Nazi Economic Miracle Between 1933 And 1939 As Merely A Propaganda Myth

“The Nazi Economic Miracle between 1933 and 1939 was merely a propaganda myth.” To what extent do you agree with this statement?

The onset of the Great Depression of 1929 exacerbated the economic instability throughout the whole of Europe after World War One, and left countries in economic despair, through a combination of both unemployment and inflation.[footnoteRef:1] The subsequent election of the National Socialist German Workers’ Party (NSDAP) in Germany, in 1933 saw a reformation of economic policies following the failure of the Weimar Constitution and arguably created an economic ‘miracle’ in the country, extraordinarily bringing them out of a situation of economic despair. This was achieved through the effective use of propaganda, portraying an economic ‘miracle’ to the German people. However, the credibility of such a ‘miracle’ is controversial and widely debated amongst historians. Historians such as Haffner credit the ‘miracle’ as Hitler’s greatest achievement,[footnoteRef:2] whilst Kershaw gives an arguably more accurate reflection on what was happening in Germany between 1933 and 1939.[footnoteRef:3] In addition to this, Overy argues that the ‘miracle’ was simply a myth and a product of the post-Nazi era.[footnoteRef:4] Overall it is clear to say that the Nazi Party improved the economic situation in Germany, however the extent to which this can be defined as a miracle is an issue of historical debate. [1: R. E. Mollema, ‘The Nazi Economy (1933-1939): Unemployment, Autarky and the Working-Class’, vol. 4, 2017.] [2: S. Haffner, ‘The Meaning of Hitler’, trans. E. Osers, Macmillan Publishing Company, London, 1979.] [3: I. Kershaw, ‘Hitler, 1889-1936: Hubris’, Penguin; New Ed edition, London, 2001.] [4: R. J. Overy, ‘The Nazi Economic Recovery 1932-1938’, The Macmillan Press, London, 1982.]

Historian Richard Overy argues that The Nazi leadership did not seem aware of a crisis in 1939, and that the whole interwar period was for Germany a period of economic stagflation[footnoteRef:5], thus suggesting that there was no economic miracle, and that it was indeed merely a propaganda myth. This can be seen through questioning the validity and reliability of the supposed full-employment achieved by the NSDAP in 1939. The NSDAP decreased unemployment from 25.9% of the working population in 1933, to just 0.5% in 1939[footnoteRef:6], however it is critical to question the reliability of these statistics. Historian Stephen Roberts suggests that “the official statistics only tell part of the story and are perhaps not entirely accurate.”[footnoteRef:7] The NSDAP believed “We are overpopulated and cannot feed ourselves from our own resources … a higher percentage of the people must gradually be deducted from the body of our nation.” [footnoteRef:8]Firstly, women were not included in the assessment of the domestically unemployed in Germany as they were encouraged to relinquish their jobs to men and focus on looking after the children and the home. Secondly, those who were deemed to be ‘work-shy’, with low productivity and therefore little use to society, by the NSDAP were simply taken to concentration camps throughout the State and were therefore excluded from official statistics. By 1933, this figure had reached almost 500,000, which was twice the number of people who were employed directly through the Autobahn program.[footnoteRef:9] Perhaps most notably, those of Jewish descent were also removed

from the unemployed in accordance with the Nuremberg Laws, and consisted of approximately 505,000 people according to the census of June 16, 1933. Finally, the Reich Labour Service (RAD), introduced by the Nazis, made it compulsory for German men between the ages of 18 to 25 to join the organisation for at least six months, again eliminating them from the unemployment figures. In addition to this, Dan Silverman argues that the reduction in unemployment from 6 million people (34%) in 1933 to 2.5 million people (14%) in 1936, was significant, however it was far from a situation of full employment as claimed by the Nazi propaganda.[footnoteRef:10] The purposeful exclusion of these groups of people from the working population, and therefore from the official unemployment statistics reported in 1939, significantly hinders the validity of the Nazi economic miracle and strongly suggests the extent to which the figures were just a propaganda tool, manipulated by the NSDAP, to cement their position in power in the build up to the war [5: Ibid., p. 14.] [6: S. J. Lee, 'Hitler and Nazi Germany', Routledge, New York, 1998, p. 74.] [7: S. H. Roberts, 'The House that Hitler Built', Gordon Press, New York, 1975.] [8: J. J. Spielvogel, D. Redles, 'Hitler and Nazi Germany', Ashgate Publishing, 2005.] [9: 'Germany: Jewish Population In 1933' (Encyclopedia.ushmm.org, 2018) accessed 9 August 2018.] [10: D. P. Silverman, 'Hitler's Economy', Harvard University Press, Cambridge, 1998.]

