

A STUDY OF THE EFFECT OF
HITLER'S ECONOMIC PROGRAM ON THE
GERMAN WORKER, 1933 to 1937

by

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Preface

This thesis is an attempt to discover what effect an economic program, building for war, had on the workers.

When Hitler came to power, Germany was in the midst of a severe depression. By 1937, Germany was well on her way to again becoming a world power.

How Hitler accomplished this recovery and the effects on the worker is the subject of this thesis.

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Section I

Living Standards of German Workers

Under Hitler, 1933 to 1937

Unemployment

The first and most important job facing the National-Socialists in 1933 was that of unemployment. They had to try and eliminate unemployment and improve the position of labor or else face the very real danger of the Communists coming to power. Arbeit und Brot (Work and Bread) had been the slogan of the National-Socialist Party in the election of 1933, that had brought them to power.

There were at the start of 1933 over six million persons registered at the unemployment office, as shown by Table 1.¹ This was a little more than one-fourth of the 21 million available workers.² Of the visibly unemployed, there were perhaps about one million people who were unemployed and had lost all hope of finding work. These people no longer bothered to report to the unemployment office. The National-Socialists were able to reduce the number of registered unemployed to slightly over one million in September, 1936. The problem of invisible unemployment had almost disappeared by that time. Of the one million unemployed in September, 1936, about

1. Vaso Trivanovitch, Economic Development of Germany Under National Socialism, New York; National Industrial Conference Board, Inc., 1937, p. 33.

2. Cesare Santoro, Hitler Germany, Berlin, Germany; International Verlag, 1939, p. 27.

500, 000 were figured to be unemployable. The rest were unemployed due to seasonal fluctuations in business and to the character of industrial operations.

Table 1: Total Number of Unemployed Workers
(In Thousands)

Year and Month	Total Unemployed
1928: Annual Average	1, 433
1929: Annual Average	1, 914
1930: Annual Average	3, 140
1931: Annual Average	4, 573
1932: Annual Average	5, 580
1933: January	6, 014
December	4, 059
Annual Average	4, 733
1934: January	3, 773
December	2, 605
Annual Average	2, 658
1935: January	2, 974
December	2, 508
Annual Average	2, 147
1936: January	2, 520
September	1, 035
December	1, 478
Annual Average	1, 550

Source: Economic Development of Germany
Under National Socialism by Vaso
Trivanovitch, page 34.

The number of zusatzliche arbeiter, or workers employed on relief work, had been reduced from an average of 560, 000 in 1934 to about 100, 000 in 1936. Almost every German who had reached

the working age was able to find a job.³

This job of eliminating unemployment was done partly by the use of the army and compulsory labor service, as a way to use these men, and partly by the use of government expenditure on public work or rearmament. The money spent on creating work, outside of armaments, had been very extensive but quite small as compared to the money spent on armaments. The following were some of the ways the government spent about four billion Reichsmarks from 1933 to 1937 on non-armament projects to use labor.

- A. Housing and land improvement.
- B. Extension and improvement of inland waterways.
- C. Construction of new buildings for the state and the National-Socialist Party.
- D. Building of highways exclusively for motor traffic.
- E. New and replacement plant and equipment for the State Railways and Post Office.

For the same period, according to well informed sources, about 18 billion Reichsmarks were spent for the following:

- A. Construction of military equipment
- B. Maintenance of the armed forces

3. Trivanovitch, op. cit. p. 33

The importance of governmental spending on building was shown by the statistics in Table 2. One can easily see by these figures that one-third of the total increase in employment took place in the building industry. From 1933 to 1936, the building trades experienced a rise in workers employed from 666,000 to 2,057,000 or 208.9 per cent. The significant increase of workers employed by the iron and steel industry, motor vehicle and machinery industry are all partly due to the government rearmament program and partly to a revival in the construction industry.

An inadequate supply of raw materials had been a factor in the lack of increase of employment in the textile and clothing industry. Also, since the decline in employment in those industries had been small to begin with, the increase was likewise smaller than in the producer goods industries, which had suffered wide fluctuations.⁴

What were the causes of unemployment? There were as many ideas on that subject as there were hairs on Samson's head. It was doubtful that anyone from J. M. Keynes to John Strachey would find fault with the wording of the following definition:

"Unemployment exists because the people do not possess sufficient purchasing power to keep industry and all its workers fully employed simply by their daily purchases of goods they need and want."

4. Ibid; p. 36.

Table 2: Employed Workers in Industry and Handicrafts, ¹ Middle of 1933 and 1936

Industry and Handicraft	Number in Thousands		Increase		Percentage share in total increase
	1933	1936	In thousands	Per cent-	
Mining	420	485	65	15.5	2.1
Building materials industry	214	331	117	54.7	3.7
Ceramics industry	69	93	24	34.8	0.8
Glass industry	48	63	15	31.3	0.5
Iron and metal production	244	447	203	83.2	6.4
Iron and steel goods industry	261	377	116	44.4	3.7
Non-ferrous metal goods	89	136	47	52.8	1.5
Machine industry	311	641	330	106.1	10.5
Motor vehicles, including ship-building	148	321	173	116.9	5.5
Electro-technical industry	169	290	121	71.6	3.8
Optical and precision instruments	60	106	46	76.7	1.5
Chemical industry	178	238	60	33.7	1.9
Textile industry	694	798	104	15.0	3.3
Paper-producing industry	79	93	14	17.7	0.4
Paper-processing industry	73	92	19	26.0	0.6
Manifolding	188	207	19	10.0	0.6
Leather and linoleum industry	69	89	20	29.0	0.6
Rubber and asbestos industry	39	46	7	17.9	0.2
Wood processing	67	104	37	55.2	1.2
Wood manufacturing	252	331	79	31.3	2.5
Musical instruments and toys	19	33	14	73.7	0.4
Foodstuffs	506	535	29	5.7	0.9
Tobacco, beverages, etc.	218	248	30	13.8	0.9
Clothing	401	454	53	13.2	1.7
Building and allied industries	666	2057	1391	203.9	44.2
Water, gas and electricity	98	116	18	18.4	0.6
Cleaning	138	146	8	5.8	0.3
Emergency workers	115	105	-10	-8.7	-0.3
Total	5833	8982	3149	54.0	100.0

1. Including sick workers

Source: Economic Development of Germany Under National Socialism, by Vaso Trivanovitch, page 37.

By 1936, the problem of unemployment in Germany appeared to be solved. Very few people, who wanted work, were unemployed. It appeared that Hitler had solved the unemployment problem, but if we accept the previous definition, he had not. Many men were put in industries or labor camps that best fitted the plans of Hitler and he spread the real wages around thinner so that all might be paid something.

The real problem of increasing mass purchasing power Hitler had not even touched. He was happy to increase the purchasing power of the government. Hitler increased the purchasing power of the government by higher taxes and "voluntary" contributions to various schemes like the people's car. Hitler used most of his governmental purchasing power to keep the armaments industry functioning. These armaments were of no value to the consuming public, but they did keep industry functioning.

The result of Hitler's program to end unemployment were twofold.

First, the people had to work more for less income and, second, Hitler's program diverted resources from production of things to eat and wear to armaments.

That Hitler could make industry run, by rigid controls and by buying at prices fixed by the government and the armament indus-

try, all the arms the armament industry could produce, was interesting, as well as the fact that Krupp, the biggest arms maker, was also the dominant member of the government board that set prices. It was interesting that the Krupp company had huge losses in 1933 but by 1935 were making huge profits and in each successive year broke the profits record of the previous year. So, though Hitler was able to make the economic system run and pay large profits to a few, he never solved the problem of economic crisis for he did not add to, but subtracted from, the quality and quantity of consumer goods.

Economically-speaking, the results of Hitler's policy of solving unemployment could have taken the following courses:

A. Hitler could have made only so many armaments and called a stop, but then what would he have done to keep the economy going?

B. Continue to make arms till everyone was making nothing but arms in which case eventually everybody starves.

C. Wage war to conquer new lands and new markets to keep industry going.⁵

5. Howard K. Smith, Last Train From Berlin, New York; Alfred A. Knopf, 1942, pp. 21-22.

Earnings of Workers

One of the main purposes of the policy of the National-Socialist government, from the time they took over the government in 1933, was to avoid a rise in the cost of living and to prevent any increase in the hourly rate of pay. The first part was the hardest because of the effect of international forces on the German national economy, forces the Germans could not control. The desire of the government to increase prices for agricultural products also made it hard to avoid a rise in the cost of living. The second part was easier because of the complete political control exercised by the government over employers and employees.

Table 3 lists nominal and real hourly and weekly wages in 1913 to 1914 and from 1927 to the middle of 1936. Table 4 lists nominal rates of wages in principle industries from 1928 to 1936. On the basis of 1913 being 100, the nominal hourly wage of an industrial worker averaged 207.1 in 1930 and 166.4 in 1932 and 161.2 in 1934, at which point it remained unchanged through the middle of 1936. The real value of money or the purchasing power of an hour of work rose from 100 in 1913 to the highest post-war peak of 144.4 in 1931. Since 1931 it had declined steadily until it reached 129.5 in the middle of 1936.

Table 3: Development of Money and Real Wages Since 1913

Year	Wage Index All Industry 1913 = 100	Money Wages								
		Gross Earnings								
		Iron and Steel Industry	Metal Working Industry	Chemical Industry	Construction Carpenters	Building Industry	Printing Industry	Textile Industry	Shoe Industry	Brewing Industry
Hourly Wages in Pf. or Rpf.										
1913-14	100.0	53	54	50	54	55	62	36	41	57
1927	177.8	..	..	..	..	..	..	69	..	..
1928	193.2	100	96	97	110	..	..	..	..	..
1929	203.7	..	..	..	..	114	136	..	84	..
1930	207.1	..	..	..	..	..	..	77	..	117
1931	196.5	91	93	94	107	..	..	..	..	..
1932	166.4	..	..	..	..	..	112	..	68	..
1933	161.4	..	..	..	..	..	..	62	..	..
1934	161.2	..	..	81	72	..	..	..	..	..
1935										
Middle	161.2	..	83.8	80.5	70.3	69.8	103.8	54.8	61.6	191.6
End	161.2	86.5	83.8	82.5	70.4	72.4	106.5	54.8	62.4	101.2
1936										
Middle	161.2	..	85.7	81.8	70.5	70.1	106.7	55.6	63.4	100.8
Weekly Wages in M or RM										
1913-14	100.0	34	31	29	30	..	35	21	23	33
1927	..	..	..	..	..	..	..	35	..	..
1928	167.9	52	44	50	49	..	..	..	..	..
1929	177.4	..	..	..	..	..	69	..	36	..
1930	173.3	..	..	..	..	..	..	33	..	56
1931	158.0	38	37	41	42	..	..	..	..	..
1932	130.5	..	..	..	..	..	52	..	28	..
1933	131.4	..	..	..	..	..	..	27	..	..
1934	135.9	..	..	35	31	..	..	..	..	..
1935										
Middle	134.3	..	40.51	35.82	33.29	..	48.29	22.40	25.21	42.15
End	138.1	44.20	41.15	36.92	33.49	..	50.55	22.09	25.07	42.32
1936										
Middle	138.0	..	42.25	37.77	34.32	..	50.48	23.13	27.10	44.73
Real Wages in Purchasing Power of 1913										
1913-14	100.0	53	54	50	54	55	62	36	41	57
1927	120.2	..	..	..	..	..	..	47	..	..
1928	127.4	65	63	64	73	..	..	..	..	..
1929	132.3	..	..	..	..	73.9	89	..	54	..
1930	139.8	..	..	..	..	..	..	52	..	78
1931	144.4	68	70	68	77	..	..	..	..	..
1932	138.0	..	..	..	..	..	93	..	56	..
1933	136.8	..	..	..	..	..	..	52	..	..
1934	133.1	..	..	67	60	..	..	..	..	..
1935										
Middle	131.1	..	67.3	64.7	57.0	56.6	84.9	44.1	50.4	83.1
End	130.6	70.4	67.9	66.9	57.1	58.7	86.3	44.3	50.6	82.0
1936										
Middle	129.5	68.8	65.7	56.6	56.6	56.3	85.7	44.7	50.9	81.0
Weekly Wages in M or RM										
1913-14	100.0	34	31	29	30	..	35	21	23	33
1927	..	..	..	..	..	..	..	24	..	..
1928	110.7	34	29	33	33	..	..	..	..	..
1929	115.2	..	..	..	..	..	45	..	23	..
1930	117.0	..	..	..	..	..	..	22	..	37
1931	116.1	28	28	30	30	..	..	..	..	..
1932	108.2	..	..	..	..	..	43	..	23	..
1933	111.4	..	..	..	..	..	..	23	..	..
1934	112.2	..	..	29	26	..	..	..	..	..
1935										
Middle	109.2	..	32.54	28.77	26.98	..	39.48	18.02	20.63	34.46
End	111.9	35.96	33.35	29.92	27.14	..	40.96	17.90	20.32	34.29
1936										
Middle	110.8	..	33.94	30.34	25.57	..	40.55	18.58	21.77	35.93

Source: Economic Development of Germany Under National Socialism, by Vaso Trivanovitch, page 39.

