The Economy Under the Nazis

Nazi Germany
What we will learn today

In this presentation, you will investigate:

1. Three major problems faced by the German economy when Hitler became chancellor:
   a) international debt,
   b) agricultural stagnation,
   c) industrial unemployment.

2. For each problem, you will consider:
   a) the nature of the problem,
   b) the policies adopted by the Nazis to deal with it,
   c) the success of those policies.
One of Hitler's major objectives upon coming to power was to create jobs for the 6 _______ unemployed Germans who had elected him. However, there was disagreement about where these jobs should be created.

Dr Hjalmar ___________ argued that consumer industries should be expanded to satisfy domestic demand for consumer goods. This would also increase exports and therefore improve the balance

<table>
<thead>
<tr>
<th>thousand</th>
<th>Schacht</th>
<th>Goering</th>
<th>Heydrich</th>
<th>Guns</th>
<th>Butter</th>
</tr>
</thead>
<tbody>
<tr>
<td>million</td>
<td>Goebbels</td>
<td>farming</td>
<td>Bread</td>
<td>arms</td>
<td>Questions</td>
</tr>
</tbody>
</table>
The fall in unemployment

The number of unemployed people in Germany came down very quickly after 1933.

6 million people were on the unemployment register in 1933; by 1934 there were 3.8 million. The number went on falling until 1939, when it was 0.3 million.

This was great for Nazi propaganda: Hitler becomes chancellor, and immediately afterwards there are lots more jobs.
Unemployment under Hitler

Nazi unemployment

<table>
<thead>
<tr>
<th>Number unemployed</th>
<th>1933</th>
<th>1934</th>
<th>1935</th>
<th>1936</th>
<th>1937</th>
<th>1938</th>
<th>1939</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5,500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4,500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
1. Short-term measures: Hitler, the RAD and the DAF
The National Labour Service (RAD)

Hitler’s first measure to tackle unemployment was the setting up of the **National Labour Service (RAD)** to provide the jobs he had promised to the German people.

This organization gave men jobs in public works schemes, for example, building schools, hospitals and motorways and digging drainage ditches.

Men in the RAD had to wear a uniform and live in work camps. Their wages were really only pocket money, but for many this was an improvement on a life with no work. At least they got free meals.
Within months of taking power, Hitler decided to abolish all trade unions. In their place he set up the German Labour Front (DAF) run by Dr Robert Ley. Its rules included:

- bosses could no longer sack workers on the spot
- workers could not leave a job without the government’s permission
- only government-run labour exchanges could arrange new jobs
- workers could no longer bargain for higher wages
- strikes were made illegal
- limitations on the hours a person could work were abolished. Many Germans were working 60–72 hours a week by 1939.

**Do you think that the German Labour Front would have been popular with the workers?**
Unemployment – the limits of success

The unemployment figures for Nazi Germany look very impressive, but they don’t tell the whole story.

- From 1933, **women** were no longer included in unemployment figures.

- Once the Nazis came to power, most **Jews** were sacked; their jobs were given to other Germans. From 1935, Jews could no longer hold German citizenship and were removed from the unemployment register.

- The unemployed were obliged to take any job offered or else be classed as ‘**work-shy**’ and imprisoned.

- **Conscription** removed over a million young men from the employment market.
2. 'Butter' 1933–36:
Agriculture: dealt with by Hugenberg and Darré
Industry: dealt with by Hjalmar Schacht and the ‘New Plan’

'Butter' = consumer goods
Problems – Imports

World food prices had been low for many decades, which meant Germany had been importing cheap food from abroad. Because of this, German farmers could not sell their food at a price which would enable them to make a good living.

This meant that Germany was usually importing more than it exported, resulting in an unhealthy balance of trade – in other words, a mounting national debt.

Moreover, dependence on imports was preventing Germany from achieving economic self-sufficiency (autarchy), which Hitler felt was necessary in order to prepare the German economy for war.
How did agricultural policies affect German farmers?
Agricultural successes

Successes:

Farmers saw their incomes increase by about 40% between 1928–38.

Food production increased by 20% 1928–38, leaving Germany self-sufficient in bread grains, potatoes, sugar, meat, vegetables and eggs.
Agricultural failures

Failures:

Farmers came to resent the interference of the Reich Food Estate.

Food production was still not at a level sufficient to feed the German population without the need for imports.
Hitler appointed **Hjalmar Schacht** as president of the Reichsbank. He quickly formulated the **New Plan**, which aimed to improve Germany's balance of trade. Click on a businessman to see how the New Plan affected foreign and domestic firms.
Industrial solutions – assessment

Import/Export

Volume

100 95 90 85 80 75 70 65 60 55 50 45 40

1929 1930 1931 1932 1933 1934 1935 1936 1937 1938

EXPORTS
IMPORTS

next
3. 'Guns' 1937–40: Hermann Goering, Rearmament and the Four-Year Plan

'Guns' = rearmament
Problems

**Rearmament** was very important to Hitler – he was determined to ‘make Germany ready for war again’. He wanted to conquer the Ukraine and use its resources to make Germany self-sufficient in food and raw materials.

However, rearmament was forbidden under the Treaty of Versailles, so Hitler had to conceal his actions from the Allies.

Because spending had to be concealed, a lot was hidden in a **work creation programme** – building new runways, barracks and motorways (‘autobahns’). This only provided a few, often highly-skilled, jobs.
Hitler signalled his decision to move away from 'butter' and towards 'guns' as early as 1935, when he re-introduced compulsory military service (Select from list) and set up an airforce (the Select from list).

Schacht resigned the following year when Goering launched his Select from list which demanded Select from list and called for a Select from list which would prepare Germany for war.

Controls were placed on prices and wages, and vast funds were poured into projects to manufacture synthetic alternatives to things like Select from list which Germany might find difficult to obtain in wartime.
The army grew from just **100,000** men in 1933 to **1,400,000** in 1939. These soldiers needed equipping, so 46 billion marks were spent on weapons and equipment, creating thousands of jobs in the arms industries.

Obviously, those doing military service did not count as unemployed – this took 1,300,000 off the unemployment register.

However, Schacht argued that this policy was not providing long-term stability, but merely gearing Germany towards another catastrophic European war.
Plenary: points for discussion

In this presentation you have learnt about the role played by:

(a) Schacht
(b) Hugenberg
(c) Darré
(d) Goering.

1. Which of these, if any, do you think set out to prepare Germany for war in the years leading up to 1939?

2. Who was most responsible for the ‘Nazi economic miracle’ which saw unemployment all but disappear?

3. How successfully do you think the Nazis solved the unemployment problem?