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Fantasy and Reality in Nazi Work-Creation Programs, 1933–1936*

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During 1933 and 1934, Hitler's National Socialist government achieved what have been described as "enormous results" in the reduction of unemployment. During his first year in power, Hitler reduced unemployment by over one-third. Within eighteen months, unemployment had been cut by sixty percent.¹ One is inclined to agree with economist Gerhard Kroll's observation that "a reduction of unemployment by a third in one year borders on the miraculous."² Economics is not religion; "miracles" have to be explained. How did the National Socialists, who had little respect for traditional economic expertise, bring off this *Wirtschaftswunder* and put Germany back to work? How did a system now generally recognized as "chaotic" conquer unemployment so effectively and efficiently? Over forty years after the demise of the Third Reich, the historian Charles S. Maier conceded that "the impulses that led to German recovery remain difficult to explain." Maier downplayed public investment financed by deficit spending (including rearmament expenditures) as an explanation of Hitler's economic miracle, because "recovery in fact soon outpaced whatever contribution deficit spending might have accounted for, even presuming a generous multiplier effect."³ He shared Harold James's view that, if there is a "key" to Germany's economic recovery between 1933 and 1936, it was the Nazis'

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¹ Germany's unemployment rate fell from 34 percent (6,013,612 unemployed, 11,487,211 employed) in January 1933 to 13.5 percent (2,426,014 unemployed, 15,532,793 employed) in July 1934, without the help of extraordinary levels of rearmament expenditure.

² Gerhard Kroll, *Von der Weltwirtschaftskrise zur Staatskonjunktur* (Berlin, 1958), p. 473.

³ Charles S. Maier, *In Search of Stability: Explorations in Historical Political Economy* (Cambridge, 1987), p. 97.

“effective government guarantee against a rapid rise of real wages, as had occurred in Weimar.”⁴

It is possible that the extent of Germany’s economic recovery during the first years of the Nazi era has been overrated. Fifteen years ago, Timothy W. Mason suggested that the miraculous recovery of the labor market under Hitler was more “appearance” than reality. He considered the reclassification of hundreds of thousands of emergency relief workers as “employed” as illegitimate “statistical manipulation,” a triumph of propaganda designed to credit the Nazis with an illusory improvement in the labor market.⁵ Mason’s warning produced few formal challenges to the validity of Nazi labor market statistics. Harold James argued recently that Germany’s economic recovery resulted from “a dramatic revival in economic activity” unaided by “statistical manipulation,” a “statistical conjuring trick,” or “jiggery-pokery with numbers.”⁶

The Nazis did “manipulate” labor market statistics, but the implications of that manipulation remain unclear. Simply restoring to the ranks of the “unemployed” those categories reclassified by the Nazis (approximately 619,000 persons) yields unlikely labor market trends in 1933. There may be, moreover, theoretical justification for some of the Nazi statistical manipulation.⁷ Official German labor market statistics can be considered “valid” and can be used with caution so long as one understands what official labor market statistics measured during the Nazi period.

It is appropriate to review the present state of theory about the recovery of the German economy and labor market and to determine the extent to which National Socialist policies could have contributed to the statistical results claimed by the Nazis.⁸ To date, interest has focused on an inconclusive debate

⁴ Ibid.; Harold James, *The German Slump: Politics and Economics, 1924–1936* (Oxford, 1986), pp. 413–18.

⁵ Timothy W. Mason, *Sozialpolitik im Dritten Reich* (Opladen, 1977), pp. 127–28, 134, 138–39. Rüdiger Hachtmann, *Industriearbeit im ‘Dritten Reich’: Untersuchungen zu den Lohn- und Arbeitsbedingungen in Deutschland, 1933–1945* (Göttingen, 1989), p. 37, argues that, “when one subtracts these ‘quasi-unemployed’ from the number of employed, it becomes obvious that a substantial reduction in unemployment set in only in 1934. . . . Only from the middle of 1934 did the growth in the number of employed rise abruptly without the [inclusion of] the ‘quasi-unemployed.’ ”

⁶ James, p. 371.

⁷ Dan P. Silverman, “National Socialist Economics: The *Wirtschaftswunder* Reconsidered,” in *Interwar Unemployment in International Perspective*, ed. Barry Eichengreen and T. J. Hatton (Dordrecht, Boston, and London, 1988), pp. 185–220, esp. sec. 3, “National Socialist Labour Market Statistics,” pp. 204–15. Visits to eleven additional German archives since 1988 have revealed no evidence of deliberately falsified labor market statistics.

⁸ For the few local case studies of the impact of work-creation programs and rearmament, see Birgit Wulf, *Arbeitslosigkeit und Arbeitsbeschaffungsmaßnahmen in*

on the role of rearmament and “autonomous recovery” in Germany’s economic revival. The hypothesis that National Socialist work-creation programs might have contributed significantly to the labor market recovery has never been tested thoroughly. This study will provide such a test. The result suggests that partially effective work-creation programs worked with a number of other factors to produce the rapid recovery of Germany’s labor market under the Nazis.

Historians reluctant to credit the Nazis with any economic program have argued that Hitler rode the crest of an autonomous “natural” upswing in the German economy, that Hitler reaped benefits of work-creation initiatives of his predecessors Franz von Papen and General Kurt von Schleicher, and/or that the Nazis disguised rearmament as “work-creation” programs in 1933/34.

Years of debate over the timing and amount spent by the Nazis on rearmament have raised doubts that the labor market recovery of 1933–35 was induced by a “rearmament boom.” The debate highlighted the difficulty in defining “rearmament.” Wolfram Fischer, Hans-Erich Volkmann, Wilhelm Deist, and Dieter Petzina contended that early projects carried out under Nazi work-creation programs were in fact direct or indirect rearmament projects.⁹ As Reich defense minister Werner von Blomberg noted,

Hamburg, 1933–1939 (Frankfurt am Main, 1987); Dieter Pfliegensdörfer, *Vom Handelszentrum zur Rüstungsschmiede: Wirtschaft, Staat, und Arbeiterklasse in Bremen, 1929 bis 1945* (Bremen, 1986). General works such as Jürgen Stelzner, *Arbeitsbeschaffung und Wiederaufrüstung, 1933–1936* (Tübingen, 1976); and Michael Wolffsohn, *Industrie und Handwerk im Konflikt mit Staatlicher Wirtschaft? Studien zur Politik der Arbeitsbeschaffung in Deutschland, 1930–1934* (Berlin, 1977) restrict themselves to discussions of the structure of broad Reich work-creation programs (e.g., Papen program, *Sofortprogramm*, Reinhardt program) and do not examine the implementation of projects.

⁹ Wolfram Fischer, *Die Wirtschaftspolitik des Nationalsozialismus* (Hanover, 1961), pp. 7, 17–21; Dieter Petzina, “Hauptprobleme der deutschen Wirtschaftspolitik, 1932/33,” *Vierteljahrshefte für Zeitgeschichte* 15 (1967): 18–55; Wilhelm Deist, *The Wehrmacht and German Rearmament* (Toronto and Buffalo, N.Y., 1981), pp. 105, 110; Hans-Erich Volkmann, “Die NS-Wirtschaft in Vorbereitung des Krieges,” in *Ursachen und Voraussetzungen der Deutschen Kriegspolitik*, ed. Wilhelm Deist et al. (Stuttgart, 1979), pp. 232–53, and “Aspekte der nationalsozialistischen ‘Wehrwirtschaft’ 1933 bis 1936,” *Francia* 5 (1977): 523–26. For a contrary view, see Wolffsohn, p. 112, n. 22; Stelzner, pp. 235 ff., 270. Proponents of the Diest-Volkmann position usually cite Hitler’s February 8, 1933 statement to his cabinet that “the next five years in Germany must be devoted to the rearmament of the German people. Every publicly sponsored work creation measure must be considered from the point of view of whether it is necessary in terms of the rearmament of the German people. . . . For the next four to five years the guiding principle must be: everything for the Wehrmacht.” Reich labor minister Franz Seldte’s response, “That beside the purely military requirements there were also other projects of value to the national

the Wehrmacht's requirements were not considered in the early allocation of RM 1 billion from the June 1, 1933, Reinhardt work-creation program. He expressed willingness to accept that situation, but asked for RM 13.5 million from the *Spende zur Förderung der nationalen Arbeit*, a fund financed through "voluntary" contributions from the German people. The funds would be used for "railway construction in areas with poor transportation."¹⁰

Military expenditure, however defined, was relatively low during the key recovery years, 1933 through 1935. Once the upswing was well under way, rearmament contributed substantially to sustaining it.¹¹ Richard J. Overy, moreover, has cautioned that "not all rearmament expenditure by any means went directly into industry and productive employment. Military expenditure is not the same thing as expenditure on armaments."¹² Overy estimates that of a total "military expenditure" of RM 4.8 billion from 1933 to 1935, only about RM 600 million was spent on "military investment" in 1933 and 1934, and another RM 1.9 billion in 1935.¹³

economy which ought not be neglected," is never cited and deserves more consideration than it has received. See Ministerbesprechung vom 8. Februar 1933, 16:30 Uhr, in Bundesarchiv Koblenz (hereafter BAK), R43II/536, R43I/1459; and Karl-Heinz Minuth, ed., *Akten der Reichskanzlei: Die Regierung Hitler, 1933–1938*, Teil 1, 1933/34, Band 1, 30. Januar bis 31. August 1933 (Boppard am Rhein, 1983), pp. 50–51.