Overy's perspective that the economic miracle was in fact a propaganda myth, can be further reinforced through the flawed assumption that perceived improvements in the German economy were a direct result of the policies of the NSDAP. Historians who adopt a similar position to Overy, argue that the Weimar Republic, under the leadership of officials such as Muller and Bruning, created a dynamic which would do nothing but benefit Hitler and the NSDAP, again calling into question the validity of the economic miracle, and further reinforcing the perspective that it was simply a propaganda myth. Bruning's government saw unemployment peak at six million in 1932 after the Wall Street Crash and the ensuing Great Depression. However, by Hitler's introduction to power in 1933, the brunt of such economic despair had been reduced as the economic policies of Bruning were beginning to take effect, with his austerity measures limiting the impact of inflation in the country and ensuring it didn't happen again through increasing consumer confidence. Furthermore, Bruning gave the authorisation to create a National Work Service referred to as the Voluntary Labour Service. Creating work for the German people, to help decrease the levels of unemployment in the country. Despite this, unemployment in the major cities was a key problem after the departure of Brunings government, and so by breaking up the vast landed estates in Prussia, it would lessen the chance of social upheaval,[footnoteRef:11] which historian Ian Kershaw suggests was a great fear of the NSDAP, and it also gave the people a reason to support the government who granted them new land.[footnoteRef:12] Therefore, it can be argued that the NSDAP did not provide Germany with an economic miracle, they merely came into power during a period of economic disaster which was already showing signs of improvement. The economic situation was becoming better in Germany and the Nazi Party simply carried on the work that had already begun. They presented an economic miracle to the German people only as propaganda tool, when in fact Overy states that the improved economic situation was a product of the Weimar period before the election of the NSDAP and not uniquely Nazi policies at all.[footnoteRef:13] [11: C. N. Trueman, 'Heinrich Bruning - History Learning Site' (History Learning Site, 2018) accessed 17 August 2018.] [12: Kershaw, loc. cit.] [13: Overy, op. cit.]

Additionally, Overy's view is further evidenced and supported by figures at the time suggesting that the economic miracle was just a Nazi propaganda tool, and that in actual fact, the German workforce particularly, became worse off as a result of the Nazi economic policies. Despite the

passing of the Unemployment Relief Act by the NSDAP in 1933, which in turn helped with the later establishment of RAD (National Labour Service) which sent thousands of men on public work schemes such as building autobahns, it appeared that the economic situation for the people in Germany was actually declining, with the workforce receiving a diminishing proportion of the national income as wages, falling from 63% in 1933 to 57% in 1938.[footnoteRef:14] The passing of the act may have led to numerous benefits, such as the building of new autobahns throughout Germany, however it was still in accordance with the ideology of the Nazi, totalitarian regime, removing all elements of choice for the German people. A discharged labour service man reported, “most came to the Labour Service as supporters of National Socialism. But, after only a few weeks, that had changed radically.”[footnoteRef:15] This source is extracted from a SOPADE report, the name of the exile operation of the Social Democratic Party of Germany (SPD), who were operating in Prague at the time, whilst Germany was under Nazi control. The source comes from an undercover SPD member within Germany and the Nazi regime, therefore hindering the reliability of the source as it has anti-Nazi origins. Despite this, the source is still valuable in terms of its validity, as it comes from somebody in Germany, experiencing the control of the Nazis, and this report sent to the SPD in Prague from within Germany demonstrates the risk they were willing to take in opposing the Nazi regime. As a result of this, regulation and control of the workforce became stricter than ever before under the NSDAP, keeping open the channels of propaganda and even indoctrination between the Nazi Party and the German people. Such regulation mandated that workers put in more hours despite them receiving only a fractional increase in their wages, when in real terms wages were declining, suggesting that the German workforce was actually much worse off because of the NSDAP policies, despite the Nazi propaganda manipulating them into believing they were better off. Therefore, it can be argued that the economic miracle posed by the Nazis was just a propaganda myth used to instil a sense of hope in the German people, making them believe in the NSDAP. [14: Lee, op. cit., p. 75.] [15: SOPADE Berichte, 1938, p. 175.]

However, it is essential to evaluate the ways in which the Nazi Party did provide an economic miracle in Germany, pulling the country out of a situation of serious financial deficit and economic despair. Historians such as Sebastian Haffner[footnoteRef:16] argue that helplessness and hopelessness had given way to confidence and self-assurance, and that a transition from depression to economic boom had been accomplished. Whilst Historian A.J.P. Taylor adopts a similar view accrediting the Nazis to creating widespread prosperity throughout Germany.[footnoteRef:17] This is evident through an increase in government spending between 1932 and 1938 from around 5 billion marks to almost 30 billion, representing a significant investment in both the physical and human capital in the country. The result of such investment saw a significant decrease in unemployment from 6 million people in January 1933, to 2.5 million people 4 years later; a significant decline in unemployment, which Taylor argues was a direct result of the increased government expenditure.[footnoteRef:18] This demonstrates the extent to which the economic policies, such as an increase in government expenditure, were not a propaganda myth manipulating the German people but instead presented them with an economic miracle and a new found sense of hope and optimism. Through an investment in human capital and therefore a great reduction in unemployment, the German people began to believe that the Nazi Party really were creating an economic miracle. [16: Haffner, loc. cit.] [17: A. J. P. Taylor, ‘Origins of the Second World War’, Simon and Schuster, New York, 2005.] [18: Ibid.]

