.

²⁹ On the New Plan and foreign-exchange management, see Tooze, *The Wages of Destruction*, 68–93; Clavert, *Hjalmar Schacht*, 173–81.

³⁰ Christopher Kopper, “Das Ministerium Schacht und sein Einfluss,” in *Das Reichswirtschaftsministerium in der NS-Zeit. Wirtschaftsordnung und Verbrechenkomplex*, ed. Albrecht Ritschl (Berlin and Boston: De Gruyter, 2016), 97; Ziegler, “A Regulated Market Economy,” 143.

³¹ BArch R3101/15485, Paersch to Kohler, April 3, 1935, f. 23; BArch R3101/15485, “Dritte Bekanntmachung des Reichskommissars für das Kreditwesen,” April 1935, ff. 24–26.

³² “Reichsgesetz über das Kreditwesen,” *Reichsgesetzblatt* (December 5, 1934), § 12.

(*Untersuchungsausschuss für das Bankwesen*), intended to prevent overexposure to any particular industry. It also reflected a legal framework that could continually legitimize state intervention in the private sector. Banks, in turn, were willing to ensure their compliance with the new legislation. When Deutsche Bank's directors received notice of the law in December 1934, they alerted the branches to the regulatory procedures that would require them to collect the balance sheets of all its borrowers applying for loans of more than 5,000 RM.³³

The Credit Supervisory Office primarily used its legal prerogatives to address potential violations of regulatory law. In March 1935, Clemens Max Kunert, head of the Berlin-based Inland Bank, was accused of breaching a clause of the Reich Banking Law related to "unreliable management" (*Unzuverlässigkeit des Geschäftsleiters*). Kunert responded by protesting the accusation and attempted to prove his innocence. Writing to Ernst, he sought to demonstrate how his bank had long backed "today's national movement with considerable resources," particularly in its support for a right-wing politician, Reinhold Wulle.³⁴ Ernst, still believing the company had "not been running an actual business," ordered the dissolution of the bank on November 21, 1935.³⁵ Four days later, Kunert was transferred from a detention center in Moabit, Berlin to the Sonnenburg concentration camp, which housed social democrats, communists, and other political dissidents.³⁶

The outcome of the Kunert case depended on an array of legal regulations that had existed since the Weimar years. To discourage a rapid outflow of capital from Germany, the government had enacted a Flight Tax, initially set at 25 percent, in 1931.³⁷ Other measures, such as the Standstill agreements, served to stabilize the Reichsmark by freezing withdrawals of short-term foreign capital. As the Credit Supervisory Office reported, Kunert had been in violation of exchange-control regulations that threatened to destabilize the value of the Reichsmark. Therefore, a resolution to his case was a matter of national security. By 1935, additional legislation had imposed even greater restrictions on the private sector. Before his arrest, Kunert complained that the new laws, difficult to understand from the beginning, had now become "so complex that even high-ranking ecclesiastical dignitaries of the Catholic Church have come into conflict with them."³⁸

Although the distribution of regulatory power continued to resemble the structure inherited from the Weimar Republic, subsequent government ordinances involved the consolidation of state control over the banking sector. In October 1935, the Law over State Banks (*Gesetz über Staatsbanken*) bestowed upon the Economics Ministry the prerogative to alter the statutes of state banks and introduce new requirements as it deemed necessary.³⁹ The law, which surprised many of the banks, gave the economics minister (Schacht) jurisdiction over the entire system of national credit. Because the legislation exempted state banks

³³ Historisches Archiv der Deutschen Bank (hereafter, HADB) F088/2016, Deutsche Bank, Board of Directors, "Auszug aus dem Rundschreiben des Vorstandes," December 21, 1934.

³⁴ BArch R3101/15485, Clemens Max Kunert to Friedrich Ernst, March 7, 1935, ff. 138–39.

³⁵ BArch R3101/15485, Aufsichtsamt für das Kreditwesen, "Zu der Beschwerde der Inlandbank Aktiengesellschaft, Berlin," n.d., ff. 127–32.

³⁶ BArch R3101/15485, Industrie- und Handelskammer zu Berlin to Amtsgericht Charlottenburg, January 22, 1935, ff. 135–36.

³⁷ "Vierte Verordnung des Reichspräsidenten zur Sicherung von Wirtschaft und Finanzen und zum Schutze des inneren Friedens vom 8. Dezember 1931," *Reichsgesetzblatt* (December 9, 1931), 731–35; Friedenberger, *Fiskalische Ausplünderung*, 67–72.

³⁸ BArch R3101/15485, Kunert to Ernst, November 29, 1935, f. 161.

³⁹ "Gesetz über Staatsbanken vom 18. Oktober 1935," *Reichsgesetzblatt* (October 19, 1935), 1247; Rüdiger Hachtmann, *Das Wirtschaftsimperium der Deutschen Arbeitsfront 1933–1945* (Göttingen: Wallstein, 2012), 95; Sebastian Knake, *Unternehmensfinanzierung im Wettbewerb. Die Braunschweigische Staatsbank von 1919 bis 1969* (Berlin and Boston: De Gruyter, 2020), 198–201.

from several different types of taxes, it reflected the erosion of their independence and a shift towards effective nationalization.

In other instances, members of the Nazi Party, who were often uninformed of the technical aspects of the financial system, clashed with the Reichsbank and the Credit Supervisory Office over the regime's priorities. According to Leo Quassowski (Justice Ministry), the maximum-credit requirements enforced by Ernst presented major difficulties for rural cooperative banks.⁴⁰ Instead of stringent regulatory requirements, more borrowing facilities at lower interest rates appeared more conducive to economic recovery, especially for domestic agriculture. However, more orthodox officials opposed such changes due to the possibility of inflation. They instead chose to offer concessions to Nazi ideologues only in certain areas of the banking sector. At the Reichsbank, one official endorsed a revision to the Banking Law that would grant exemptions to certain types of banks, including mortgage banks (*Hypothekenbanken*), ship mortgage banks (*Schiffspfandbriefbanken*), building societies (*Bausparkassen*), savings banks (*Sparkassen*), and other public-credit institutions (*Kreditanstalten des öffentlichen Rechts*).⁴¹ Imposing too onerous restrictions on all these institutions could have impeded progress towards rearmament. For foreign banks as well, the law would only apply to those that managed foreign investments on behalf of German citizens.⁴² Through these revisions, the regulatory authorities planned to make banking law compatible with the regime's existing objectives.

In the transitional phase between Weimar and Nazi regulatory regimes, a range of legal uncertainties pervaded government debates. As the Credit Supervisory Office began to adopt a more prominent role in the reorganization of the national financial system, Ernst remained a vocal advocate of statutory law. Before a conference held by the German Labor Front (*Deutsche Arbeitsfront*) in October 1936, he spoke on the need for strict adherence to the reporting and lending requirements outlined in the Reich Banking Law. As he claimed,

[T]he provisions of the Banking Law dealing with the aspects of creditworthiness, liquidity, and profitability of credit institutions are the most important provisions of the Act and that all those entrusted with the management of credit institutions must place particular emphasis on their implementation. ... Resolving and bridging these conflicts will be a difficult task for the management of credit institutions and their entire staff. You all bear a responsibility here that no one can take away from you. It is certainly possible that special rules and objectives may be set for your institutions, both generally and in individual cases, but it is your sole responsibility to reconcile them with the inner strength of your institutions.⁴³

Under Ernst, the Credit Supervisory Office often aimed to ignore overt attempts to infuse banking law with Nazi rhetoric or priorities. Preventing the encroachment of outwardly political interests in regulatory affairs seemingly allowed the institution to maintain a degree of legitimacy before the banking community.

However, the regulatory institutions did not remain neutral, as strict banking rules were also made compatible with Nazi ideology. The Credit Supervisory Office might have initially

⁴⁰ BArch R2/13688, "Protokoll über die Sitzung des Aufsichtsamts für das Kreditwesen am 24. Juni 1936, 10 Uhr 45," ff. 30–37.

⁴¹ BArch R3101/15486, "Dritte Bekanntmachung des Reichskommissars für das Kreditwesen," April 1936, ff. 3–4.

⁴² BArch R3101/15486, "Dritte Bekanntmachung des Reichskommissars für das Kreditwesen," April 1936, ff. 3–4.

⁴³ Quoted in Friedrich Ernst, "Das Reichsgesetz über das Kreditwesen," in *Die erste Reichsarbeitsstagung der Reichsbetriebsgemeinschaft Banken und Versicherungen der DAF*, ed. Reichsbetriebsgemeinschaft Banken und Versicherungen in der DAF (Berlin: Verlag der Deutschen Arbeitsfront GmbH, 1937), 141.

sought to enforce the ad hoc policies of Brüning's government. In its first full year of operations, it revoked licenses to 20 financial institutions, seven of which were private banks.⁴⁴ A series of government decrees reaffirmed the Credit Supervisory Office's legitimacy in granting licenses, levying fines, and bringing financial institutions, most notably employee savings banks (*Werksparkassen*), under its purview.⁴⁵ The Nazi state willingly backed these reforms for ideological reasons, partly motivated by a belief that savings banks were symbols of "German" values, such as thrift and community.⁴⁶ Far from acting as an "apolitical" ministerial bureaucracy, the regulatory office was able to align its own operations with the regime.

On a technical level, state intervention had mostly involved punishing violations of exchange control. In August 1937, the Credit Supervisory Office ordered the imprisonment of Ludwig Paulus, a Bavarian banker, for illegal "foreign-currency offenses" (*Devisenverfehlungen*).⁴⁷ Although his business had been "relatively small," he had initially been fined 3,000 RM. A district court, several months later, imposed an additional penalty of 300,000 RM and sentenced him to three years of imprisonment.⁴⁸ For officials who had remembered the 1931 crisis, the verdict appeared to be a justifiable response to violations of exchange-control legislation. During the Great Depression, a collapse in investors' confidence had led to sudden withdrawals of capital, which threatened to deplete the Reichsbank's foreign-exchange reserves. Following the enactment of the Reich Banking Law, the regulatory authorities reaffirmed their objective to ensure the "elimination" of "any deficits in the credit system."⁴⁹

One may assess these cases from the perspective of legal institutionalism.⁵⁰ According to this view, the law not only reflected the set of rules dictated by the government, but it also encompassed how various institutions interpreted and enforced the legal code. What emerged was a "dual state" (*Doppelstaat*) that lay between the administrative bodies that underpinned the legal order (the normative state) and the central government, characterized by arbitrary rules and unchecked violence (the prerogative state).⁵¹ In this environment, the Nazi interpretation of *Rechtsstaat* did not involve the complete rejection of extant statutes, but instead resulted in the preservation of Germany's legal structure to maintain legitimacy.⁵² Strict adherence to the Reich Banking Law served a distinct political purpose by ensuring that any policy would provide a veneer of legality.