¹⁰ BAK, R2/18718, Reichswehrminister (signed Blomberg) to Reich labor minister (copy sent to Reich finance minister), July 8, 1933, concerning "Verteilung der Mittel aus dem neuen Arbeitsbeschaffungsprogramm," and Reich finance minister to Reich labor minister, October 6, 1933, concerning "Verteilung des Aufkommens an Spenden zur Förderung der nationalen Arbeit," approving the RM 13.5 million allocation as requested by Blomberg.

¹¹ Maier (n. 3 above), p. 96; Richard J. Overy, *The Nazi Economic Recovery, 1932–1938* (London, 1982), p. 47, "Unemployment in the Third Reich," *Business History* 29 (July 1987): 272, and "The German Motorisierung and Rearmament: A Reply," *Economic History Review* 32 (1979): 113. Michael Geyer, "Zum Einfluß der nationalsozialistischen Rüstungspolitik auf der Ruhrgebiet," *Rheinische Vierteljahrsblätter* 45 (1981): 253, estimates *Wehrmachtsausgaben* financed through both the Reich budget and *Mefowechsel* during 1933/34 and 1934/35 at approximately RM 6 billion. Taking a contrary view, Harold James (n. 4 above) argued that although German armament expenditure in the years 1933–36 was "relatively small compared with later sums," it came to more than twice the amount spent on work creation and "represents a major stimulus given to the economy" (pp. 382–83). James included the 1935/36 armaments expenditure of RM 5.487 billion. The period of German economic recovery that needs to be explained, however, runs from the end of 1932 to the middle of 1935.

¹² Overy, "Unemployment in the Third Reich," p. 272.

¹³ *Ibid.* Usually overlooked is the fact that only about two-thirds of this estimated military expenditure represented "new" spending above levels already reached prior to Hitler's accession to power.

Random statistics suggest that prior to the middle of 1935 the employment effect from rearmament remained modest in comparison to the total number of unemployed, the total amount by which unemployment decreased, and the total amount by which employment increased between January 1933 and June 1935.¹⁴

If a “rearmament boom” did not drive the vigorous labor market recovery of 1933–35, then some combination of “autonomous recovery” and government intervention in the form of direct and indirect work-creation programs must have played a significant role. Overy regards as conjectural measurements of the increase in German employment attributable to the autonomous working of the business cycle, but he estimates that direct work creation accounted for 20 percent of the 2.8 million 1933/34 increase in employment, largely concentrated in the winter and spring.¹⁵

The extent to which the Hitler government merely capitalized on its predecessors’ direct work-creation programs needs to be clarified.¹⁶ Hitler inherited from Heinrich Brüning, Franz von Papen, and Kurt von Schleicher a deflationary fiscal policy and modest direct work-creation programs of approximately RM 1,098 million, including RM 269 million in projects undertaken by the Reichsbahn and Reichspost. Of this total, the Gereke Sofortprogramm, which is supposed to have financed some rearmament

¹⁴ There exists no systematic study of the employment effect of Nazi rearmament. See Volkmann, “Die NS-Wirtschaft in Vorbereitung des Krieges,” p. 240, for the designation of 2,800 firms employing 750,000 workers as “armaments plants” (*Rüstungsbetriebe*, firms eligible for armaments contracts) in the middle of 1934. The designation justifies no assumption that the 750,000 workers actually produced armaments in the middle of 1934. Calculated as percentage growth, direct employment in the aircraft industry rose sharply from four thousand (January 1933) to 53,865 (January 1935), but the absolute numbers represent only a small fraction of the total number involved in the labor market. In October 1938, the aircraft industry employed 205,000. See Edward L. Homze, *Arming the Luftwaffe* (Lincoln, Nebr., and London, 1976), pp. 75, 93; Wilhelm Deist, “Die Aufrüstung der Wehrmacht,” in Deist et al., eds., pp. 480–81. Authorities such as Deist present no data on the employment effect of arming the ground forces during the 1933–35 period. That series production of the Panzer I tank did not begin until the winter of 1934/35 suggests a modest employment effect (see Deist, “Die Aufrüstung der Wehrmacht,” p. 427). The standard work on the German navy, Jost Düllfer, *Weimar, Hitler, und die Marine: Reichspolitik und Flottenbau, 1920–1939* (Düsseldorf, 1967), pp. 241–43, 563, indicates a significant increase in spending on both ship construction and naval infrastructure during 1933 and 1934, some of which was carried out under the Gereke Sofortprogramm. He furnishes no statistics on the employment provided.

¹⁵ Overy, “Unemployment in the Third Reich,” pp. 266–67.

¹⁶ The contention that the Nazis ultimately reaped the benefits of their predecessors’ programs has been advanced most forcefully by Helmut Marcon, *Arbeitsbeschaffungspolitik der Regierung Papen und Schleicher: Grundsteinlegung für die Beschäftigungspolitik im Dritten Reich* (Frankfurt am Main, 1974).

during 1933, came to only RM 500 million. Of that, RM 400 million was not available to the Reich government; it was earmarked for projects sponsored by the *Länder* and local governments, which responded coolly to the Gereke program.¹⁷ They considered the terms of borrowing onerous and expected to get a more favorable deal from the Hitler government. Many local authorities refused to initiate work-creation projects under the Gereke program.¹⁸

Local authorities who expected easier terms for borrowing under Nazi work-creation programs received no assistance from the Hitler government for at least six months. The first major Nazi work-creation measure was the June 1, 1933, "Reinhardt program" (after Fritz Reinhardt, a Nazi state secretary in the Reich finance ministry), which earmarked credits of RM 1 billion for large-scale public works projects. Because these projects became effective only after many months of planning and preparation, the original Reinhardt program was supplemented on September 21 by a second Reinhardt program consisting of RM 500 million in direct Reich budget expenditures for housing repair and renovation that supposedly could be executed immediately.¹⁹

¹⁷ On February 9, 1933, Hitler accepted Reich finance minister Schwerin von Krosigk's recommendation that the Reich's share of Sofortprogramm funds be increased to RM 140 million by reducing the share for local communities by 10 percent. On March 17, the Reich Government Committee for Work Creation effectively increased funds available to the Sofortprogramm by abolishing "employment premiums" previously paid under the Papen Program and making the RM 100 million thus freed up available to the Reichswehr. In July, the Reich government increased the limits of the Sofortprogramm from RM 500 million to RM 600 million to accommodate projects important to national policy (see BAK, R43II/536 and R43II/540, "Niederschrift über eine Sitzung des Ausschusses der Reichsregierung für Arbeitsbeschaffung in der Reichskanzlei," February 9, 1933; Minuth, ed. [n. 9 above], Teil I, 1:58–64, 237; BAK, R2/18660, Reich finance ministry, Vermerk, "Finanzierung der Arbeitsbeschaffungsmaßnahmen 1933," July 8, 1933; *Reichsgesetzblatt* [Berlin, July 13, 1933], 1:464).

¹⁸ Overy, "Unemployment in the Third Reich," p. 266; and Wolffsohn (n. 8 above), pp. 114–15, attribute the refusal of local authorities to apply for Gereke program funds to "the poor state of municipal finances." This explanation fails to convey the resentment produced among local officials by the terms of the Gereke program. Württemberg's economics minister Dr. Reinhold Maier (DDP) referred to the program as a "swindle" during a February 7, 1933, meeting of state ministers (see Hauptstaatsarchiv Stuttgart, E130b, Bü3221, p. 417, Auszug aus der Niederschrift über die Sitzung des Staatsministeriums vom 7. Februar 1933). As of the end of December 1933, only 58 percent of the RM 600 million available under the Gereke program had been paid out. For statistics on payouts by the Deutsche Gesellschaft für öffentliche Arbeiten, the Deutsche Rentenbank-Kreditanstalt, and the Deutsche Bau- und Bodenbank A.G., see BAK, R2/18656, 18656a, 18656b.

