

NSDAP Economic Reforms

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Context

Unemployment peaked at 6 million in Germany during 1939, which was 33% of its population. The NSDAP devised a set of policies to drastically reduce this figure. One such policy which can be likened to that of a command economy was for those unable to find work/not searching for work to be assigned work by the state. The penalty for refusal being either labelled as “work-shy”, a nudge to encourage more people to enter the labour market. The average factory worker’s wages were on average 10x higher than someone receiving state handouts. Ultimately, this shifted the supply of labour outwards. This policy saw unemployment fall to just 302,000 in January 1939.

Government intervention & Market Failure

Defeat in WW1 and The Great Depression had crippled the German economy to a point in which German production capacities were reduced 10 percent. Moreover, during WW1 Germany did not see an expansion of capital. Reduced factors of CELL resulted in a decrease in production and saw Germany working within the PPF.

Market failure can be observed through the presence of a free-market. A German citizen’s ability to consume goods (food, clothing) and services (healthcare) depended on their income. Consumers with low-income, which composed most of the German population, could not access this market - thus meet basic needs. This meant that the market was underproviding these goods. The underprovision can be seen as a form of Market Failure.

The state corrected market failure through the National Labour Service. The NLS provided work such as; digging irrigation ditches for farmers, constructing autobahns and planting new forests. This saw productive efficiency increase, real output increasing and food prices decreasing. This meant the food market was more accessible to people of lower income levels. Moreover, the state discouraged nutritional demerit goods such as white bread and butters for healthier alternatives such as brown bread and potatoes. Ultimately, discouraging certain foods and planting new forests can be seen as a positive consumption externality, the spillover to third parties being a healthier lifestyle.

Moreover, the German Labour Front ensured workers could not be sacked on the spot, working hours increased from 60 to 72 increasing production, shifting supply outwards and protected worker’s rights.

Critiques

Critiques of the NSDAP’s policy’s may argue that government-assigned labour/specialisation may see a decrease in worker productivity as workers may become bored.

However, the Kraft Durch Freude ensured workers had 3740 hours for leisure - which the state provided. Moreover the KdF involved itself in introducing schemes where workers could own a car. Workers paid 5 marks a week into an account where they could purchase a Volkswagen Beetle for 990 marks. A two-week tour of Italy costed only 155 marks. This suggests the negatives of government-assigned labour/specialisation are offset by the leisure opportunities.

Summary

Reasons for scrutiny

Policy summary

- └ Women not included in unemployment statistics
- └ 1935
 - └ Jewish Germans lost citizenship therefore weren't included in unemployment statistics
 - └ Conscripted men taken of unemployment figure
 - └ Fear of criticism by Gestapo

Sources

<https://www.historylearningsite.co.uk/nazi-germany/the-nazis-and-the-german-economy/lade.pdf>