

To what extent was
nazi economic policy
ideologically driven
essay sample



Nazi ideology was obviously a strong feature within the Nazi party and influenced many decisions that were made to do with foreign policy, domestic policy and arguably most importantly economic policy. For years now it has been debated as to whether or not Nazi economic policy was ideologically driven. It has been claimed that Schacht contributed as much as Hitler to the construction of the third Reich because he had “ continued to support him even when prospects had not looked bright”.

The main aims that the Nazis had in terms of the economy were, autarky, militarisation, the increased importance of corporate over private business and the support of the Mittelstand. It is clear to me that many Nazi economic policies were ideologically driven, however there were exceptions where economic policies were driven by other factors. Almost all of the Nazi pre-war economic policies had some element of ideology behind them. The other driving factors behind economic policy were support of the Mittelstand, reducing unemployment and general economic stability.

As you would expect many of the early economic policies were not ideologically driven because there was pressure on Hitler to deliver his pre-election promises. As the Nazi regime began to develop their economic policies became more ideologically driven because they knew that war was a distinct possibility. One minor economic policy that the Nazis introduced immediately was to restore confidence in the countryside by creating The Reich Food Estate, which took control of the overall planning and organisation of agriculture.

When the Nazis came to power the agricultural sector was still suffering from the effects of the depression which had caused prices to fall dramatically between 1929 and 1932. This was certainly linked to the long-term plan of autarky and therefore must be considered as an ideological policy that was laying the foundations for the future. The aryanization programme against business showed that the Nazis were prepared to let their ideology influence their decisions over small business. This programme by the Nazis helped small business because it wiped out many of their Jewish competitors.

This allowed traditional German business to flourish and showed to what lengths the Nazis were prepared to go even when dealing with their very sensitive economy. The programme basically showed that they would let ideology influence the economy. After a short period of the time the Nazis tried to make sure that they were in positions of influence in these big businesses so that it would limit the opposition that they would face from them. Herman Goring was put in charge of the 4 year plan when he was appointed Commissioner of Raw materials which gave him personal responsibility for making the German economy self-sufficient.

The fact that the Nazis were prepared to offer huge incentives to firms which were going to co-operate with the plan shows that the Nazis were desperate to get the economy back on track and that they were now introducing policies out of sheer panic and desperation to make self-sufficiency a reality. Where business was not prepared to co-operate with the regime on the grounds that its proposals were uneconomic, the government was ruthless in stepping in and setting up its own plant. This point was put very firmly by

Goring at a meeting of the economic Group of the Iron Making Industry on 17 March 1937.

It is very clear to me that the main driving factor behind economic policies that affected big business was ideology. Ideology hugely affected Nazi economic policy in terms of big business because they knew that without big business working exactly the way the Nazis wanted it to that they would not achieve their goal of autarky. The fact that everything was dictated to big business in very specific ways show that Nazi economic policy in terms of big business was very much geared towards the fact that they knew a war was coming and the economic policy was therefore strongly linked to ideology.

The fact that the Nazis were ruthless by setting up opposition firms to big business as like they did at Slzgitter in the Ruhr showed that the Nazis were 100 per cent committed to their ideology. Big business was undoubtedly driven by ideology and in particular the aim of autarky and rearmament. By 1936 Hitler had realised his major objective was to sustain rearmament, the economy was in such a position that this was now possible. However there were still problems which could potentially slow down rearmament or stop it happening.

By 1935 Germany was still importing large amounts of foodstuffs such as butter and vegetable oil, the " Battle for Production" begun in 1934 aimed to increase the production of foodstuffs in Germany. Agriculture at this point could be described as backward because there was a lack of machinery and manpower. The crises had grown worse by 1936 as Germany used up its reserves of raw materials and was now forced to buy them on the open

market for cash. Schacht now faced a major problem because Germany could no longer afford to import large quantities of food and raw materials for rearmament.

The only politically acceptable answer to this problem was to cut imports and embark on a policy of greater self-sufficiency in the form of the four year plan. The four year plan undoubtedly achieved some great success in terms of output in most areas and in some cases such as Brown coal the change in output was dramatic. It is not surprising though that given between 1936 and 1939 two-thirds of all investment went in to war-related industries and that by 1939 a quarter of Germany's labour force was employed in work geared to rearmament.

In my view those figures speak for themselves and show that much of the Nazi economy was ideologically driven in the sense that the whole economy was geared to the long term aim of gaining more living space. Many of the industries however did not even meet their targets. Mainly due to the fact that the regime had not been able to effectively determine its priorities, this is probably because their judgement had been clouded by the fact that they were desperate for more living space and the prospect of war was looming.

It was also a sign of ideological unrest within the Nazi party when Hitler decided not to appoint Goring as minister of economics but instead to slowly drain away the power from Schacht. He wanted to punish Schacht because he was opposed to the four year plan and the fact that it involved producing low quality German goods. Schacht resigned from the Economics Ministry in

November 1937 and was relieved of his duties in 1939 as president of the Reichsbank.