¹⁹ For details on the development of work-creation programs under Hitler, see Silverman, "National Socialist Economics" (n. 7 above), pp. 185–220. Evidence suggests that Reinhardt's June 1 program was put together quickly in response to a similar comprehensive work-creation program advanced by Reich labor minister and

How effectively did these Reinhardt programs reduce Germany's unemployment rate during 1933 and 1934, the critical years requiring explanation? Which sectors of the economy, driven by public investment, sparked a general recovery of Germany's labor market? Some historians emphasize road construction and the automobile industry (*Motorisierung*), others stress the building and housing industry.²⁰ There are problems with both interpretations. The impact of public investment on the labor market was small in 1933 and, in the case of housing construction, subject to reversal in 1934 as the second Reinhardt program exhausted itself.²¹

Stahlhelm leader Franz Seldte, who had joined the NSDAP only in April 1933. See below.

²⁰ The most vigorous proponent of "motorization" as the key element in Germany's economic recovery has been Richard J. Overy, *The Nazi Economic Recovery* (n. 11 above), pp. 48–50, "Cars, Roads and Economic Recovery in Germany, 1932–8," *Economic History Review*, 2d ser., 28 (1979): 466–83, and "Unemployment in the Third Reich" (n. 11 above), pp. 253–81. Maier (n. 3 above), pp. 97–99; and G. F. R. Spenceley, "R. J. Overy and the *Motorisierung*: A Comment," *Economic History Review* 32 (1979): 100–106, insisted on "the initial impulse of building, including subsidies for home improvements" (Maier, p. 99, n. 49), rather than "motorization," as the key sector in Germany's economic revival. See Overy's response, "The German *Motorisierung* and Rearmament" (n. 11 above), pp. 107–13. Timothy W. Mason strongly supported Maier's contention "that the economic key to the recovery and to the decline in unemployment lay in the building industry, which was highly labour intensive. . . . The comparison with England may be instructive, where a strong recovery was also building-led" (Mason, private correspondence with author, May 10, 1988).

²¹ The employment effect of spending on *Motorisierung* and housing programs has been variously estimated. R. J. Overy, "Transportation and Rearmament in the Third Reich," *Historical Journal* 16 (1973): 399, has claimed that "by the end of 1934 there were 210,000 directly working on the roads, and by 1936 there were 124,000 working on the *Autobahnen* alone." According to the *Geschäftsbericht der Gesellschaft 'Reichsautobahnen'* (Berlin, 1933–41), not cited by Overy, direct employment on autobahn construction during 1934 ranged between 5,000 (January) and 83,863 (November); 1935: 35,421 (January) and 113,139 (July); 1936: 61,044 (February) and 121,668 (June, all-time peak). The *Geschäftsbericht* provides monthly statistics on direct employment on autobahn construction sites for 1933–38. Annual reports for 1933, 1934, and 1935 can be found in Geheimes Staatsarchiv Preussischer Kulturbesitz, Berlin (hereafter GStAPK), 90/1718; for 1934, 1935, 1936, and 1938 in Bayerisches Hauptstaatsarchiv (hereafter BHStA), MA/106949; for 1933 in BHStA, Reichsstatthalter/553; for 1937 in BHStA, MWi/8682. Todt's adviser on social policy, Dr. Birkenholz, indicated in July 1934 that 143,000 persons were employed in "Straßenwesen." See Staatsarchiv Nürnberg (hereafter StANü), LRA Rothenburg 1975, Fach 645, Nr. 9^f. Hitler and his deputy Rudolf Hess claimed about four hundred thousand persons were involved directly or indirectly in road construction at the end of 1934/early 1935. Another six hundred thousand, according to Hitler, were employed in the German automobile industry and its suppliers, auto repair facilities, and in the construction of auto factories and garages. *Motorisierung* thus supposedly

Two days before his cabinet approved the first Reinhardt program, Hitler told a group of industrialists that government programs in housing and highway construction would provide the impetus for overcoming Germany's economic crisis.²² Yet, the first Reinhardt program earmarked only 10 percent for housing repair and provided nothing for road building. In October, RM 3 million of the housing repair fund was reallocated for repair of ships used in inland trade. In November, Reich finance minister Graf Schwerin von Krosigk sought to reallocate RM 30 million in house-repair funds to Reichsbahn projects.²³

Those who have argued for the primacy of investment in roads, motor cars, and housing as the "key industries," "initial impulse," or the "economic key" in the rapid decline in unemployment under Hitler have failed to notice this fundamental discrepancy between Hitler's words and the program his cabinet enacted two days later.²⁴ There are at least two ways of explaining this

employed about 1 million Germans at the beginning of 1935 (see BHStA, MA 106947, "Rede des Herrn Reichsministers Rudolf Hess anlässlich des VII. internationalen Straßenkongress," undated [Munich, September 3, 1934]; BHStA, MWi 6966, pamphlet, *Wille Wirkt Wunder*; Drei Reden zur Internationalen Automobil- und Motorrad-Ausstellung, Berlin, Hitler speech of February 14, 1935). Maier, p. 99, accepts a contemporary estimate that housing employed 750,000 workers by 1934. Overy, "Unemployment in the Third Reich," p. 273, believes activity in house building and repair produced a decline in registered unemployment among "building workers and labourers" from 914,425 (January 1933) to only 430,787 (October 1933). These statistics, however, refer to unemployment in *Baugewerbe*, a broad category including much beside housing construction and repair. In fact, most of the skilled and unskilled construction workers who found employment during 1933 found it in *Tiefbau*, large earth-moving projects, rather than in the housing sector. In many sectors, including metalworking, lumber, and construction, a significant portion of the 1933 decline in registered unemployment was accounted for by placement in agriculture, in the Labor Service, or on emergency relief projects unrelated to the workers' original profession (see BAK [n. 9 above], R2/18701, Deutsche Bau- und Bodenbank AG, "Die Entwicklung der deutschen Bauwirtschaft und die Arbeitsbeschaffung im Jahre 1933," pp. 33–34; Hauptstaatsarchiv Stuttgart, E151dI, Bü 29, and E130b, Bü 3245, monthly labor market reports of Landesarbeitsamt Südwestdeutschland).

²² BAK, R43II/536, "Besprechung mit Industriellen über Arbeitsbeschaffung," May 29, 1933. The cabinet approved the first Reinhardt program in a "Chefsbesprechung über Arbeitsbeschaffung," May 31, 1933.

²³ BAK, R2/18677, Reich finance ministry *Vermerk* on reallocation of Reinhardt program funds, October 25, 1933, and R2/18679, Reich finance ministry *Vermerk*, November 1933.

²⁴ The sole reference to the absence of road construction in the original version of the Reinhardt program known to me is found in Stelzner (n. 8 above), pp. 87, 241–42. He indicates that the Reich finance ministry felt road construction already had received significant funding in the Papen and Gereke programs and that "construction of housing and roads did not in the least interest most of the industrialists" (pp. 87, 238).

curiosity. First, there is the possibility that Hitler played little or no role in drawing up Nazi work-creation programs and was not informed on schemes his bureaucrats were in the process of developing when he spoke to the industrialists on May 29. Second, officials concerned with the formulation of economic policy in 1933 did not share Hitler's expressed optimism that an "economic miracle" produced by investment in roads or housing would pull Germany out of the crisis. The president of the chamber of commerce and industry for *Regierungsbezirk* Aachen summed up the approach of the Nationalsozialistische Deutsche Arbeiterpartei (NSDAP) to the problem of mass unemployment quite succinctly in October. "The economic policy-makers of the Party have earlier taken the position, and this position is correct, that in the Third Reich it will be impossible to reintegrate all of the industrial workers in the production process, because exports have declined extraordinarily. Therefore, many workers will have to be resettled in the countryside. After the completion of land reclamation projects, which in turn put people to work, there will be sufficient space for rural settlements in the southern part of the Westmark."²⁵

During 1933, land reclamation projects connected with the resettlement of urban industrial workers to rural areas, not roads and housing, spearheaded the Nazi "battle for jobs." Large-scale resettlement presupposed that previously unused or unusable land be made fit for cultivation through land reclamation projects. Such projects provided short-term relief for those put to work on the reclamation projects, assured a long-term solution to the disposition of industrial workers who could never return to their former jobs, and promised to reduce Germany's dependence on imported foodstuffs and raw materials. Land reclamation projects assumed a central place in both the Gereke Sofortprogramm and the 1933 work-creation programs supported by the Reich Institution for Labor Exchange and Unemployment Insurance (Reichsanstalt für Arbeitsvermittlung und Arbeitslosenversicherung, hereafter RfAA).²⁶ The RfAA view that "urban" work-creation projects such as road and street construction posed an "artificial" block to the "natural" movement of "surplus" labor out of the cities and back to the land prompted

²⁵ Nordrhein-Westfälisches Hauptstaatsarchiv, Düsseldorf (hereafter N-WHStA), Reg. Aachen 16849, Leopold Peill to Reg. Präsident Eggert Reeder, October 24, 1933.