⁴⁴ Christopher Kopper, *Zwischen Marktwirtschaft und Dirigismus. Bankenpolitik im "Dritten Reich" 1933–1939* (Bonn: Bouvier, 1995), 246.

⁴⁵ See, in particular, "Erste Verordnung zur Durchführung und Ergänzung des Reichsgesetzes über das Kreditwesen vom 9. Februar 1935," *Reichsgesetzblatt* (February 22, 1935), 205–07; "Vierte Verordnung zur Durchführung und Ergänzung des Reichsgesetzes über das Kreditwesen—Werksparkassen—vom 31. Mai 1937," *Reichsgesetzblatt* (June 15, 1937), 608–10. In 1935, the Credit Supervisory Office conducted a survey of around 900 company savings banks to assess the volume of their capital bases, while a similar study of credit cooperatives was ongoing; Friedrich Ernst, *Die Anwendung des Kreditwesen-Gesetzes im Jahre 1935 unter Berücksichtigung aktueller Probleme* (Berlin: Georg Fischer & Co., 1936), 6–8.

⁴⁶ Pamela E. Swett, "Völkisch Banking? Capitalism and Stuttgart's Savings Banks, 1933–1945," in *Reshaping Capitalism in Weimar and Nazi Germany*, ed. Moritz Föllmer and Pamela E. Swett (Cambridge: Cambridge University Press, 2022), 258.

⁴⁷ BArch R2/13689, "Vermerk," August 27, 1937, f. 341.

⁴⁸ BArch R2/13689, Aufsichtsamt für das Kreditwesen, "Zu der Beschwerde des Bankiers Ludwig Paulus, Höchststadt, gegen die Verfügung des Reichskommissars vom 13. Mai 1937," ff. 339–40.

⁴⁹ "Reichsgesetz über das Kreditwesen vom 5. Dezember 1934," *Reichsgesetzblatt* (December 7, 1934), § 32.

⁵⁰ Simon Deakin, David Gindis, Geoffrey M. Hodgson, Kainan Huang, and Katharina Pistor, "Legal Institutionalism: Capitalism and the Constitutive Role of Law," *Journal of Comparative Economics* (2017): 188–200.

⁵¹ Ernst Fraenkel, *The Dual State: A Contribution to the Theory of Dictatorship* (New York: Oxford University Press, 1941).

⁵² Jens Meierhenrich, *The Remnants of the Rechtsstaat: An Ethnography of Nazi Law* (Oxford: Oxford University Press, 2018), 10–12.

However, there was no clear dichotomy between Nazi elites and “apolitical” *fonctionnaires*. Many government bureaucrats, such as Riehle and Quassowski, tried to demonstrate their technical expertise while still supporting the principles of national socialism. From this perspective, the position of the Credit Supervisory Office’s role as an “independent” regulatory body merits close attention. Neither fervently ideological in backing the Nazi regime nor wholly neutral in its application of regulatory rules, the office exercised authority over the banking sector, applying a legal standard to all financial institutions in potential violation of exchange-control legislation. Its legitimacy may have derived from its ability to uphold the numerous restrictions that had been in place since the Weimar years. Yet the office’s interventions in the mid-1930s reflected its willingness to support the Nazi Party’s goals. It did not maintain its nominal independence as it willingly targeted banks accused of having Jewish clients, Jewish employees, or both. In these instances, its officials continued to believe that part of its public-oriented responsibility was being both a technocratic body and an integral part of the state bureaucracy.

What characterized Germany’s regulatory regime in the mid-1930s was neither the unhindered dominance of Nazi ideology nor the complete investiture of power in an “independent” supervisory body. The Credit Supervisory Office did not predominantly focus its operations around an “Aryanization” program, but it did not offer any active resistance. Its officials claimed that they imposed regulatory legislation on all German financial institutions, even those that “had no business relations in Jewish circles.”⁵³ Opposed to the liquidation of Jewish-run banks on the basis of religion, Ernst explained to the Finance Minister that the priority for his office was to ensure compliance with reporting requirements.⁵⁴ As he further indicated, the “required Aryanization of private banks” (*die erforderliche Arisierung von privaten Bankfirmen*) had provoked “certain changes in the structure of the Austrian credit system” (*gewisse Wandlungen im Aufbau des österreichischen Kreditgewerbes*), which demanded the office’s attention.⁵⁵ Motivated by these goals, Ernst nominally applied the same reporting requirements to all banks, such as during his investigation of the Essen-based bank, W. Löhr & Co.⁵⁶ Because the bank had not submitted its balance sheets with the regulatory authorities from 1931 to 1934, it was ordered to pay a relatively small fee of 100 RM, a penalty that it then appealed.⁵⁷

Nevertheless, the Credit Supervisory Office, far from upholding entirely standardized or transparent procedures, reinterpreted the law in ways that aligned with Nazi objectives. In 1937, it conducted an on-site visit of “a more informal character” to one of Deutsche Bank’s branches.⁵⁸ The impromptu inspection involved acquiring a random assortment of financial statements to ensure continued adherence to the law. For the regulatory office, the audit initially seemed to reflect a legitimate belief in the importance of compliance. In a letter to the Finance Minister, Ernst reiterated his *de jure* responsibility to uphold the Reich Banking Law, which had set the broad regulatory guidelines over the banking sector.⁵⁹ However, the intervention was also an exercise in indirect regulation. Although the

⁵³ BArch R3101/15485, Bruno Bühl, “Bankhaus Bühl & Co., Kommanditgesellschaft auf Aktien in Leipzig,” September 6, 1935, ff. 290–95.

⁵⁴ BArch R2/13684, Friedrich Ernst to Schwerin von Krosigk, September 13, 1935, ff. 88–89.

⁵⁵ BArch R2/13685, Friedrich Ernst, Note on the Reich Banking Law, April 22, 1938, f. 3.

⁵⁶ BArch R3101/15485, Aufsichtsamt für das Kreditwesen, “Zu der Beschwerde W. Löhr & Co., Essen (Ruhr),” June 1936, ff. 354–57; Patrick Bormann and Joachim Scholtyseck, *Der Bank- und Börsenplatz Essen. Von den Anfängen bis zur Gegenwart* (Munich: C. H. Beck, 2018), 256.

⁵⁷ BArch R2/13689, Friedrich Müller to Fritz Reinhardt, June 5, 1936, f. 7.

⁵⁸ HADB F088/2016, Eduard Mosler and Hans Rummel to Deutsche Bank Filialen, “Besuch von Beauftragten des Herrn Reichskommissars für das Kreditwesen,” November 5, 1937.

⁵⁹ BArch R2/13526, Friedrich Ernst to Schwerin von Krosigk, “Betrifft: Körperschaftsteuer bezw. Einkommensteuer bei Kreditinstituten-Delkredere-Posten,” December 15, 1938, ff. 200–05.

inquiry nominally centered on fee-setting procedures and accounting practices, the Credit Supervisory Office effectively pressured Deutsche Bank to implement personnel changes. It suggested that the deposit business should be managed by “an official who has a thorough understanding of these relevant provisions.”⁶⁰ Hiring a new employee would have ensured that Deutsche Bank was in compliance not only with the Reich Banking Law but also with the ongoing “Aryanization” campaign.

The Credit Supervisory Office was one of many institutions that therefore willingly aligned itself with the Nazi regime. A government ordinance on April 26, 1938 required all Jews to report their assets that exceeded 5,000 RM.⁶¹ Additional legislation subsequently targeted Jewish owners of capital. In November, the “Atonement Payment” (*Sühneleistung*) was a fine levied on the assets of Jewish individuals, and another decree the following month prevented emigrants from taking their personal jewelry or money abroad.⁶² With the state’s ideological agenda, the myriad of programs for confiscating Jewish-owned assets and property were wide-ranging, capricious, and dependent upon the particular decisions of civil servants and foreign-exchange offices.⁶³ They expropriated private sources of wealth held by individuals, while the Credit Supervisory Office targeted the assets of businesses. By July 1939, the Reich Association of Jews in Germany (*Reichsvereinigung der Juden in Deutschland*) had adopted the façade of being a safe haven for “Jewish” assets, even though it had been managed by the Gestapo.⁶⁴

In the months prior to the war, the Nazi Party was able to retool existing interventions to seize control of the financial sector. For many officials, effective control over the central bank became a key priority. In June 1939, the government revised the Reichsbank’s statutes to revoke the autonomy of monetary policy. Although less controversially viewed at the time, the legislation effectively brought monetary policy under state control.⁶⁵ Kurt Lange—a committed member of the Nazi Party who, following the resignation of Friedrich Dreyse, had become vice president of the Reichsbank—affirmed the alignment of the central bank’s policy with that of Nazi ideology: “It is for us National Socialists self-evident that we should implement the Führer’s wishes as quickly as possible ... [I]t is about the German people standing in this fight like a solid block of steel welded together behind the Führer.”⁶⁶

⁶⁰ HADB F088/2016, “Bericht über die mit den Beauftragten des Reichskommissars für das Kreditwesen, den Herren Assessor von Rehnitz und Regierungs-Oberinspektor Weber, stattgefundenen Erörterungen über die einschlägigen Bestimmungen des Reichsgesetzes über das Kreditwesen,” September 29, 1937.

⁶¹ “Verordnung über die Anmeldung des Vermögens von Juden vom 26. April 1938,” *Reichsgesetzblatt* (1938), 414–15; Harold James, *The Deutsche Bank and the Nazi Economic War against the Jews: The Expropriation of Jewish-Owned Property* (Cambridge: Cambridge University Press, 2001), 51.

