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Autarky in Hitler's Germany

The aim of this article is to help you understand one of the trickiest topics in Hitler's Germany — Nazi economic policies. The first part of the article explains the theory. The second part shows how the policies worked in practice and will help you understand and remember this difficult subject. You should be able to work out how a hippopotamus, 40 million harmonicas and 200,000 canaries helped prepare Germany for war. The final section asks you to consider how successful the policies were by 1939.

Dr Schacht and the 'New Plan'

Between 1934 and 1936 Hitler's aims for the German economy were to recover from the world depression and to reduce unemployment. The one figure that most students remember about Hitler's rise to power is that there were 6 million unemployed in 1933. (WARNING: recent research puts the number of unemployed at nearer to 8.5 million.) But in 1934 there were also other major economic problems facing Hitler:

- Farmers were struggling to make a living.
- Trade was declining.
- More was being imported than exported.
- The banking system was on the brink of collapse.

Hitler did not want these economic problems to threaten Nazi rule. If people were unemployed and hungry, social unrest was possible. The man given the job of solving these problems was Dr Hjalmar Schacht (see Source A). Schacht had been appointed president of the Reichsbank in March 1933 and then became minister of economics in August 1934.

In September 1934 Schacht introduced his 'New Plan' (also called the 'First Four-Year Plan'). This closely controlled the flow of imports, exports and foreign currency into and out of Germany. It also increased government spending to reduce unemployment. Hitler also decided not to pay back any more of the reparations ordered under the Treaty of Versailles (to compensate the Allies for damage and loss in the First World War). The idea was that Germany should rebuild its economy from its own resources and thus be less dependent on the world economy.

Germany did start to recover and Hitler was able to begin to rearm. But this rearmament was low-level at first. In 1935 spending on rearmament was 8% of Germany's national product and most of this was spent not on weapons but on rebuilding military training schools, barracks and airfields. Why was spending on rearmament low? Schacht knew that high spending would threaten Germany's economic recovery. Hitler was still cautious about how other powers would view German rearmament — would they intervene to enforce the disarmament clauses of the Versailles Treaty?

The main thrust of the New Plan was to invest in public buildings and infrastructure, including railways, telecommunications and roads such as the autobahns (motorways).

The year 1936 is the turning-point in this story. By then confidence had returned and unemployment had fallen to 1.6 million. Hitler had some of the basics in place on which to build his new armed forces. Now he wanted to speed up rearmament and make Germany ready for war within 4 years. By 1936 Hitler believed that a war to defeat communism and world Jewry was not far off.

SOURCE A

Hjalmar Schacht speaking at the German Craftsmanship Celebrations, 30 October 1934.

Goering and the Second Four-Year Plan

But Hitler wanted more than simply to speed up rearmament. He accepted the idea of 'total war'. This meant restructuring the German economy so it could deliver what was needed for war. This was to be done by:

- training workers in skills that could be transferred to war work
- building up the type of industry and raw materials needed in war

SOURCE B

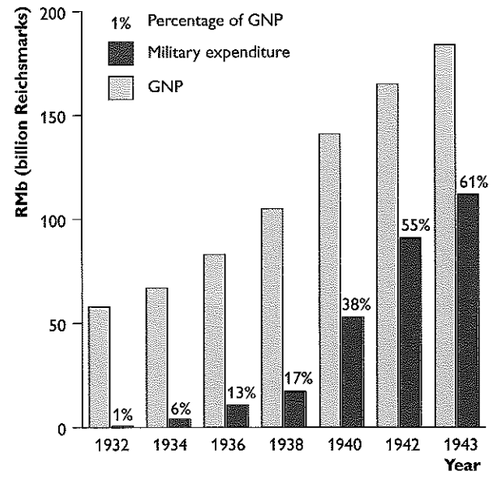
SOURCE C

I thus set the following tasks:

1 *The German armed forces must be operational within four years.*

2 *The German economy must be fit for war within four years. The extent of the military development of our resources cannot be too large, nor its pace too swift.*

Hitler's Memorandum on the Four-Year Plan, August 1936.



SOURCE D

Military expenditure as a percentage of gross national product (GNP).

- *1 Look at Source D. Which 2 years before the outbreak of war saw the largest increase in military expenditure?*

SOURCE B

Hermann Goering.

- developing substitutes for imported products that might be cut off in the case of war

Schacht was not keen on this change and so in October 1936 Hitler put Hermann Goering (Source B) in charge of the economy by making him head of the 'office of the Four-Year Plan'. Hitler made his aims clear (see Source C). The first of these aims was to be achieved by a massive increase in spending on rearmament (see Source D). The second aim was to be achieved by making Germany self-sufficient in essential war materials such as oil, rubber and steel. This policy of self-sufficiency was known as **autarky** and would free Germany from the threat of blockade.