²⁶ RM 200 million of the original RM 500 million Gereke program was earmarked for *Bodenkulturarbeiten* and other projects connected with agricultural improvements. Owing to onerous financing terms, there was "relatively little demand" from local authorities for these funds during the spring of 1933 (see N-WHStA, Reg. Aachen 16857, President of RfAA to presidents of Landesarbeitsämter [hereafter LAA] and Bezirks-commissioners for *freiwillige Arbeitsdienst* [FAD], March 4, 1933 [Beilage zum Reichs-Arbeitsmarkt-Anzeiger Nummer 5, March 8, 1933]; president of RfAA and Reich commissioner for the FAD to presidents of LAA, April 27, 1933).

one *Landesarbeitsamt* president to caution his *Arbeitsämter* that the “healthy migration from the city back to the countryside must not be restricted artificially through the provision of large-scale [urban] employment opportunities.”²⁷

Reich labor market policy drifted until April 1933, when the Stahlhelm leader and minister of labor Franz Seldte, not Reinhardt or some other official with Nazi credentials, accepted the challenge of formulating a labor market plan.²⁸ Seldte felt the government had to declare how it intended to put Germany back to work before the May 1 “Celebration of National Labor.” On April 27, he proposed a RM 1.6 billion work-creation program.²⁹

Seldte’s initiative, for which he has never received due credit, ultimately emerged as the “Reinhardt program” of June 1, 1933. His proposal apparently came unexpectedly, forced the issue to the forefront, and sent other cabinet ministers scrambling for position and control of a billion-mark program. The allocation of the funds reflected power struggles in Hitler’s first cabinet.

The heart of Seldte’s “Four-Year Plan of Work-Creation” was a program designed to employ 470,000–700,000 jobless persons for one year. Dictated by social as well as economic considerations, Seldte’s priorities emphasized settlement in every form—agricultural settlement, suburban settlement (*Vorstädtische Kleinsiedlung*), and owner-occupied housing (*Eigenheim*). Settlement policy, or, more accurately, resettlement policy, transcended job creation and renewed the German peoples’ ties to their land. Housing construction, which Seldte felt had been neglected in previous work-creation programs, came second on his list. Housing projects would alleviate Germany’s severe housing shortage while providing additional jobs.³⁰ Repair of public buildings, railway construction and electrification, road building, canal construction, postal service projects, agricultural improvements, regulation of rivers,

²⁷ N-WHStA, Reg. Aachen 16857, president of RfAA to presidents of LAA, April 21, 1933, enclosing the results of a meeting of top RfAA officials: Berlin, March 31, 1933, “Referentenbesprechung über Arbeitsbeschaffung am 24. März 1933; Jahresplan 1933. Ergebnisse”; president LAA Rheinland to presidents of AA, May 11, 1933, “Arbeitsbeschaffung, Jahresplan 1933.” Political considerations—the desire to disperse throughout the countryside potentially dangerous left-leaning masses of the urban unemployed—may have played a role in defining the strategy for 1933.

²⁸ Seldte joined the NSDAP on April 26, 1933.

²⁹ BAK, R 43II/536, letters of Reich labor minister to state secretary in Reich Chancellery, April 22, 1933, “Vorschläge des Reichsarbeitsministers zur Arbeitsbeschaffung,” and April 27, 1933, concerning “Arbeitsbeschaffung.” The April 27 document appears in Minuth, ed. (n. 9 above), Teil I, 1:400–415.

³⁰ For an analysis of Germany’s housing shortage and attempts to relieve it, see Dan P. Silverman, “A Pledge Unredeemed: The Housing Crisis in Weimar Germany,” *Central European History* 3 (1970): 112–39.

renewal of the merchant marine fleet, and gas, water, and electricity projects rounded out Seldte's plan.³¹

High-level meetings to discuss Seldte's proposal with Hitler scheduled for May 11 and 18 were postponed owing to the absence from Berlin of both the chancellor and the president of the Reichsbank, Hjalmar Schacht. Hitler wished to discuss the economic situation with Germany's leading businessmen before committing himself to a program of action. This he did in his May 29 "discussion with industrial leaders on work creation," where he singled out housing and road construction programs as the two keys to economic recovery. These delays afforded members of Hitler's cabinet an opportunity to clarify their positions on work creation and time to develop alternative proposals.³²

A meeting of representatives of Reich ministries and agencies held at the Reich labor ministry on May 9 produced requests for a RM 1,616 million work-creation program. Road construction (RM 300 million) replaced settlement (RM 270 million) as the highest priority. Reichsbahn projects and housing would get RM 270 million and RM 130 million, respectively. Agricultural improvement was one of three categories allocated RM 100 million each. The Reich aviation and defense ministries deferred their requests.³³

Also on May 9, Reich finance ministry officials were deciding what they were prepared to pay out for work-creation programs and how the bill would be paid. They agreed upon an "appropriate and feasible" program considerably smaller

³¹ BAK (n. 9 above), R43II/536, Reich labor minister to state secretary in Reich Chancellery, April 27, 1933, "Arbeitsbeschaffung."

³² Bavaria's representative to the Reich government and the Reichsrat reported work-creation proposals from both the finance ministry (RM 675 million) and the labor ministry (RM 1–1.5 billion) on May 26 and 29, 1933. He had heard (May 29) that an agreement had been reached between the Reich finance ministry and the Reich labor ministry, under which "in the main, the Reinhardt program [Reich finance ministry] shall be pursued" (see BHStA [n. 21 above], MA 106743, Bayerische stellv. Bevollmächtigte zum Reichsrat, Ministerialdirektor Dr. [Paul] Hammer, to [Bavarian] minister-president, May 26, 1933, with enclosure, "Entwurf eines Gesetzes zur Verminderung der Arbeitslosigkeit vom — — — Mai 1933," and Hammer to Bavarian minister-president Ludwig Siebert, May 29, 1933. For similar reports from Württemberg's representative in Berlin, see Hauptstaatsarchiv Stuttgart, E130b, Bü 3221, Württembergische Bevollmächtigte zum Reichsrat, Ministerialdirektor Dr. [Rudolf] Widmann, to Württemberg economics ministry, May 12, 1933, with enclosure, "Anmeldungen zum Arbeitsbeschaffungsprogramm in der [RAM] Sitzung am 9. Mai 1933," and Württembergische Gesandtschaft, Berlin, to Württemberg economics ministry, May 23, 1933.

³³ BAK, R2/18675, "Anmeldung zum Arbeitsbeschaffungsprogramm in der Sitzung am 9. Mai 1933," prepared by Reich labor ministry; BAK, R2/18675, Reich labor minister to state secretary in the Reich chancellery, May 11, 1933, with enclosure, "Vermerk über das Ergebnis in der Besprechung im Reichsarbeitsministerium am 9. Mai," signed by Reich labor ministry *Ministerialrat* Dr. Werner Stephan.

than Seldte's original proposal and ignored the priorities set in both Seldte's proposal and the May 9 discussions held at the Reich labor ministry. The RFM proposed nothing for either agricultural settlement or road construction.³⁴ The RFM in fact opposed any publicly financed work-creation program. Of a RM 950 million program, only RM 550 million was to come from public funds; the remainder would be provided by homeowners putting up four-fifths of the cost of home repairs. The Reich government, however, would provide debt service on only RM 350 million; RM 200 million for the repair of public buildings was to be loaned to communities, which would repay the Reich in five equal annual installments. Finally, the finance ministry expected the proceeds of the new department store tax, estimated at RM 70 million annually, to pay debt service on the Reich government's RM 350 million share. The work-creation program discussed at the RFM would have cost the Reich government nothing and, because all inflationary impact had been eliminated, probably would have contributed little to an economic revival.³⁵

Reich economics minister and agriculture minister Alfred Hugenberg shared the finance minister's dream of a noninflationary path to recovery and disdain for publicly financed work-creation projects but lacked the finance minister's political acumen. Instead of proposing a program that really was not a program, he circulated to the cabinet a memorandum denouncing public works programs as inflationary and ineffective in combating unemployment or raising national output.³⁶ In the May 31 *Chefsbesprechung*, Hugenberg alone refused to endorse what had now become the Reinhardt program, calling it "artificial work-creation."³⁷

Hitler's cabinet endorsed the first Reinhardt program later in the day on May 31. Insofar as it included the categories contained in the RFM May 9

³⁴ BAK, R2/18675, Reich finance ministry, *Vermerk* signed by *Ministerialrat* Stephan Poerschke, May 10, 1933.