⁶² “Verordnung über eine Sühneleistung der Juden deutscher Staatsangehörigkeit vom 12. November 1938,” *Reichsgesetzblatt* (December 14, 1938), 1579; “Bekanntmachung des Gesetzes über die Devisenbewirtschaftung vom 12. Dezember 1938,” *Reichsgesetzblatt* (December 13, 1938), 1733–48; James, *The Deutsche Bank*, 197; Ziegler, *Die Dresdner Bank*, 352–59; Hannah Ahlheim, “Die Commerzbank und die Einziehung jüdischen Vermögens,” in *Die Commerzbank und die Juden 1933–1945*, ed. Ludolf Herbst and Thomas Weihe (Munich: C. H. Beck, 2004), 148; Ingo Loose, “Das Reichswirtschaftsministerium und die nationalsozialistische Judenverfolgung 1933–1945,” in *Das Reichswirtschaftsministerium in der NS-Zeit. Wirtschaftsordnung und Verbrechenskomplex*, ed. Albrecht Ritschl (Berlin and Boston: De Gruyter, 2016), 423–25.

⁶³ Axel Recoll, *Der Fiskus als Verfolger. Die steuerliche Diskriminierung der Juden in Bayern 1933–1941/42* (Munich: R. Oldenbourg, 2009), 223.

⁶⁴ James, *The Deutsche Bank*, 197.

⁶⁵ “Gesetz über die Deutsche Reichsbank vom 15. Juni 1939,” *Reichsgesetzblatt* (June 16, 1939), 1015–20; Eckhard Wandel, “Das deutsche Bankwesen im Dritten Reich 1933–1945,” in *Deutsche Bankengeschichte, Band 3*, ed. Manfred Pohl (Frankfurt am Main: Fritz Knapp Verlag, 1983), 174; Bähr, “Modernes Bankrecht,” 215.

⁶⁶ BArch R2501/6363, “Ansprache des Herrn Ministerialdirektor Lange auf dem Generalmitgliederappell des Reichsbundes der Deutschen Beamten, Fachschaftsgruppen Deutsche Reichsbank, am Dienstag, dem 6. Februar 1940,” ff. 82–105.

The Credit Supervisory Office similarly became a de jure component of the Nazi apparatus. In September 1939, a revision to the Reich Banking Law led to its renaming as the Reich Credit Supervisory Office, in addition to the transfer of its responsibilities to the Economics Ministry.⁶⁷ Government officials understood the new legislation to mean the continuity of the office's work, albeit under the effective control of a government ministry.⁶⁸ This change allowed the government to begin forcing private banks to extend medium- and long-term credits to domestic agriculture, a goal it had long endorsed, while the regulatory office served as only an enforcement agency.⁶⁹ Ernst, not being a formal member of the Nazi Party, was transferred to another office and became the Reich Commissioner for Enemy Assets (*Reichskommissar für das feindliche Vermögen*) the following year.⁷⁰ In his place was an official from the Economics Ministry, Konrad Gottschick, who was supported by experts from across the civil service, including Kurt Wolf (Economics Ministry), Ernst Feßler (Justice Ministry), and Fritz Paersch (Reichsbank).

The revision to the Banking Law did not fundamentally improve Germany's structural weaknesses, which had become increasingly apparent to contemporaries. On the contrary, it led to additional uncertainties over the future of state-business relations. In December, Johann Baptist Gradl, an economist at the German Savings Banks Association, wrote of the increasingly onerous "reporting obligations" that had overburdened the banking sector in recent years. It had, he believed, "gradually become difficult to navigate through the plethora of these regulations on annual financial statements, interim reports, special disclosures, and related guidelines."⁷¹ Moreover, the Nazi Party had no coherent economic frameworks or theories from which it drew. A 1940 revision included a few changes, such as the provision that any banks needed permission to "to acquire permanent holdings in other credit institutions."⁷² Although the reasoning behind this alteration centered on the "circumventions of the law" that had "been observed repeatedly in recent times," the legislation allowed Nazi officials to sustain its regulatory interventions for the duration of the war.⁷³

Credit Supervision in the Annexed Territories

From 1938 onwards, the regulatory authorities—encompassing the Credit Supervisory Office, the Reichsbank, and the Economics and Finance Ministries—restructured the banking system of Central Europe. Their discussions revolved around the need for the expropriation of resources and capital to cover Germany's wartime needs. In March 1939, two government ordinances granted the Economics Ministry, with the agreement of the other

⁶⁷ "Verordnung zur Änderung des Reichsgesetzes über das Kreditwesen vom 15. September 1939," *Reichsgesetzblatt* (September 30, 1939), 1953–54; "Bekanntmachung der neuen Fassung des Reichsgesetzes über das Kreditwesen," *Reichsgesetzblatt* (September 30, 1939), 1955–64.

⁶⁸ BArch R43-II/241, Friedrich Landfried to the Obersten Reichsbehörden, October 14, 1939, f. 84.

⁶⁹ Geheimes Staatsarchiv Preußischer Kulturbesitz (hereafter, GStA PK) I. HA Rep. 151, IC, Nr. 9403, Friedrich Landfried to the Fachgruppe Ländliche Kreditgenossenschaften, "Betrifft: Gewährung mittel- und langfristiger Kredite," February 21, 1940.

⁷⁰ BArch R3101/35132, Franz Schlegelberger to Walther Funk, February 13, 1940, f. 106; Alexander Nützenadel, "Between State and Market, 1914–1989," in *Deutsche Bank: The Global Hausbank, 1870–2020*, ed. Werner Plumpe, Alexander Nützenadel, and Catherine R. Schenk (London: Bloomsbury, 2020), 299.

⁷¹ J. B. Gradl, "Ein halbes Jahrzehnt Kreditwesengesetz," *Die Bank* (December 23, 1939): 1403–04.

⁷² "Verordnung zur Änderung des Gesetzes über das Kreditwesen vom 23. Juli 1940," *Reichsgesetzblatt* (July 31, 1940), 1047.

⁷³ BArch R43-II/241, Funk to the Ministerial Council for the Defense of the Reich, June 26, 1940, f. 26; BArch R43-II/241, "Begründung," 1940, f. 28.

ministries, full jurisdiction over the banking systems of Austria and the Sudetenland.⁷⁴ Yet the ambiguities surrounding the law, coupled with the difficulties of financial governance, compelled officials to adapt and identify alternative ways of reorganizing the banking system. The result was the establishment of an economic order based on the principles of regulatory oversight and collaboration with local elites, yet one without an overarching grand strategy.

To a certain extent, the integration of the Austrian financial system into the German one had begun even before formal ordinances were legislated. According to Joachim Riehle, a financial expert in Department IV (specializing in money and credit) of the Economics Ministry, regulation was needed because German banks had long provided credits to Austria. Some, such as credit institutions in Baden and mortgage banks in Saarbrücken, had the majority of their loan portfolio in the annexed areas.⁷⁵ Riehle claimed that delayed mortgage payments from tenants during the invasion meant that landlords who had secured mortgages were now unable to repay their (often German) creditors.⁷⁶ As early as 4 April, he suggested to Ernst that the Reich should establish a large mortgage bank for the public sector, and another for the private sector.⁷⁷ An additional credit institution would have helped inject liquidity into the financial system. Ernst agreed with this argument and, later that month, considered “the introduction of this law [the Reich Banking Law] to be urgently needed.”⁷⁸

The regulatory authorities aimed to intervene not because of a concern for the Austrian banking system itself, but rather due to the potential impact on private creditors. Many German financial institutions, particularly the savings banks, had lent extensively to Austria in the years prior to the Anschluss. After 1938, the collapse of Austrian banks and the seizure of their assets threatened to make German banks insolvent. Officials thus considered ways of mitigating the spread of financial contagion. The Economics Ministry, for instance, proposed the creation of a centralized guarantee fund from which German banks could borrow.⁷⁹ Doing so would offer financial institutions temporary relief from their expected reduction in expected profits.

Over the course of the war, Germany’s large universal banks played an active role in the annexation. Deutsche Bank led negotiations with the government to acquire Austria’s most prominent bank, Creditanstalt.⁸⁰ Meanwhile, smaller private banks had less direct involvement in regulatory affairs but were equally as willing to take part in the process. The Central Association of the German Banks, for instance, acted as the main channel for member banks

⁷⁴ “Verordnung über Maßnahmen auf dem Gebiete des öffentlichen Bankwesens und des Sparkassenwesens in den sudetendeutschen Gebieten. Vom 4. März 1939,” *Reichsgesetzblatt* (March 7, 1939), 419–20; “Verordnung über Maßnahmen auf dem Gebiete des öffentlichen Bankwesens und des Sparkassenwesens im Lande Österreich. Vom 27. März 1939,” *Reichsgesetzblatt* (March 28, 1939), 600.

⁷⁵ BArch R2/13527, Joachim Riehle, “Vermerk. Auswirkungen des Kriegs auf den Realkredit,” September 30, 1939, ff. 6–7.

⁷⁶ BArch R2/13527, Joachim Riehle, “Vermerk. Die Auswirkungen des Krieges auf die Mietzahlungen,” September 30, 1939, ff. 12–13.

⁷⁷ Gerald D. Feldman, *Austrian Banks in the Period of National Socialism* (Cambridge: Cambridge University Press and Washington, DC: German Historical Institute, 2015), 86.

⁷⁸ BArch R2/13685, Friedrich Ernst, Note on the Reich Banking Law, April 22, 1938, f. 3.

⁷⁹ BArch R2/13526, Economics Ministry, “[Garantiefonds] zur Sicherung und Ermöglichung der Liquidation der Zentralbank der Deutschen Sparkassen in Wien,” October 25, 1939, ff. 194–95. On the guarantee fund, see BArch R2/13528, “Protokoll über die am 16. April 1940 abgehaltene 53. Vollversammlung der Verwaltungskommission für den Garantiefonds,” May 22, 1940, ff. 330–39.

⁸⁰ James, *The Deutsche Bank*, 129–41; James, *The Nazi Dictatorship*, 116–26; Feldman, *Austrian Banks*, 29–61; Nützenadel, “Between State and Market,” 330–31; Dieter Ziegler, “Die Expansion der deutschen Großbanken nach Österreich und in die Tschechoslowakei 1938/39,” *Jahrbuch für Wirtschaftsgeschichte* (2020): 489–99.

to engage in political debates.⁸¹ Upon learning of Ernst's declaration concerning the extension of the Reich Banking Law to Austria, the banking association crafted a plan to integrate their Austrian counterparts into the German financial system, such as through agreements over the setting of interest rates and lending practices.⁸² This arrangement, although not accepted, would have facilitated the process of Austro-German financial integration, while also avoiding the state's further encroachment in private affairs. Because of the exigencies wrought by the invasion, government officials overrode such proposals and unilaterally imposed regulatory restriction over foreign banks.

