Wehrwirtschaft: An Aspect of Nazi Economic Theory

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The intensive preoccupation with the economic aspects of war preparation and warfare which was a part of the Nazi rule resulted in a large literary output on the subject in the years after 1933. Historically there has been a distinction between war economics and the economics of peace, but this disjunction was abandoned in National Socialist Germany. The economics of both war and peace were unified in the new Wehrwirtschaft, or preparedness economy. This extensive literature was given prominence in both financial and political presses, as well as in military periodicals. A whole new type of writer with a combination of economic and military training developed. Some of these were relatively objective in their approach, but they never arrived at the exact meaning of the term even for themselves. They discussed the problems of Germany in the fields of rearmament and economics thoroughly, while at the same time following the economic measures adopted in other countries, particularly those engaged in war at the time, such as Japan, China, and Spain.

While there was little agreement among the German writers on the subject of Wehrwirtschaft, three major groupings may be distinguished. Some of the experts tended more or less to ignore the whole idea. They preferred the old concept of peace economy and war economy as two distinct policies and regarded economic preparedness as a policy which would prevent another situation such as Germany suffered at the beginning of the first World War, when she was forced into hasty improvisation after the crisis began. Other writers attempted to surround a number of definite administrative functions and policies, such as self-sufficiency, government control of important industries, price
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and currency control, and labor regulation, with some indefinable classification, and call the sum total Wehrwirtschaft.\(^9\) A third group, and certainly the most important, viewed such measures as permanent, and not as temporary expedients to be discarded when the danger of crisis was past. These writers either identified Wehrwirtschaft with the national economy as such during a prolonged state of preparedness or more generally conceived it as the guiding ideology of present-day economic policy in peace as well as in war.\(^7\) In short, Wehrwirtschaft was an economic philosophy in the same way that capitalism and socialism were economic philosophies. In this view it was impossible to describe it by using specific measures or institutions, no matter how well defined, but by recognizing the new \textit{Wirtschaftsgesinnung}, or economic philosophy, which characterized it.\(^3\)

As a science \textit{Wehrwirtschaft} needed a theory, but those who interested themselves in the problem refused to build it up from abstract ideas. They attempted to take the factual material from both the past and present, mold it into a theory, and use it to draw conclusions for the future.\(^9\) Before 1938 one could not find the word \textit{Wehrwirtschaft} in a dictionary or encyclopedia, although it ran riot in the newspapers and periodicals even in foreign languages.\(^10\) To define the word by a logical approach did not satisfy any of its proponents. They usually began with some amorphous definition which regarded \textit{Wehrwirtschaft} as "the laws of living and the necessities of life of a nation giving direction to its economy."\(^11\) Then the argument was developed: inherent in the definition of a "nation" is the idea of defense. A nation which cannot defend itself is not truly a nation. The national economy, therefore, must perform always be a \textit{Wehrwirtschaft}. Like the army, the economy must deliver the arms, and the army is expected to secure the nation and the economy. Peace economy is either a \textit{Wehrwirtschaft} or else it is not a real

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National economy, for it bears the same relation to the nation as a standing army.\textsuperscript{12}

There was an indissoluble link between the whole concept of Wehrwirtschaft and German military, diplomatic, and propaganda strategy. In fact, one author went so far as to insist that the adjective wehr should be prefixed to all great fields of national life, and specifically named economics, science, philosophy, psychology, geography, sociology, ethics, technique, finance, law, and even religion.\textsuperscript{13} Some of the military officers writing on economic problems stressed repeatedly the intellectual or spiritual character of Wehrwirtschaft, which they thought should be a general leading principle of national policy rather than a series of concrete administrative measures.\textsuperscript{14} This point of view defined Wehrwirtschaft as "a will and endeavor which aims at superiority over the enemy in a future war in the economic field and by economic methods."\textsuperscript{15} Other leading military writers were chiefly interested in the social implications of a modern war economy. One of them wrote that "Wehrwirtschaft is often identified with the national economy as such. . . . The economy must be equally fit for defense in peace and in war; the economic ideas must correspond to the military ideas, although Wehrwirtschaft need not necessarily be directed toward an actual war."\textsuperscript{16} On the other hand, some of the military writers believed that Wehrwirtschaft was to "prepare the economy in peacetime in such a way that the production of material important for warfare could start at the decisive moment quickly and in sufficient quantities."\textsuperscript{17} Despite such tendencies to argue the question of its meaning with reference to an actual war, the usual attitude was that there was to be no essential difference in the economy in war and peace.\textsuperscript{18} One of the most succinct expressions of the identity of the economy of war and that of peace was that of Benito Mussolini when he stated that:
the distinction between a war and peace economy is simply absurd. There is no such thing as an economy of peace-time and an economy of wartime. There is only a war economy because, historically, on the basis of the number of years of war, it is proved that the state of armed warfare is the normal stage of the peoples, at least of those living on the European continent, and because even in the years of so-called peace other forms of warfare are practised which in turn prepare for armed warfare.

