

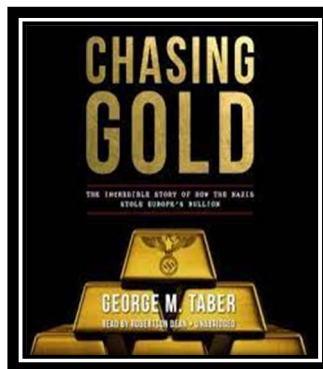
HISTORY'S BIGGEST ROBBERY

HOW THE NAZIS STOLE EUROPE'S GOLD TO FINANCE WW2

450



To keep Hitler's war machine going, the Nazis captured bullion from European central banks that today would be worth \$19 billion, writes George M. Taber, author of *Chasing Gold: The Incredible Story of How the Nazis Stole Europe's Bullion*.



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Hjalmar Horace Greeley Schacht was Adolph Hitler's moneyman, and for six crucial years he formulated the dictator's economic program. At the time, Schacht was Germany's most famous and respected financier because he had broken the country's hyperinflation of 1923, one of history's worst. At the height of that financial crisis, one American dollar was worth 4,210,500,000,000 marks. Schacht in 1932 threw his immense reputation and economic skills behind Hitler and **became both the president of the Nazi central bank and the finance minister.**

Schacht got his unusual middle name from his father, who had immigrated to the U.S. in the hope of making a new life. He became a U.S. citizen in 1872, but eventually decided to return to Germany. One of Schacht's father's heroes was Horace Greeley, the editor of the New York Tribune who famously urged readers, "Go West, young man, and grow up with the country." Schacht was conceived in the U.S., but shortly before his birth in 1877 his parents returned to Germany.

The centerpiece of Schacht's economic policy for Hitler was autarky, or total self-sufficiency. During World War I, the British blockade had starved the German people and eventually defeated them. Nearly a half million Germans died of starvation.

That prompted Berlin in 1917 to resume submarine warfare in hopes of defeating the Allies before the Americans got into the war. The strategy failed. That blockade experience left the Germans with the post-war determination never again to depend on other countries for vital imports.

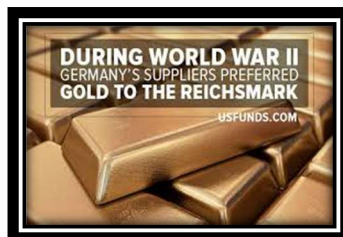
There was only one problem. Nature had not blessed Germany with all the vital products needed for the country's war machine. Without them the Nazi army would be little more than toy soldiers. While Germany had plenty of low-grade iron ore to make weapons, it lacked the high-grade steel used in the manufacture of tanks and bombers. Low-grade iron ore, though, could be turned into a higher quality product with the help of a metal known as tungsten or wolfram. That could be bought from Spain and Portugal.

Germany was also short of oil to fuel tanks and bombers. The Germans began a successful crash program to make synthetic oil, but they could still not produce needed high grade oil. That they bought largely from Romania, which fueled the Nazi tanks that invaded the Soviet Union in June 1941. Chromium was another natural resource needed for warfare that Germany lacked. They bought that from Turkey. Sweden also supplied the Germans with ball bearings, another important material.

PAYING FOR WAR

Those five supposedly neutral countries would not accept German Reichsmarks in payment for the war goods, but they would take gold. Part of the world's bullion resides in private hands, but the vast majority of it is in central banks. Willy Sutton robbed banks because that's where the money was. The Nazis robbed central banks because that's where the gold was. Swiss bankers played a crucial role in the transactions by being the financial middlemen.

Austria was the first victim of Nazi aggression in the spring of 1938. Because of his close relations with the Bank for International Settlements, which he had helped start, Schacht knew that the Austrian central bank had about 100 tons of gold. That was almost four times as much as the Germans had at the time. When the Wehrmacht marched into Vienna on Saturday morning March 12, Wilhelm Keppler, a businessman and early Hitler backer, and two armed Nazi commandoes arrived at the Austrian Central Bank and took the Austrian gold to Berlin. The Germans forced the Austrian central bank to transfer an additional 5.7 tons that it had shipped to London for safekeeping.



The Nazis also demanded that Vienna's large and wealthy Jewish community hand over to Berlin 14.3 tons of their private gold. Schacht immediately departed for Vienna to lead the Nazi takeover of the Austrian central bank. In a festive celebration at its headquarters, he led the staff in a pledge of allegiance to Hitler, asking them to join him in "a triple Sieg Heil to our Führer."

Without the stolen central bank gold, Adolph Hitler would have been an insignificant player in world history.

The windfall arrived at a crucial time for the Nazis. By mid-1938, Berlin was almost out of foreign currency and gold largely because of its rearmament program and would have been forced to cut back their war buildup. On October 3, 1938, Emil Puhl, who soon became vice-president of the Reichsbank, wrote in a memo, "The rapid implementation of rearmament was only possible because of the use of available gold, foreign exchange from the former Reich, and the immediate recovery of Austrian gold, foreign raw material, and valuable securities reserves."

When the Germans later invaded other European countries, one of their first stops was always the local central bank. After quickly learning what had happened in Austria, foreign central bankers desperately tried to get the gold out of their countries.

Usually the bullion was sent an ocean away to Canada and the United States, where it was stored temporarily at the New York Federal Reserve vaults in lower Manhattan but eventually went to Fort Knox.

Even the Vatican secretly sent nearly eight tons of gold to New York. In the darkest days of the Blitz in May 1940, the Bank of England shipped 2,000 tons across the U-boat infested Atlantic. That included not only Britain's gold but also large stashes held for other countries. Amazingly, not a single ship was sunk.

The British nicknamed the secret cargo margarine. After the Nazis invaded the Soviet Union in June 1941, Stalin's Politburo voted to send by train their three most valuable properties 900 miles to the Eastern side of the Ural Mountains to keep them out of Hitler's hands. The three: Lenin's embalmed body, the art works of Leningrad's Hermitage Museum, and 2,800 tons of gold.

The Nazis eventually captured some \$600 million worth of gold, which today would be worth \$19 billion Twitter . That kept Hitler's war machine going for five years. At the end of World War II in 1945, the Reichsbank still had nearly 300 tons on hand, which was more than it had at the beginning of the conflict.

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U.S. troops found roughly 7,000 sacks of gold bullion stashed away in a salt mine.