Table 4: Hourly Rates of Wages for Male and Female Workers, by Industries and Occupations,
 April 1, 1928, to April 1, 1936
 (In Reichspfennigs)

Industry	1928	1929	1930	1931	1932	1933	1934	1935	1936
<u>All Industry¹</u>									
<u>Men</u>									
Skilled workers	95.9	101.1	102.8	97.4	81.6	78.5	78.3	78.3	78.3
Semi-skilled workers	77.3	81.8	83.3	79.3	68.8	68.2	68.2	68.3	68.3
Helpers	75.2	79.4	80.7	76.6	64.4	62.3	62.2	62.2	62.2
<u>Women</u>									
Skilled and semi-skilled workers	60.3	63.4	64.6	61.5	53.1	51.7	51.6	51.6	51.6
Helpers	49.8	52.7	53.6	51.0	43.9	43.4	43.3	43.4	43.4
<u>Coal-Mining Industry</u>									
Miners	110.2	121.5	123.9	113.9	95.5	95.5	95.5	95.5	95.5
Unskilled workers	68.8	76.4	78.0	71.5	60.0	59.9	59.9	59.9	59.9
<u>Metal-working Industry</u>									
Skilled workers	86.5	93.4	95.4	90.9	78.5	77.9	77.9	78.0	78.0
Semi-skilled	77.4	84.9	87.1	82.5	71.3	71.0	71.0	71.1	71.1
Helpers									
Men	70.2	74.7	76.5	72.8	62.3	61.8	61.8	61.9	61.9
Women	50.8	54.3	56.0	52.8	45.3	45.0	45.0	45.1	45.1
<u>Chemical Industry</u>									
Craftsmen	97.9	102.3	107.5	106.5	87.4	87.1	87.1	87.1	87.1
Office workers	78.7	82.2	86.4	85.3	70.3	70.1	70.1	70.1	70.1
Women workers	52.5	55.2	57.9	56.9	47.1	46.9	46.9	46.9	46.9
<u>Building Industry</u>									
Masons	111.9	119.5	125.2	118.8	102.9	81.1	81.1	81.1	81.2
Builders' helpers and underground workers	87.3	94.0	98.5	92.7	80.4	65.2	64.8	64.9	65.0
<u>Paper-Production Industry</u>									
Paper machine workers	..	93.9	98.4	91.5	78.4	75.9	75.9	75.9	75.9
Unskilled workers	67.5	69.9	73.2	68.8	58.8	57.4	57.4	57.4	57.4
Female	45.9	47.2	49.6	46.4	39.7	38.6	38.6	38.6	38.6
<u>Paper-Goods Industry</u>									
Skilled									
Men	102.9	110.5	115.5	108.2	92.9	92.9	92.9	92.9	92.9
Women	61.0	64.9	68.0	63.7	54.5	52.7	52.7	52.7	52.7
Unskilled									
Men	78.0	82.2	86.7	80.8	69.0	69.0	69.0	69.0	69.0
Women	49.8	51.5	54.7	50.8	43.0	43.0	43.0	43.0	43.0
<u>Printing Industry</u>									
Hand setters	112.5	117.3	117.3	110.3	96.1	96.1	96.1	96.1	96.1
Unskilled	98.5	103.3	103.3	96.7	84.8	79.7	79.7	79.7	79.7
Women helpers	61.4	64.2	64.2	60.4	52.8	48.8	48.8	48.8	48.8
<u>Fine Ceramics Industry</u>									
Skilled									
Men	82.3	82.3	87.4	82.1	70.9	70.9	70.9	70.9	70.9
Women	50.0	50.0	54.0	50.4	43.4	43.4	43.4	43.4	43.4
Unskilled									
Men	68.1	68.1	72.5	68.2	58.9	58.9	58.9	58.9	58.9
Women	42.2	42.2	44.5	42.0	36.1	36.1	36.1	36.1	36.1
<u>Wood Industry</u>									
Skilled	..	..	..	111.2	94.1	..	79.4	79.3	79.3
Unskilled	..	..	..	91.3	75.8	..	62.0	62.1	62.0
<u>Textile Industry</u>									
Spinners and weavers									
Men	71.5	74.6	76.0	71.8	65.4	63.9	63.6	63.6	63.6
Women	54.7	57.5	58.7	55.6	51.4	50.2	50.0	50.0	50.0
Unskilled									
Men	59.7	62.1	63.5	60.2	54.7	53.4	53.1	53.1	53.1
Women	44.3	46.5	47.4	45.0	40.6	39.8	39.5	39.5	39.5
<u>Clothing Industry</u>									
Skilled									
Men	92.4	96.1	96.2	94.3	83.5	74.1	74.1	73.8	73.8
Women	56.7	58.2	59.9	59.0	51.5	48.6	48.6	48.6	48.6
<u>Shoe Industry</u>									
Shoemakers									
Men	90.1	90.1	98.3	93.2	79.2	79.2	79.2	79.2	79.2
Women	68.2	68.2	74.4	70.5	59.9	59.9	59.9	59.9	59.9
<u>Brewing Industry</u>									
Brewers	113.1	119.9	123.5	124.1	106.5	105.4	105.2	105.2	105.2
Unskilled	100.1	105.9	109.4	109.9	94.3	93.3	93.2	93.2	93.2
Women	62.8	67.0	69.4	70.2	60.2	59.6	59.5	59.5	59.5
<u>Baking Industry</u>									
Skilled	92.1	96.9	101.0	96.0	83.2	80.2	80.2	80.0	80.0
Unskilled	78.8	82.7	86.2	81.9	71.2	68.5	68.5	68.3	68.3
Women workers	52.7	55.5	57.8	54.9	47.7	46.0	46.0	45.9	45.9
<u>Railroads</u>									
Skilled	92.2	96.3	96.3	90.4	78.3	78.3	78.3	78.7	78.7
Semi-skilled	76.2	80.0	80.0	75.5	65.3	65.3	65.3	67.5	67.5
Unskilled	73.8	77.6	77.6	74.2	63.7	63.7	63.7	64.4	64.4
<u>Post Office</u>									
Skilled	86.2	89.9	89.9	89.9	73.0	73.0	73.0	73.4	73.4
Semi-skilled	74.0	77.5	77.5	77.5	64.1	64.1	64.1	66.9	66.9
Unskilled	72.0	75.6	75.6	75.6	62.8	62.8	62.8	62.8	62.8

Source: Economic Development of Germany Under National Socialism, by Vaso Trivanovitch, pages 41 and 42.

1. Hourly wage rates for workers in the highest wage groups in seventeen industries.

The nominal weekly wage fell to the low of 130.5 in 1932, due to lower rates and the reduction of hours of work from 46 to 41.5 per week in 1929. Since 1932, the index of nominal weekly wages had a steady increase owing to the rise in working hours. The index stood at 138.0 in the middle of 1936 and 45.9 was the average hours of work per week. In the middle of 1936 the purchasing power of weekly wages was higher than the 1928 average and only slightly less than the amount reached in 1930.

There are some qualifications necessary for these statements. The worker was taxed more under the Nazi than he had been in 1928 and 1930. Not only was the amount he must pay higher but also the number of taxes was increased. The quality of goods available to the worker was not as high as in 1928 and 1930. Last, the official index of the cost of living did not fully reflect the increases in the cost of living that had taken place since 1932. Thus, in actual practice the standard of living of the average German went down rather than up, that is, if he was at work in 1933.

The government was not able to accomplish a stable price level and at the same time have inflexible wage rates. Inflexibility of wage rates has not been accompanied by a stable price level. The economic program of the government had created very grave problems of foreign exchange, increased domestic farm prices and had

also greatly reduced imports of certain foodstuffs and raw materials. We must not, however, put too much emphasis on the decline in the standard of living. As a whole, the position of the working class was not greatly hurt. This was shown by the rise in total labor income and the consumption of basic commodities.

German labor income, in statistical form in Table 5, is shown separately as gross and net income. Gross income was the amount of the total payments made to labor. Net income was the amount available to the workers for the satisfaction of wants. The difference between the two was the amount of deduction for social insurance charges, contributions to the Labor Front and Winter Help and taxes. Also, in Table 5 is shown the number of wage earners and salaried employees, the amount of gross income, taxes, social insurance and other contributions and net income from 1925 to 1936.

There were 20.2 million employed wage earners, salaried employees and government employees in 1929 as compared with 14.7 million in 1932. In three years a drop of 27.2 per cent. During the same period gross income declined from 43.0 million RM to 25.7 million RM and net income, taking into consideration deductions for taxes and social insurance contributions, dropped from 38.5 billion to 22.5 billion or 41.6 per cent. Gross per-capita income fell from 2,131 RM to 1,749 RM or 17.9 per cent and net per-capital income

Table 5: Gross and Net Income from Wages and Salaries, 1925 to 1935

Year	Total No. of Wage Earners and Salaried Employees in Millions	Labor Income				Taxes and Social Insurance Contributions					Total
		In Current Purchasing Power		In Purchasing Power of 1928		Income Tax	Poll Tax	Contribution to Social Insurance	Labor Front ³ and Winter Help		
		Billion RM	RM per capita ²	Billion RM	RM per capita ²					Million RM	
1925	20.5	33.7	1646	36.1	1761	1480	..	1476	164	3120	
1926	19.4	34.8	1795	37.2	1915	1142	..	1836	167	3145	
1927	20.3	38.9	1915	39.9	1966	1344	..	2244	207	3795	
1928	20.4	42.6	2089	42.6	2089	1497	..	2636	251	4384	
1929	20.2	43.0	2131	42.4	2099	1476	..	2778	283	4537	
1930	18.6	39.9	2143	40.8	2193	1407	1	2676	263	4347	
1931	16.4	33.4	2035	37.2	2269	1246	40	2362	208	3856	
1932	14.7	25.7	1749	32.3	2200	1080	117	1823	150	3170	
1933	15.5	26.0	1675	33.4	2153	1240	163	1765	200	3368	
1934	17.5	29.3	1672	36.7	2095	1161	161	2030	320	3672	
1935 ¹	18.5	32.2	1742	39.7	2148	1342	190	2163	400	4095	

1. Including Saar.

2. RM per head of employed.

3. Up to 1933 this item represented approximately the income of trade unions.

Table 5 (continued): Gross and Net Income from Wages and Salaries, 1925 to 1935

Year	Taxes and Social Insurance Contributions (cont'd)		Income Without Taxes and Social Insurance Contribution				Percentage of Total Employed		
	Per centage of Labor Income	In RM per Head of Employed	In Current Purchasing Power		In Purchasing Power of 1928		Cost of Living Index 1928 = 100	Wage earners	Salaried Employees
			Billion RM	RM per capita ²	Billion RM	RM per capita ²			
1925	9.2	152	30.6	1494	32.8	1598	93.5	..	..
1926	9.0	162	31.7	2632	33.8	2742	93.7	..	..
1927	9.8	187	35.1	1728	36.0	1774	97.4	..	..
1928	10.3	215	38.2	1874	38.2	1874	100.0	..	..
1929	10.5	225	38.5	1906	37.9	1878	101.5	56.5	43.5
1930	10.9	234	35.5	1909	36.3	1954	97.7	53.9	46.1
1931	11.6	235	29.5	1800	32.9	2006	89.7	51.1	48.9
1932	12.3	216	22.5	1533	28.4	1928	79.5	47.0	53.0
1933	13.0	217	22.6	1458	29.0	1873	77.8	48.9	51.1
1934	12.5	210	25.6	1462	32.1	1832	79.8	52.7	47.3
1935 ¹	12.7	221	28.1	1521	34.7	1875	81.1	54.3	45.7

1. Including Saar

2. RM per head of employed

Source: Economic Development of Germany Under National Socialism, by Vaso Trivanovitch, page 44.

from 1,906 RM to 1,533 RM or 19.6 per cent.