It is impossible to define Wehrwirtschaft without first examining the internal connections between government and policy on one hand and form of economy on the other. Further, one must investigate the connection between the military and the economy. In an authoritarian government the economy is not only a servant to the nation, but also an instrument of war in an aggressive and defensive sense. There is a further aspect of Wehrwirtschaft and that is the close relation between the formation of the reality of the new system and what one writer called the "new self consciousness of the nation." He seems to have some nebulous idea of this economic practice having stemmed from an attitude of mind found only in the German people and there only because of their peculiar experiences. Another writer expressed much of the same concept: "We see in Wehrwirtschaft one expression of our national and volkischen Will and one of the most important weapons of war. This weapon can be used not only for defense, as in the first World War, but also as a forceful weapon of attack." The result of all this is that Wehrwirtschaft is a form of economy "in which all precautions are made to preserve the self maintenance of a nation by means of economic pressure, sanctions, blockage, and war."
It is impossible to provide a cut and dried sum-
mring up of the term **Wehrwirtschaft** for there is no ade-
quate English translation for it. Even prolonged in-
vestigations by German experts and writers have failed in the attempt to arrive at a definition per-
se. Only through discussion of its fuller implica-
tions can one draw his own conclusions and inter-
pretations. Albert T. Lauterbach, who has made an in-
tensive study of preparedness economy, sees two major characteristics which appear more or less constant:

(1) It was to be a new economic system, or principle, and not merely an emergency provi-
sion to be abolished when the state of emer-
gency disappeared. (2) Its method consisted of a virtual shift to a preparedness or war economy during peacetime. The purpose was a peacetime revision of the whole social and eco-
nomic structure in such a way that full effi-
ciency could be achieved at the very moment that war entered the military phase.

The most extreme view was that in reality peace is also a form of self-preservation like war. In other words, the same forces used in wartime for self-
725/ preservation must be used in peacetime for the same reasons.

**Wehrwirtschaft** is far reaching in its implications. It becomes hopelessly entangled in and inseparable from such ideas as war and peace economy; socialism and capitalism; self-sufficiency and autarky. The proponents of autarky readily accepted the philosophy of **Wehrwirtschaft**. To a majority of the writers in the field, the impossibility of importing food and raw materials during a war was the most important single factor in the new ideas. The thinking of all Germans was colored by an outstanding example of economic unpreparedness which they had personally ex-
perienced. The blockage of Germany during the first
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World War was responsible for the inability to import food and raw materials and produced a desperate situation there. The conditions produced by the blockade were blamed as providing one of the major reasons for the defeat of the German nation, and more than a few economists and writers have attributed Germany's autarkic attitudes to that disaster.

Germany's fate was decisively altered by the blockade, which now forced her into an involuntary and inexorable autarky, although up to that time she had participated in world trade more than any other nation except England. This experience has never faded from the memory of the German people. Without it the economic policy of the Hitler regime cannot be understood.28/

Some writers even went so far as to say that the most important effect of war is the cutting off of international trade, pointing out that what is an advantage in peacetime planning may become a positive disadvantage in war. Colonies, for example, and fishing rights can be extremely useful if planning is for peacetime only, but they lend a false sense of security because they are the first losses when war eventuates. Whereas they contribute in peacetime to political and economic independence, they are but destroyed reserves in war.29/

