

What steps were taken to tackle Germany's economic problems between the Nazi takeover in 1933 & the decline in Schacht's influence in 1936?

In 1933 Germany's economic problems were extensive. At this point in time Hitler's personal preference was to decrease unemployment, yet this problem was fairly insignificant alongside sorting out the economy in links with industry, the balance of trade deficit, inflation, & the debts of World War I. I intend to focus upon the main issues & link together the measures taken to make an appropriate conclusion on the successes and failures.

The balance of trade deficit was of high concern; values of exports were lower than the value of imports. Germany was losing money & a quick solution was needed to regain as much as possible. To combat this the New Plan was structured & implemented by 1934. The government were given strong powers in controlling imports which helped to overcome the immediate balance of trade problem. Also in linking problems with an economic & industrial view the balance of trade deficit partnered well in annoyance with the shortage of raw materials & a scarcity of foreign currency, which led to the non payments for many imports. To solve this the Bilateral trade agreements were made, with specific links to the Balkan states. This allowed Germany to be supplied with important raw materials, & include some barter so as not to use up scarce foreign currency.

Another set of problems & measures undertaken can be linked together through economics & business. The confidence of big business had been lost. Hitler was therefore upcoming with a vision of a stronger Germany, which inspired confidence in big businesses who saw this as an opportunity to prosper again. This coincided with the danger of inflation, as there was increased demand and money supply. In line with Hitler's vision the government decided to control wages & prices. This restored further confidence in businesses & the public as there was less fear of inflation. Yet challenging this solution were the Trade Unions. They became a problem when they made an effort to rise against this for the value of rights, which in theory could prevent Germany recovering at a faster pace. In retaliation to this the Independent Trade Unions were destroyed. Again this reinforced the confidence in big business & helped keep inflation under control by stopping workers campaigning for higher wages.

A problem area, which remained in the thoughts of both public & private Germany, was the effect of World War I. There was still a large amount of debt left to pay off. The government decided to suspend debt repayments & the payment of reparations had already ended before Hitler came to power. This had destroyed many lives & left millions unemployed. By 1933 there were still 6 million people registered as unemployed. It was decided that the public works schemes of 1932 were to be extended, which provided more orders for many private companies who took on more workers.

A major contribution to solving the problems can be seen quick fix success of the time, although now can be pointed out that overall were not entirely beneficial, were the Mefo bills. The state investment in industry was low. Therefore Germany's solution of this was deficit financing & the use of Mefo bills. These were credit notes guaranteed by the Reichsbank & the government, & were used to increase investment in industry & finance public works without the risk of inflation. They were guaranteed to be repaid, with interest, after five years from increases in the government's tax revenue. To compliment this original problem was low consumer demand. Tax concessions & special grants were made available: e.g. to newly weds. This stimulated consumer demand & encourages industry to take on more workers.

Although Hitler considered it to be of major concern the high rate of unemployment was solved far more easily than other economic issues. There just was not enough money for private industry to gain prosperity, as they could not hire enough workers. Subsidies were made available for

hiring more workers in the private sector, which allowed the private industry to take on more workers. Another step taken to help solve high unemployment was the increase in the government bureaucracy, which was accompanied by conscription. From 1935 conscription removed all 18-35 year old males from the unemployment registers, which took a large amount of figures away. This gave enthusiasm to the public in support of Nazi policies, a point for use in propaganda, & an idea of unity, which could provide further employment as soldiers.

The simplest of all unemployment matters can be condensed down with simple solutions. Married women were pressurised out of employment. These measures reduced the numbers on the unemployed registers. The lower the numbers officially registered as unemployed, the more confidence there was in the German economy, thus encouraging more investment. The Youth Service (RAD) took men aged 19-35 off the registers for six months of compulsory labour service. This gained enthusiasm & could allow men to become interested in trades. Jews were banned from working in the public sector & were gradually forced out of many other areas of employment. This encouraged uniformity & also began to fit in with Nazi ideals. And a final step in solution was to make some groups ineligible for unemployment relief, e.g. agricultural workers.

In retaliation to Germany's economic crisis in 1933, the government in a three-year period with the help of Schacht tackled problems with business, industry, unemployment, & imports & exports through solutions, which provided a quick fix answer with success but these led to further problems after 1936. I believe the government at the time was a success as it did solve its problems, gained what it needed, gave spirit to Germany, & endorsed business hopes. Although the methods of bad data handling through the unemployment section can be seen as an undermining effect on their achievement, it still brought enthusiasm on a united public and private front.