The dissolution of the Austrian National Bank constituted the first major financial decision after the Anschluss.⁸³ A decree issued on March 17, 1938 ordered the liquidation of the central bank, the assets of which were transferred to the Reichsbank.⁸⁴ After technical discussions with the Finance Ministry, the Reichsbank agreed to an acquisition price (*Übernahmepreis*) of 3.92 million RM in May.⁸⁵ The publicly known reserve of gold and foreign-exchange assets at the central bank amounted to 420 million Austrian schillings (248.1 million RM), while the country's clearing accounts amounted to 150 million schillings (88.6 million RM).⁸⁶ Additionally, the Reichsbank was able to relocate a special reserve fund of nearly 6.2 million RM, originally designated for discounting financial bills (*Finanzwechsel*), to the account of the Finance Ministry at the Reichsbank's branch in Vienna.⁸⁷

Although the transfer of Austria's reserves helped to ease Germany's resource constraints over the following year, the acquisition itself bore major short-term costs.⁸⁸ The Reichsbank acknowledged the potential inflationary consequences of an unsustainable influx of capital into Germany. Its directors declared that it would be willing to acquire only enough assets from the liquidation to offset recent issuances of notes and short-term

⁸¹ HADB F002/2525, Centralverband des Deutschen Bank- und Bankiergewerbes to Members, "Einführung des Reichsgesetzes über das Kreditwesen in den sudetendeutschen Gebieten," May 4, 1939.

⁸² "Verordnung zur Einführung von Gesetzen über das Kredit- und Zahlungswesen im Lande Österreich vom 1. Oktober 1938," *Reichsgesetzblatt* (October 1, 1938), 1329–30; HADB F002/2525, Centralverband des Deutschen Bank- und Bankiergewerbes to Members, "Einführung des Reichsgesetzes über das Kreditwesen im Lande Oesterreich," December 30, 1938.

⁸³ Bankhistorisches Archiv der Oesterreichischen Nationalbank (hereafter, OeNB) III/1a, Reichsbankdirektorium to the Austrian National Bank, March 25, 1938; BArch R2/13486, Walther Bayrhofer [Reichsfinanzministerium] to Bodo von Wedel [Reichsbank], March 31, 1938, f. 3; "End of Austria's Bank," *The New York Times* April 12, 1938, 40; Hans Kernbauer, *Währungspolitik in der Zwischenkriegszeit. Geschichte der Oesterreichischen Nationalbank von 1923 bis 1938* (Vienna: Oesterreichische Nationalbank, 1991), 411–23; Feldman, *Austrian Banks*, 44.

⁸⁴ "Kundmachung des Reichsstatthalters in Österreich, wodurch die Verordnung zur Übernahme der Österreichischen Nationalbank durch die Reichsbank von 17. März 1938 bekanntgemacht wird," *Gesetzblatt für das Land Österreich*, Jahrg (March 21, 1938), 26; "Verordnung zur Übernahme der Österreichischen Nationalbank durch die Reichsbank. Vom 17. März 1938," *Reichsgesetzblatt* (March 17, 1938), 254; BArch R2/13486, Reichsbankdirektorium to Finance Minister [Schwerin von Krosigk], March 22, 1938, f. 94; Clemens Jobst and Hans Kernbauer, *Die Bank. Das Geld. Der Staat. Nationalbank und Währungspolitik in Österreich 1816–2016* (Frankfurt am Main: Campus Verlag, 2016), 189–190.

⁸⁵ BArch R2/13486, Reichsbankdirektorium to the Finance Minister [Schwerin von Krosigk] and Ministerialdirektor Dr. Berger, May 13, 1938, f. 53; BArch R2/13486, Walther Bayrhofer, "Übernahmepreis für die Grundstücke der österreichischen Nationalbank," May 18, 1938, ff. 55–56.

⁸⁶ League of Nations, *World Economic Survey, Seventh Year 1937/38* (Geneva: League of Nations, 1938), 183.

⁸⁷ BArch R2/13486, Reichsbankdirektorium to the Finance Minister [Schwerin von Krosigk], April 23, 1938, f. 57; OeNB II/2e, no. 453, Oesterreichische Nationalbank in Liquidation to the Reichsbankdirektorium, "Anordnungen des Reichsbankdirektoriums wegen Liquidation der Oesterreichischen Nationalbank," April 28, 1938.

⁸⁸ The Reichsbank sold approximately 1 billion RM in foreign assets following the Anschluss; A. O. Ritschl, "Nazi Economic Imperialism and the Exploitation of the Small: Evidence from Germany's Secret Foreign Exchange Balances, 1938–1940," *The Economic History Review* (2001): 329–30.

obligations without destabilizing the exchange rate.⁸⁹ They also expected to compensate the Austrian central bank's shareholders with Reich bonds yielding an interest rate of 4.5 percent.⁹⁰ Yet even with the transfer of assets, the issue of Austria's national debt remained an unresolved matter. The regulatory authorities did not want to assume debt payments to foreign creditors, especially those in the United States. Over the ensuing months, Germany therefore settled Austria's outstanding obligations owed to countries with which it had a trade surplus on a case-by-case basis.

With the net influx of capital, German officials directed their focus to the operations of the Austrian banking sector. They began to contend with the diverse array of private bankers based in Vienna. In March 1939, the Economics Ministry conducted an audit of a merchant bank, J. Chrystoph. A report written by the Credit Supervisory Office showed that the bank was effectively insolvent and could therefore justifiably be brought under state control.⁹¹ Although the authorities could not come to an agreement over the potential restructuring process, such as whether it should be acquired by a Berlin-based bank, they decided to issue a ban on the company's operations in June and, by the following month, forced the company to close its doors.⁹² Because of its "overindebtedness," Ernst placed the company under the office's provisional supervision and, on the same day as the invasion of Poland, authorized its complete liquidation.⁹³

However, the company's dissolution proved more difficult than expected. As a private business, J. Chrystoph had around 690 creditors, which included 650 individual savers, civil servants, widows, pensioners, and businessmen, each with claims of less than 10,000 RM. After a payout to the preferred creditors of 224,000 RM, a payout to the "anonymous creditors" (likely, the board of directors), and an accounting adjustment for the expected profit losses, only approximately 100,000 RM was left for the remaining 650 creditors whose total claims amounted to 1,185,000 RM.⁹⁴ Although the authorities felt compelled to reimburse the many creditors in the ensuing liquidation process, this undertaking would have involved the settlement of the bank's accounts and the mass sale of its assets, the proceeds from which needed to be shared with the company's other creditors. Ernst therefore proposed issuing a loan of 400,000 RM from the state's guarantee fund.⁹⁵ In support of the scheme, Otto Donner (Reich Credit Supervisory Office) and Josef Bürckel (Reich Commissioner for the Reunification of Austria with the German Reich) agreed to extend a loan to J. Chrystoph, given that it was the "only Aryan institution on Mariahilferstraße."⁹⁶

The Economics Ministry initially denied the request on the grounds that the Viennese bank was "of no great importance" (*nicht von großer Bedeutung ist*).⁹⁷ As a comparatively

⁸⁹ BArch R2/13486, Reichsbankdirektorium to the Finance Minister [Schwerin von Krosigk], April 14, 1938, ff. 109–10.

⁹⁰ BArch R2/13486, Walther Bayrhoffer [Reichsfinanzministerium] to the Reichsbankdirektorium, April 1938, f. 100; BArch R2/13486, Reichsbankdirektorium to the Finance Minister [Schwerin von Krosigk], "Betr.: Liquidation der Oesterreichischen Nationalbank, Wien," April 7, 1938, f. 98; OeNB II/2e, no. 453, Reichsbankdirektorium to the Oesterreichische Nationalbank, April 23, 1938.

⁹¹ As reported in BArch R2/13527, Joachim Riehle [Reichswirtschaftsministerium] to Kanzlei des Führers der NSDAP, "Liquidierung des Bankhauses J. Chrystoph in Wien VI, Mariahilferstra. 55.," March 7, 1940, ff. 99–100.

⁹² As reported in BArch R2/13527, "Liquidierung des Bankhauses Chrystoph in Wien," November 1939, ff. 51–53.

⁹³ BArch R2/13528, Carlo Lindheimer [Liquidator] to Aufsichtsamt für das Kreditwesen, February 24, 1940, ff. 149–50; Melichar, *Neuordnung im Bankwesen*, 98.

⁹⁴ BArch R2/13527, Reichskommissar für die Wiedervereinigung Österreichs mit dem Deutschen Reich [Josef Bürckel] to the Reichswirtschaftsminister, November 2, 1939, ff. 51–53.

⁹⁵ BArch R2/13526, Economics Ministry, "[Garantiefonds] zur Sicherung und Ermöglichung der Liquidation der Zentralbank der Deutschen Sparkassen in Wien," October 25, 1939, ff. 194–95.

⁹⁶ BArch R2/13527, Josef Bürckel [Reichskommissar für die Wiedervereinigung Österreichs mit dem Deutschen Reich] to Walther Funk [Reichswirtschaftsminister], November 2, 1939, ff. 51–53.

⁹⁷ BArch R2/13527, Funk to Bürckel, n.d., ff. 53–54.

small financial institution, J. Chrystoph did not have enough assets to merit a loan, nor did it require numerous state officials to be involved in its dissolution. Yet what the case did offer was a legal precedent for interventions elsewhere. In November, Bürckel presented his case to Finance Minister Lutz Graf Schwerin von Krosigk, directly appealing to Nazi ideology. Emphasizing again that J. Chrystoph was the “only Aryan bank” in its district and “used by all those who wanted nothing to do with a Jewish company,” he claimed that it was inconceivable that the Reich would be “unprepared to help.”⁹⁸ Although reluctant throughout the negotiations, the Economics Ministry approved an emergency grant of 100,000 RM as a special request in January of the following year.⁹⁹ A group of Austrian banks provided an additional 50,000 RM.