This is an example of an internal policy to get rid of anyone which dares to argue against new economic policies and shows that within the Nazi party most decisions were ideologically driven. The main point of interest about the dismissal of Schacht is that it proves that the Nazi regime in terms of economics had to be run by people who believed in the methods being used to try and fulfil Nazi ideology. It also suggests that the economy was driven more by ideology after 1936 than other factors such as economic success, popularity and the welfare of the people.

A second four year plan was set up in 1936 to carry on the work that the first four year plan had laid the foundation for. It showed that the Nazis were committed to preparing for the imminent war so therefore it could be said that the second four year plan was ideologically driven but was also driven by the need to produce their own goods rather than importing large amounts of food and raw materials. However the policy of self-sufficiency was not a complete success, by 1938 Germany's balance of trade deficit had rose to 432 million RM partly due to the fact that they didn't want to squeeze the consumer too much.

The second four year plan was very much based on the principle of Germany producing its own fuel and raw materials in preparation for the war. Therefore it can be concluded that the second four year plan was ideologically driven and it must be remembered that by the time Germany did embark on war some people considered it to be their only option due to their poor economic

situation. The second four year plan further enhances my theory that after 1936 the economy was largely ideologically driven. Another of Hitler's main objectives was rearmament and the improvement of the Armed services in general.

Hitler also wanted a public works programme to give priority to the tasks that would assist rearmament. After much consideration Schacht came up with a way of financing the rearmament programme by the use of Mefo bills. The use of Mefo bills meant that a degree of secrecy was possible during the first few years of rearmament and figures which would have become public through the use of other methods could be kept secret through the use of Mefo bills. Mefo bills, " mefo-wechsel", were drawn up by the armament contractor. The Mefo bills were used exclusively for financing rearmament.

It is clear to me that the aim of Schacht when he came up with the idea of using Mefo bills to help achieve the Nazis long term aspirations. Therefore the economic policy of using Mefo bills must be considered to be predominantly ideologically driven because they were used to speed up rearmament which would in turn help the Nazis achieve some of their ideological aims. However it must also be remembered that Schacht was not a Nazi and did have practical business motives behind the Mefo bills which would help finance the Nazis plans.

The Nazis were very concerned with the high unemployment levels when they seized power . The Nazis eventually reduced unemployment but what was the driving factor behind this aim? It is not clear whether the Nazis were genuinely trying to reduce unemployment because they were interested in

the welfare of their people or whether they were trying to reduce unemployment to increase their popularity. Another reason why they could have tried to reduce unemployment would be to stimulate the economy so that it could be relied on in the war.

All of the reasons are perfectly good for explaining why the Nazis introduced the work schemes in an attempt to reduce unemployment however I would argue that the main reason why the Nazis tried to reduce unemployment was to stimulate the economy and to increase their popularity. The Nazis did try to make it look as if they were interested in the welfare of their people because they knew that this would make them popular. They had come in to power on the back of promises to reduce unemployment significantly so it was important to the Nazis that they could deliver this promise because they would earn the trust of the nation.

It could be said, however that there was an element of Nazi ideology behind their quest to reduce unemployment because they knew that if the economy grew and became more stable that it would help them in the war effort, Hitler had realised by looking back at the first world war that you need an economy that can sustain the war if you are to succeed. So within the aspect of reducing unemployment there is a mix of ideological and economic motives. It is debatable when trying to decide what the reasoning behind the New Plan was.

In my view when Hitler appointed Schacht he was appointed for purely ideological reasons however I also take the view that Schacht introduced the New Plan purely for short term popularity. Schacht was interested in the

actual strength and stability of the economy. This is a clear signal that in the period of when Schacht was in charge of economics at the Nazis that he was mostly interested in popularity , however he seems to try to balance this with ideology because he was sympathetic to the Nazi cause.

It was no good the Nazis preparing for a war effort if they did not have the support of the nation so the New plan made sure that people were aware that the Nazis were genuinely trying to do something positive for the German economy. The New plan was also driven by the fact that the Nazis needed to remain popular in the short term if they were to succeed in the long term with their ideological ambitions. Part of the four year plan was to keep the people happy and they managed to do this by keeping consumer production to tolerable levels.

Hitler had realised that the Nazis needed to maintain their support otherwise the consequences for them could be serious. The alarming fall in living standards under the four year plan meant that prestige projects like art galleries started appearing to put something back in to the community and to maintain the support for the Nazis which they needed just to stay in power. This is an example of another driving factor behind economic policy which showed that the Nazis had a fine balance of driving factors behind their economic policies ranging from aspects of ideology to the need to maintain a good level of support for the regime.

During the first few months after Hitler took office very little happened.

Hitler's main objective when he came to power at the end of January 1933, was the winning of the election in March. As for economic policy he

contented himself with a general commitment in his appeal to the nation to solve the main economic problem which was unemployment. He purposely made no detailed proposals , Indeed on 8 February he informed his cabinet that they “ should avoid all detailed statements concerning an economic programme of government” 2.