In conjunction with the increased levels of government spending, there were several other successful actions taken by the NSDAP, which would see an improvement in the economic

situation in Germany. The 1934 New Plan was introduced by Schacht, who was appointed the Minister of Economics in 1934, in order to deal with the foreign exchange crisis facing Germany. The Plan was to heavily regulate all German imports requiring importers to obtain foreign exchange clearance before importing goods, as opposed to afterwards as it had previously been.[footnoteRef:19] This gave the government a stronger sense of control, allowing them to determine what was to be imported into the country and where it should come from[footnoteRef:20] meaning that the German government could have a stronger influence on domestic production. Similarly, the New Plan subsidised domestic industry in accordance with the Nazi policy of autarky which was the idea of making Germany a completely self-sufficient country and not rely on other economies around the world. It represented a more detailed application of exchange control and import regulation then previously seen in Germany. This subsequently created a rise in employment in German industry, changing people's views from hopelessness to views of confidence and assurance, as well as a significant increase in production, particularly of steel, oil and coal. From this we can conclude that the 1934 New Deal greatly improved the economic situation of the country as well as its trade policy and was not simply propaganda presented to the people to make them believe in the Nazi economic regime. Schacht's Plan directly improved the financial stability of the country globally and ensured priority for the raw materials essential to the rearmament programme, and therefore was not a form of propaganda presenting an ‘economic miracle’, but instead a step towards economic recovery in Germany. [19: J. Noakes, G. Pridham, ‘Nazism 1919-1945’, vol. 2, University of Exeter Press, 1998, p. 273.] [20: Ibid.]

Another element of the ‘economic miracle’ in Germany between 1933 and 1939, came through the focus on war and rearmament under the policies of the NSDAP. Beginning in 1935, the NSDAP focused a large proportion of their spending on the military and preparation for war. Through such increased government expenditure, industry also saw significant boosts in prosperity, as large amounts of coal and steel were needed for the functioning of the army. Such prosperity is evident in the industrial company Krupps, who were the main provider of such steel and munitions for the military in Germany between 1933 and 1939; in 1933, they saw a profit of 6.65 million Reichsmarks. However, as the spending on the military increased, so too did the need for their goods increasing their profit 17.80 million Reichsmarks as of the 1937. The focus on the war was significant for industry in Germany, which resulted in a period of economic boom during this period, meaning that there was, to some degree, elements of an economic miracle, under the logical assumption that output increases significantly which occurred as a direct result of the government spending on the military. German military spending increased by almost 29% of their annual GDP between 1933 and 1939, providing the NSDAP with a way of tackling the peak level of unemployment, which was deemed as the main issue for which a solution was needed. In 1939, almost 22% of the German workforce were employed either directly or indirectly in association with military production[footnoteRef:21], suggesting this was not a propaganda myth. Instead, it was an effective means of the NSDAP in reducing the number of unemployed people across the country, providing them with work as well as a means of income, through the rearmament program and such high levels of investment in the military. [21: S. Baranowski, A. Nolzen & C. C. W. Szejnmann, ‘A Companion to Nazi Germany’, John Wiley & Sons, Newark, 2018]

However, this focus on rearmament arguably hindered the development on consumer goods and left the NSDAP in a ‘gun versus butter’ situation. Herman Goering, appointed as the Plenipotentiary of the Four-Year Plan in 1936, notably said that “iron makes an empire strong; butter only makes people fat,”[footnoteRef:22] and this strongly reinforced the attitude of the