On one level, forced liquidations allowed the Reich to lay claim to the holdings of other financial institutions. The German Audit and Trust Company (*Deutsche Revisions- und Treuhand AG*), for instance, had conducted inspections of private companies to collect information on European markets and seize control of enemy assets.¹⁰⁰ With the sale of property held by financial institutions across Germany, which had already been declining in number since the mid-1920s, the Third Reich was able to implement a similar form of legalized expropriation in Austria.¹⁰¹ Viewed through another lens, liquidations meant that the state could impose and sustain the German model of supervision abroad. After the Anschluss, a single regulatory framework would be used to justify continued interventions in the Austrian private sector. The Credit Supervisory Office then became responsible for procuring estimates on the volume of funds owned by banks, corresponding with lawyers working on the case, and managing subsequent claims by depositors.¹⁰²

Although the liquidation of J. Chrystoph represented a case of dispossession, its broader implication was thus establishing a legal precedent for the liquidation of other banks. The regulatory authorities aimed to use the dissolution of small banks as a model for future interventions. In 1938, Ernst delivered a speech concerning the importance of bank liquidations in the annexed territories as a form of “land clearing, which as such had long been necessary.”¹⁰³ A restructuring of the Austrian financial system, as he described, was predicated on an adherence to a legal code that protected private creditors. In these negotiations, the Credit Supervisory Office, a relatively small office within the state bureaucracy, could maintain influence over the Austrian banking system only if it cooperated with other government bodies. The regulatory work involving J. Chrystoph demonstrated its willingness to align with the tenets of national socialism in exchange for its continued existence.

Economic warfare might have begun with acts of expropriation, but new legislation accelerated the integration of banking systems across Central Europe. In October 1939, representatives from Dresdner Bank and Deutsche Bank approached Ernst with a plan for

⁹⁸ BArch R2/13527, Josef Bürckel to Schwerin von Krosigk, November 2, 1939, ff. 55–57.

⁹⁹ BArch R2/13527, Economics Ministry, “Vermerk,” January 9, 1940, f. 54; Oesterreichisches Staatsarchiv, Archiv der Republik, Zivilakten der NS-Zeit, Reichsstatthalter in Wien (hereafter, OeStA AdR ZNSZ RStH Wien) IIIa-Kred/13, Schwerin von Krosigk to Josef Bürckel [Reichskommissar für die Wiedervereinigung Österreichs mit dem Deutschen Reich], January 12, 1940; BArch R2/13527, Joachim Riehle [Reichswirtschaftsministerium] to Kanzlei des Führers der NSDAP, “Liquidierung des Bankhauses J. Chrystoph in Wien VI, Mariahilferstra. 55,” ff. 99–100.

¹⁰⁰ Frank Pega, “Die Tätigkeit der Deutsche Revisions- und Treuhand AG von 1925 bis 1945” (PhD diss., Ludwig-Maximilians-Universität München, 2010); Ute Pothmann, *Wirtschaftsprüfung im Nationalsozialismus. Die Deutsche Revisions- und Treuhand AG (Treuhandarbeit) 1933 bis 1945* (Essen: Klartext, 2013).

¹⁰¹ Peter Melichar, “Bankiers in der Krise. Der österreichische Privatebankensektor 1928–1938,” in *Privatbankiers in Mitteleuropa zwischen den Weltkriegen*, ed. Peter Eigner and Ingo Köhler (Stuttgart: Franz Steiner, 2003), 186–88.

¹⁰² BArch R2/13528, Kurt Wolf to Funk, “Reichshilfe zu Gunsten der Gläubiger des Bankhauses i.L. J. Chrystoph, Wien,” November 9, 1940, f. 155; OeStA AdR ZNSZ RStH Wien IIIa-Kred/13, Carlo Lindheimer [Liquidator] to Reichsaufsichtsamt für das Kreditwesen, August 2, 1940.

¹⁰³ Quoted in Kopper, *Zwischen Marktwirtschaft und Dirigismus*, 247; Melichar, “Bankiers in der Krise,” 188; Melichar, *Neuordnung im Bankwesen*, 85.

regulating the banks based in the Sudetenland. They presented a “reorganization” scheme that included the establishment of two regional banks with financial support from private banks.¹⁰⁴ Doing so would have allowed German banks to obtain easier access to the Czech market and, by extension, financial assets across the rest of Czechoslovakia. Yet the plan faced significant pushback from government officials who wanted to see banks based in the Sudetenland more directly integrated into the Reich, thereby contributing to the overall rearmament program.¹⁰⁵ The Economics and Finance Ministries therefore rejected the proposals forwarded by the Credit Supervisory Office and private banks in favor of a complete integration.

After Schacht’s dismissal from the Reichsbank in January 1939 and Ernst’s transfer to another office in November 1939, the Nazi government was able to initiate another campaign of liquidations.¹⁰⁶ The Credit Supervisory Office, now led by Konrad Gottschick, provided an official stamp of approval on the liquidation of Austrian banks.¹⁰⁷ One year earlier, Gottschick had written to Wilhelm Frick, the Interior Minister, that there was “an urgent need for the immediate introduction of the Reich Banking Law in the Sudetenland.”¹⁰⁸ After being appointed president of the regulatory body, he began to oversee the dissolution of merchant banks in Vienna that had reportedly violated the Reich Banking Law. For firms unwilling to change their name and dismiss their Jewish employees, the Credit Supervisory Office could refuse or delay renewals of required operating licenses, effectively forcing them out of business.¹⁰⁹ In other instances, the office required banks to convert their legal status from general partnerships to limited partnerships, a change that would allow German banks to purchase a majority stake in their business and assume control.¹¹⁰

The Nazi authorities largely agreed on the importance of these interventions for managing the overall level of credit. Centralized control of interest rates would ensure that a sufficient volume of capital could be used to fund rearmament, while at the same time avoiding an inflationary spiral. In March 1939, a government decree required all bonds from April 1 onwards to be issued with a maximum interest rate of 4.5 percent, thereby bringing borrowing costs in Austria into closer alignment with those in Germany.¹¹¹ The legislation similarly applied to the partially annexed Protectorate of Bohemia and Moravia. After a transition period of three months, the regulatory office acknowledged that interest rates should be fully harmonized between Germany and the Protectorate by January 1941.¹¹²

However, the inefficacy of wartime regulatory practices, as initially demonstrated by continued bureaucratic infighting, was further evident from the inability of the Nazi authorities to decide how to enforce the new legislation. A discussion on how to keep Austrian banks solvent was the topic of one meeting in October 1939, when representatives from other government ministries weighed the benefits of several different proposals.¹¹³ The Economics Ministry planned to issue a loan to Austria, although Riehle estimated that around 12 million RM from the Reich’s budget would still be needed to support

¹⁰⁴ Wixforth, *Die Expansion der Dresdner Bank*, 65–66.

¹⁰⁵ Wixforth, *Die Expansion der Dresdner Bank*, 66.

¹⁰⁶ Feldman, *Austrian Banks*, 383.

¹⁰⁷ See, for instance, the case of Bankhaus Rosenfeld & Co. in Melichar, *Neuordnung im Bankwesen*, 381–82.

¹⁰⁸ BArch R2/13685, Gottschick to Wilhelm Frick [Interior Minister], November 30, 1938, f. 46.

¹⁰⁹ Melichar, *Neuordnung im Bankwesen*, 332.

¹¹⁰ OeStA AdR ZNSZ RStH Wien IIIa-Kred/13, Breisach & Co. to the Reich Credit Supervisory Office, “Ansuchen gemäß § 3 des Gesetzes über das Kreditwesen vom 25. September 1939,” November 13, 1941.

¹¹¹ “Kundmachung des Reichsstatthalters in Österreich, wodurch die Verordnung über die Durchführung einer Zinsermäßigung bei Kreditanstalten im Lande Österreich vom 22. März 1939 bekanntgemacht wird,” *Gesetzblatt für das Land Österreich*, Jahrg. 1939 (April 12, 1939), 1601–02.

¹¹² As reported in BArch R2/13528, Friedrich Müller to the Reichsbankdirektorium, September 10, 1940, f. 142; BArch R2/13528, “Aktenvermerk zu Nr. 04758,” f. 143.

¹¹³ BArch R2/13527, “Vermerk,” October 13, 1939, f. 16.

Austrian banks.¹¹⁴ One supporter of this plan was Friedrich Landfried, State Secretary of the Economics Ministry and the Prussian Finance Ministry. Several months prior, he had criticized Ernst and the Credit Supervisory Office for having “never dealt with fundamental questions” related to “credit and banking policy.”¹¹⁵ The demands of the rearmament campaign, as outlined by the Four Year Plan, had necessitated greater state control over capital markets. As Landfried asserted, “[i]t seems to me, therefore, imperative that the cumbersome apparatus of the Supervisory Office should be dissolved and its powers placed in my hands.”¹¹⁶

Following the annexation of West Prussia (later, Danzig-West Prussia) and the Warthegau in October 1939, the Nazi authorities expedited the plan for confiscating foreign assets. The Main Trustee Office for the East (*Haupttreuhandstelle Ost*) began to liquidate local businesses and transfer ownership of their property to the Reich.¹¹⁷ Its close collaboration with the Gestapo led to the seizure of cultural assets, including books, art, and antiques.¹¹⁸ Additionally, the government funneled resources from the financial sector to support the settlement of ethnic Germans in the Eastern territories. Through the newly established German Resettlement Trust Company (*Deutsche Umsiedlungs-Treuhandgesellschaft*), Germans could access loans without requiring the authorities to add to the national debt.¹¹⁹

Along with these expropriative policies, the regulatory authorities sought to address more structural questions related to the disparate banking systems of Central Europe. In September 1939, Ernst had opposed the establishment of new savings banks in the Warthegau, a policy had advocated in Austria.¹²⁰ His view was that the Polish banking system, markedly distinct from the Austrian one, needed to be more carefully assessed before a financial integration could take place. This view gained traction in banking circles. In response to the fifty-five saving-bank branches that had been recently established, Hans Helferich, President of the German Central Cooperative Bank (DZ Bank), voiced his discontent with the state’s interventionist policy. As he argued, all “superfluous” banks “pose a risk because competition among credit institutions” could lead to “excessive indebtedness

¹¹⁴ BArch R2/13527, Joachim Riehle to Curt Prause [Reichsfinanzministerium], November 7, 1939, f. 28.

¹¹⁵ BArch R2/13685, Landfried to Schwerin von Krosigk, June 29, 1939, f. 67.

¹¹⁶ BArch R2/13685, Landfried to Schwerin von Krosigk, June 29, 1939, f. 67.