In every economy, whether war or peace, labor, capital, and natural resources must be kept in the best possible balance. This balance is easiest kept in larger mineral areas and for that reason nations seek colonies. But a nation is absolutely sovereign only within its own borders, and in case of war the traffic with colonies is interrupted. Then the economic borders become identical to the political borders and even if needed materials are available in distant colonies they cannot be used because of the cutting of sea lanes by blockade.30/
The first World War provided the first example of the idea of total war, which has been defined as "a war conducted in three dimensions of one nation against the other with all the psychic and physical and material forces."31/ The military economists wanted to use the experience gained from it to improve the German position internationally and to assure the inability of any enemy ever again to win a military victory over Germany. Major General Georg Thomas, Chief of the Wehrwirtschaftsstab in the High Command of the army wrote that "the wrong idea of a short war has already been our ruin once, and therefore we should not let ourselves be guided by the dream of a short war even in this age of tank-divisions and aircraft squadrons."32/

In a discussion of the three factors on which the development of military economics was based, he wrote "the first factor is the exploitation of the experiences gained during the World War."33/

According to the Nazi economists, however, their predecessors failed to make use of the war experiences in a peace economy. The policy bosses and economic leaders of the Weimar Republic wanted to start again from where they stopped in 1914. The State was not to lead the economy, but economy was to lead the State. The proponents of Wehrwirtschaft, on the other hand, insisted that the economy had to be the servant of the State, not only for social-ethical reasons, but also because it must be an adjunct of the armed forces of the nation.34/ "The main goal of the German economy was to build up a system which safe-guarded German existence even in war under all circumstances."35/

The obvious lesson to be learned from the experience of the first World War was that Germany must be self-sufficient in the event of another conflagration.36/ "Every step to autarky helps the liberty of our nation. We know we cannot live on an island, but liberty and security of our nation demand that we
The idea of autarky was not new by any means, nor was it confined to the Germans. Economists and commentators of practically every nation discussed the problem, and many publications suggested some form of autarky for each nation. P. T. Ellsworth, in his volume on International Economics, wrote that "the appeal of self-sufficiency, however, is not limited to nations dominated by military ideology. The fear of war makes economic independence seem desirable to many in countries where pacifist sentiment is strong." Certainly not all Germans favored autarky, but gradually the thinking of the National Socialists turned toward acceptance of the necessity of absolute self-sufficiency, and that idea along with the concept of Wehrwirtschaft was consummated in the Four Year Plan which has been termed "the greatest economic effort of a military character undertaken outside Russia."

Hitler proclaimed the Four Year Plan to secure German life before the Nuremberg Party Congress on September 9, 1936, saying that it was designed to make Germany "wholly independent of other countries in all those materials which German capacity, our chemistry, our machine industry, and our mining industry can produce at home."

On October 18, Hermann Göring was appointed Plenipotentiary for the Four Year Plan with the task of putting the entire economy in a state of readiness for war within four years. Hitler's action meant that the policies which had been followed to 1936 were to be dropped in favor of the complete control over economics by the Four Year Plan, the vehicle of Wehrwirtschaft and autarky. From 1936 until the beginning of Allied victory during World War II, the Four Year Plan under Göring dominated every aspect of the economic life of the nation. Despite the fact that private ownership was retained in Germany, the degree of freedom of individual owners in directing
their own organizations and capital rapidly was curtailed. The National Socialist idea of private ownership was that it carried with it the responsibility of a public mission. The mobilization of the German economy was symbolized by a ritual which gave the principal German industrialists semi-military status, though they wore no uniform. In March, 1937, various leading businessmen in the industrial world were informed that the Reichsminister for War had ordered that

a leadership corps for military economy be set up immediately. The war economy leaders [Wehrwirtschaftsführer] shall be responsible collaborators of the Wehrmacht in preparing and carrying out the mobilization of the armament industry and in the conduct of war. Their significance, their tasks, and duties in connection with armament economy places them in a position corresponding approximately to that of reserve officers on active duty.

The authority and functions of the Wehrwirtschaftsführer were outlined by the Wehrwirtschaftsstab of the Wehrmacht just as if they were an integral part of the military forces. Shortly after the announcement of the Four Year Plan Hermann Göring called on the manufacturers to forget their profits in the interests of self-sufficiency. The Commerce Department decreed that it was the responsibility of the merchants of Germany to convince the consumers that they should buy only goods which were produced in plenty in Germany, avoid all scarce materials, and guide them away from articles useful for export to those unsuitable for that purpose. The merchant was expected to advise and guide the customers in such a way that tensions were avoided when the goods the customer desired were not available.
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In an address before the leaders of the economy at the end of 1936, Göring told them that since the economy was dependent on the politics, the methods of economy were also dependent on the methods of politics. He pronounced it as inconceivable that in a National Socialist State a capitalistic system of economy should exist. 51/ "Against this conception of liberalism and economics we set our conception of national socialism and that is: In the centre of economy stand the people and the nation, not the individual and his profit; work and economy are exclusively only there for the whole people." 52/ According to Göring prior to the rise of the Nazis the problems of production had been left to the "so-called free play of economic forces, and the state limited itself to just sitting in judgment on the results." 53/ By leaving such questions to industry the state helped destroy the economy. This he labeled as a sterile policy unsuited to the National Socialists, who believed in "grabbing difficulties out by the roots." 54/