Hitler was very concerned with the forthcoming election and wanted to secure a wide range of support, he could not run the risk of alienating any social or economic group by putting forward specific proposals at this stage. This is this is a fine example of Hitler having another driving factor behind his policies, namely to appeal to the nation rather than complying with ideology. Hitler was well aware that Germany’s economic difficulties could pose the biggest problem to image of the Nazi party. Hitler knew that if he reduced the current high level of unemployment then this would go a long way to winning over the people of Germany.

The level of unemployment stood at 6 million when Hitler came to office and this was clearly unacceptable to the people of Germany and it would be a huge success for Hitler if he significantly reduced this figure. The work schemes first used by Papen and Schleicher in 1932-33 were extended by the Law to Reduce Unemployment of June 1933. These Arbeitdienst (work schemes) were part of an overall job creation plan which included the building of new roads, the Autobahn. The so-called “ Battle for work” was extended by the government lending money to private companies so that they could create jobs.

Money was poured in to work schemes to win the backing of the nation. In June 1933 the first law was passed releasing the money for the first Autobahn. The Nazis attempt to reduce unemployment was successful, in 1933 the percentage of those unemployed was 25.9, the figure had fallen to 7.4% by 1936. Conscription also took half a million men out of the labour market and the civil service was over-staffed. This shows that in the early stages of office Hitler and the Nazis were too concerned with short term popularity than long term targets such as having the economy ready for war.

During this period it is clear that the economy was not wholly ideologically driven and the Nazis were concerned with popularity. One of the most interesting parts of Nazi economic policy is their view on business and the different categories of business. The Nazis needed to be able to respond to the often conflicting demands of the various sections of the German business community and to gear business to the requirements of the defence economy.. Although the regime had stopped the retailers destroying the departments stores , it did go some way to meeting their wishes.

The Nazis decided to “ put a curb on departments stores but not allow them to collapse”. Some departments stores were shut down and the ones that stayed open saw turnover fall to 70.1% compared to the retail trade as a whole which was at 93.7%. The example of department stores show how much the Nazis disliked big business that as not helping them in their programme of rearmament, however it does show that they were willing to make concessions to allow the economy to grow even though it may be against their ideology.

The driving force behind the tolerance of department stores by leading Nazis was not normal practice but the fact that they couldn't afford all the department stores to go out of business influenced them because it could cause unrest among workers and leading business figures. One of Hitler's most important decisions during his first weeks in office was to appoint Dr Hjalmar Schacht on 16 March 1933 to the presidency of Reichsbank, Schacht sympathised with the Nazis cause. Schacht promptly began introducing his expertise in to the economy and soon introduced the " New Plan".

Germany was facing a foreign exchange crises because they were importing too many goods and not exporting enough. The German economic recovery had brought about problems mainly because the construction programmes need raw materials from abroad and the increase in wages meant that people were by foreign consumer goods and this all added to the import bill. The aim of the New Plan was to make Germany independent of any world trade systems and enable them to cope on their own. Under the New Plan importers had to seek clearance from the Economics ministry before agreeing to buy anything abroad.

This shows that Hitler was prepared to let a non Nazi run the economy. The final key aspect of German economic policy that is a point of interest is their support of the Mittelstand. They were the backbone of Hitler's support and from the start the regime tried to deliver some of his election promises to the Mittelstand. The economic measures such as cut price competition between businesses been banned, that were taken as a result of election promises are probably the finest example of economic policies that were taken out of good will rather than for ideological reasons.

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The Nazis could have easily encouraged big department stores to flourish however they knew that without the support of the Mittelstand they would potentially become very unpopular. Even though Hitler managed to keep the support of the Mittelstand their status was not actually raised much in the pre-war year, however the interesting thing about the support of the Mittelstand is that it shows that Hitler was prepared to put ideology to one side in certain circumstances.

It is important to remember that the Nazis did not actually achieve all their aims, they managed instead to manipulate statistics such as unemployment for example where they changed the way that the figures were counted. At first glance the Nazis achievements are impressive but they took power at a time when the worst of the depression was over and were able to take credit for an economic up-turn that would have occurred naturally anyway.

Therefore they were able to have many ideologically driven policies and also gained credit for the natural up turn in the economy. It must also be remembered that by the time war came the Nazis had taken the economy to the limit and their spending habits could no longer be sustained. Therefore I have come to the conclusion that Nazi economic policies were too much ideologically driven, had the Nazis economic policies been less ideologically driven and more realistic I have no doubt in my mind that they could have been more successful.

In the first few years Nazi economic policy was not wholly ideologically driven, particularly towards the middle class. Before 1936 the Nazis clearly focused on their popularity mainly due to the fact that Schacht was in charge

of economics and he was not too concerned with ideology. After 1936 when power was drained away from Schacht and given to key Nazi figures such as Goring the policies became much more ideologically driven.

A typical example of this is big business where in the early years it was tolerated but after 1936 it was dealt with ruthlessly. Therefore Nazi economic policy was to a large extent ideologically driven and nearly all of their policies were driven by their ideological aims. However even though there were a few exceptions when policies were not ideologically driven, on the whole it must be concluded that the Nazi's ideological aims were the driving factor or a considerable factor behind the vast majority of their economic policies.