

What impact did the Nazi party have on Germany's Economy?

Who benefited from the Nazis?



People will vote for or join a political party that they believe will increase their wealth, power, and prestige. One of the most important reasons why the Nazi Party gained in popularity in the late 1920s was because of the economic chaos in Germany after the Wall St Crash of 1929. The Nazis realised that if they were to gain and keep mass support from the German people, they would have to tackle these serious issues:

- Unemployment – this had risen to over 6 million by 1932
- Inflation and hyperinflation – Germany had faced devastating hyperinflation in 1923 when \$1 = 4,200,000,000,000 marks
- Self-sufficiency (autarky) - Germany relied on overseas trade for vital raw materials and food supplies. Part of the reason Germany had lost the Great War was because it hadn't been able to maintain these supplies. Hitler hoped to make Germany self-sufficient.

The Nazis had been relatively unpopular between 1923-1928, but their fortunes changed with the Wall Street Crash in October 1929. Desperate for capital, the United States began to recall loans from Europe. One of the consequences of this was a rapid increase in unemployment. Germany, whose economy relied heavily on investment from the United States, suffered more than any other country in Europe.

Before the crash, 1.25 million people were unemployed in Germany. By the end of 1930 the figure had reached nearly 4 million, 15.3 per cent of the population. Hitler, who was considered a fool in 1928 when he predicted economic disaster, was now seen in a different light. People began to say that if he was clever enough to predict the depression maybe he also knew how to solve it.

SUMMARY: Time to Learn!!

1. By 1932 over 30 per cent of the German workforce was unemployed.
2. In the 1933 Election campaign, Adolf Hitler promised that if he gained power he would abolish unemployment.
3. He was lucky in that the German economy was just beginning to recover when he came into office.
4. However, the policies that Hitler introduced did help to reduce the number of people unemployed in Germany.

Nazi economic policies:

- On 2nd May, 1933, Adolf Hitler ordered the Sturm Abteilung (SA) to arrest Germany's trade union leaders. Robert Ley formed the Labour Front (DAF), the only union organization allowed in the Third Reich.
- A pay freeze was introduced in 1933 and this was enforced by the Labour Front. Wages were now decided by the Labour Front and compulsory deductions made for income tax, and for its Strength through Joy programme. The Labour Front issued work-books that recorded the worker's employment record and no one could be employed without one.

Nazi economic policies:

- The government banned the introduction of some labour-saving machinery.
- Employers had to get government permission before reducing their labour force.
- The Nazi government gave work contracts to those companies that relied on manual labour rather than machines. This was especially true of the government's massive autobahn (motorway) programme.
- The Nazis concentrated on rearming. Thousands of Germans worked in factories producing weapons.
- Conscription into the German armed forces helped to reduce the numbers of unemployed.

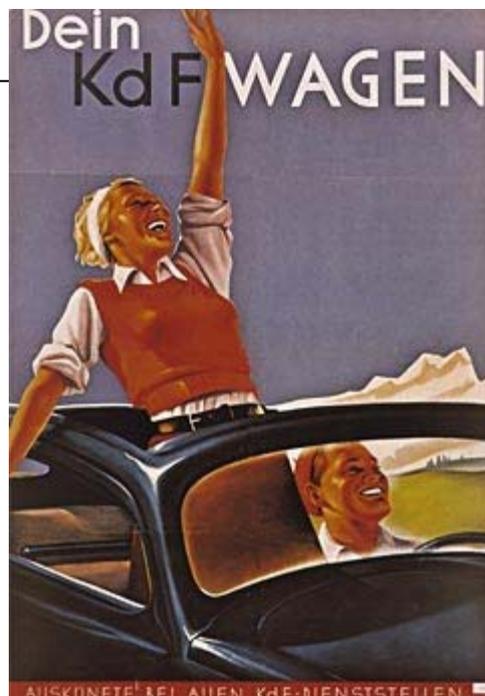
Nazi Economic Policies:

- Hitler also encouraged the mass production of radios. In this case he was not only concerned with reducing unemployment, but saw them as a means of supplying a steady stream of Nazi propaganda to the German people.
- Youth unemployment was dealt with by the forming of the Voluntary Labour Service (VLS) and the Voluntary Youth Service (VYS), these planted forests, repaired river banks and helped reclaim wasteland.
- Women in certain professions such as doctors and civil servants were dismissed, while other married women were paid a lump sum of 1000 marks to stay at home.
- In the summer of 1935 Adolf Hitler announced the introduction of Labour Service (RAD). Under this measure all men aged between the ages of nineteen and twenty-five had work for the government for six months. Later women were also included in the scheme and they did work such as teaching and domestic service.

NAZI ECONOMIC POLICY: Strength through Joy (*Kraft durch Freude* or KDF.)

The Strength through Joy organisation was set up to encourage workers to work as hard as they could for Germany and the Nazis. The offer of cheap holidays and a car were good ways to win the support of the average person in the street. A cruise to the Canary Islands cost 62 marks - easily affordable to many, though most cruises were taken up by Nazi Party officials. Walking and skiing holidays in the Bavarian Alps cost 28 marks. A two-week tour of Italy cost 155 marks. Ley ordered the building of two new cruise-liners that were used to take German workers on foreign holidays. In 1938 an estimated 180,000 people went on cruises to places such as Maderia and the Norweigian fjords. Others were given free holidays in Germany. The Strength through Joy programme also built sports facilities, paid for theatre visits and financially supported travelling cabaret groups. Although the German worker paid for these benefits through compulsory deductions, the image of people being given holidays and subsidized entertainment was of great propaganda value to the Nazi government.

Although he couldn't drive, Hitler loved cars and wanted every family in Germany to own a car. He even became involved in designing the affordable Volkswagen (The People's Car). The Nazis created a scheme whereby the workers could get a car. The Beetle, designed by Ferdinand Porsche, cost 990 marks. This was about 35 weeks wages for the average worker. To pay for one, workers went on a hire purchase scheme. They paid 5 marks a week into an account. Theoretically, when the account had reached 750 marks the worker would be given an order number which would lead to them receiving a car. In fact, no-one received a car. The millions of marks invested into the scheme were re-directed into the rapidly expanding weapons factories. This accelerated as World War Two approached. No-one complained as to do so could lead to serious trouble with the secret police.



This poster is advertising the benefits of saving for 'your own KdF car'. 'KdF' referred to the *Kraft durch Freude* ('Strength through Joy') organisation, and the car is the Volkswagen. 1939

Did the Nazis produce an economic miracle for Germany?

How successful were the Nazis in tackling unemployment, inflation and creating self-sufficiency?

- Unemployment had fallen from 6 million in 1933 to 300,000 by 1939
- Industrial production in 1939 was above the figure for Weimar Germany before the 1929 Wall Street Crash.

BUT on the other hand...

- By 1939, Germany still imported 33% of its required raw materials
- Government income had been 10 billion Reichsmarks in 1928. In 1939, it was 15 billion. However, government spending had increased from 12 billion Reichsmarks in 1928 to over 30 billion in 1939.
- From 1933 to 1939, the Nazi government always spent more than it earned so that by 1939, government debt stood at over 40 billion Reichsmarks.
- Annual food consumption in 1937 had fallen for wheat bread, meat, bacon, milk, eggs, fish, vegetables, sugar, tropical fruit and beer compared to the 1927 figures. The only increase was in rye bread, cheese and potatoes.
- Real earnings in 1938 were all but the same as the 1928 figure. (Real earnings are wages adjusted to allow for inflation).