Both aims required the spending of billions of marks. This meant there would be less government money to pay for imports of food and consumer goods such as clothes. So people would have to 'tighten their belts'. Hitler remembered the First World War, when the German economy had failed to provide the needs of war on the battlefield and on the Home Front. Hitler did not want to be dependent on supplies from abroad as these supplies could be cut off in wartime (as had happened to Germany in the First World War).

The Four-Year Plan was supposed to achieve self-sufficiency by:

(a) making as many products as possible in Germany

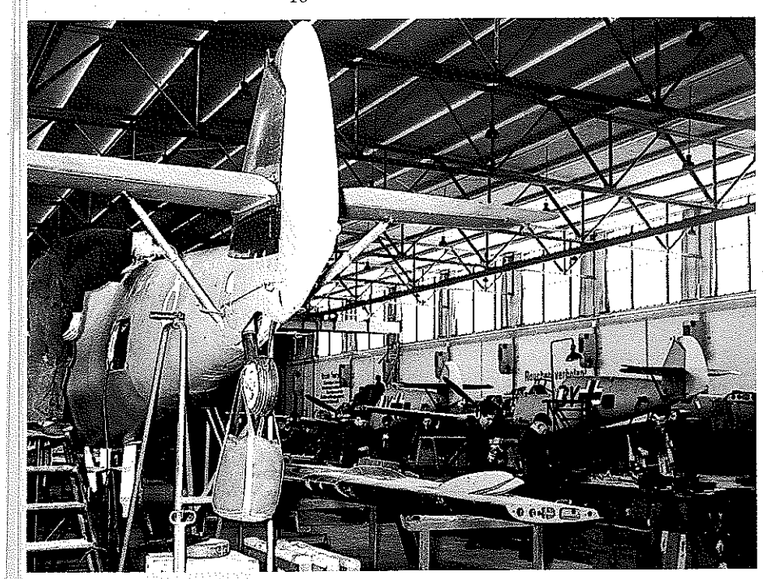
(b) developing substitute products (**ersatz**), such as artificial rubber to replace imported natural rubber, and oil made from coal

(c) increasing agricultural production and exporting any surplus

(d) paying for essential imports with 'blocked marks'. These could only be spent in Germany, so the company selling products to Germany would have to buy something from there. This helped Germany afford essential imports by saving it from having to buy foreign currency such as dollars to pay for them

(e) recycling waste products

- *2 Why might historians question the reliability of statistics on Germany's military spending?*



SOURCE E

The Messerschmitt aircraft factory.

SOURCE F

'Hurrah, the butter is finished!' A cartoon by John Heartfield from a banned Communist magazine. Heartfield created the cartoon after Goering had given a speech in which he said: 'Would you rather have butter or guns?...guns make you powerful. Butter only makes you fat.'

● *3 How might history have influenced Hitler's decision to build a large navy?*

How did the policies work in practice?

Statistics can be difficult to handle, but some are impressive. In 1938–39 some 52% of government spending went on the military, compared with 24% in 1913. (WARNING: there is controversy over the reliability of statistics on Nazi Germany.) Statistics aside, what this meant on the ground was new industries and factories (see Source E). For example, iron ore supplies and aluminium production grew rapidly. New products such as synthetic fuel oil and rubber were developed. Some of the new products, such as fat made from wood, were tried out on prisoners. Putting rearmament before consumer goods did mean that there was a shortage of fats such as butter and lard for cooking, and this led to a debate known as 'guns or butter' (see Source F). In 1938 Hitler ordered the size of the air force to be increased by five times. In 1939 he approved plans for a large battle fleet.

What did this all mean for ordinary Germans and where do the hippopotamus and the canaries come into it? Between 1936 and 1939 the economy had been transformed. But nearly all the new growth had gone into government spending, mostly on rearmament. Look at Source G. Vernon McKenzie was noting examples of how the policy of autarky worked in Germany. See if you can work out how each of these 16 examples was intended to help the German economy, by matching it with the ways in which the Four-Year Plan was to achieve self-sufficiency ((a)–(e) on page 15). Here are some clues to help you:

- There was a shortage of fats.
- What did glue used to be made from?
- Germany had little wool but plenty of wood pulp from its forests.
- A total of 1,330,000 acres was devoted to growing grain for beer and schnapps.
- Oil and fat can be made from nuts.
- Experiments have shown that hair as short as 10 mm can be used to make roofing felt and carpets.

Success?

As can be seen, ordinary Germans could not escape the impact of Hitler's economic plans. How successful his plans were is another question. He was expecting most of them to be completed by the mid-1940s. Restructuring an economy as large as Germany's was a massive task. To judge the success of Hitler's plans you need to decide how far he achieved his aims for the economy. For example, the Four-Year Plan set targets each year for different industries. Were these targets reached? Remember, Hitler's aims were: first, to recover from the Depression, for example to find work for the millions of unemployed people; second, to rebuild the German armed forces; third, to achieve autarky and create an economy that provided what Germany needed in time of war.