In our Four Year Plan the increasing of agricultural and industrial production takes first place, and the state will press this forward by every means; not in such a fashion that the state itself is in charge, but in such a manner as will assure the state absolute leadership and control where necessary, without waiting for economic laws to take effect by themselves. The state does not limit itself to just administering economic problems where industry does not itself put the matter in order, but it will pursue a leading policy according to plan throughout the whole Reich. 55/

Göring was always most insistent that he wished nothing to do with socialization, 56/ but he made it clear that "during the coming years, the Four Year
Plan will govern the whole of Germany's social and economic life."\(^{57}\)

The manner in which Göring planned to rule the economic life of Germany followed none of the established patterns in theory. "We do not recognize the sanctity of some of these so-called economic laws. It must be pointed out that trade and industry are servants of the people, while capital also has a role to play as the servant of economy."\(^{58}\) The placing of government contracts with industry did not mean that all the advantage was with the entrepreneur.

The control of business and industry in Germany...has only succeeded in curtailing the powers of the individual manufacturer to such an extent that today he suffers from all the disadvantages which State interference necessitates while he enjoys none of the advantages which State interference may offer. He carries all the risks which private enterprise necessarily has to take, while he is not free to employ his private capital where reasonable profits seem to him assured.\(^{59}\)

By 1938 the Four Year Plan had swallowed up even the Ministry of Economics and the economy was placed completely under military command. Active army officers were placed in the Ministry of Economics to issue orders that were finally carried out by the military-economic leaders appointed in the various industries and sworn in to Hitler in much the same way as the military.\(^{60}\) The German economy was no longer either an extension of aggressive capitalism or a true form of socialism. Few theorists believed that such an economic system could be reconciled with a competitive economy which rested on individual enterprise.\(^{61}\) Even these admitted that in reality individual entrepreneurs had become mere agents of the government with strictly limited powers.\(^{62}\) Through
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the administrative machinery of the Four Year Plan, the economic philosophy of Wehrwirtschaft how dominated every aspect of German life.

FOOTNOTES

1/ Albert T. Lauterbach, Modern War: Its Economic and Social Aspects, A Bibliography (Princeton: Institute for Advanced Study, n.d.) has a section on Germany. His Economics in Uniform: Military Economy and Social Structure (Princeton University Press, 1943) has a more up-to-date bibliography.


G. Hesse, *Die Neue Wirtschaft* (Hannover: Mayer, 1944), pp. 114-16 enumerates ten measures under *Wehrwirtschaft* which transfer the peace economy to war.


Ibid. pp. 94-99.


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26/ Herbert Backe, Das Ende des Liberalismus in der Wirtschaft (Berlin: Reichsnährund, 1938), pp. 67-73. In July, 1936, the Deutsche Volkswirtschaft, p. 682 published an article complaining that a number of authors writing about Wehrwirtschaft were still thinking in liberal terms and recommended a list of books for their edification which would develop the proper historical background for them.


30/ Ibid. p. 32.


41/ Germanicus, Germany: The Last Four Years, p. 35.
42/ Völkischer Beobachter, Sept. 10, 1936.
43/ Reichsministerium des Innern, Reichsgesetzblatt, 1936, Teil 1, p. 887.
46/ Military Tribunal No. IV, Case No. 6, p. 49. Manuscript in hands of Frank Murdock, Berkeley, California.
47/ Ibid. p. 49.
48/ Ibid. pp. 47, 49.
49/ Der Vierjahresplan, Jan., 1937, p. 31.
53/ Ibid. p. 214.
54/ Ibid. p. 214.
55/ Ibid. p. 214.
56/ Der Vierjahresplan, Jan., 1939, p. 2.
58/ Ibid. p. 211.
60/ This change may best be followed in the issues of Göring's periodical Der Vierjahresplan from its maiden issue in January 1937 until the outbreak of the war.