During the years 1932 to 1935, the number of workers with jobs increased from 14.7 million to 18.5 million, or 25.9 per cent; gross income went up to 32.2 million RM or 25.3 per cent and net income to 28.1 million RM or 24.9 per cent. Gross per-capita income remained practically stable at 1,742 RM and net per-capita income went down slightly to 1,541 RM.

The cause of the failure of per-capita income to gain proportionately with total income since 1932 was mainly due to the addition to the labor force of wage earners rather than office employees or government employees. In 1932 the share of the total income received by wage earners was 47.0 per cent; office employees, 30.5 per cent and government employees 22.5 per cent. The equivalent figures for 1935 were 54.3 per cent, 28.3 per cent and 17.4 per cent. Since the average income of wage earners was less than that of government employees and office workers, the per-capita income figure showed a decline from 1932 to 1935.

Not considering the individual worker, but from the position of labor as a whole, the important fact was the large increase in the total purchasing power of labor. Labor had a net increase in income from 1932 to 1935 of about 5.6 billion RM. This extra purchasing power was shown in larger use of basic commodities.

Wage earners, who earned more than 156 RM per month received about 42 per cent of total labor income in 1935. These persons represented only 23 per cent of all income receivers. In 1929 the percentage of income received by this group was 63 per cent of total income and the group contained 37.8 per cent of all workers. In 1935, 55 per cent of all income receivers and in 1929, 43.5 per cent of all income receivers made less than 104 RM per month. In 1935, average wage income was 104 RM and in 1929 it was 135.

Salaried employees had a considerably higher average income than that of wage earners. Average income for salaried employees was 207 RM in 1929 and 189 RM in 1935. In 1929, 58 per cent of all salaried employees as compared to 64.9 per cent in 1935, received less than 200 RM per month. Persons with an income of 200 RM per month received 29.2 per cent of total income in 1929 and 36.6 per cent in 1935. In 1929 only 5.1 per cent of salaried employees and in 1935 only 4.2 per cent had a monthly income of over 500 RM.⁶

It was necessary in a study of the standard of living and the level of wages to take into account wages before Nazism came to power. January 1933 was the last month of pre-Nazi government.

6. C. W. Guillebaud, The Economic Recovery of Germany, London; Macmillan and Company, 1939, pp. 204-206.

There was quite a difference between the wage rates and actual wages earned as could be seen in Table 6.

Table 6: Wage Rates and Wages Actually Earned Per Week in Industry, January 1933

Weekly Wage Rate	38.90 Mark
Average payment above wage rate	1.15
Losses through short-time	2.40
Losses through unemployment	18.70
Taxes and insurance payments	2.65
Unemployment insurance benefits*	3.75
Actual Weekly Earnings	<hr/> 20.05 Mark

*Benefits, if received, are actually much higher, but many unemployed had been deprived of the right to benefits.

Source: Germany, Economic and Labor Conditions Under Fascism, by Jurgen Kuczynski, page 101.

In comparison with 1933, it should be remembered that actual weekly wages were only about one-half of what they had been in the prosperous times of 1927 and 1928. The wage rate was about 20 per cent lower than it had been in the pre-crisis years. Let us examine Tables 7, 7A, and 7B and see what happened to wages from the years 1932 to 1937.

Table 7. Average Wage Rates, 1932 to 1937
(Pfenning per hour) Index, (1928 = 100)

Year	Men			Women		All Com- bined
	Skill- ed	Semi- skill- ed	Unskill- ed	Skilled and Semi- skilled	Unskill- ed	
1932	81.6	68.8	64.4	53.1	43.9	86.2
1933, Jan.	79.2	68.3	62.8	52.2	43.5	84.2
1933	78.5	68.2	62.3	51.7	43.4	83.6
1934	78.3	68.2	62.2	51.6	43.3	83.5
1935	78.3	68.3	62.2	51.6	43.4	83.5
1936	78.3	68.3	62.2	51.6	43.4	83.5
1937	78.5	68.4	62.3	51.5	43.4	83.6

Table 7A. Average Weekly Gross
Wages (Mark and
Pfenning)

Year	Amount
1932	22.88
1933	21.88
1934	22.83
1935	24.04
1936*	25.25
1937	26.50

*Including Saar-territory

Table 7B. Total Wage
Bill, 1932 to 1937
(Million Mark)

Year	Amount
1932	11,320
1933	12,051
1934	14,642
1935	16,483
1936*#	18,837
1937	20,915

#Excluding Saar-territory, the
sum is 18,576

Source: Germany, Economic and Labor Conditions Under Fascism,
by Jurgen Kuczynski, page 102.

The tables, though all from official sources, seem to contra-
dict one another. The first table shows a decline in wages, the sec-
ond table a slight increase and the third table a large increase in
wages for the five-year period. Each table was correct and actual-
ly confirmed the other.

The first table showed how wage rates developed during the five-year period. It showed how wage rates dropped under Nazism to a lower point than that reached during the crisis of 1932 and 1933. In no other country, during this period, did wage rates get worse than they had been at the depths of the depression.

The second table showed gross weekly earning or earnings without the many deductions for taxes and such. Thus, while the wage rate had gone down, gross earnings had risen. This was accomplished by longer hours of work.

The third table showed the total wage bill as increasing. With the wage rate declining but with more hours being worked and more persons working, that was logical.

Table 8 is a wage index based on the summary of Tables 7, 7A and 7B.

Table 8. Wage Indices, 1932 to 1937
(1932 = 100)

Year	Wage Rates	Gross Weekly Wages	Total Wage Bill
1932	100	100	100
1933	97	96	106
1934	97	100	129
1935	97	105	146
1936	97	110	166
1937	97	116	185

Source: Germany, Economic and Labor Conditions Under Facism, by Jurgen Kuczynski, page 103.

In order to tell how workers were living and to measure their wage development in terms that would indicate its position to the worker's living standard, we must compare it with the cost of living. Table 9 showed how the cost of living developed from 1932 to 1937.

Table 9. Cost of Living, 1932 to 1937
(1932 = 100)

Year	Index
1932	100
1933	98
1934	100
1935	102
1936	103
1937	104

Source: Germany, Economic and Labor Conditions Under Facism, by Jorgen Kuczynski, page 103.

Prices rose only slightly during the period according to the table. Applying those cost of living figures to the above wage index figures for wage rates, gross weekly wages and total wage bill, we get the results as shown in Table 10.

Table 10. Real Wages Indices, 1932 to 1937
(1932 = 100)

Year	Real Wage Rates	Real Weekly Gross Earnings	Total Real Wage Bill
1932	100	100	100
1933	99	98	108
1934	97	100	129
1935	95	103	143
1936	94	107	161
1937	93	112	178

Source: Germany, Economic and Labor Conditions Under Fascism, by Jorgen Kuczynski, page 104

It seemed that real wage rates declined by 7 per cent, that gross real wages went up by 12 per cent and that the total real wage bill went up by more than three-fourths.

These conclusions were inaccurate because the official cost of living index did not indicate the real rise in the cost of living and because the gross wage index did not take into account that deductions increased under Nazism. The definition of gross wage index would not have allowed for consideration of the increase.

Taking the second item, the gross wage index, let us turn it into a net wage index. It was officially estimated that deductions for tax payments and social insurance ran about 12 1/2 per cent in 1932. There were no deductions for the Strength Through Joy and Winter Help programs in 1932. Officials estimated an increase to 15 per cent, one per cent increase in taxes and social insurance and 1 1/2 per cent for new deductions like the Winter Help. Table 11 showed real wages taking those deductions into account.

Table 11. Real Wage Indices, 1932 to 1937
(1932 = 100)

Year	Net Real Wage Rates	Net Weekly Real Earnings of Employed Workers	Net Total Real Wage Bill
1932	100	100	100
1933	96	95	105
1934	94	97	125
1935	92	100	139
1936	91	104	156
1937	90	109	172

Source: Germany, Economic and Labor Conditions Under Fascism, by Jurgen Kuczynski, page 105.

The following were some of the weaknesses of the cost of living index.

A. The index was based on the assumption that the worker spent 40 RM per week. In actual practice, as will be shown later, he could not spend anywhere near that amount.

B. Under Nazism the more expensive kinds of foods increased less than the basic necessities in price and many of these better foods were included in the index. Some cheap foods were included in the index after they were no longer available.

C. Quality of items was not considered in the index. A winter coat, made of wool, might last many years, whereas one made of synthetic fibers might not last the winter.

The following Table 12 was an attempt to consider those items and to compensate for them.

Table 12. The Cost of Living and the Net Real Wage Indices
(1932 = 100)

Prices and Wages	1932	1937
Official Cost of Living Index	100	104
Corrected Cost of Living Index	100	107
Net Real Wage Rates	100	87
Net Weekly Real Earnings of Employed Workers	100	105
Net Total Real Wage Bill	100	166

Source: Germany, Economic and Labor Conditions Under Fascism, by Jurgen Kuczynski, page 106.

We find that net real wage rates went down by 13 per cent during a period of increasing business activity.

Net weekly earnings went up by about 5 per cent but if we consider the longer hours and the greater intensity of work we would see that this hardly compensated for the extra food needed to work longer and harder, much less to increase their standard of living.

Table 13 considers wage rates and earnings per hour. Workers transferred from poor paying to higher paying jobs. Thus, while wage rates were the same, with more workers working in higher skilled jobs like armaments production rather than textiles, earnings per hour went up.

Table 13. Wage Rates and Earnings Per Hour, 1932 to 1937
(1932 = 100)

Year	Rates	Earnings
1932	100	100
1933	97	97
1934	97	99
1935	97	101
1936	97	102
1937	97	105

Source: Germany, Economic and Labor Conditions Under Fascism, by Jurgen Kuczynski, page 107.

From the previous figures we concluded the average worker received real wages of around the same as at the lowest period of 1932 and had to work longer and harder to get them. Real wage rates were lower in 1937 than in 1932.

A comparison of average wages and average cost of living, in absolute terms, revealed that our survey was not yet complete. Average gross weekly earnings were about 26.50 RM. Deductions of 15 per cent for taxes and other payments left 22.50 RM rather than the 40 RM that the Nazi statisticians said were necessary. Wages would have had to have been increased by 80 per cent for the worker to even approach the standard set by the Nazis. This standard was, at best, a long way from what the United States Bureau of Home Economics would have considered as a health and decency standard.⁷

7. Jurgen Kuczynski, Germany: Economic and Labor Conditions Under Fascism, New York; International Publishers, 1945, pp. 101-108.

The Wage Stop law prohibited increases in wages although wages might and in many cases did go down. Money wages were stabilized at the depression low of 1933 and in some cases allowed to go even lower while prices rose steadily. The only conclusion was that people were getting the same money wages or less than in 1933 and had to pay more for goods that were in many cases of cheaper quality.⁸

There were three classifications of workers to be considered. The fully employed, short-time employed and unemployed.

From our figures we know that many fully employed workers, who worked the same hours as in 1932, received much less in real wages in 1937. Many workers in the consumption goods industries had their pay decline by one-eighth. We must, even if we include overtime pay, increase the amount of hours by 10 per cent to keep up with the loss in purchasing power through increased deductions and the rise in the cost of living. It was figured that about four million workers were working full time at lower wages than in 1932.

For short time workers there were no estimates published in 1937. In 1932 there were about three million short time workers. It was estimated that many textile workers and others in the con-

8. Smith, op. cit. p. 19

sumers goods industries worked short time in 1937. The estimate was about one million short time workers in 1937. Besides decreases in consumption goods industries, temporary shortages of goods in other industries and even people who worked 40 hours a week in 1937 must be considered as short time workers since the average working week was now longer than 40 hours.

The unemployed in 1937 were about 900,000 or a negligible amount, considering the years of the depression. Those who had jobs in 1937 were better off than the unemployed of 1932. Many, though listed as employed in 1937, were actually receiving very little as workers in the Labor Service and other government organizations. Table 14 lists the workers who were receiving less real income in 1937 than in 1932.

Table 14.

<u>4 million workers already fully employed in 1932.</u>
1 million short-time workers.
1 million workers not normally employed.
<u>0.9 million workers who are unemployed.</u>
Roughly 7 million workers

Source: Germany, Economic and Labor Conditions Under Fascism, by Jurgen Kuczynski, page 110.