³⁵ *Ibid.* Reinhardt participated in this meeting. The Reich finance ministry may have taken its cue from Reichsbank president Hjalmar Schacht, who reportedly rejected any inflationary expansion of credit that might endanger the mark. Schacht feared that in an economic recovery, the combined credit requirements of the private sector, the Reich, the *Länder*, and other public bodies would overwhelm the Reichsbank's capacity. A looser monetary policy would have to be offset by a tighter fiscal policy—balanced budgets for the Reich and *Länder* (see BHStA, MA 106743, Bayerische stellv. Bevollmächtigte zum Reichsrat, Ministerialdirektor Hammer, to [Bavarian] minister-president Ludwig Siebert, May 29, 1933).

³⁶ BAK, R43II/536, Reich economics minister (signed Hugenberg) to state secretary in the Reich Chancellery (Lammers), May 11, 1933, "Denkschrift über die Finanzierung der Arbeitsbeschaffung." The memorandum was placed on the agenda for the May 18 *Chefsbesprechung*, which was also canceled.

³⁷ BAK, R43II/536, state secretary in the Reich Chancellery to Reich labor minister, etc., June 3, 1933, with enclosure: "Vermerk über die Chefsbesprechung am 31. Mai 1933 . . . über Arbeitsbeschaffung;" Minuth, ed., Teil I, 1:533.

plan, added agricultural settlement, river regulation (later defined to include reclamation and improvement of agricultural land), and gas, water, and electricity projects, and raised the total outlay to RM 1 billion, the “Reinhardt program” was really the “Seldte program” without provision for road construction. Apportioning the RM 1 billion among the various types of projects fell to a committee composed of Reichsbank president Hjalmar Schacht, Reich finance minister Schwerin von Krosigk, and Reich labor minister Seldte. After receiving proposals from Reich ministers involved in the program, these three approved an apportionment scheme on June 27.³⁸ Reflecting the May 9 Reich finance ministry plan, the June 27 allocation provided nothing for road construction, although transportation minister Peter Paul Freiherr von Eltz-Rübenach had requested RM 100 million for ordinary roads and an additional RM 50 million for *Autobahnen* in the event that the Reichsbahn did not finance these special highways. Hugenberg received none of the RM 200 million he (as minister for food and agriculture) requested for agricultural improvements and land reclamation. For agricultural resettlement he received more than he requested, apparently because Seldte was pushing this program. It is not clear how resettlement was to occur without land reclamation. The amount allocated to repair of public buildings (RM 200 million) and private housing (RM 100 million) coincided with proposals put forth by both the Reich finance ministry (May 9) and the Reich labor ministry (June 8).³⁹

³⁸ See BAK, R43II/536, R2/18675, Reich economics minister to all Reich ministers and state secretary in Reich chancellery (Lammers), June 28, 1933, *Schnellbrief*, “Arbeitsbeschaffungsmaßnahmen auf Grund des Gesetzes zur Verminderung der Arbeitslosigkeit vom 1. Juni 1933.” Hugenberg’s absence is noteworthy. When he realized that he had made a tactical error in opposing the Reinhardt program and sought to have himself added to the committee as a voting member, he was firmly rebuffed by Schwerin von Krosigk and Schacht (see BAK, R43II/536, Reich economics minister to Reich finance minister [copy to state secretary in Reich chancellery Lammers], June 21, 1933, “Durchführungsbestimmungen zum Gesetz zur Verminderung der Arbeitslosigkeit”; BAK, R43II/536, Lammers to Reich finance minister, June 26, 1933, supporting Hugenberg’s request; BAK, R43II/536, Reich finance ministry to Lammers, June 30, July 6, 1933; Minuth, ed., Teil I, 1:533).

³⁹ For the amounts requested and the June 27 allocation schedule, see Reich labor minister to Reich chancellor (copies to Reich finance minister, Reichsbank president), June 8, 1933; “Vorschläge des Herrn Reichsverkehrsministers”; “Vorschläge des Herrn Reichsministers für Ernährung u. Landwirtschaft”; Reich finance minister to all Reich ministers and state secretary in Reich chancellery, *Schnellbrief*, June 28, 1933 — all in BAK, R43II/536. In the May 9 preliminary meeting on work creation held at the labor ministry, the Reich transportation minister had proposed *either* the construction of *nur-Autostraßen* financed by user-fees *or* the extension of the existing road network (see BAK, R2/18675, “Anmeldung zum Arbeitsbeschaffungsprogramm in der Sitzung am 9. Mai 1933”).

A program that initially lacked provision for road building and agricultural land reclamation and furnished only RM 100 million for repair of private housing (nothing directly for new housing; some would be built in conjunction with resettlement programs) could not put five million (end of May 1933) unemployed Germans back to work. Reinhardt program priorities reflected both political and economic considerations and foreshadowed the outcome of power struggles within the Nazi hierarchy. Work-creation spending priorities were modified once these political questions were resolved.

Two days after the June 27 allocation of Reinhardt program funds, Hugenberg, who as Reich economics minister and food and agriculture minister fancied himself Germany's "economic dictator," was pressured to resign his posts. After the trusted Nazi Richard Darré replaced Hugenberg as Reich food and agriculture minister, projects for the improvement and reclamation of agricultural land were incorporated in the Reinhardt program by expanding the category "river regulation" (*Flußregulierung*) to include any necessary or desirable ancillary land reclamation work.⁴⁰

Large sums were also earmarked for roads following the resolution of "certain differences of opinion" between Hitler and the Reich transportation minister. Hitler favored new superhighways (*nur-Autostraßen*), while Eltz-Rübenach supported the extension of the existing road network as the only financially responsible option.⁴¹ Conflicting interests also set supporters of new superhighways against advocates of extension and modernization of Germany's railway system. The creation of the "Gesellschaft Reichsautobahnen" on June 27, 1933, and Fritz Todt's appointment as general inspector of German roads three days later resolved the competition between rails and superhighways and initiated the transfer of most of the Reich transportation minister's jurisdiction over roads to Todt.⁴² After refusing for over three

⁴⁰ "Verordnung zur Durchführung der Arbeitsbeschaffungsmassnahmen auf Grund des Gesetzes zur Verminderung der Arbeitslosigkeit vom 28. Juni 1933, *Reichsgesetzblatt*, 1:425; N-WHStA (n. 25 above), Reg. Aachen 16848, Reich food and agriculture minister to governments of *Länder*, etc., July 24, 1933, concerning "Meliorationskredite."

⁴¹ Hauptstaatsarchiv Stuttgart, E130b, Bü3321, pp. 455, 460, Württembergische Gesandtschaft, Berlin, to Württemberg economics ministry, Stuttgart, May 23, 1933, and Vertretung Württemberg beim Reich to Württemberg economics ministry, June 19, 1933. Owing to the condition of Germany's capital markets and the diminishing tax base, funding for "luxury roads," so-called *nur-Autostraßen*, was expressly prohibited under the Gereke Sofortprogramm. State and local governments lacked funds for the maintenance of new roads of any sort. The Reichsausschuß der Kraftverkehr estimated the annual cost of maintaining existing through-traffic roads at RM 500 million, a sum equal to the entire Sofortprogramm! (See N-WHStA, Reg. Aachen 16857, Reichsausschuß der Kraftverkehr, Berlin, to Länderregierungen, February 11, 1933.)

⁴² Todt cited the ending of the rails versus roads conflict as one of the virtues of the Reichsautobahnen program (see BHStA [n. 21 above], MWi 8682, clipping from *Münchner Neuste Nachrichten*, August 4, 1933, "Großzügige Straßenbau-Politik").

months to release funds for road construction because the Reinhardt program made no provision for it, finance minister Schwerin von Krosigk relented to demands from both Todt and defense minister Werner von Blomberg that road construction be financed under the Reinhardt program. An October revision of the Reinhardt program allocation scheme included at least RM 55 million for road construction, with another RM 41 million for roads expected from an increase in automobile tax revenues.⁴³

Reich officials gradually recognized that Reinhardt program projects could not be implemented in time to avoid a sharp increase in seasonal unemployment over the winter. To preserve the gains already made in the war against unemployment, a second Reinhardt program of RM 500 million in direct budget expenditures for housing repair and renovation was put in place on September 21, 1933.⁴⁴

Hitler's government needed nearly eight months to develop a comprehensive Nazi program for improving the labor market. The employment effect of the two Reinhardt programs and the Gereke Sofortprogramm during 1933 and 1934 depended upon the efficiency and effectiveness with which the funds were spent. An examination of the local and regional implementation of German work-creation programs casts doubt on the contribution of such projects to the dramatic recovery of Germany's labor market.

