

25th March

**Unit 4: Nazi Organisation and
Coordination of German Society**
Lesson 8 - Economic Miracle?



Learning gain - by the end of this sequence of lessons I will have explored the aims, methods and debate over the success of the Nazi's economic policies. Prepared an answer to a hinge question.

"What methods did Hitler use to achieve his economic aims. How successful was he?"



Learning Steps:



- Investigate what the aims of Nazi economic policy was.
- Explore the methods introduced by Hitler to deal with Germany's economic problems.
- Evaluate the relative success of the Nazi economic miracle.
- Prepare notes on different historical perspectives.

What were Germany's economic problems when the Nazis came to power?

6 million unemployed - key problem.

Shortage of raw materials.

Lack of foreign currency to pay for imports.

World trade slump - so could not export.

Investment in Germany was low.

Lack of confidence.

Aims of Hitler and the Nazis:



Tackle unemployment - bring Germany back to full employment.

Build a strong economy which could support his military expansionist plans.

AUTARKY - create a German economy which was as self-sufficient as possible.

WEHRWIRTSCHAFT - a defence economy, geared to the needs of a future war:

- Recognition that in WW1 - Germany had been starved and blockaded into defeat.
- Need to have a workforce with skills that could transfer into the military.
- Make substitutes for essential war materials.

CORPORATISM - using the power of the state to ensure that the economy is organised so that it benefits all groups in Germany and maximises production.

The German economy under the Nazis can be broken down into three phases:

RECOVERY:
1933-36

REARMAMENT:
1936-1939

WAR:
1939 - 45

Today's lessons:



Methods:

RECOVERY 1933 -36:

Hitler was lucky in the sense that when he took over in 1933, the Great Depression had bottomed out. Also Germany was still on paper the richest nation in Europe in terms of its raw materials and population.

The mess that Germany was in gave Hitler the opportunity to take radical measures to make improvements.

Tackling unemployment:



The Nazis introduced a range of measures to create jobs:

- increased public expenditure and investment on public works - building homes and the autobahns.
- Tax cuts to stimulate consumer demand.
- Destruction of the trade unions.
- Atmosphere of "can do" dynamism restored confidence in the future.

- Subsidies for employing more workers.
- Jews and women pressured out of work.
- Military conscription into the expanding armed forces.
- Removing unemployment benefit from certain groups - agricultural workers for example.
- The Youth Service - RAD - took 400,000 young unemployed into basic paid work.

Unemployment fell from 6 million in 1932 to less than 200,000

by 1939. This was hugely welcomed by most Germans and helped secure Hitler's popularity.

Raw materials, Imports and Exports:

By 1934 the reviving economy was causing a

BALANCE OF PAYMENTS

problem - as demand for goods was created by money flowing into the economy - it meant that Germany was IMPORTING goods rather than EXPORTING. Therefore she was spending more abroad than at home.



Hjalmar Schacht - Hitler's Banker

As Director of the National Bank - Schacht introduced the following as part of his NEW PLAN of 1934:

- Laws which gave the government to approve of all imports - regulating foreign exchange.
- Bilateral trade agreements which allowed Germany to swap goods (barter) rather than exchanging currency.

REARMAMENT 1936-39:

Hitler's "4 Year Plan" 1936:

With recovery well under way, 1936 marked a major turning point in Hitler's economic policies. The aim now was to prepare Germany for War within four years.

The Office of the Four Year Plan:

A new ministry within the German Government headed by Goering. He was given sweeping powers to implement the 4 Year Plan. The new Office intervened across the whole economy in areas such as foreign exchange, labour, raw materials, setting fixed prices. This effectively created a MANAGED ECONOMY.

AUTARKY:

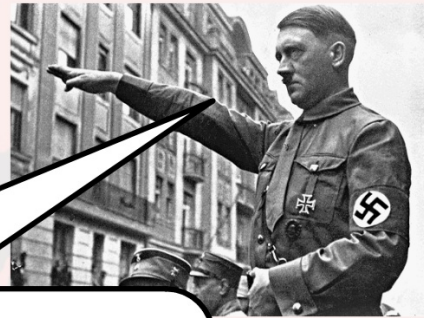
Total autarky would be impossible to achieve but Hitler set targets for key commodities, important in the event of war:

increasing Germany's own production of iron and food.

developing alternative raw materials such as rubber and oil from coal.

By 1939 - Germany was still reliant on foreign imports for a third of its needs.