If one accepted the official Nazi statistics as true, we saw how the income of half the workers was lower than at the bottom of the

depression.⁹

The boom was called a boom without prosperity and the Nazi did not try to escape the fact that times were hard. As Dr. Hjalmar Schacht said in February, 1935, "We must recognize that we live in an era of poverty and that we must renounce for another decade the comforts of life we knew before the (First World) War."¹⁰

Output of Consumption Goods

Some information on the standard of living could be deduced from the output of goods for consumption.

Though the output of such goods increased considerably in 1933 and 1934, there was a drop in 1935, due in part to the after effects of the hoarding scare of 1934 and partly to difficulties in getting raw materials after the cutting-down of imports in that year. From 1936 on there was a very considerable increase in the consumption goods output and this continued in 1937 and 1938. The official index for the production of consumption goods of elastic demand was shown in Table 15.

9. Kuczynski, op. cit. pp. 108-110

10. Wallace R. Deuel, People Under Hitler, New York: Harcourt, Brace and Company, 1942, p. 307

Table 15. Index Numbers of Output of Consumption Goods
(1928 = 100)

1929 monthly average	97.0
1932 " "	74.0
1933 " "	80.1
1934 " "	89.6
1935 " "	85.6
1936 " "	95.6
1937 " "	101.5
1938 " "	107.4
(1st quarter)	

Source: The Economic Recovery of Germany, by C. W. Guillebaud, page 204.

The general growth of industrial production in 1937 as compared with the last boom year of 1928 and the depression year of 1932 could be easily seen from the estimates in Table 16.

Table 16. German Industrial Production*

	Milliard RM corrected to 1928 Price Level		
	1928	1932	1937
Total	33.7	19.6	40.0
Capital goods	13.5	5.0	17.6
Other production goods	6.8	4.6	8.5
Consumption goods:			
(a) elastic demand: textiles, household utensils, etc., boots and shoes	8.4	5.6	8.5
(b) inelastic demand: mainly foodstuffs	5.0	4.4	5.4

*Net production values

Source: The Economic Recovery of Germany, by C. W. Guillebaud, page 205.

There were several things to be kept in mind when comparing the figures for 1937 with those for 1928.

A. Population had increased by three and one-half million, so that a good deal of the increased consumption would be absorbed by the growth in population.

B. In 1928 there had been a large volume of imports, especially food and other consumption goods financed by foreign loans. Against that must be offset a greater amount of goods exported in 1928 than in 1937. There was also more working for stock in 1928 than in 1937.

C. The table related only to industrial production and did not relate to foodstuffs other than manufactured foodstuffs.

It would seem from these figures that the standard of living of the population as a whole, as figured by the supply of available industrial producer goods, had gone up from 1932 to 1937 and that it had almost gained the level of 1928.

Table 17 showed an even more favorable picture of 1937 in comparison with 1932.

Table 17. Real Income and Consumption*
(Calculated over the Cost of Living Index Number)

	In Milliard RM		
	1929	1932	1937
National income	74.8	56.8	87.5
Income from wages and salaries	42.4	32.3	48.5
Turnover of retail trade	36.0	28.5	37.6

*Frankfurter Zeitung, April 1, 1938

Source: The Economic Recovery of Germany, by C. W. Guillebaud, page 206.

Not considering the inadequacies of the cost-of-living index number, the previous table showed a greater rise in real income and consumption since 1932 than was believed true. There was every reason to believe that prices of goods not normally consumed by the working man and thus not included in the index had risen faster than those items represented by the index number. It was regrettable that there was no way to estimate the allowance that should have been made for that factor.¹¹

Living standards were raised by the production of the consumption goods industry while the production of armaments appeased only the appetite of Mars. When Goering said that he would rather have guns than butter he meant that Nazism would favor the heavy industries over the consumption goods industries.

It was not surprising that the position of the consumption goods industry was a very unfavorable one after the advent of Nazism to power. The following was a declaration of policy by one of the Nazi Ministers, Dr. Schacht:

11. C. W. Guillebaud, The Economic Recovery of Germany, London; Macmillan and Company, 1939, pp. 204-206.

"The less the people consume, the more work can be done on armament production. The standard of living and the scale of armaments production must move in opposite directions."¹²

All German financial institutions, from the very first days of National Socialism, were used as a means of increasing the war effort. German financial institutions including the large and small banks, the Reichsbank, and the social insurance system were used to help finance the production of armaments and to hold back and restrain, for the war effort, the production for consumption.

If people had little money they could spend little on consumption goods. It was the financial policy to get the people to put money into yet unbuilt autos, to travel or spend having a good time with the Strength Through Joy organization, or if they would, to put their money in the bank, and make it difficult for them to get it out. A comparison of savings deposits with national income, Table 18, showed how successful the government was in taking money away from the people and at the same time making them think they still had it.¹³

12. Kuczynski, op. cit. pp. 59-60

13. Ibid; p. 82

Table 18. National Income and National Savings
(in thousand million marks)

Year	National Income	National Savings
1932	45.2	11.5
1934	52.7	12.8
1936	65.0	14.6
1938	79.7	18.0
1940	110.0*	28.0#
1941	120.0*	38.0#
1942	130.0*	50.0##

*Pre-war figures, official German estimates; figures for 1940 and 1941, see Frankfurter Zeitung, February 11, 1943.

#Semi-official German estimates

**My estimate

##Figure given by Funk at the 1943 annual meeting of the Reichsbank

Source: Germany, Economic and Labor Conditions Under Fascism, by Jurgen Kuczynski, page 82

Changes in Consumption

In the years 1928 and 1929 retail sales averaged about 48 per cent of the national income; in 1936 and 1937 the average was 44 per cent. This showed that substantial shifts had taken place in the spending of national income from private to public and organized expenditures and consumption. In 1937 retail sales were 30.9 million RM; that was 8 million RM higher than in 1932, though still some 6 million RM below that of 1929. If one considered that retail prices were about 27 per cent higher in 1929 than in 1937, it appeared that goods sold and actual consumption were in terms of value higher in 1937 than in 1928 and 1929. It must be remembered that there was some change in the way the money was divided among the items. The quality of goods must also be considered. There was no way to tell exactly how much quality had suffered by the mixing of other fibers with wool and cotton. There was indication that this decline in quality was serious in 1935 and 1936, when manufacturers had not learned how to blend the fibers and when the manufacturing processes were still relatively new. Subsequent to that time the quality was greatly improved with the better machines and knowledge of the manufacturers.

It was even harder to determine the extent and importance of "psychic dissatisfaction," which occurred when people could not

buy what they wanted when they wanted it and had to take something different. How much did it matter if one had to eat beef if he had wanted pork or if he was told to eat fish rather than meat? Though the government had by propaganda perhaps lessened the dissatisfaction, the degree of dissatisfaction was clearly a matter of individual judgement.¹⁴

In the latter part of 1936 the government started using propaganda to direct consumption. They used it as a tool to supplement their food and price control policy. Propaganda had, if properly handled, all the advantages of rationing without any of its drawbacks. Prices were maintained at a stable level in the face of large differences in supply. Consumers were advised which foods were scarce and which they were expected to buy more of. Shortages and surpluses were solved in that manner. Butter and other fats were quite scarce in 1936 and 1937, so propaganda was used to increase the consumption of jam. The use of jam rose from 55,600 tons in 1933 to 1934 to 138,500 tons in 1936 to 1937.¹

¹The German authorities evidently agree with the advice of the Dairy-maid to the Queen in 'The King's Breakfast'.

14. Guillebaud, op. cit. pp. 208-209

"But Marmalade is tasty, if
It's very
Thickly
Spread."
(When We Were Very Young, by A. A. Milne)

The government used the Party and all the Party organizations to carry on its propaganda campaign. Also used were store windows, where advertisements showing items to be bought were displayed; various pamphlets and folders suggesting ways to prepare items that were in plentiful supply; newspaper columns devoted to information on what to buy and how to prepare it; and all the cooking schools of the Reich were used to give advice and information. All government agencies such as the Labor Service and institutions such as colleges led the way in informing the public what to eat and how much to eat.

The German people responded very well to such propaganda and if not used too often, it was an effective method of control over the distribution of food surpluses. As examples of how effective propaganda was, a glut of cabbages developed in 1936 and 1937 and 2,500,000 metric cwts. of cabbages were marketed above normal consumption in 1936 and 400,000 cwts. in April of 1937. A device that could achieve such results with cabbages surely rated high marks.¹⁵

15. Ibid: pp. 163-165

The Four Year Plan

The standard of living was also affected by Hitler's Four Year Plan. This plan, as announced by Hitler at the Nuremberg conference of 1936, was to make Germany totally independent of the outside world in four years. In a war, Hitler did not want to be beaten by a blockade.

To make the plan effective, all German efforts were to be bent toward producing items in Germany. Low grade iron ore, such as found in Germany, was to be developed and motor fuel from coal was to be produced along with many other items needed to make Germany self-sufficient.

The cost of producing gasoline from coal was very high, synthetic rubber was more costly than natural rubber, but a crushing tariff was placed on natural rubber to discourage its use. New fibers and rayon were substituted for wool, but the result was often not as good and much more expensive.

It cost three times as much to produce a gallon of fuel from coal than to purchase the fuel from abroad, six times more to produce a pound of rubber. The plan was in fact wholly uneconomic and not only were the prices higher but often the quality was lower. In the case of clothing, the standard of living of the people was hurt

very much by the use of man-made fibers. The result of the plan was that it was costly to the consumer but did help to prepare Germany to wage another war.¹⁶

Forced Contributions

As usual, it was the common man who suffered most. In fact, conditions were so bad for the common man that in 1936, 12.9 million Germans or two out of every 10 persons were being helped by relief for the essentials of life.

It was no wonder that the workman had so little money to spend after taxes and voluntary contributions. Those voluntary contributions were really not voluntary, as shown by the following cases.

In Colonge a workman was discharged without notice in the fall of 1936 because he had declined to contribute to the Nazi Party's Winter Help Fund. The labor court said when the case was appealed to them: "Even if there is no legal obligation to contribute to the Winter Help Fund, the unequivocal refusal of an employee to make the usual contribution to the National Socialist Welfare Organization representatives constitutes conduct hostile to the community of the people and is to be most strongly condemned."

16. Lindley Fraser, Germany Between Two Wars, London; Oxford University Press, 1945, pp. 92-93.

This was an example of Nazi logic. While there was no legal obligation to contribute, a man could lose his job if he did not contribute.

Not only did the citizen not decide how much he was to contribute, but he must contribute the amount set by the party bosses.

A factory foreman in Colonge decided he could only give \$.25 per month because he had a large family and was paying on a new car. He was discharged from his job. The labor court ruled that a man who owned a new car and was making a foreman's salary could afford to pay more than \$.25 per month. It upheld his dismissal. When the foreman offered to pay from \$2.50 to \$5.00 per month he was reinstated in his job.

The Winter Help Fund was not the only fund required by the Nazi. The worker belonged to the Labor Front and had to support its various causes. In all, the worker was asked to support some 32 different party causes each month with a donation. Though the worker received some benefit from these organizations, the cost of them to the worker was large.¹⁷

¹⁷. Deuel, op. cit. pp. 308-310.

Prices of Goods

The German farmer fared well under Hitler. In order to build up a large farming class, to feed the people in case of war, the price of foodstuffs was allowed to rise. The higher prices made farming more profitable and attracted more people into it.

When the price of agricultural products purchased by Germany from abroad rose, it forced the prices of those items up in Germany.

These were the reasons for the general rise in retail prices for the following commodities from March, 1933, to March, 1937, as published by official Fascist sources.

Table 19. Price Change March, 1933, to March, 1937

Item	Price Change in Per cent
Bread and rolls, total of all kinds	- 2
Peas	+ 52
Beans	+ 31
Sugar	+ 2
Potatoes	+ 22
Other vegetables	+ 4
Meat, meat products and fish, total	+ 18
Beef	+ 18
Pork	+ 11
Veal	+ 40
Mutton	+ 41
Milk, dairy products, total	+ 15
Milk	+ 7
Butter	+ 35
Margarine	+ 44
Eggs	+ 31

Table 19 (continued)

Coal	- 1
Gas and electric current	- 1
Clothing	+ 24
Linen	+ 17
Household equipment	+ 6
<hr/>	
Source:	<u>People Under Hitler</u> , by Wallace R. Deuel, pages 312 and 313.