Consider the following points and decide how far Hitler succeeded in his economic policy. By 1939:

- he had restored full employment
- he had rebuilt German economic strength
- he had rebuilt the German armed forces
- there was a serious shortage of consumer goods
- there was a serious shortage of raw materials for industry
- prices were beginning to rise
- the economy was not ready for anything but a short sharp war

Look also at Sources H and I.

SOURCE G

1 *One woman warned another: 'If you hang any long dresses in your wardrobe, don't let them get too near the ground.' 'Why?' 'Because they will take root.'*

2 *No photo, drawing or painting of family groups may be legally made and exhibited unless there are at least three children, and preferably four, in the family.*

3 *It is forbidden to destroy bones by burning them. Pig-breeders, slaughterhouses, restaurants, etc. must dispose of their spare bones to licensed bone merchants. (Regulation: August 1937)*

4 *German barbers have made special arrangements to collect about 300 tons of men's hair annually. Skirts as well as shirts are to be shorter.*

5 *Dentists estimate that they had been using between £1,000,000 and £1,200,000 worth of gold fillings a year. After considerable research a super-palladium alloy has been made popular.*

6 *Doughnuts have been banned from Berlin.*

7 *It is urged that the consumption of beer should be cut down by three-quarters and of schnapps by nine-tenths.*

8 *German housewives are urged to serve more horsemeat. In 1936 125,000 horses in Germany have been slaughtered for meat.*

9 *'I call your attention to the fact that it is the duty of every citizen to see that the dead shall not be buried in expensive materials.' (Notice published by the Oberbürgermeister [mayor] of Pirmassens, 18th May 1937)*

10 *A census of chestnut trees was taken during the summer.*

11 *The Standard Oil Company accepted 40,000,000 harmonicas as payment. The annual consumption in the USA is at the rate of between 5,000,000 and 6,000,000.*

12 *The American company MGM used some of the 'blocked marks' it had earned to buy a live hippopotamus!*

13 *The Budd Company, of Philadelphia, accepted 200,000 canary birds in payment for £8,600 of pressed steel motorcar bodies.*

14 *Housewives must collect and keep separate: 1. Rags, 2. Toothpaste, shaving cream, and other tubes, 3. Wastepaper, 4. Iron and steel scraps, 5. Rabbit and hare skin, 6. Bottles, 7. Bones.*

15 *Toy balloons are banned.*

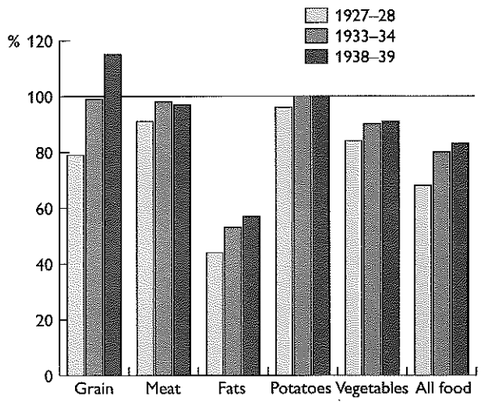
16 *Magicians are forbidden to use eggs and other foods in their performances.*

Some observations made by an American journalist, Vernon McKenzie, who visited Germany in 1936.

SOURCE H

Figures from the Four-Year Plan launched in 1936 (figures in thousands of tons)

Commodity	Four-Year Plan target	Actual output 1936	Actual output 1942
Explosives	323	18	300
Oil	13,830	1,790	6,260
Buna rubber	120	1	96
Aluminium	273	98	260
Steel	24,000	19,216	20,480
Hard coal	213,000	158,400	166,059
Iron ore	5,549	2,255	4,137



SOURCE I

Percentage of Germany's required foodstuffs produced in Germany.

● *4 Study Source H. How close did German industry come to meeting the targets of the Four-Year Plan?*

● *5 Look at Source I. How close did Germany come to being self-sufficient in food?*

Just in case any of the examples in Source G remain a mystery, here are the answers to the less obvious ones:

1 Wood pulp was used to make clothes.
2 Photographic paper was scarce, but of course Hitler also wanted to encourage large families.
3 Bones were used for making glue.
6 Doughnuts contain valuable fat and grain.
11–13 The harmonicas, hippopotamus and canaries were a way of getting some of the payment on these deals out of Germany.
15 Balloons were made of rubber; this was scarce.

What happened to the hippopotamus and the canaries?

Hjalmar Schacht was put in a concentration camp in 1939 but survived and was acquitted of crimes against humanity at the Nuremberg Trials in 1946. Hermann Goering was found guilty at the Nuremberg Trials but committed suicide the day before he was to be executed. What happened to the hippopotamus or the canaries is not known. HS