¹¹⁷ Bernhard Rosenkötter, *Treuhandpolitik. Die “Haupttreuhandstelle Ost” und der Raub polnischer Vermögen 1939–1945* (Essen: Klartext, 2003); Ingo Loose, “Die Beteiligung deutscher Kreditinstitute an der Vernichtung der ökonomischen Existenz der Juden in Polen 1939–1945,” in *Die Commerzbank und die Juden 1933–1945*, ed. Ludolf Herbst and Thomas Weihe (Munich: C. H. Beck, 2004), 242–46; Ramona Bräun, *Die Plünderung Polens. Die Reichsfinanzverwaltung in den Jahren der Besatzung (1939–1945)* (Berlin and Boston: De Gruyter, 2022), 109–37.

¹¹⁸ Ingo Loose, *Kredite für NS-Verbrechen. Die deutschen Kreditinstitute in Polen und die Ausraubung der polnischen und jüdischen Bevölkerung 1939–1945* (Munich: R. Oldenbourg, 2007), 105–12; Cornelia Briel, *Beschlagnahmt, erpresst, erbeutet. NS-Raubgut, Reichstauschstelle und Preußische Staatsbibliothek zwischen 1933 und 1945* (Berlin: Akademie Verlag, 2013), 243; Harald Wixforth, “Ein Bankier während und nach dem Holocaust. Die wechselvolle Karriere des Hugo Ratzmann,” in *Unternehmer und NS-Verbrechen. Wirtschaftsleben im “Dritten Reich” und in der Bundesrepublik Deutschland*, ed. Jörg Osterloh and Harald Wixforth (Frankfurt am Main: Campus Verlag, 2014), 281–85.

¹¹⁹ On the resettlement corporations, see Isabel Heinemann, “Rasse, Siedlung, deutsches Blut.” *Das Rasse- und Siedlungshauptamt der SS und die rassenpolitische Neuordnung Europas* (Göttingen: Wallstein Verlag, 2003), 318–22; Michael Alberti, *Die Verfolgung und Vernichtung der Juden im Reichsgau Wartheland 1939–1945* (Wiesbaden: Harrassowitz Verlag, 2006), 113; Loose, *Kredite für NS-Verbrechen*, 246–57; Catherine Epstein, *Model Nazi: Arthur Greiser and the Occupation of Western Poland* (Oxford: Oxford University Press, 2010), 163; Alexa Stiller, *Völkische Politik. Praktiken der Exklusion und Inklusion in polnischen, französischen und slowenischen Annexionengebieten 1939–1945, Band 1* (Göttingen: Wallstein Verlag, 2022), 183–206; Alexa Stiller, “Völkisch Capitalism: Himmler’s Bankers and the Continuity of Capitalist Thinking and Practice in Germany,” in *Reshaping Capitalism in Weimar and Nazi Germany*, ed. Moritz Föllmer and Pamela E. Swett (Cambridge: Cambridge University Press, 2022), 287–99.

¹²⁰ BArch R3101/20382, Friedrich Ernst to Sparkassenbehörden, September 14, 1939, f. 20; also cited in Loose, *Kredite für NS-Verbrechen*, 94.

among farmers.”¹²¹ Although not wholly opposed to the idea of financial reform in theory, Helferich claimed that such decisions had been made without the consent of his organization or the Reich Credit Supervisory Office. Gottschick, agreeing that the Warthegau had a fundamentally different system of credit, offered an even stronger rejection of Germany’s expanding banking model: “We will not allow an unhealthy expansion of the cooperative system in Warthegau.”¹²²

Although the Reich Credit Supervisory Office was aware of the issues related to a complete financial integration, prevailing ideological goals overrode such considerations. Gottschick conceded to the proposed plan following a private meeting with the Economics Minister and Reichsbank President, Walther Funk.¹²³ Amidst a sense of heightened urgency, both the Economics and Finance Ministries developed a strategy for financial exploitation. They planned to lend 1.5 million RM to Polish savings banks to pay expropriative membership fees, contingent upon “the satisfactory course of the discussions in the Reich Credit Supervisory Office.”¹²⁴ Offering emergency loans not only made savings banks indebted to the Reich, but they also bought the regulatory authorities additional time to formulate a more comprehensive plan.

Similar to prior interventions in Austria and the Sudetenland, the decision to intervene did not come from a desire to keep the Polish banking system afloat. Rather, the priority for main Nazi officials was to bolster capital inflows into Germany through a circular system of lending to foreign banks, allowing them to reclaim their assets in the process. By imposing the Reich Banking Law on the annexed territories, they intended to secure a reliable source of funds for the Nazi regime through a façade of debt deferral and a shroud of legality. After a meeting of several government ministries in July 1941, State Secretary Reinhardt approved the legislation devised in consultation with the Reich Credit Supervisory Office.¹²⁵

Rationalization and Wartime Governance

On January 30, 1941, Hitler proclaimed the establishment of the European New Order (*Neuordnung Europas*). He envisioned the further subjugation of European nations to the Reich’s ideological agenda. In line with this goal, various economic measures appeared vital for overcoming Germany’s resource constraints. Currency reform, the seizure of food and raw materials, and forced-labor camps all constituted key parts of the new economic order.¹²⁶ Banking regulation was another component of this evolving system. It allowed the state to secure a regular source of credit over the course of the conflict. According to one legal expert, strict “supervision” over the banking sector helped the regime reorient funds to domestic industry “in a way that is sensible for the national community.”¹²⁷

¹²¹ BArch R2/13528, Hans Helferich [Deutsche Zentralgenossenschaftskasse] to Funk, September 25, 1940, ff. 165–66.

¹²² BArch R2/13529, Gottschick to Funk, 19 April 1941, f. 103.

¹²³ BArch R2/13529, Kurt Wolf [Reichsaufsichtsamt für das Kreditwesen] to Schwerin von Krosigk [Reichsfinanzminister], May 20, 1941, f. 104.

¹²⁴ BArch R2/13529, Curt Prause, “Sparkassen- und Giroverband Wartheland,” June 25, 1941, f. 106.

¹²⁵ BArch R2/13529, “Vermerk über eine Besprechung im Reichsaufsichtsamt für das Kreditwesen am 4. Juli 1941,” July 5, 1941, f. 113; BArch R2/13529, Fritz Reinhardt to August Jäger, July 28, 1941, f. 109.

¹²⁶ Paul Einzig, “Hitler’s ‘New Order’ in Theory and Practice,” *The Economic Journal* (1941): 1–18; Richard J. Overy, “The Economy of the German ‘New Order,’” in *Die ‘Neuordnung’ Europas. NS-Wirtschaftspolitik in den besetzten Gebieten*, ed. Richard J. Overy, Gerhard Otto, and Johannes Houwink ten Cate (Berlin: Metropol, 1997): 11–28; Joachim Lund, “Denmark and the ‘European New Order’, 1940–1942,” *Contemporary European History* (2004): 305–21; Stephen G. Gross, “Gold, Debt and the Quest for Monetary Order: The Nazi Campaign to Integrate Europe in 1940,” *Contemporary European History* (2017): 287–309.

¹²⁷ Werner Weber, “Bankenaufsicht und Versicherungsaufsicht. Eine verwaltungsrechtliche Betrachtung,” *Die Bank* (December 24, 1941), 996.

The regulatory authorities initially used the Reich Banking Law to promote the standardization of banking systems across Europe. However, seeking to divert more resources to the domestic economy, they aimed to weaponize the regulatory apparatus to prolong the war. Whereas the Reich Commissioner had handled cases of noncompliance on a discretionary basis prior to the war, other government ministries began to clash over the right to use the regulatory office as an extension of their own bureaucracies. What followed was an attempt to develop a more streamlined, rationalized approach for bank liquidations in the annexed territories.

Not only did regulation entail the dissolution of financial institutions and the extraction of resources, both of which were vital to the regime, but the New Order also called for the replication of the German banking system abroad. On June 3, 1941, the Reich Credit Supervisory Office issued a decree concerning the “simplification of the banking system” (*Vereinfachung der Organisation des Kreditgewerbes*).¹²⁸ The legislation had been proposed by Funk and the Economics Ministry in an attempt to conduct “a Gau- and province-based examination of the credit apparatus” (*eine gau- und provinzweise Überprüfung des Kreditapparates*).¹²⁹ Their concern was that the overextension of German banks, particularly the large private banks, would produce a sudden lack of domestic capital or, at least, an inefficient distribution of wartime resources. Further pressured by the plans for an invasion of the Soviet Union, Funk preemptively mandated the closure of bank branches by ordering all “surplus employees” to be deployed to the Eastern Front.¹³⁰

In the months after the decree, the Economics Ministry attempted to develop a less haphazard process for managing banking interventions. It grappled with the question of how to impose regulatory law in regions strained by the ongoing conflict. Initially, the Reich Credit Supervisory Office had supported the overall message of the proclamation, with Gottschick describing how “[t]he credit industry is not an end in itself, but only has the right to exist insofar as the national economy requires it. Every superfluous organization complicates the fulfillment of tasks related to the credit industry, increases the cost of credit, and takes resources from the labor market that could be better employed elsewhere.”¹³¹ According to contemporary estimates, around 829 locations with fewer than 20,000 inhabitants already had more than two credit cooperatives each. Savings banks also fulfilled a community-oriented role for local businesses. For these reasons, he recommended the closure of small credit cooperatives, measured by either balance sheets or the size of the communities, unless they served “a special local need.”¹³²

After the proclamation of Hitler’s New Order, Nazi ideologues continued to enforce regulatory law over the annexed territories, while also offering a degree of flexibility due to the escalating conditions of the war. In part, inefficient supervisory practices would have undermined the war effort even more than non-intervention. Yet little was known about the structural differences between the two banking systems, especially within the

¹²⁸ Johannes Bähr, “‘Bankenrationalisierung’ und Großbankenfrage. Der Konflikt um die Ordnung des deutschen Kreditgewerbes während des Zweiten Weltkrieges,” in *Finanzinstitutionen in Mitteleuropa während des Nationalsozialismus*, ed. Harald Wixforth (Stuttgart: Franz Steiner Verlag, 2001), 77; Bähr, “Modernes Bankrecht,” 218; Hachtmann, *Das Wirtschaftsimperium der Deutschen Arbeitsfront*, 96; Dieter Ziegler, “Die Commerzbank 1870 bis 1945. Entwicklung und Behauptung als Filialgroßbank,” in *Hundertfünfzig Jahre Commerzbank 1870–2020*, ed. Stephan Paul, Friederike Sattler, and Dieter Ziegler (Munich: Siedler Verlag, 2020), 207.