The Nazi made several concessions to the poorer workers. They issued a system of cards of two main types. The first type guaranteed the bearer a minimum quantity of the cheaper grade of table margarine at the regular market price. This was to insure that the persons who could not afford the more expensive fats had first call on the cheaper fats. The second card guaranteed the bearer a minimum quantity of margarine, butter and other fats, cheese, sausage and bacon at prices ranging from 27 to 50 per cent below the market price. Between 22 and 24 million persons received these price cards.

This, together with the various organizations of charity showed how the worker could live better than his low wages would indicate.¹⁸

The following was one person's personal survey of living costs in Germany in 1936.

18. Ibid; pp. 312-315

Commodities such as shirts, tooth paste, shoe-polish, razor blades, sausages, soap and others were used as a basis for comparison of 1936 prices with those of 1932. In every case it was found that prices had gone up in a steady rise. The housewife that paid \$1.50 for cooking fat in 1936 could have bought the same amount for 50 per cent less in 1932. People were also unanimous in their opinion that many items had gone down in quality. A quart of milk no longer contained as much butter fat as it once did and a wool coat was no longer all wool.¹⁹

Strength Through Joy

The Strength Through Joy organization was another reason why the German could live better than his low wages indicated.

Strength Through Joy was an organization similar to the Italian Fascists organization for relief, the Dopolavoro, except that it was much larger and more elaborate and operated on a much greater scale. Strength Through Joy was intended to instruct, strengthen and amuse the workmen and to provide them with recreation, sports and vacations at low cost.

19. Smith, op. cit. p. 19.

Not considering the idealistic motives, there were two very practical reasons for the organization. It was easier to govern happy, healthy and busy people than sickly, unhappy and idle ones and they got more work accomplished if they were satisfied than dissatisfied.

Membership in the Labor Front conferred with it the benefit of being eligible for Strength Through Joy programs. There were more than 25 million members in the Labor Front in 1939.

One of the more outstanding activities of the Strength Through Joy was the organizing of cheap vacations both on land and sea. The organization had a fleet of ten ships besides the Wilhelm Gusthoff and the Robert Ley.

The ships Gusthoff and Ley were the pride of the organization. Both of 25 thousand tons, they were tied for fifth place among the German merchant men; they were indeed luxury liners. Each had 248 two-bed and 241 four-bed cabins and could accommodate 1,460 passengers. There were two promenade decks, a sports deck, a sun deck and a large swimming pool. Each could serve all the passengers in the dining hall at two sittings.

The trips were made longer and more varied each year. In 1935 a ticket to Madeira from any place in Germany and return, with landings at Lisbon and Madeira, cost only \$25. Other cruises

were just as inexpensive.

Skiing was also socialized at very reasonable fees. A Berlin workman could go to a ski resort in the Bavarian Alps and spend a week skiing with the aid of an expert instructor, if he wanted one, for \$11.

To be able to take advantage of these opportunities, one had to belong to the Labor Front and satisfy officials that he could not afford to pay full price for a vacation. There were no fixed salary levels that one had to earn less than to be eligible. Officials could exercise their own discretion.

It was estimated that 750 thousand persons took part in sports organized by the Strength Through Joy in each of the last few years before the war.

The Strength Through Joy has introduced many persons to the opera, music and drama. In 1936, 4,560,000 Germans went to the theaters because of the Strength Through Joy. Low admission prices were provided for 1,600,000 to attend concerts; some 450 art exhibits were organized in factories, that more than 2,500,000 workers and employees visited. In 1934, the first year of Strength Through Joy, some nine million persons attended programs or special events organized by it. In 1936 the number had increased to 31 million.

Strength Through Joy had its own symphony orchestra that traveled to many remote places to give concerts.

There were 200 centers for adult education in Germany sponsored by Strength Through Joy. Courses for members of the Labor Front in languages, vocational training, painting, wood-carving, model making and a dozen other subjects were taught.

That many millions of people were given the opportunity to travel, hear concerts and operas, attend the theater and learn languages and other things for the enrichment of their lives was all for the good.

The following were the bad features of the program.

A. Many of the organizations and facilities that made the program possible the Nazi seized or denied the use of to others, who could have used and enjoyed them as well or better.

B. The Labor Front has never made any accounting of how much money was taken in or spent. There was every indication to support the view that not all the funds collected have been used for the good of all the members.

C. The intangible price paid was very great. The worker was told what he must see and where he might go or not go. He was as closely regimented as the soldier in the ranks.

D. Like some other missionaries of other beliefs, the Nazis

healed only on the condition that the patient became a convert. Only believers were allowed the advantages of National Socialism. It was rare that a person whose political ideas were not 100 per cent behind the program could benefit from the program.

E. Besides the high price of being told what and when to enjoy his recreation, the German worker also gave up all right to bargain collectively for his wages or hours. All wages and hours were set by the authority of the government.²⁰

Winter Help

The Winter Help was another method for aiding the people of Germany. All organized relief work, including that of the churches, Red Cross, Salvation Army, National Socialist Party, and many others were within its branches. Relief work for the Jews was not included in the Winter Help.

The Winter Help looked out for 17,000,000 persons during 1933 to 1934. Thanks to improved conditions, the number went down to 13,800,000 in 1934 to 1935 and to 12,900,000 in 1935 to 1936. Though the number of persons looked after decreased, the

20. Deuel, op. cit. pp. 319-324.

amount collected went up each year from 350,000,000 RM in 1933 to 1934 to 360,500,000 RM in 1934 to 1935 and 372,000,000 RM in 1935 to 1936. Benefits were increased as a result but the cost of living rose so as to nullify this increase in benefits. Persons out of work, doing short time work, or living on a fixed annuity were all given help.

The Fuhrer has said, "No one shall go hungry and no one shall feel cold." The activities of the Winter Help were directed toward that end.²¹

21. Robert Ley and Others. Germany Speaks, London; Thornton Butterworth, 1938.

Section II

Freedom of German Workers

Under Hitler,

1933 to 1937

Employer -Employee Relations and Nazi Philosophy

The Nazi said that the fundamental trouble with employer-employee relations under the Social Democrats from 1919 to 1933 had been the contrast and conflict that were created between them.¹

The owner and the worker were always opposed to each other like two forces at war.² It had been labor relations based on the Marxist concept of group struggle. Marx said that the progress of mankind was a struggle between the employer and the employee.³

The owner made such agreements as he could with his workers and working conditions, wages and hours were usually dependent on the scarcity or abundance of labor on the one hand, and the amount of business of the firm, on the other. Were the workers dissatisfied, they could strike and if the owner were dissatisfied, he could have a lockout. Both sides had powerful organizations to promote their interests.

These were the agencies of conflict and it was their job to organize the class struggle. In theory, the government could not intervene even though it was convinced that the employer was ex-

1. Trivanovitch, op. cit. p. 5.

2. Henri Lichtenberger, The Third Reich, New York; The Keystone Press, 1937, p. 230.

3. Trivanovitch, op. cit. p. 5.

ploiting or that the workers, by unreasonable demands, were about to ruin the business. In practice, the state had stepped in whenever there was open conflict. The state passed laws to protect the worker, which outlawed the worst forms of exploitation; controlled working conditions of women and children; and set a minimum working day of eight hours. The state also made arbitration compulsory between the parties. A conflict that threatened industrial peace was brought before the arbitration board for a compromise. Those steps helped to mitigate but did not end the antagonism of workers and employers which flared at every step. Charges and counter charges were constant. The gains that the workers had made against their employers were defended at every turn with all their energy. The employers charged that the arbitration boards often indulged in blackmail and that because of these boards the employers had to pay the workers more for their work than they deserved and thus exploited the community.⁴

National Socialism said that the interests of the employers and employees were the same. Both were equally important members of the society and were employed, not for their own gain, but for the benefit of the whole German people.⁵ Employers and em-

4. Lichtenberger, op. cit. p. 231.

5. Trivanovitch, op. cit. p. 5.

ployees were not to be rivals but all were to be soldiers of the same labor army though occupying different positions in the ranks of that army. In a military unit there was no bitterness between soldier and officer. Each was dependent of the other. Though one was in command and the other followed, that was no reason to impair the efficiency of their relationship. Germans, in particular, were quick to accept commands if they felt they were being well commanded. They would obey a leader who was competent and who worked for the common welfare.

According to the Nazi, the great cause of argument in industry was the capitalist profiteer, who in many cases was a Jew. This was the person who came between the leader and the worker.⁶

March 24, 1933, Enabling Act

On March 24, 1933, the Reichstag passed the Enabling Act that allowed the Government unlimited legislative power and enabled it to act regardless of whether its acts were constitutional or not. Though the act was called an "Act to Relieve the Distress of the people," the act removed any constitutional restraint on the acts of the government.

6. Lichtenberger, op. cit. pp. 231-232.

It was interesting to note that the government that passed this legislation contained only three National Socialists among its nine cabinet members. The other six ministers had for decades represented the interests of the industrial class, especially heavy industry and the Junkers.⁷

May 1, 1933 - A Fatal Blunder

German labor dug its own grave on May Day of 1933 when the trade union leaders, hoping to avoid the fate of the Communists and Social Democrats, urged their members to turn out for the Nazi workers' rally. Labor did turn out in large numbers but the Nazi assumed this to be a sign that the trade unions could no longer hold their members and not as a sign of friendship.⁸

Minister Goebbels indicated at the rally that it would not be long before the government would attempt the job of bringing social peace to labor and fitting the workers into the national community with equal rights.⁹

7. Kuczynski, op. cit. p. 95.

8. Pierre Van Paassen and James Waterman Wise, Editors, Nazism, New York; Harrison Smith and Robert Haas, 1934, p. 109.

9. Lichtenberger, op. cit. p. 234.

Thus had trade union leaders committed the last in a long line of blunders that were to cost them their jobs and in some cases their lives.¹⁰

May 2, 1933, End of Trade Unions and
Beginning of Labor Front

The offices of the trade unions were occupied by force at 10 o'clock in the morning on May 2, 1933, by Dr. Robert Ley. Dr. Ley headed a "committee of action for the protection of German labor."¹¹ The force used was the National Socialist cell organizations, that had been created in each factory to fight Social Democracy¹², including S. A. and S. S. tropps.¹³

Besides having their books and records taken and their property confiscated, the trade unions had many millions of dollars taken away by the Nazis. There were charges published about supposed misappropriations of funds by the trade union officials. There was no evidence produced to give validity to the charges and no trials were ever held.¹⁴

10. Van Paassen, op. cit. p. 110.

11. Lichtenberger, op. cit. p. 234.

12. Trivanovitch, op. cit. p. 6.

13. Van Paassen, op. cit. p. 109.

14. William Ebenstein, The Nazi State, New York; Farrar and Rinehart, 1943, p. 273.

The way the Nazis took over the trade unions, coming as it did just three months after their rise to power, was the first glimpse to Germany and the world of how the Nazis operated. It was a clear indication that Hitler intended to use force and violence rather than negotiation and diplomacy. Dr. Ley said: "We might have negotiated but that is not our way."¹⁵

That was the end of the trade union movement as a class movement; from then on the employers' associations and trade unions were incorporated into a single body, called the Labor Front. The man placed in charge of the Labor Front was Dr. Robert Ley. Dr. Ley was one of the leaders of the National Socialist party in charge of organization work.¹⁶

The trade unions were allowed to continue to operate, at least for the present, but as a part of the German Labor Front. In the German Labor Front were:

1. Workers' organizations
2. Salaried employees' associations
3. Artisans' organizations
4. Employers' organizations

15. William D. Bayles, Caesars in Goose Step, New York: Harper and Brothers, 1940, pp. 174-175.

16. Trivanovitch, op. cit. p. 6.

That organizational structure of the Labor Front lasted until January, 1934.¹⁷

The leader of the Labor Front, Dr. Ley, had the power to appoint and dismiss all other leaders of the Labor Front. Leaders of the Labor Front had to be members of the Nazi party. Besides supplying the leaders of the Labor Front, the Nazi party also had control over the finances of the Labor Front, as the treasurer of the Nazi party was also responsible for the finances of the Labor Front.¹⁸

The Nazis were not opposed to the continued life of the trade unions, for at least a while longer.¹⁹ Though they could have destroyed the trade unions, the following statements show how the Nazis said they felt about the retaining of the trade unions.

Dr. Ley, the founder of the Labor Front said:

"Trade unions are necessary and must continue to exist."

