

State accordingly has a moral obligation not to waste economic resources on the weak; and when the weak are destroyed as nature intended, the strong will be enhanced and the species advanced.

This brings us to Nazi economic policy.

## 17. *Economic controls*

Through education and censorship, the Nazis attempted to socialize the German *mind*. Through public health measures and eugenics, they attempted to socialize the German *body*. A natural extension of both policies was to socialize German economic production.

As would be expected by the socialist part of National Socialism, the guiding principle of Nazi economics was that all property belongs to the people, the *Volk*, and was to be used only for the good of the people. Just as one's body is no longer one's private possession but rather belongs to the whole community, economic property was no longer anyone's private possession but to be used by State permission and only for the good of the people.

Upon coming to power, the Nazi government nationalized Jewish property and in 1934 passed a law allowing the expropriation of property owned by communists.

Another early policy given high priority by the Nazi government was the organizing of all German businesses into cartels. The argument was that—in contrast to the disorderliness and egoism of free market capitalism—centralization and state control would increase efficiency and a sense of German unity. In July of 1933, membership in a cartel became compulsory for businesses, and by early 1934 the cartel structure was re-organized and placed firmly under the direction of the German government.

By 1937, small businesses with capital under \$40,000 were dissolved by the State; labor unions had been dissolved, as were the rights to strike and collective bargaining. Unemployment was dealt with by public works programs of road-building and so on.

All property and labor power was now either owned by the State or, if still owned by private parties, subject to almost-total control. Businesses were told by the State what to produce and in what quantities. Prices and wages were set by the State.

And if anyone complained, a commonly used Nazi slogan put them on the defensive:<sup>36</sup> “The common interest before self interest.” The argument was quite clear: You are not a private individual seeking profit or higher wages in a capitalist economy. You and your property belong in trust to the German people, and you have a duty to serve the public interest, even if it involves a personal sacrifice.

There is an important sub-point worth dwelling upon, for there is a lively debate about just how committed to socialism the Nazis were. After all, they did not outright nationalize all businesses as pure socialism would require; rather they allowed several important businesses to remain in private hands.

A 1935 official statement put the National Socialist policy this way:

“The power economy will not be run by the state, but by (private) entrepreneurs acting under their own free and unrestricted responsibility. ... The state limits itself to the function of control, which is, of course, all-inclusive. It further reserves the right of intervention ... in order to enforce the supremacy of considerations of public interest.”<sup>37</sup>

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<sup>36</sup>“Gemeinnutz geht vor Eigennutz!” (quoted in Meinecke 1950, p. 51); cf. the 1920 Nazi Program.

<sup>37</sup>Quoted in Pipes 1999, p. 221.

The issue about how socialist the Nazis were is, in part, a judgment call about long-term principles and short-term pragmatism.

Here is a related example: Clearly the Nazis were strongly committed to racism. But we could point out that they formed alliances with the Italians and the Japanese, neither of whom are Aryans racially. Yet obviously it would be a mistake to infer from these alliances that the Nazis were not really racist. They *were* racist, but as a matter of short-term strategy and political compromise they were willing to form alliances with those whom they would otherwise despise. Since the Italians and Japanese were powers, it made strategic sense to overlook the racial issue in the short run.<sup>38</sup>

The same holds for the economic socialism: allowing some major businesses to remain officially in private hands made pragmatic economic sense in the short run. The Nazis knew they needed productive businesses to fuel the economy and their developing war machine, so it would have been foolish to interfere too much with smoothly-running enterprises. Additionally, the Nazis knew they could count on the German nationalism of many business owners to go along with what the Nazi government asked of them. And if push came to shove, the Nazis could and did pass precise regulations to direct production as they saw fit.<sup>39</sup>

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<sup>38</sup> Hitler's pragmatism in foreign policy: "In political life there is no such thing as principles of foreign policy. The programmatic principles of my party are its doctrine on the racial problem and its fight against pacifism and internationalism. But foreign policy is merely a means to an end. In questions of foreign policy I shall never admit that I am tied by anything" (quoted in Heiden, p. xx).

<sup>39</sup> "Buried under mountains of red tape, directed by the State as to what they could produce, how much, and at what price, burdened by increasing taxation and milked by steep and never ending 'special contributions' to the party, the businessmen, who had welcomed Hitler's regime so enthusiastically because they expected it to destroy organized labor and allow an entrepreneur to practice untrammelled free enterprise, became greatly disillusioned.

So while the Nazi government imposed many regulations upon German businesses, the Nazis counted on and received much voluntary commitment and enthusiasm. Most business owners, managers, and workers believed in the cause and devoted their economic energies to it. They saw the personal sacrifices demanded of them as their duty, and they obediently and willingly bore the sacrifices for the good of the cause.

As a result, from 1932 to 1936 Germany underwent an economic boom, lifting itself out of the stagnation of the 1920s and early 1930s. Unemployment fell from six million to one million, national production rose 102% and national income doubled.<sup>40</sup>

By 1936, the same year the Germans hosted the Olympic Games in Berlin, the German economy was again a powerhouse. A national vote was held in March to gauge popular support for Hitler's regime. "Adolf Hitler" was the only name on the ballot, and voters had a choice to vote for Hitler or not. As dubious as the vote was, the numbers do tell us something: 98.6% of the voting population voted, and of those 98.7% voted for Hitler. That means that over 44 million adult Germans expressed approval and only about half a million did not.

## 18. Militarization

The most important part of the new Germany was the military. On a historically unprecedented scale, the German economy became a war economy.

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One of them was Fritz Thyssen, one of the earliest and biggest contributors to the party. Fleeing Germany at the outbreak of the war, he recognized that the 'Nazi regime has ruined German industry.' And to all he met abroad he proclaimed, 'What a fool [*Dummkopf*] I was!'" (Shirer 1962, p. 261).

<sup>40</sup> Shirer 1962, p. 258-259.