¹²⁹ BArch R2/13529, Funk to Schwerin von Krosigk, “Betr.: Vereinfachung im Bankenwesen,” May 19, 1942, f. 234.

¹³⁰ Hachtmann, *Das Wirtschaftsimperium der Deutschen Arbeitsfront*, 96; Ziegler, “Die Commerzbank 1870 bis 1945,” 207.

¹³¹ OeStA AdR ZNSZ RStH Wien IIIa-Kred/15, Gottschick to the Reichsverband der deutschen landwirtschaftlichen Genossenschaften, “Betrifft: Vereinfachung der Organisation des Kreditgewerbes,” June 3, 1941.

¹³² OeStA AdR ZNSZ RStH Wien IIIa-Kred/15, Gottschick to the Reichsverband der deutschen landwirtschaftlichen Genossenschaften, “Betrifft: Vereinfachung der Organisation des Kreditgewerbes,” June 3, 1941.

Economics Ministry. As Riehle reported, “only the associations of commercial and agricultural cooperatives will have the legal knowledge and practical experience required to carry out the merger and dissolution.”¹³³ He therefore wrote a proposal in which private associations and interest groups would be allowed to undertake their own rationalization projects, so long as they prioritized the banks’ creditors.

This concession allowed Austrian officials to propose their own version of wartime governance in the later years of the war. In 1943, the Reich Governor in Vienna (*Reichsstatthalter in Wien*), Baldur von Schirach, suggested working with Austrian experts who knew the Viennese banking system rather than entrusting the merchant banks to undertake their own form of self-regulation. One collaborator was Hans Stigleitner, who had previously worked in the city’s treasury (*Kämmerer*) and served as General Secretary of the First Austrian Savings Bank (*Erste Oesterreichische Spar-Casse*). As chairman of a business association of banks in the Ostmark, Stigleitner was willing to support the Nazi Party, even though his application to join had previously been denied twice. To win the favor of party elites, he endorsed the subsequent proposal by the Economics Ministry to liquidate several merchant banks in Vienna.¹³⁴

Despite this potential moment of collaboration, the regulatory authorities held increasingly disparate views on the form and nature of state intervention. From Stigleitner’s perspective, the smaller banks in Vienna should not be granted any exemptions from the rationalization project. He sent Walter Rafelsberger, the regional economic adviser (*Gauwirtschaftsberater*) in Vienna, a list of the merchant banks and branches of commercial banks that would need to be liquidated in the near future.¹³⁵ Whereas Austrian officials were keen to close Viennese banks, the government ministries in Berlin sought to offer more flexibility. The Reich Credit Supervisory Office, for instance, wanted to grant private banks exemptions to the Reich Banking Law, especially for ongoing rationalization projects, which needed to accommodate the banking conditions unique to each of the annexed territories.¹³⁶ After receiving an inquiry from one merchant bank in Vienna, the office approved the extension of its operating license for an additional year, provided that the bank could prove that it had a “healthy” and “liquidity-secure” business.¹³⁷

The fact that state bureaucrats in Berlin were willing to offer exceptions indicated the subordination of banking law to party interests. In contrast, the Austrian authorities aimed

¹³³ OeStA AdR ZNsZ RStH Wien IIIa-Kred/15, Joachim Riehle to Reichsverteidigungskommissare, “Betr.: Vereinfachung der Organisation des Kreditgewerbes auf genossenschaftlichem Gebiet,” April 29, 1943.

¹³⁴ OeStA AdR ZNsZ RStH Wien IIIa-Kred/15, Hans Stigleitner [Landesobmann der Reichsgruppe Banken für die Ostmark] to Baldur von Schirach [Reichsstatthalter in Wien] and Gustav von Kosssegg, “Betrifft: Vereinfachung im Kreditgewerbe,” April 27, 1943; OeStA AdR ZNsZ RStH Wien IIIa-Kred/15, Baldur von Schirach to the Economics Minister, “Gegenstand: Rationalisierung im Kreditgewerbe,” April 30, 1943. On Stigleitner and the Austrian banking system, see Wolfgang Fritz, *Fortschritt und Barbarei. Österreichs Finanzverwaltung im Dritten Reich* (Vienna: LIT Verlag, 2011), 334–35; Theodor Venus, “Die Zentralsparkasse der Gemeinde Wien im Nationalsozialismus,” in *Österreichische Banken und Sparkassen im Nationalsozialismus und in der Nachkriegszeit, Band 2: Regionalbanken, Länderbank und Zentralsparkasse*, ed. Gerald D. Feldman, Oliver Rathkolb, Theodor Venus, and Ulrike Zimmerl (Munich: C. H. Beck, 2006), 540–46.

¹³⁵ OeStA AdR ZNsZ RStH Wien IIIa-Kred/15, Hans Stigleitner [Landesobmann der Reichsgruppe Banken für die Ostmark] to Walther Rafelsberger [Gauwirtschaftsberater von Wien], “Betrifft: Rationalisierung der Organisation des Kreditgewerbes im Reichsgau Wien,” February 20, 1943.

¹³⁶ On banking rationalization in Austria, see Venus, “Die Zentralsparkasse der Gemeinde Wien im Nationalsozialismus,” 712–21; Zimmerl, “Regionalbanken im Nationalsozialismus,” 79–100; Gregor Jurkovič, “Die Kreditinstitute Kärntens und der Steiermark während der NS-Zeit. Politischer ‘Missbrauch’ von Banken, Sparkassen und Landes-Hypothekenanstalten zwischen den Jahren 1938 und 1945” (PhD diss., Karl-Franzens-Universität Graz, 2017), 109; Tode Todev and Johann Brazda, *Aufstieg und Untergang der Österreichischen Volksbanken-AG. Analyse einer der größten Pleiten in der österreichischen Wirtschaftsgeschichte* (Vienna: LIT Verlag, 2020), 57.

¹³⁷ OeStA AdR ZNsZ RStH Wien IIIa-Kred/15, Kurt Wolf to Baldur von Schirach [Reichsstatthalter in Wien], “Betrifft: Bankgeschäft Josef Flatz, Wien,” January 23, 1942.

to force two of the largest savings banks in Vienna to revise their statutes in accordance with the legal requirements stipulated by German law.¹³⁸ While the company's statutes from 1936 had prohibited the use of bills of exchange as cover for its loans, the removal of this requirement by the Reich Credit Supervisory Office and the German Savings Bank and Giro Association would have allowed the banks to extend additional credits. A report from the Central Savings Bank of the Municipality of Vienna (*Zentralsparkasse der Gemeinde Wien*) opposed the forced imposition of German law, citing both historical precedence and practical reasons behind maintaining their existing statutes.¹³⁹ Based on this argument, as well as the fact that there were severe administrative delays due to the number of conscripted personnel, the regulatory authorities in Berlin allowed the non-compliant banks to continue operating without revising their statutes. The Economics Ministry conceded that, with its shortage of resources, it "currently can only deal with matters that are decisive for the war."¹⁴⁰

With the escalation of the conflict, Nazi bureaucrats sought to expand the state's regulatory capacity. Widespread fears of inefficient lending practices, especially among the savings banks, seemed to justify additional regulation in the annexed territories.¹⁴¹ In September 1943, Hitler issued a decree concerning the "concentration of the war economy" (*Konzentration der Kriegswirtschaft*). Although the order transferred oversight of raw materials and industrial production to the new Minister for Armaments and War Production, Albert Speer, it also reasserted the Economics Ministry's jurisdiction over the organization of the banking system.¹⁴² Both offices were willing to commit more of the Reich's resources and personnel to the war effort.

However, officials also recognized the issues with inadequate financial governance. In March 1944, Funk wrote to Field Marshal Wilhelm Keitel about the burden on the banking sector due to the "ongoing withdrawal of manpower by the Wehrmacht."¹⁴³ As the staff of the private banks and Reichsbank were called to the frontlines, a shortage of personnel prevented the continued functioning of the regulatory apparatus. According to Funk,

Neither the tasks of the Reichsbank can be performed without an adequate network of banks, savings banks, and cooperatives, nor can the tasks of the banking system be fulfilled without the support of the issuing bank. The two are inextricably linked. ... The German banking system, headed by the Reichsbank, manages not only the payment transactions of the economy and government administration, but also

¹³⁸ OeStA AdR ZNsZ RStH Wien IIIa-Kred/3, Hermann Habermann [Ostmärkischer Sparkassen- und Giroverband] to the Reichsstatthalter in Wien (Sparkassenreferat), December 19, 1941; Venus, "Die Zentralsparkasse der Gemeinde Wien im Nationalsozialismus," 685–91.

¹³⁹ OeStA AdR ZNsZ RStH Wien IIIa-Kred/4, Thomas Kozich and Walther Schmidt [Zentralsparkasse der Gemeinde Wien] to George Rosborg [Reichswirtschaftsministerium], "Betr.: Vorgenhmigung der Satzung," February 5, 1942.

¹⁴⁰ OeStA AdR ZNsZ RStH Wien IIIa-Kred/3, "Aktennotiz über die Vorsprache beim Reichswirtschaftsministerium in Berlin am Donnerstag den 26. Februar 1942, 11 Uhr vormittags," February 1942.

¹⁴¹ GStA PK I. HA Rep. 77, Tit. 1129, Nr. 115, Johannes Heintze [Deutscher Sparkassen- und Giroverband] to W. Bayrhofer [Reichsbank], March 13, 1942.

¹⁴² "Erlaß des Führers über die Konzentration der Kriegswirtschaft. Vom 2. September 1943," *Reichsgesetzblatt* (September 1943), 529–30; "Nr. 165. Anordnung Hitlers zum Erlaß über die Konzentration der Kriegswirtschaft," 5 September 9, 1943, in *Akten der Reichskanzlei. Die Regierung Hitler, Band X: 1943*, ed. Peter Keller and Hauke Marahrens (Berlin and Boston, MA: De Gruyter, 2020), 585–86; Jochen Streb, "Das Reichswirtschaftsministerium im Kriege," in *Das Reichswirtschaftsministerium in der NS-Zeit. Wirtschaftsordnung und Verbrechenskomplex*, ed. Albrecht Ritschl (Berlin and Boston: De Gruyter, 2016), 547.