Walter Schuhmann, Nazi Director of the Federation of Salaried Employees said:

"The trade union is the essential representative of the worker in the production process. The National Socialist German Labor party is convinced of the importance

17. Van Paassen, op. cit. p. 110.

18. Trivanovitch, op. cit. p. 20.

19. Ibid; p. 5.

of the trade union and will defend its existence to the utmost."

After all the kind words the trade unions under the Nazis were a far cry from pre-Nazi days. Arbitrators, appointed by the government, had control over settling of wage disputes, when and under what conditions strikes would be allowed and many other functions that had once been the reason for being of the trade unions.²⁰

The job of the Labor Front was political rather than economic. The Labor Front had the job of converting the workers and employers into better National Socialists. It was no longer to protect or promote the economic interest of its members. Dr. Ley explained one phase of what the Labor Front was trying to do in his speech of August 13, 1933, as follows:

"He who organizes a workers' association or an employer's association, he who organizes the profit mentality must go; he is a mortal enemy of the nation. The Labor Front must no longer know any social classes."

The following statement issued jointly by Dr. Ley, with the Reich Labor Minister, Economic Affairs Minister and Chancellor's Representative for Economic Questions, helped to clarify the official position of the Labor Front:

20. Ibid; p. 20.

"The German Labor Front is an association of all working persons regardless of their economic or social position. In it the wage earner shall take his stand side by side with the owner, no longer separated by groups and associations that serve to protect special economic or social classes and interests. The worth of a person, whether wage earner or employer shall be the decisive factor in the German Labor Front. Confidence can be gained only as between man and man and not associations. According to the will of our leader, Adolf Hitler, the labor front is not a place where material questions of our daily working life are to be decided or where the natural differences of interests of the individual workers are to be harmonized. In the near future methods of regulating working conditions will be created that will define the position in an enterprise of the leader and follower as prescribed by the National-Socialist outlook on life. The high aim of the labor front is the attachment of all German workers to the National-Socialist State and the National-Socialist principles. It undertakes, in particular, the task of educating those persons who will be called upon to take a leading part in the establishment and organs of our social constitution, in the labor courts and in social insurance institutions. It will see to it that the social honor of the leader of the individual establishment and of his followers be made the principle motive power of the new social and economic order."²¹

It was the job of the Labor Front to promote industrial peace by educating the employers to see that his followers often had reasonable demands and requests and to get the worker to understand the position that the firm held in the economic structure.²²

After the taking over of the trade unions by the Nazis, many leaders of the trade unions were sent to jail. Those that escaped

²¹. Trivanovitch, op. cit. p. 6.

²². Ibid; p. 20.

jail had their names published on the "List of the Despised." A statute passed by the Nazis trade unions said that those whose names appeared on the list "shall not be given any kind of work." All companies connected with German industry received a copy of the list to make sure that none of these "traitors" ever got back into a job or place of work where he could continue his "subversive activity."²³

May 19, 1933, Act Giving Full Authority Over Wages
to Labor Trustees

Since agreements between employers' associations and trade unions could no longer be made, there was a grave danger of the collapse of the wage structure. To prevent such a collapse, an act was passed on May 19, 1933, giving full authority over all questions pertaining to wages to the government appointed trustees of labor or arbitrators of labor.²⁴ There were 13 labor trustees or the same number as there were economic regions. Each economic region had a labor trustee responsible for that region but appointed by the central government and receiving orders from that central government. Each trustee had a committee of experts to advise him.²⁵ It was the job of the trustee to keep wages stable,

23. Van Paassen, op. cit. p. 112

24. Trivanovitch, op. cit. p. 7

25. Lichtenberger, op. cit. p. 238

neither increase or decrease, in line with government policy of keeping wages and prices stable. Though the groups, as established in the old associations, continued to exist between May 19, 1933, and May 1, 1934, any wage agreements made between these groups was a fiction.²⁶

In the act that set up the office of Treuhander der Arbeit or labor trustee, the function of the trustee was described as follows:

"Until the reorganization of the social constitution, the Treuhander replaces the workers' trade unions and employers and their organizations in the task of concluding agreements regarding contracts for work which shall be agreeable to all the interested parties."²⁷

A Series of Labor Decrees May 25, July 22, and August 23, 1933

May 25 - An edict was signed by Dr. Ley, head of the Labor Front, and Dr. Wagner, Reich Commissioner for Industry, ordering that there should be no more strikes, lockouts or stoppages in industry.

July 22 - An order was issued forbidding mine workers in the Ruhr district from demanding wage increases.

26. Trivanovitch, op. cit. p. 7

27. Lichtenberger, op. cit. p. 238

August 22 - Metal workers in Berlin were also forbidden to demand wage increases.²⁸

January 20, 1934, The Act for the Regulation
of National Labor

During the last one hundred years, workers in Germany, as in other capitalist countries, had won many rights and liberties. These were acquired by labor during the course of two revolutions (1848 and 1918) and in many political campaigns. The following list of freedoms were enjoyed by the workers under the Weimar Republic.

1. Right to organize trade unions and political parties.
2. A free labor press, of which there were several hundred labor newspapers.
3. The right of free speech, which was practiced in thousands of opened and closed meetings every year.
4. Every man and woman had the vote, whether they were rich or poor, and could stand for election to the city bodies, State and Reich parliament.
5. All industrial and other establishments above a certain size elected workers' representatives whose job as workers' representatives gave them a little power to improve working conditions.

28. Van Paassen, op. cit. p. 112

Though these rights would not have insured an improvement of conditions for the worker, their loss was a heavy blow. With the destruction of these rights the worker had no protection against government monopolists and vested interests in general.²⁹

Though trade unions and employers' associations as a force in the labor front were a fiction, the Nazis thought a continuation of this fiction might be dangerous. If these organizations had been left in the Labor Front, though under Nazi control, they might have revived in the course of time. Because of this and many legal and practical difficulties, that had developed since the overthrow of the old system, the Nazis decided to clear up the situation. On January 20, 1934, the Act for the Organization of National Labor was passed.³⁰ The law was composed of seven paragraphs and 75 sections and went into effect on May 1, 1934. It ordered the dissolving of the Nazi controlled trade unions and employers' associations and in their place the law gave the leader of the establishment almost complete control over the establishment, including the workers.³¹ In this act were embodied the Nazi theories of employer-employee relations, especially the idea of leadership or *Fuhrerprinzip*.³²

29. Kuczynski, op. cit. p. 94

30. Trivanovitch, op. cit. p. 7

31. Van Paassen, op. cit. p. 113

32. Trivanovitch, op. cit. p. 8

The employee-employer relationship under the Nazis was not one of legal equality as expressed in freedom of contract and mutual bargaining but one rather of leadership on the part of the owner and obedience on the part of the employee. The law brought about feudalism under new names and new conditions of technology.³³

Under the leadership principle, orders came from the top and obedience came from the bottom. This obedience must be loyal.

The owner was in nearly the same position of power in his plant as Hitler was in the country. Just as Hitler was the national leader and the people his followers, so the leader of the plant was supreme and the workers were his followers. It was a rather grim game of follow the leader.³⁴

In the Middle Ages the struggles against political and economic privilege were fought around the idea that the mass of the followers did not always agree with the ideas of welfare that their master entertained. The Nazis tried to return to this idea of welfare where the leader doled out benefits to his followers as he saw fit. It was an idea of society in which the groups of followers were taught to be satisfied with a little welfare and not to try and raise themselves above their place in life.³⁵

33. Ebenstein, op. cit. p. 279

34. Deuel, op. cit. p. 326

35. Ebenstein, op. cit. pp. 279-280

It was the aim of the law to lead the way to the development of intimate relations between the employer and each worker on the grounds of leadership and to do away with the laws, regulations and decrees that had regulated the employer-employee relationship before the days of Hitler.

The principle of leadership was established by sections one and two of the law and were as follows.

1. The owner of each establishment was the leader and the wage earners and salaried employees were his followers. These two groups would work together for the betterment of the establishment and the nation.

2. All decisions affecting the establishment and covered by this act would be made by the leader for his followers.

3. The leader would promote his followers' welfare and they in turn would have faith in the leader based on group interest in the establishment.³⁶

The Minister of Labor explained the purpose of the act as follows:

"The act is based on the nation as the bond between the industrialist as leader of the undertaking and the workers and employees as his followers. Their common

36. Trivanovitch, op. cit. p. 9

labors must promote the aims of the undertaking and the common welfare of the people and the state. The idea of this mutual bond is expressed in the duty placed on the employer to watch over the welfare of his staff, and the duty placed on the staff to observe toward the head of the undertaking the loyalty which is founded in the workers' community. In the acceptance of this principle of solidarity and in the mutual confidence, loyalty and comradeship resulting from it lies the essence of the new outlook demanded by the act."³⁷

The purpose of the law was defined by the official German news bureau as follows:

"The basis of the new social system is the factory. The leader is the employer. He decides for the following (employees) in all questions concerning the management of the plant. The following shall render faithful service to the leader in all things related to the conduct of the undertaking. This law revokes all previous laws of basic significance relating to shop councils, wage agreements, arbitration and strikes and lockouts and similar questions."

Thus the leader became the ruler of his plant subject only to the labor trustee. The leader posted wages for his followers without negotiation and in the same manner extended the length of the work day.

Though the Labor Front at first consisted of trade unions and employer associations, after May 1, 1934, it consisted only of individual members, a vertical structure, in which all workers, salar-

37. James Kerr Bullock, The Government of Greater Germany, New York: D. VanNostrand Company, Inc., 1940, pp. 156-157.

ied employees and employers were in theory members of equal standing. With the breaking up of the Nazi controlled trade unions, the workers lost the last organization that might have protected their rights and served their interests.³⁸

The German worker no longer had to punch a time clock, as they were solemnly abolished by Dr. Ley. In their place a bugle was substituted. The worker was now like the soldier in the army; he responded to the bugle but had no control over when it was blown.³⁹

By the creation of confidential councils, labor trustees and courts of social honor, the government tried to keep the world from seeing the total power of the leader over the employee.⁴⁰

Confidential Council

The law provided that if an employer employed 20 or more workers, a confidential council should be set up. The president of the council was the leader. It was the duty of the council to advise the leader on all measures that would build mutual confidence in the establishment, especially the following:

38. Van Paassen, op. cit. pp. 113-116

39. Bayles, op. cit. p. 174

40. Van Paassen, op. cit. p. 113

1. Means to increase efficiency
2. Employment conditions
3. Safety conditions

In particular, the council had the responsibility of settling all disputes within the establishment. The leader could impose no penalty without hearing the views of the council. The size of the council was as follows:

<u>Number of Employees</u>	<u>Number of Confidential Councilmen</u>
20 - 49	2
50 - 99	3
100 - 199	4
200 - 399	5

The confidential council was increased by one for each additional 300 employees but could not exceed 10. There was an alternate for each confidential man.

In March of each year the leader of the establishment prepared a list of confidential men and their alternates in consultation with the head of the Nazi cell in the establishment. The workers were given a chance to vote yes or no for this slate of candidates to represent them. Though the vote was by ballot, the results of the vote mattered little. If the leader and the Nazi cell leader could not agree on a list of candidates, if the followers did not vote their approval of the list, or if for any other reason the council was not formed, the labor trustee, a political appointed supervisor, had

the power to appoint the required number of confidential men and alternates.⁴¹ Elections to the council were to be held before the first of May, but this was not always done and the labor trustee appointed many council members.⁴²

The confidential council did not have the power to over-rule any act or decision of the leader.⁴³ On questions of wages the council did not have even advisory power, indeed the arbitrator was not allowed to set wages for each plant but only for the plants as a group in his district.⁴⁴ A majority of the council had the right to appeal in writing to the labor trustee any decision of the leader that they thought was not in accord with the best economic and social interests of the establishment. The leader's decision was valid during the appeal process.

The leader convened the council whenever he thought it necessary or upon request by one-half of the members of the council.

It was the duty of the leader in each establishment that employed 20 or more persons to issue written rules and regulations for his followers covering the following subjects:

1. When normal hours of work would begin and end and time of rest periods.

41. Trivanovitch, op. cit. pp. 10-11

42. Bullock, op. cit. p. 156

43. Trivanovitch, op. cit. p. 12

44. Van Paassen, op. cit. p. 114

2. When and how wages were to be paid.

3. Rates of pay for job or piece work.

4. Rules covering fines and how they were to be collected, the nature of the offenses fines would be imposed for and the amount of the fine.

5. The basis for discharging an employee without notice.

6. How money collected as fines from employees leaving their jobs without notice was to be used.

The rules issued by the leader were binding on the employees as minimum conditions.