⁴³ BAK (n. 9 above), R2/18677, Reich finance ministry, *Vermerk*, October 25, 1933. Under *Straßenbau*, sums of RM 25, 40, and 45 million are listed and crossed out before the final sum of RM 55 million is registered. Stelzner (n. 8 above), pp. 87, 242, indicates that the Reich finance minister approved RM 106 million for road construction early in November 1933. Of that, RM 41 million was to come from increased automobile tax returns and RM 65 million from Reinhardt program funds earmarked for *Tiefbau* (earth-moving projects). A Deutsche Gesellschaft für öffentliche Arbeiten document indicated that RM 58,600,000 had been earmarked for *Straßenbauten* under the Reinhardt program (see BAK, R2/18685, Dr. K. Wilhelmi [Öffa] to *Ministerialrat* Dr. Panzeram, Rechnungshof des Deutschen Reiches, August 28, 1934 [copy], with enclosure, “Übersicht über die in den 3 Arbeitsbeschaffungsprogrammen von der Öffa zu finanzierenden Kredite”). For Schwerin von Krosigk's rejection of funding requests for roads considered strategically important by Reich defense minister General Werner von Blomberg, see BAK, R2/18676, Reich food and agriculture minister to Reich finance minister, July 13, 1933; BAK, R2/18677, Prussian interior minister to Reich labor minister, July 13, 1933, Reich defense minister to Reich labor minister, July 29, 1933, Reich labor minister to Reich finance minister, *Schnellbrief*, August 5, 1933, Reich transportation minister to Reich finance minister, August 24, 1933, and Reich finance minister to Reich transportation minister (copies to Reich defense minister, Reich labor minister, general inspector for German roads), August 30, 1933 (draft).

⁴⁴ This housing program resulted not from any thorough analysis of the requirements of the labor market but, rather, as a response to a tax-reduction proposal submitted to the Reich Chancellery by Reich finance minister Schwerin von Krosigk only five days earlier. For details, see Silverman, “National Socialist Economics” (n. 7 above), pp. 195–96.

To speak of a “National Socialist” work-creation program implies a degree of consistency and centralized, systematic planning that in fact did not exist. Nazi labor market policy became a free-for-all competition among Reich, *Land*, Prussian provincial, and local government and NSDAP authorities vying for funds and favor with Hitler for having put the most jobless back to work in the shortest time. The result was a multitude of “plans” such as the “Erich Koch Plan” (East Prussia), the “Tapolski Plan” (Rhineland *Landkreis* Düsseldorf-Mettmann), the “Göring Plan” (Berlin), the “Ludwig Siebert Plan” (Bavaria), and the “Dr. Otto Hellmuth Plan” (Lower Franconia). These uncoordinated plans often lacked support from Reich authorities.

The bureaucracy and the Nazi party shared in the conception and implementation of work-creation programs. Dr. Otto Hellmuth, a member of the NSDAP since 1922 and *Gauleiter* of Unterfranken (Mainfranken) since 1927, was appointed *Regierungspräsident* of Unterfranken and Aschaffenburg after Hitler’s assumption of power. *Gauleiter* Erich Koch was entrusted with the administration of the East Prussian *Oberpräsidium* on June 2, 1933. As Prussian minister-president, Hermann Göring, among the closest of Hitler’s associates in the Nazi party, lent his name to the Göring Plan. Ludwig Siebert, a relative newcomer to the Nazi party in 1930 or 1931, received a provisional appointment as Bavarian finance minister in March 1933, and the following month was named both finance minister and minister-president of Bavaria. Hans-Joachim Tapolski served as *Landrat* of *Landkreis* Düsseldorf-Mettmann in the Rhineland.

Assuming a Reich commitment to the battle for jobs, personalities wielding influence in both party and state should have been able to secure adequate financing for their programs. The technique of “personal union” of state and party offices should have eliminated administrative friction in the implementation of work-creation programs. In fact, however, the influence and authority of state and Nazi party officers did not necessarily suffice either to overpower stubborn economic and financial realities or to suppress political and bureaucratic rivalries that impeded successful implementation of the plans.

The example of East Prussia, where authorities allegedly conquered unemployment before the Reinhardt program could have had any impact on the economy, served as a model to be emulated by other Prussian provinces and German *Länder*. Already on July 16, 1933, the first East Prussian *Landkreis*, Pillkallen, was declared free of unemployed. By July 26, unemployment had been erased in thirty districts, and on August 16 *Oberpräsident* and *Gauleiter* Erich Koch informed Hitler that unemployment had been banished from the entire province.⁴⁵ This feat “provoked astonishment and

⁴⁵ GStAPK, 90/1079, *Nationalsozialistische Aufbauarbeit in Ostpreußen: Ein Arbeitsbericht*, Auf Grund amtlicher Quellen herausgegeben im Auftrage des Oberpräsidiums Königsberg Pr. (Königsberg Pr., 1934), pp. 17–18; BAK, R43II/534,

TABLE 1
THE EAST PRUSSIAN LABOR MARKET, 1933–34

	Unemployed	% Reich Unemployed	Employed
1933:			
January.....	129,520	2.2	365,414
February.....	131,073	2.2	362,243
March.....	124,564	2.2	368,456
April.....	98,037	1.9	399,787
May.....	81,970	1.6	433,783
June.....	75,508	1.6	444,318
July.....	28,703	.6	464,429
August.....	2,627	.1	500,336
1934:			
January.....	38,783	1.0	452,433
February.....	10,912	.4	515,355

SOURCE.—*Statistische Beilage zum Reichsarbeitsblatt*, 1934 [for 1933], no. 7, table 27, Die Arbeitslosen; *Siebenter Bericht der Reichsanstalt für Arbeitsvermittlung und Arbeitslosenversicherung für die Zeit vom 1. April 1934 bis zum 31. März 1935*, issued as *Beilage zum Reichsarbeitsblatt* (Berlin, 1935), no. 35, p. 15, Übersicht 18. “Die Entwicklung der Zahl der beschäftigten Arbeiter und Angestellten in den Landesarbeitsamtsbezirken.”

admiration throughout the Reich and far beyond Germany’s borders.”⁴⁶ Although the gains made in the struggle against unemployment during July and August 1933 could not be sustained, the results were nevertheless impressive. The rate of reduction of unemployment in East Prussia greatly exceeded the overall rate in the German Reich. (See table 1.)

August 16, 1933 telegram, *Oberpräsident Ostpreußen* to Reich chancellor. Koch also notified Prussian minister-president Hermann Göring that “within a month we have succeeded in creating work for all of the unemployed in the province of East Prussia. In the city of Königsberg alone more than 30,000 willing-to-work men and women have been provided work” (see GStAPK, 90/1079, *Deutsche Reichspost*, telegram, *Oberpräsident* [E. Prussia] to *Ministerpräsident* Göring, August 15, 1933). Königsberg (population 315,651 according to the June 1933 census) reduced the number of unemployed from 32,315 (103 per 1,000 inhabitants) in January 1933 to 1,076 (3.4 per 1,000) at the end of August. With unemployment still at 21,464 at the end of July, most of the decline occurred in the single month July 31–August 31. For purposes of comparison, Köln reduced its unemployment rate from 117.7 per 1,000 on March 31, 1933, to 82.2 per 1,000 on March 31, 1934. See *Statistische Beilage zum Reichsarbeitsblatt*, 1934, no. 7, table 25.

⁴⁶ Stadtarchiv Duisburg, 102/1687, clipping from *Mitteilungen des deutschen Städtetages*, November 20, 1933, no. 11, p. 516, “Kommunale Sozialpolitik,” with subtitle, “Arbeitsbeschaffung.” Owing to the success of his work-creation measures, Koch “was considered by Hitler as a model *Gauleiter* and *Oberpräsident*” (see Peter Hüttenberger, *Die Gauleiter: Studie zum Wandel des Machtgefüges in der NSDAP*, Schriftenreihe der Vierteljahrshefte für Zeitgeschichte, 19 [Stuttgart, 1969], p. 108).