¹⁴³ "Nr. 29. Der Reichsbankpräsident an den Chef des Oberkommandos der Wehrmacht," March 9, 1944, *Akten der Reichskanzlei. Die Regierung Hitler, Band XI: 1944/45*, ed. Hauke Marahrens (Berlin and Boston: De Gruyter, 2022), 90.

the extensive monetary transactions of the Wehrmacht. In addition to this greatly expanded domestic traffic, the German currency and monetary system has become the foundation of the monetary economy of the entire European area in German hands. Difficulties and disruptions in German finance would shake the whole edifice of European monetary transactions and currency relations interconnected with the Reich.¹⁴⁴

Complaints about ongoing staffing issues and bureaucratic inefficiencies indicated the broader discontent over state–business relations. The prevailing view was that political power had been distributed across too many government ministries and agencies. By June, civil servants had begun planning for the complete dissolution of the Reich Credit Supervisory Office, the responsibilities of which were to be transferred to the Reichsbank.¹⁴⁵

The ongoing shortage of credit compelled the Economics Ministry to weigh the benefits of additional legal reforms. In mid-June 1944, Riehle transmitted a planned revision of the Reich Banking Law to the Chancellery.¹⁴⁶ The draft stipulated the dissolution of the Reich Credit Supervisory Office with the transfer of its responsibilities to the Economics Ministry, although the Reichsbank would have accepted additional administrative work. He argued that the government could no longer depend on an apolitical body for regulatory efforts, as the priority needed to be an adherence to “a state-political objective” (*einer staatspolitischen Zielsetzung*).¹⁴⁷ He concluded that “the ordinance will simplify banking supervision, while at the same time ensuring uniform control and supervision over the banking industry.”¹⁴⁸

Yet the functions of the Reich Credit Supervisory Office had been inherently political since its founding. Its *de jure* dissolution aimed to address oppositional forces within the Nazi regime, as well as to maintain the existing financial order. Ernst, the former head of the regulatory office, was indirectly associated with the conspirators who had plotted the failed assassination attempt of Hitler on July 20. On this charge, he received a sentence of two years in prison. With his subsequent dismissal, the Nazi authorities envisioned fully severing ties and removing all traces of Weimar’s regulatory law. These internal threats to the regulatory regime were exacerbated by the exigencies of war. In August, reports from the Eastern Front indicated how rapid withdrawals of capital from savings and deposits banks threatened to undermine the wartime economy. The Economics Ministry advised against imposing any more restrictions due to the potential psychological effects: “In order to avoid unrest, the RWM [Economics Ministry] has ordered that any amount requested be paid out. It believes this is the best way to counteract a sense of panic.”¹⁴⁹ Although the evacuation of the Eastern territories had caused “debtors to disappear or become insolvent,” officials still believed that the financial institutions had enough liquidity to sustain themselves.

With the dissolution of the regulatory office, unhindered financial repression continued. The rushed revision to the Reich Banking Law in September 1944 confirmed what had already been a *de facto* policy, namely the dominance of the Economics Ministry in regulatory affairs. The following month, Riehle and Lange delivered a briefing to the German savings banks that justified their ongoing regulatory efforts. For Riehle, in particular, it

¹⁴⁴ “Nr. 29. Der Reichsbankpräsident an den Chef des Oberkommandos der Wehrmacht,” March 9, 1944, *Akten der Reichskanzlei. Die Regierung Hitler, Band XI: 1944/45*, ed. Hauke Marahrens (Berlin and Boston: De Gruyter, 2022), 90–91.

¹⁴⁵ BArch R2/21355, Curt Prause to Victor von Knorre [Reichsfinanzministerium], June 12, 1944, f. 81.

¹⁴⁶ BArch R43-II/241, Joachim Riehle to Martin Bormann [Parteikanzlei], June 14, 1944, f. 43; BArch R43-II/241, “Entwurf. Verordnung zur Änderung des Gesetzes über das Kreditwesen,” 1944, ff. 44–48.

¹⁴⁷ BArch R43-II/241, “Begründung,” 1944, ff. 48–50.

¹⁴⁸ BArch R43-II/241, “Begründung,” 1944, ff. 48–50.

¹⁴⁹ BArch R2/13531, “Auszahlung der Einlagen bei Kreditinstituten der von Kriegseignissen betroffenen Randgebiete. Vermerk über eine Besprechung im RWM am 31. August 1944,” September 4, 1944, ff. 104–05.

was important to delineate the responsibilities of each government department because “a uniform Reich law was lacking.” As he outlined, the Finance Ministry exercised control over capital markets and interest-rate policy, the Economics Ministry oversaw the “pure steering measures,” and “everything else rested with the Reichsbank.”¹⁵⁰ The simplification of banking law, according to the *Völkischer Beobachter*, would improve the efficiency of the state bureaucracy as staffing shortages became even more pervasive.¹⁵¹ By redistributing administrative responsibilities, the state sought to maintain control over credit levels and banking systems across Central Europe for the duration of the conflict.

Conclusion

Throughout the war, bankers and government officials implemented reforms that prioritized the integration of banking systems across Europe. They envisioned using existing legislation as the basis for a regulatory framework that could align with wartime objectives. Such efforts were tied to anti-Semitic, extractive policies that involved the seizure of natural resources from the annexed and occupied territories. Furthermore, the twin regulatory institutions of the Credit Supervisory Office and the Reich Banking Law continually reinforced overtly political objectives. Despite their highly technical operations, both institutions reflected the role of administrative and legal legitimacy to the Nazi economic order.

This article frames the political economy of warfare as one determined by more than expropriation and exploitation. In the first half of the twentieth century, the enactment of the Trading with the Enemy Acts became the Anglo-American wartime strategy for the “legal” confiscation of private property.¹⁵² These tactics constituted one component of a broader evolution in geoeconomic statecraft. From a continental perspective, non-democratic regimes had access to an even wider array of legal and financial policies. Governments deployed tools designed for dealing with economic disputes, such as sanctions and blockades, to enhance their national interests, while they were able to justify compulsory loans due to the ongoing “state of emergency.”¹⁵³ Through similar rationale, control over banking law became part of a system that perpetuated a regime of economic warfare. The result was the reconfiguration of a global order in which national security and financial goals increasingly converged.

Although this article assesses the Nazi financial order in Central Europe, further research may explore the different occupation and annexation regimes throughout Western, Northern, Southeastern, and Eastern Europe.¹⁵⁴ It was in many of these territories where

¹⁵⁰ “Zur Neuordnung der Aufsicht im Kreditwesen,” *Deutschen Sparkassen-Zeitung* (October 11, 1944).

¹⁵¹ “Das neue Kreditgesetz,” *Völkischer Beobachter* (October 7, 1944).

¹⁵² Nicholas Mulder, “The Trading with the Enemy Acts in the Age of Expropriation, 1914–49,” *Journal of Global History* (2020): 81–99.

¹⁵³ Stefanie Middendorf, “Notstand und Sachverstand: Zur Konfliktgeschichte der Weimarer Zwangsanleihe,” *Jahrbuch für Wirtschaftsgeschichte* (2021): 405–42.

¹⁵⁴ See, for instance, Arne Radtke-Delacor, “Produire pour le Reich: Les commandes allemandes à l’industrie française (1940–1944),” *Vingtième siècle* (2001): 99–115; Arne Radtke-Delacor, “La Place des commandes allemandes à l’industrie française dans les stratégies de guerre nazies de 1940 à 1944,” in *L’Occupation, l’État français et les entreprises*, ed. Olivier Dard, Jean-Claude Daumas, and François Marcot (Paris: Association pour le développement de l’histoire économique, 2000): 11–24; Hein A. M. Klemann, “The Dutch Economy of the German Occupation, 1940–1945,” in *Enterprise in the Period of Fascism in Europe*, ed. Harold James and Jakob Tanner (Aldershot: Ashgate, 2002): 219–58; Christoph Kreutzmüller, *Händler und Handlungsgehilfen. Der Finanzplatz Amsterdam und die deutschen Großbanken (1918–1945)* (Stuttgart: Franz Steiner, 2005) Marcel Boldorf and Jonas Scherner, “France’s Occupation Costs and the War in the East: The Contribution to the German War Economy, 1940–4,” *Journal of Contemporary History* (2012): 291–316; Harald Espeli, “Economic Consequences of the German Occupation of Norway, 1940–1945,” *Scandinavian Journal of History* (2013): 502–24; Annie Lacroix-Riz, *Industriels et banquiers français sous l’Occupation*

regulation addressed the short-term goal of expropriation, as well as the broader institutional changes and legal reforms needed to sustain the war. Continuities also extend to the postwar years when debates over centralized and federalized models of banking regulation persisted.¹⁵⁵ In West Germany, regionally focused credit institutions, including cooperatives and savings banks, continued to maintain autonomy even after regulatory drives, such as the revision to the Banking Law in 1961 and the Basel Accord in 1988. Conflicting ideas on direct regulation and informal arrangements determined the structure of Germany's banking system in an increasingly globalized economy.

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(Paris: Armand Colin, 2013); Dirk Luyten, "German Economic Rule in Occupied Belgium, 1940–1944," in *Economies Under Occupation: The Hegemony of Nazi Germany and Imperial Japan in World War II*, ed. Marcel Boldorf and Tetsuji Okazaki (London: Routledge, 2015): 126–43; Marcel Boldorf, "Besatzungswirtschaft in Westeuropa: Frankreich, Belgien und Niederlande," in *Handbuch Wirtschaft im Nationalsozialismus*, ed. Marcel Boldorf and Jonas Scherner (Berlin and Boston: De Gruyter, 2023): 765–92; Ingo Loose, "The German Reichsbank in Occupied Poland 1939–1945," in *From the Reichsbank to the Bundesbank: People, Generations and Concepts Between Tradition, Continuity and New Beginnings*, ed. Magnus Brechtken and Ingo Loose (Frankfurt am Main: Deutsche Bundesbank, 2024): 35–44.

¹⁵⁵ Susanne Lütz, *Der Staat und die Globalisierung von Finanzmärkten. Regulative Politik in Deutschland, Großbritannien und den USA* (Frankfurt am Main: Campus Verlag, 2002); Simon Mee, *Central Bank Independence and the Legacy of the German Past* (Cambridge: Cambridge University Press, 2019); Matthias Kemmerer, "'Reservewährungsland wider Willen'? Die Bundesbank, die deutschen Geschäftsbanken und die internationale Rolle der D-Mark (1968–1985)." *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte* (2024): 364–89.

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