It was easily seen that the power of the leader was very great. Since the workers had no right to strike, the Nazis found it necessary to provide some control over the broad powers of the leader. The only road open to the Nazis was greater government participation, by the state, in the affairs of the leader of the business. This control over the leader was provided by the appointment of the labor trustee.⁴⁵

Labor Trustee

The labor trustee was appointed by the government to oversee large economic areas. The boundaries of these areas were set by the Minister of Labor and the Minister of the Interior. There

45. Trivanovitch, op. cit. pp. 12-13

were 13 districts and 13 labor trustees. The labor trustee was appointed by the Minister of Labor⁴⁶ and was a party member.⁴⁷ In all decisions the trustees were to be guided by instructions and principles laid down by the central government.

The main job of the labor trustee was to maintain industrial peace. The following powers were given to him to enable him to accomplish that task;

1. The formation and work of the confidential council was under the control of the labor trustee. The trustee was to settle any argument between the council and the leader.

2. Power of selection and removal of confidential men.⁴⁸

3. Power of selection and removal of leaders.⁴⁹

4. To decide questions on appeal from confidential councils and if necessary to void the decision of the leader and insure his own power.

5. Proposals for the dismissal of employees by the leader were decided by the trustee.

6. Establish minimum rules regarding employment and working conditions and to issue wage agreement rules that were to apply to all the establishments within his territory.

46. Ibid; p. 13

47. Stoddard, op. cit. p. 132

48. Trivanovitch, op. cit. pp. 13-14

49. Stoddard, op. cit. pp. 131-132

7. See that the rules of the establishment were observed.

8. To advise the courts of social honor in the exercise of their authority.

9. To keep the government fully informed concerning all social progress and problems.

The law required that any employer employing less than 100 employees advise the trustee before he dismissed more than nine persons and any employer with 100 or more employees before he dismissed 10 per cent of his normal force or before he dismissed more than 50 persons within four weeks. Employees might not be released until four weeks after the notice was sent to the labor trustee except when the trustee gave special approval. The trustee might give retroactive approval. The trustee could also order that dismissal not take place until two months after notice was given him.

Hours of work might be reduced by the employer, with the approval of the trustee, but not below 24 hours per week while the notice was pending for the four week period or for the two month period set by the labor trustee. Wages could not be reduced, during the waiting period, till the date of termination of employment in accord with the terms of the contract.

Cases of willful disobedience of orders of the labor trustee

could bring a fine and in serious cases jail or both a fine and jail.⁵⁰

Though the arbitrator could set wage rates for groups of plants in his district, he could only set them "if there can be proven a real need" for such action and interference in the rights of the leader of the plant. A commission of experts first had to make a study to determine the situation. Since there was only one arbitrator for each district, wages, in most cases, were set by the leader without interference by the arbitrator. Either a worker or employer might appeal from the decision of the arbitrator to the social honor courts, but such appeal could only be made with the permission of the arbitrator.⁵¹

Courts of Social Honor

By social honor new ethical ideas were introduced into the sphere of economics. Each person, in view of his position, had his own responsibility for social honor. The individual was to be always aware of his social responsibility and to devote all of his energy to the betterment of the establishment and not consider himself or his personal welfare but to consider the general welfare.

50. Trivanovitch, op. cit. pp. 14-15

51. Van Paassen, op. cit. p. 114

There was a court of social honor in each labor trustee district. The court consisted of three members:

1. Federal judge
2. Leader of an establishment
3. Confidential man

The Federal Judge was the chairman and was appointed by the Federal Minister of Labor and the Federal Minister of Justice. The other members of the court were appointed by the chairman from lists of candidates submitted by the Labor Front. As long as no two members of the court belonged to the same branch of industry as the accused, the chairman must take the names from the list in the order they appeared on the list.

The following list of offences against social honor were listed in the law.

1. The abuse by a person in a supervisory capacity of his authority, where he tries to provoke other workers.
2. The undue interference of a confidential man in the conduct of an establishment and the disturbance of the spirit of the community by the confidential man.
3. The repeated disobeying of written instructions of the labor trustee and the making of repeated and unreliable complaints or appeals to the trustee.

4. When a confidential council member reveals secret or confidential information on business or technical secrets given to him in trust in the performance of his duties.

If the chairman was of the opinion an offense had been committed, he might impose a warning, reprimand or fine not to be over 100 RM. An appeal was possible from the decision by either the accused or the trustee within one week. The appeal went to the full court which could set the following penalties:

1. Warning
2. Reprimand
3. Fine not to exceed 10,000 RM
4. Disqualify one for the position of leader of the establishment or confidential man
5. Removal from the job held in the establishment

The chairman of the court had the power to exclude the public from its sessions. The trustee of labor had the right to attend and make recommendations at the trial. The defendant had the right to counsel.

Any decision of the court might be appealed by the labor trustee. The defendant could only appeal if he received a fine of 100 RM or more or penalties under four or five above.

Appeals from the lower honor court were taken to the Federal

Honor Court in Berlin.

Offenses against social honor were defined in extremely broad terms, with the one exception of confidential men revealing secret or confidential information.⁵² The honor courts also had the power to control competition between employers and to determine fair and unfair competition.⁵³

Though the law was broad, its intent was clear. On the one hand it attempted to prevent abuse of power by management and on the other to prevent undue interference with business conduct and disturbance of industrial peace by the workers. The idea of social honor was an entirely new and novel one. The intent of the law was to bring about a change in the attitude of employers and employees in the conduct of business.⁵⁴

Protection was given to the worker against unjust dismissal. If the employee had been with the company for one year or more, he could, if dismissed, appeal to the honor court, if it was his idea that he had been dismissed unfairly. If the court ordered the employer to withdraw the notice and he refused the court could order the payment to the employee of one-half of his previous year's

52. Trivanovitch, op. cit. pp. 15-18

53. Lichtenberger, op. cit. p. 239

54. Trivanovitch, op. cit. p. 18

salary as compensation. If the employer had used high handed methods to dismiss the employee and had the employer grossly abused his power, the court could order the employer to pay compensation equal to the whole amount of last year's salary.⁵⁵

Whether the law would work depended on the attitude of workers and employers. Both had to try and understand the spirit of the law.⁵⁶ The courts felt their way slowly, though with some success, in the bettering of labor relations.⁵⁷ Due to the strain on the economy, first from depression, then from the requirements of the rearmament program, there was little chance to judge the effectiveness of the law under conditions anywhere near normal. The test would have come had Germany ever relaxed its rearmament program and those economic restrictions imposed as a result of that program.

The Nazis attempted to put into effect in the field of labor relations those practices they had used to such great success in the building of the party organization. In the party the lowest regional groups had a large degree of independence and were not governed solely by rules and regulations from above but by a common philos-

55. Ley, op. cit. pp. 163-164

56. Trivanovitch, op. cit. p. 19

57. Bullock, op. cit. p. 157

ophy. Only the future could have told whether it was possible to apply such principles to the economic system. The experiment and its results were bound up in the fate of the country both economically and politically.⁵⁸

Devices to Educate for Social Honor

Sentences of the court of social honor often depended more on the defendant's politics than his workmanship. Courts allowed the dismissal of workers who uttered criticism of the government, failed to give the Nazi salute, stayed away from party celebrations and for many other infractions against the new order.

Besides courts, the Nazis also used education to try and bring about their new order. One method, set up to bring about a family feeling between employers and employees, was the "industrial family school."

Such a school, operated for a while in Hamburg, seemed to be typical of that type of institution. The course lasted eight days and offered subjects in comradeship and other related subjects. In this school students were organized into industrial families. Each family included a workman, employer and minor party boss as teacher.

58. Trivanovitch, op. cit. pp. 18-19

The family shared meals and lived together in the school for the duration of the course. Before each meal everybody shook hands. There was no wearing of collars and ties because this was considered a middleclass feature. The students were expected to act like good friends in their relationship with one another.

Attendance at such schools, though supposedly voluntary, was in fact compulsory.

Another favorite device of the Nazis was compulsory attendance at parties of workers and employers. The party was very inexpensive to the worker but woe to the worker or employer who did not come. The following quote was from an official announcement of one such party:

"Whoever does not appear at this comradeship evening, or tries to cloak non-appearance in invalid excuses, places himself beyond the pale of the working community of _____ and thereby beyond the pale of the present order of things in general, for this company stands with both feet firmly on the foundation of the national socialist state."⁵⁹

59. Deuel, op. cit. pp. 330-333

Some Pertinent Labor Regulations Issued from May 15, 1934,
Until December 10, 1937

1. May 15, 1934

The first restriction on the freedom of movement of the worker was issued on May 15, 1934. Agricultural workers were tied to their occupations though they could still change employers and move from one place to another. Any person who had worked in agriculture for the preceeding three years was subject to be dismissed from his job and be called back to his former occupation.⁶⁰

Public employment offices were given the right to stop the employment of persons from other districts in districts of high employment.

2. August 28, 1934

The public employment office was ordered to rearrange employment so as to employ more older workers and those with many children. Workers under 25, who were replaced, were to be placed in agricultural jobs. The labor office was to give preference in employment to storm troops and members of the Nazi Party whose membership number was below 500,000.⁶¹

60. Kuczynski, op. cit. p. 96

61. Ebenstein, op. cit. p. 283-284

3. December 29, 1934

All skilled metal workers were forbidden to take employment outside of the confines of their employment office, even another job as metal worker. Only by special permission was this rule changed for individual cases. This special permission was only granted by the employment office in a few cases.⁶²

4. February 26, 1935

The work book was first introduced for some salaried workers and some sections of wage earners on February 26, 1935. There were two copies of the work book, one kept by the government employment office and the other given to the worker to be given to each employer for the worker's duration of employment. The following items of information about the worker were covered by the work book:

1. Worker's training
2. Vocational experience
3. List of positions held in the past
4. Whether the worker was possessed of the following skills:
 - A. Flying
 - B. Driving
 - C. Agricultural experience

62. Kuczynski, op. cit. p. 97

No worker was to be hired without a work book and the employer who got caught hiring a worker without his work book was subject to heavy fine.

The work book had two purposes.

1. It provided the government with a detailed census of every worker and it was a census that was kept up to date.

2. The worker was tied to his work book as a symbol of his serfdom. An employer could keep any worker's work book who left his employment ahead of time, till the day the employment contract was to expire. Thus, for that period of time the worker could not get another job.⁶³

5. November 5, 1935

The advent of this law made it illegal for anyone but the government to carry on employment services. This was to strengthen the government's control over wage earners at the source of the supply of labor.

6. November 7, 1936

No public or private enterprise could hire metal workers without the approval of the government employment office. Whether a company that requested metal workers got them or not was to be decided on the "state significance" of that company. The three most important types of companies of "state significance" were:

63. Ebenstein, op. cit. p. 285

1. Plants making war materials
2. Plants producing substitute articles vital to a war economy
3. Articles for export.

To provide for an adequate supply of metal workers for government industries, companies both public and private were ordered to train apprentices in proportion to the number of workers they were employing.

Each plant was ordered to send a list of metal workers, who did not need and use their skill in their present job, to the employment office. These workers would then be transferred to where they could be more advantageously used.

All plants and workshops were required to hire a proportionate number of employees over 50 years of age. That order applied to establishments employing over 40 workers.

No newspaper could publish an advertisement for a metal worker unless the name and address of the firm were published. This was to prevent the underhand hiring of metal workers.⁶⁴

7. November 27, 1936

Skilled and unskilled metal workers were practically forbidden to change jobs without special permission of the employment office.

64. Ibid, pp. 284-285

8. October 6, 1937

Carpenters and masons were subject to the same restraint as the metal workers were put under on November 27, 1936.

9. December 10, 1937

A heavy tax was placed on itinerant trades. The tax was for the purpose of driving as many as possible of them out of business and into industry. By that time the supply of labor was very short in the Reich.⁶⁵

65. Kuczynski, op. cit. pp. 97-98

Section III

Effect of Living Standards and Freedom of German
Workers on the Attitude and Productivity of
Labor, 1933 to 1937

Attitude

The regime told the people openly and frankly that they must make sacrifices and deprive themselves in order for Germany to become powerful and protect her national honor. Patriotism was stressed and this appeal to patriotism was, it appeared, rather successful in reducing dissatisfaction among the workers. The workers tended to accept their lot since they were told that profits of business were strictly limited and that profiteering had been practically eliminated. If the workers felt any discontent they did not openly express it. Any discontent that was expressed was against the broad domestic and foreign policies of the state and not with their own economic condition. It was hard to determine the extent of this discontent among the people. The Nazi made it very dangerous to express any discontent publicly. There was little chance of any open conflict against the regime because of the tremendous political power of the state and because many workers had benefited under the Nazi order. Besides, many millions of Germans were very enthusiastic about Hitler's plan to conquer the world. In Hitler's control over the conduct of business, profits, prices, production, expansion of plants and equipment, distribution, exports and imports, banking and credit, Hitler made happy millions of Communists.