A new strategy for self-sufficiency was created - conquering what it needed - Austrian iron and Russian grain.



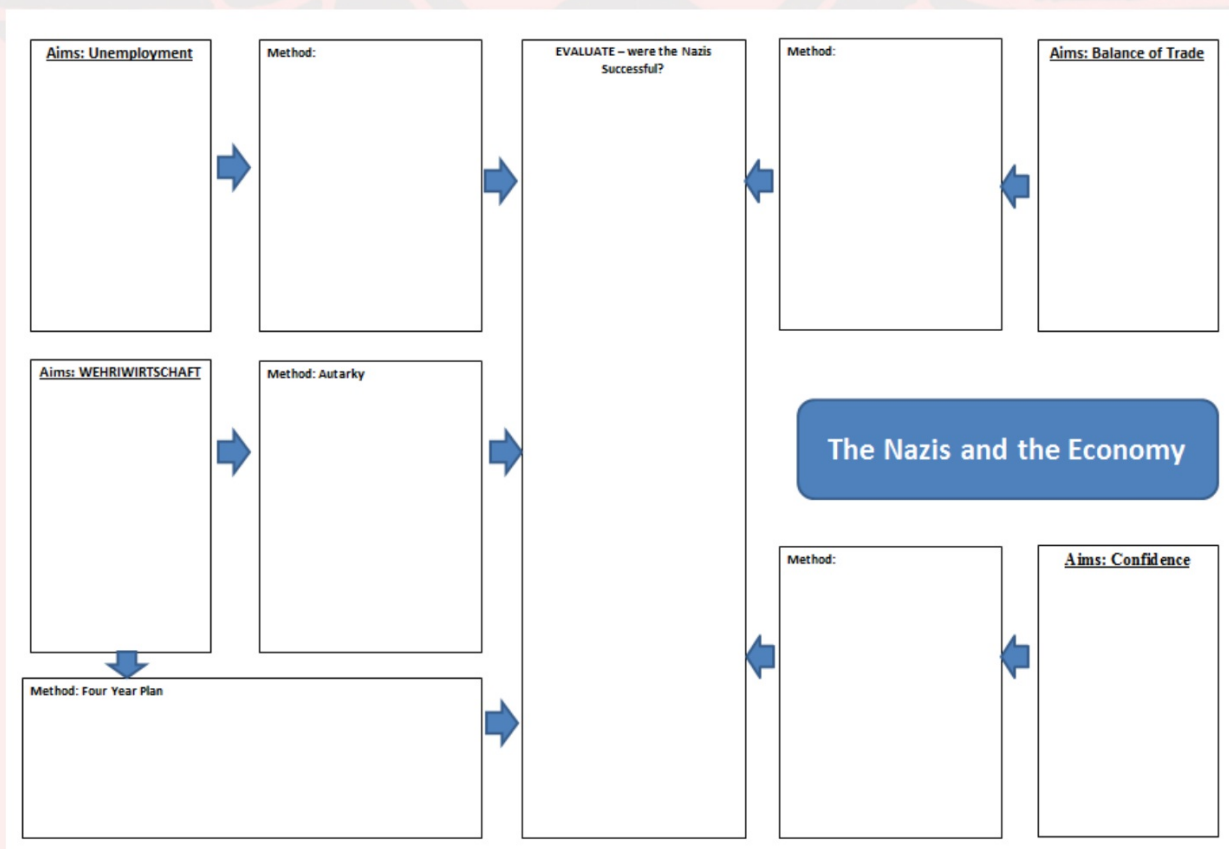
Guns or Butter - debate:

From 1936 Hitler began to massively increase GNP on military spending - 1935 6%, 1936 13%, 1938 17%.
At the same time the UK's spending was only between 5 and 8%.

Could Hitler afford to ignore the peoples' demand for consumer goods in order to rearm Germany and prepare for war?

Some historians such as MASON argue that the preparation for war was so costly that only a war of "plunder" could continue to sustain the Nazi regime and prevent social unrest. War became an inevitable result of the 4 Year Plan. Other historians such as OVERY disagree and argue that other factors led to war such international opportunities to expand the German Reich.

Nazi economic aims, methods and success 1933-39:





"What methods did Hitler use to achieve his economic aims. How successful was he?"

Use your complete HOT diagram as a basis for answering the "hinge" question above. In your finished answer include some personal research on the opinions of different historians on the "Nazi Economic Miracle".