Precisely how East Prussia achieved its extraordinary success in the battle against unemployment is not entirely clear. Nazi accounts — the only accounts available — emphasize the role of resolute, clear-sighted National Socialist leadership and close teamwork between party and state under *Gauleiter* Koch, who was entrusted with the direction of the *Oberpräsidium* on June 2, 1933.⁴⁷ Whatever their leadership qualities, the Nazis had to find work for thousands of unemployed and funding for the battle for jobs. The private sector created work for a “considerable portion” of the unemployed, three thousand in Königsberg alone.⁴⁸ The private sector’s capacity to absorb additional labor was, nevertheless, limited, and the majority of East Prussia’s unemployed had to be placed on publicly funded emergency relief projects (*Notstandsarbeiten*). The Nazi trustee of labor (*Treuhänder der Arbeit*) reduced financing costs by approving wages for the emergency relief workers (*Notstandsarbeiter*) below the prevailing local rate for manual labor.⁴⁹

To wage the battle for jobs “in the most uncomplicated manner possible,” Nazi East Prussian authorities concentrated their resources on road construction and agricultural land improvement projects, dramatically increasing activity in both areas (table 2).⁵⁰ The number of emergency relief workers on these labor-intensive projects peaked in October 1933 at 57,739. East Prussian work-creation projects also employed six thousand members of the Voluntary Labor Service (*freiwillige Arbeitsdienst* [FAD]) and up to thirty

⁴⁷ *Nationalsozialistische Aufbauarbeit in Ostpreußen*, p. 17. The claim of single-minded Nazi leadership was pure fiction. Peter Hüttenberger describes a bitter conflict over competence and authority during the summer of 1933 between *Gauleiter/Oberpräsident* Koch and Richard-Walter Darré, who was both Reich and Prussian agriculture minister and leader of the *Reichsnährstand* (see Hüttenberger, p. 108). A conflict between Koch and the SA in East Prussia during the summer and fall of 1933 prompted a Prussian state official to report that “the economic recovery of the province suffers under this discord.” “Preventive arrests” also contributed to administrative chaos (see GStAPK [n. 21 above], 90/1079, Dr. E. Brandes, Preussischer Staatsrat, Zaupern-Insterburg [E. Prussia] to Minister für Landwirtschaft und Forsten, Darré, September 26, 1933. *Stimmungsbericht*).

⁴⁸ Stadtarchiv Duisburg, 102/1687, *Mitteilungen des deutschen Städtetages*, November 20, 1933, p. 516, “Kommunale Sozialpolitik.” The private sector received no public subsidies for these new jobs.

⁴⁹ *Ibid.*; *Nationalsozialistische Aufbauarbeit in Ostpreußen*, p. 18. The wage set by the Trustee was RM .36/hour for single unskilled workers, and RM .40/hour for married unskilled laborers. Reichsautobahnen construction workers in Bavaria who complained that “Hitler should work for 50 pfennige per hour!” were in fact well-paid compared to these East Prussian laborers (see BHStA, MA106767, Arbeitsamt Rosenheim, Situationsbericht for July 31, 1934, prepared August 8, 1934).

⁵⁰ *Nationalsozialistische Aufbauarbeit in Ostpreußen*, p. 18.

TABLE 2
ROAD CONSTRUCTION AND LAND IMPROVEMENT PROJECTS IN EAST PRUSSIA

	Days of Work	Cost of Construction (in Millions of Reichsmarks)
Road construction:		
1932/33	50,000	.8
1933/34	450,000	4.0
	Area Improved (1,000 Hectares)	Cost (in Millions of Reichsmarks)
Agricultural land improvement:		
1931	12.5	7.5
1932	10.5	5.3
1933	64.0	25.4

SOURCE.—Geheimes Staatsarchiv Preussischer Kulturbesitz, Berlin, 90/1079, *Nationalsozialistische Aufbauarbeit in Ostpreussen*, pp. 21–23.

thousand agricultural *Landhilfe* recruits, of whom twenty thousand were drawn from regions outside East Prussia.⁵¹

The financing of this Prussian work-creation program remains something of a mystery; financing arrangements are not mentioned in the official account. One unofficial account claims funding was obtained through regular channels: loans under the various work-creation programs, the basic subsidy (*Grundförderung*) from the RfAA, and, for youths under age twenty-five, service in the Voluntary Labor Service or the *Landhilfe*.⁵² This thesis lacks credibility.

The East Prussian battle for jobs of July and the first half of August opened “after a short period of preparation” following *Gauleiter* Koch’s assumption of the direction of the *Oberpräsidium* on June 2, 1933. The period of preparation must have been confined to about three weeks in June. Financing for this program could not have been arranged through regular channels within three weeks. Even if application procedures and regulations were relaxed, these channels lacked resources sufficient to finance Koch’s battle for jobs, and the Reinhardt program was not yet operational.

⁵¹ *Ibid.*, pp. 28–29. Under the Reich *Landhilfe* program, small farmers were paid a subsidy to cover basic maintenance costs for *additional* labor hired. Most of the twenty thousand nonresident land helpers in East Prussia came from the Rhineland’s high-unemployment centers.

⁵² Stadtarchiv Duisburg, 102/1687, *Mitteilungen des deutschen Städtetages*, November 20, 1933, “Kommunale Sozialpolitik.”

To avoid months of negotiations with various agencies for costly work-creation financing packages, local communities sought to dump their unemployed into either the Labor Service or the *Landhilfe*, a solution that had the added advantage of removing the troublesome unemployed from the cities to rural agricultural areas suffering from a shortage of labor. This appears to be the method chosen in East Prussia. These organizations, however, provided work opportunities only for those up to the age of twenty-five (FAD) or twenty-one (*Landhilfe*), and, with limited budgets, they could accommodate only a fraction of the thousands of unemployed that local welfare authorities sought to place with them. The FAD experienced no expansion under the Nazis, as budgetary restraints forced temporary recruiting blocks during 1933 and 1934. The “nazified” FAD, moreover, viewed itself as an elite group of the best of the nation’s youth and resisted pressure to serve as a convenient dumping-ground for masses of unemployed youth.⁵³

Regulations also limited expansion of the *Landhilfe*. Farms larger than forty hectares were ineligible for the program. No more than two land helpers could be placed on any farm. Farm owners were expected to provide decent housing and board for land helpers, preferably in their own homes, where land helpers could come to appreciate the values of rural life and develop a desire to adopt farming as their own profession.⁵⁴ Most farmers did not want strangers sharing their family life but, on the other hand, could not afford to construct separate living quarters for land helpers. Where, as in the Rhineland *Landkreis* Aachen, farmers or local welfare and NSDAP officials failed to meet the conditions of the program, the *Landesarbeitsamt* and local *Arbeitsämter* (the RfAA funded the program) sabotaged local work-creation programs by refusing to place land helpers.⁵⁵ It remains unclear how thirty

⁵³ During 1933 and 1934, average monthly membership in the Reich FAD exceeded 250,000 only twice, with a peak of 263,000 in July 1933. For monthly statistics on the number of quasi-unemployed or “substitute” employed (*Notstandsarbeiter, Landhelfer, Arbeitsdienst, Fürsorgearbeiter*), see Willi Hemmer, *Die “unsichtbaren” Arbeitslosen: Statistische Methoden—Soziale Tatsachen* (Zeulenroda, 1935), p. 189.

⁵⁴ For regulations governing the placement of youths in the *Landhilfe*, see N-WHStA (n. 25 above), Reg. Aachen 16858, President of RfAA to LAA and AA, March 3, 1933, and AA Erkelenz 3, p. 29, Preßdienst der LAA Rheinland, March 22, 1933, “Die Landhilfe für bäuerliche Betriebe.”

⁵⁵ See, e.g., N-WHStA, Reg. Aachen, 16899, Vorsitzende des Kreisausschusses [Landrat Classen] to President RfAA, February 16, 1934; AA Aachen to Reg. Pres. Aachen, February 17, 1934, and monthly reports, Vorsitzende des Landkreis Aachen, Kreiswohlfahrtsamt [Landrat Classen] to Reg. Präs., December 9, 1933, April 9, and July 10, 1934. The 1933 purge of “politically unreliable” and “racially undesirable” labor office personnel may have unseated those whose strict adherence to the rules blocked ambitious work-creation projects of local NSDAP and administrative officials. On the purge of the RfAA, see Dan P. Silverman, “Nazification of the German

thousand land helpers could be placed in East Prussia while fewer than fifty of a projected one thousand could be placed in *Landkreis* Aachen.⁵⁶

Gauleiter/Oberpräsident Erich Koch received credit for eradicating unemployment in East Prussia, but, before Hitler came to power, *Oberpräsident* Dr. Wilhelm Kutscher had appealed to Berlin for a series of “emergency measures,” including continuation of the *Osthilfe* program, reductions in local property and business taxes, a Reich subsidy to reduce rates on first mortgages to 2 percent for a period of two years, a Reich subsidy of RM 16 million to be applied to the reduction of “social burdens” (contributions to social insurance funds), funds for the maintenance of schools, restoration of Reich funds cut from the special program of freight rebates for shipments to and from East Prussia, and funds to enable the purchase of seed and feed in areas of East Prussia where crops suffered severe weather damage during the summer of 1932.⁵⁷

Indifference in Berlin hampered East Prussia’s economic recovery. Thirty-six representatives of the Reich and Prussian interior, finance, agriculture, labor, and economics ministries, meeting on February 24, 1933, tabled for further study and discussion virtually all of Kutscher’s requests and issued a

Bureaucracy Reconsidered: A Case Study,” *Journal of Modern History* 60 (September 1988): 496–539.