That Hitler would take such powers for the state and so vigorously exercise them against private interests won for him the loyalty of many former Communists. Though the Communists advocated these things, Hitler was the only one in Germany who had been able to gain the strength to accomplish them.¹

The following were the immediate results of the four year plan begun in 1937.

1. Accentuate the shortage of labor which had already become acute in the metal and building trades.
2. Increase still further the proportion of the nation's real income going into capital investment.
3. A still greater degree of state interference and control with the free movement of economic forces.

There was no attempt to keep the masses unaware of the previously stated results of the four year plan. With a masterful understanding of mass psychology, Hitler and Goering stressed the need for sacrifices on the part of the workers. The workers were told they must not hope for any rise in the standard of living, the business people that they must not hope for more individual freedom of action, and everybody was told that taxes would not be reduced.²

1. Trivanovitch, op. cit. p. 60

2. Guillebaud, op. cit. p. 107

The following political and economic gains made by the regime were strong talking points for the propaganda experts.

1. Incorporation of Austria and the Sudetenland.
2. Steady employment and the content that went with it.
3. The stability of Germany as compared with the instability of France.
4. The relative full employment of Germany as compared with Britain and the United States.
5. The relative well being of Germany as compared to the poverty of Russia.

There was no doubt that the force of the contrast between 1932 and 1933 with six to seven million unemployed and the full employment of 1937 was a strong propaganda weapon. Though the strength of the comparison may wear off in several years, the hopes for a better future, as constantly held up before their eyes, had enough probability in it to give the German worker the incentive to go on.

As long as labor was willing to work for its low wages and was not violently dissatisfied with the standard of living and as long as relatively full employment continued, there was no worry about the breakdown of the German economic system. Though these "ifs" were large ones, at the moment there was no danger of employment dropping off, as it was much more than full in the usual sense of

the word, so that there was no need to expect any large drift to unemployment even if there was some drift away from the hyperactivity of recent years. In regard to labor, the extremely large and well run propaganda ministry was working, as we have seen, full time to keep labor satisfied.³

In return for all of these deprivations and inconveniences, the people were promised strength to protect them from their enemies in war and strength to keep the economy stable in time of peace and eventually a higher standard of living for all.⁴

Productivity

The general purchasing power of the worker had at best remained stable or on the depression level of 1932, while the purchasing power of a large group of Germans had undoubtedly declined. The intensity and length of working time had increased considerably. While money wages, real wages and relative wages played a very important part in determining the standard of living, they were by no means the only factor.

Table 20 gives a survey of the productivity per worker and the development of that productivity over the years 1932 to 1937.

3. Ibid; pp. 269-270

4. Ibid; p. 107

The figures were taken from official data and the picture they give is in essence correct. The table is most useful as it shows very clearly what took place.

Table 20. Production Per Employed Worker in Industry, 1932 to 1937
(1932 = 100)

Year	All In- dus- try	Produc- tion Goods	Consump- tion Goods	Iron- Steel	Vehic- les	Tex- tiles	Food- stuffs
1932	100	100	100	100	100	100	100
1933	101	101	101	115	135	109	99
1934	102	105	99	130	145	104	96
1935	107	118	95	143	163	96	98
1936	110	121	98	149	173	103	96
1937	111	124	97	144	187	101	100

Source: Germany, Economic and Labor Conditions Under Fascism,
by Kuczynski, page 117

The results of that table are very revealing. Production increased for all industry by a little over 10 per cent, for production goods by about 25 per cent and declined in the consumption goods industry. After five years of Nazi rule, production of iron and steel was up 50 per cent and vehicle production was up by 90 per cent, while production in the textile industry remained almost stable.

It was interesting to wonder how much of this growth was due to increased hours of work and how much to greater productivity on the part of the worker. In Table 21 we have an answer.

Table 21. Hourly Productivity Per Industrially Employed Worker

Industry	1932	1937
All Industry	100	100
Production Goods	100	103
Consumption Goods	100	91
Iron and Steel	100	119
Vehicles	100	163
Textiles	100	96
Foodstuffs	100	97

Source: Germany, Economic and Labor Conditions Under Fascism, by Kuczynski, page 118

It is clearly seen that the increase in production was not caused by greater hourly productivity of the worker. One wonders was there any technical progress during these years or was there so much sabotage that in spite of technical advances, productivity had not increased.

The difference in productivity in the armament industry and those industries that produce consumption goods was very marked. Industries like iron and steel or vehicle industry showed a large increase in productivity, while others like the food or textile industry actually showed a falling off in productivity.

This fall in productivity was due neither to lack of technical progress or to sabotage. Though there were some cases of sabotage, they were neither so numerous and widespread as some believed them to be. They were not serious or numerous enough to influence

productivity. Nor was the worker reduced very much in productivity because of lack of food. Though the food situation was bad before the Fascists came to power, it was not hurt very much by the Fascists. The first five years of Nazi rule in Germany made little difference in the food situation. Any improvement in the food situation under the Nazis was more than counterbalanced by the greater intensity of work, speedup and increased terror against slow workers. Thus, one must not over-estimate the previous factors as too important during the first five years of Nazism. During the second five years they became of very great importance. Though they played a role during the first five years, it was not the major role they played during the second five years.

Was lack of technical progress then responsible for the decrease in production? There was undoubtedly much technical progress in all matters of war production. No other country, with the possible exception of Soviet Russia, had made such strides in technical progress during the five years (1932 to 1937) as Germany.

Was it that though there were large strides made in technological improvements in the war industries that the consumption goods industry was allowed to stagnate? That was not the case. In fact, due to curtailment in imports of many commodities, much research on improvements was conducted on processes in the consumption

goods industry. Many of the products developed might eventually be of much benefit to man. Fascism was not out to benefit man but to find substitutes for items that would be cut off in time of war.

Though the substitutes developed may, when perfected, be a boon, they were much less than that to the people of Germany. Introduced at an early stage of development, many proved to be very low in quality and required much labor to produce. Thus, under Nazism we have the unusual situation of technical progress doing the people harm rather than good. Productivity was drastically reduced in the textile industry when the changeover from wool and cotton blends to blends with synthetic fibers was introduced. Since machines were produced mainly for making war goods, the textile industry had to make do with the machines they had, as did all consumption goods industries.

Taking all of these items into account, it was easy to see that during the first five years of Hitler's program while the workers worked harder they were unable to produce more.⁵

Skilled workers were paid relatively well, but on account of the non-availability of many cheaper goods and the necessity of buy-

5. Kuczynski, op. cit. pp. 119-121

ing more costly goods in their place, their purchasing power was not as great as might be thought. The skilled worker also had to work at top speed for at least 10 hours or longer a day and had neither the energy or the time to take part in social life.

In many industries where great skill was necessary, the increase in the working day has greatly decreased the hourly productivity of the worker and increased the amount of waste material. Many factory leaders said it did not pay to let a worker work more than eight hours. It was much more profitable to hire fresh workers than to pay overtime. The result of more hours worked was as follows:

1. Less hourly production
2. More waste
3. Rise in rate of accidents

The army was against overtime as they saw their prospective soldiers were becoming exhausted and ill. The army was afraid that they would not be able to run the complicated equipment of war when the time came. Business interests were alarmed over the situation and one business paper wrote, towards the end of Hitler's first five years in power:

"It is obvious that working time can no longer be increased to any extent without exhausting the labor potentialities of German workers. In addition, there is the danger of a decline in the quality of the work."

Discipline was necessary in modern industry. It was the Nazi plan to abolish discipline by voluntary agreement, such as through trade unions and establish a new scheme that sounded very democratic, to some, but was in fact compulsion.

The Labor Front, a gigantic propaganda machine promising everything to all persons in the workers' community, which just about included everybody, has already been discussed in some detail. Needless to say the scheme could only have been successful if the Nazis had been able to make good and deliver on their promises.

Under capitalism, the owner of a plant would establish either voluntary agreements with the worker through trade unions or strictly enforce their own rules and regulations. When the government stepped in it was as a third party. Under the Nazi system, the state was so much involved that state officials often superceded the manager and the "authoritarian" manager was often not master of his own house. The problems of higher taxes, lack of raw materials and the use of expensive and inferior substitutes have added a great deal to business costs, costs that were difficult to pass on to the consumer. Thus, many owners, especially those in industries that did not profit from the armaments boom, tried to cut costs by wage cuts and the speedup. Those owners then became more dependent on the labor front and the gestapo to help them maintain discip-

line. In such factories the owners were in fear that labor troubles and sabotage would happen at the exact time when labor peace was needed the most. With the advent of war, the pressure would be on these owners, more than ever, to produce and then labor attitudes would be of drastic importance.⁶

Though the German worker lost much liberty and had a stationary or reduced standard of living than he had had in 1932, he had at least economic security as long as the system lasted. This security of knowing that one had a job and would have a job as long as he obeyed and worked was one of the main features of the Nazi system. It is a psychological fact that most people yearn to be secure and have things tomorrow as they were yesterday. Hitler provided his people with this type of security.⁷

6. Guenter Reiman, The Vampire Economy, New York: The Vanguard Press, 1939, pp. 117-123

7. Otto D. Tolischus, They Wanted War, New York: Reynal and Hitchcock, 1940, p. 87

Section IV

Conclusions

Conclusions

The following were the effects of Hitler's economic program on the German worker during the period of 1933 to 1937.

1. Unemployment was almost eliminated. This was of benefit to the worker as it is better to work for one's existence than to receive charity.

2. The wage and purchasing power of the worker was not increased during the period. The worker who had a job in 1933 was worse off in 1937. Those who were not working in 1933 and had jobs in 1937 were better off. Hitler merely paid some less so all could be paid something.

3. Prices of goods rose and in many cases the quality of the goods was far below that of 1933.

4. Hours of work and intensity of work increased from 1933 to 1937.

5. The boom of the Nazis was a boom without prosperity. The Nazis preached patriotism to the people to justify the situation.

6. The consumption goods industries were always second to the war goods industries in the Nazi scheme of things.

7. Much effort was spent by the Nazis to influence people to consume goods that the Nazis wanted them to consume. This pro-

gram of direction of consumption was quite successful.

8. The Four Year Plan of 1936 was an economic failure. Its effects on the people were adverse.

9. Taxes and forced contributions were quite high under the Nazis. Though many faithful Nazis fared well, the people were left little money after these deductions.

10. Farmers, as a class, fared well under Hitler. Hitler desired self-sufficiency and he encouraged the farmers by permitting them to charge high prices for their goods.

11. The German worker, who stood in well with the Nazi Party, was subsidized by a system of food cards. These cards enabled the worker to purchase goods at lower prices and to purchase scarce goods first. This was one way that the German worker was able to live better than his money wage would indicate.

12. Strength Through Joy and Winter Help were of benefit to the loyal Nazi worker. These organizations enabled the worker to enjoy many things that he had never before known. Concerts, trips and sports were offered by the Strength Through Joy. The Winter Help was to see that people never felt cold or hunger, such as had prevailed in the days before Hitler. The main trouble with these organizations was that they told the people what to do and when to do it. To enjoy these benefits the worker had to allow himself to

be regimented. The worker no longer had freedom of choice.

13. The Nazis by a series of acts either took away or greatly reduced the freedom of German workers. Trade unions were destroyed and in their place the Nazis set up the Labor Front. Though the Labor Front was supposed to help labor, the main result of the Labor Front was stronger control over labor by the government.

14. During 1933 to 1937 the attitude of the German worker was, at least, one of acceptance of the regime. The hard days of the depression, as well as the disgrace of the armistice of 1918, were still fresh in peoples' minds. Hitler promised to remedy both situations.

15. Though the attitude of labor was satisfactory, production per worker did not increase during the period. Shortages of many items, the introduction of substitutes and longer hours of labor all served to keep production per worker stable. Total production did increase during the period, as many more persons were at work in 1937 than in 1933.

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