NSDAP at the time and their focus of the rearmament programme. The policies of the NSDAP focused upon making Germany stronger, domestically and on the global stage, both economically and in terms of the military, as opposed to appealing to the basic needs of the German people. However, the arms industries necessary for rearmament still relied on imports of goods such as copper and petrol and the economy simply could not afford to import food as well. As a result of this, Germany did not produce enough food domestically for its population, meaning that the rearmament process would have to slow down. Another SOPADE report notes that, “If the German people do not get enough butter and fats, if they have to stuff their stomachs with inferior war-type bread, if, one after the other, the objects of daily use have to be made of dubious ersatz materials, then it seems as if the blame for that lies with Germany and therefore the NSDAP,”[footnoteRef:23] suggesting that they had no choice but to switch their focus to consumer goods in order to keep the support of the people. This SOPADE report is again significant, informing the SPD exiles in Prague, the situation that the NSDAP were facing. If the Nazi’s did not switch their focus away from rearmament, then it may lead to a major loss in popularity for the party, leaving the German people without the basic necessities needed for them to live. The compromise made by the NSDAP can be shown through the statistics at the time. The percentage increase in production goods fell from 22.3% in 1935 to just 9.5% in April 1939, whilst the percentage increase in consumer goods rose from a mere 2% in 1935 to 9.9% in April 1939.[footnoteRef:24] Although it is important to note that these figures are again taken from an SPD report sent from within Germany to SPD officials in Prague, and so it is possible that such statistics were manipulated in order to make it seem as though the NSDAP were less effective in their shift towards consumer goods, than perhaps they actually were. Despite this, the increased focus on consumer goods under the policies of the NSDAP reinforces, to some extent, the fact that the party did indeed improve the financial situation for the average consumer, focusing their attentions on consumer goods and scaling back on production of munitions. This suggests that the NSDAP were improving the living standards for the German people, hinting that they did achieve an economic ‘miracle’, to some extent in this circumstance. However, it is important to question the extent to which the NSDAP were forced into making the switch to consumer goods, in order to maintain the health and more importantly, the support, of the population. [22: 'Nazi Economy' (Johndclare.net, 2018) accessed 17 August 2018.] [23: SOPADE-Berichte, 1938, pp. 179-805] [24: SOPADE-Berichte, 1939, p. 877.]

Alongside the original focus on rearmament, and increased levels of military spending, Hitler aimed to create an autarkic system which would then enable Germany to sustain a broader hegemony in Europe,[footnoteRef:25] which would also ensure further self-sufficiency in raw materials and food as well as guaranteed outlets for manufactured goods.[footnoteRef:26] The proposed autarky would underpin the future economy: Lebensraum would give autarky geographical cohesion and rearmament would provide the means of achieving Lebensraum.[footnoteRef:27] However, despite the appointment of Goering to take control the Four Year Plan, placing the German economy on a war footing by promoting self-sufficiency, several historians have still argued that Hitler could not pursue a policy geared towards total war, with Klein suggesting that he still needed the support of the German consumer and therefore had to settle for a compromise,[footnoteRef:28] hinting that the only way to commit to war was by steadily expanding the economic base of Germany across the globe. Hitler used Blitzkrieg to go about this, which was arguably more of an economic strategy than a military one, gaining him economic control over numerous countries in Eastern Europe including Czechoslovakia, Poland, the Ukraine, and part of Russia, as well as giving Hitler and the NSDAP direct influence over Hungary, Romania and Bulgaria.[footnoteRef:29] This demonstrates the extent to which his economic policy was also a political one, fulfilling his

foreign policy aims, gaining control across Eastern Europe. Despite the clearly strengthening economic position of Germany on the global stage, such foreign intervention was arguably yet another clever form of propaganda from the Nazi's, leading citizens to believe in an 'economic miracle', which in reality was only part of Hitler's political agenda. [25: Lee, op. cit., p. 66] [26: Ibid. p. 67] [27: ibid] [28: Ibid. p. 68.] [29: Ibid.]

The debate of whether the economic miracle was merely a propaganda myth is a widely discussed one amongst historians. Despite the high amount of 'invisible unemployment' in Germany, amongst those with Jewish descent, women, and other groups, there was a substantial fall in unemployment of over 5 million people between the years of 1933 and 1938. However, historians still debate as to whether this reduction in unemployment was a direct result of Nazi economic policies, or whether they merely re-enforced policies previously put into place before the end of the Weimar Republic. Therefore. The credibility of the Nazi economic policies remains in question, with Overy arguing that the economic recovery in Germany was doomed from the very start, due to its focus on war preparation and its rearmament programme.[footnoteRef:30] Kershaw further develops this argument stating that the economic policies of Hitler were systematically wrecking the German economy and were rapidly painting him into a corner where his only choices were war or a loss of power.[footnoteRef:31] From this we can conclude that the economic policies of the NSDAP did improve the economic situation of the country, however it is difficult to define this as a miracle, when considering that they adopted policies similar to those which were already improving the economy and that the standard of living for the average worker actually decreased due to Nazi economic policy. Therefore, perhaps the 'miracle' lies not with the economic policies of the NSDAP, but that the German people seemed to believe that the German economy was stronger under the Nazi leadership. The effectiveness of their propaganda seems obvious, nonetheless there was enough improvement in the economic basis of people's lives that meant they were prepared to believe the propaganda with its mythical basis. [30: Overy, op. cit. pp. 60-64.] [31: Kershaw, loc. cit.]

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