⁵⁶ It was reported that the *Landhilfe*, which recruited single young men and women up to age twenty-one, was taking in entire families of agricultural laborers in East Prussia. How, or whether, East Prussian authorities obtained an exception for this procedure was not indicated (see Stadtarchiv Duisburg, 102/1687, *Mitteilungen des deutschen Städtetages*, November 20, 1933, “Kommunale Sozialpolitik”). To control costs, Reich finance minister Schwerin von Krosigk imposed a Reich limit of two hundred thousand on the number of land helpers; the respective quotas for East Prussia and the Rhineland, based on enrollment figures for the two previous months, were twenty-eight thousand and thirteen thousand. To maximize Reich government savings, Schwerin von Krosigk stipulated that all males serving in the *Landhilfe* service be former recipients of Reich support from the RfAA, rather than locally supported unemployed. This stipulation proved ineffective. *Landesarbeitsamt* Ostpreußen was unable to verify the type of support formerly received by 8,633 of the land helpers listed on its July 15, 1933, report owing to “errors” in filling out transport lists. *Landesarbeitsämter* Rheinland and Westfalen received permission to place locally supported unemployed as land helpers; two locally supported unemployed could be counted as one land helper. The support payments made to farmers taking on such land helpers were split evenly between the RfAA and district welfare agencies (see StANü [n. 21 above], LRA Hilpolstein, 46¹; and Stadtarchiv Duisburg, President RfAA to presidents of LAA, August 3, 1933, concerning Reich finance minister’s ruling on *Landhilfe* expenditures).

⁵⁷ GStAPK (n. 21 above), 90/1079, *Oberpräsident* of Province Ostpreußen to Reich chancellor—Reichkommissar für das Land Preußen [Franz von Papen], January 24, 1933, “Notstandsmaßnahmen für die Provinz Ostpreußen,” an eleven-page report with three appendices.

press release aimed at “calming East Prussian public opinion.”⁵⁸ Reich finance minister Schwerin von Krosigk and Reich commissioner for the Prussian finance ministry Johannes Popitz later agreed that each would furnish RM 1 million for the procurement of seed for spring planting.⁵⁹ But the Reich finance minister rejected Hugenberg’s request for a subsidy of RM 3.8 million to reduce mortgage rates in East Prussia by 2 percent and vetoed Seldte’s appeal for a Reich subsidy to reduce East Prussian employers’ contributions to insurance funds for sickness, disability, and accidents.⁶⁰ Further assistance for East Prussia seemed to be a dead issue in Berlin.

Three days after *Gauleiter* Koch replaced Kutscher as *Oberpräsident*, the German press reported plans for a “large-scale undertaking for the rescue of East Prussia.” The Reich government reportedly promised East Prussian firms preferential treatment in the award of private and public contracts and had committed itself to large agricultural and forestry projects in East Prussia.⁶¹ It is tempting to assume that the appointment of a Nazi *Gauleiter* to the high presidency forced Reich finance minister Schwerin von Krosigk to loosen his grip on the Reich purse strings. What had been denied to Kutscher could not be denied to Koch. Appealing as it is, this explanation does not appear to reflect the facts.

The press notice exaggerated the amount of assistance promised East Prussia. A July 5, 1933, *Chefsbesprechung* chaired by Hitler (who left before

⁵⁸ GStAPK, 90/1079, Prussian minister-president (signed von Papen as Reich commissioner for Prussia; Hitler appointed Hermann Göring Prussian minister-president on April 10, 1933) to Reich interior minister, February 16, 1933; Reich interior minister (signed Pfundter) to state secretary in the Reich chancellery, etc., February 18, 1933, *Schnellbrief* inviting Reich and Prussian officials to February 24 “provisional deliberation” on the East Prussian situation; memorandum, “Ergebnis der kommissarischen Beratung vom 24. Februar 1933 über die Notlage Ostpreußens”; GStAPK, 90/1079, Reich interior minister (signed Pfundter) to Reich Commissar for Prussia, February 25, 1933, *Schnellbrief*, containing (on reverse of letter) proposal for a press release.

⁵⁹ GStAPK, 90/1079, Prussian minister for agriculture, domains, and forests to Reich commissioner for Prussia (Prussian minister-president), March 3, 1933.

⁶⁰ Reich finance minister to Reich minister for food and agriculture, March 4, 1933; Reich minister for food and agriculture to Reich interior minister, March 11, 1933; Reich labor minister to Reich interior minister, April 19, 1933—all in GStAPK, 90/1079.

⁶¹ Press clipping from Wolf’s Telegraphisches Büro, Berlin, July 5, 1933, “Großzügige Aktion zur Rettung Ostpreußens”; Reich finance minister to Reichswehr minister, August 19, 1933; Reich finance minister to President of Landesfinanzamt in Königsberg, August 19, 1933—all in GStAPK, 90/1079. Because the Reich finance minister directed public authorities to decide on a case-by-case basis whether or not the cost differential of placing contracts in East Prussia constituted a reasonable added expense, East Prussia received no guarantee of significant assistance.

the meeting ended) approved preferential treatment for East Prussia in the award of contracts, but Koch's plea for a comprehensive program of agricultural and industrial development produced no action. Reich interior minister Wilhelm Frick, Reichswehr minister Werner von Blomberg, and Hermann Göring (as Prussian minister-president and Prussian minister of interior), supported direct financial assistance for East Prussia, but Schwerin von Krosigk ruled out the use of Reich budget resources. Hitler recognized the special importance of East Prussia as a border area threatened from all sides by would-be aggressors but rejected the use of "subventions" to save East Prussian agriculture. The goal for the next four to five years, said Hitler, was to strengthen the commitment of the East Prussian population to the German Reich by placing the economy of East Prussia on a better footing than that of neighboring Polish regions. He argued this could be accomplished merely by diverting military, Labor Service, and work-creation supply contracts to East Prussia and by strengthening the presence of German culture by establishing a national theater and a national university in Königsberg. Only if these modest measures should fail was Hitler willing to consider the use of direct subsidies. Walther Funk (state secretary in the Reich propaganda ministry) labeled East Prussia as "a typical case where state propaganda must be harnessed for political and economic tasks . . . the economic, cultural, and social aspects of the entire propaganda apparatus must be placed in the service of East Prussia."⁶² Propaganda rather than money would solve East Prussia's economic problems.

Koch's position as *Gauleiter* and *Oberpräsident* failed to gain him, through "regular" channels, the funds required to rescue East Prussia from economic crisis. Koch apparently obtained funding for his *Arbeitsschlacht* through the intervention of Hermann Göring, Prussian minister-president since April 10, Prussian minister of the interior, and Reich minister without portfolio. Koch later credited Göring with breaking the logjam holding up assistance. "I do not know whether you still remember the moment last summer. We could only begin the *Arbeitsschlacht* if a large credit requested by us were granted. But the opposition was insurmountable. Then, I was able to obtain your support. A little slip of paper that you signed on our behalf worked wonders. Doors that had been closed now opened and we obtained the necessary credit. Therewith, apart from all other measures, you have performed a service for East Prussia whose importance cannot be overestimated."⁶³

⁶² Minuth, ed. (n. 9 above), Teil I, 1:618–24, Chefsbesprechung vom 5. Juli 1933. Present, among others, were Hitler, Frick, Schwerin von Krosigk, von Blomberg, Funk, and Koch.

⁶³ GStAPK, 90/1079, *Oberpräsident* of Province East Prussia (signed *Gauleiter* Erich Koch) to Minister President (Göring), September 3, 1934, with enclosure,

With Göring's assistance, Koch obtained funding for the propaganda spectacular suggested by Funk—the overnight conquest of unemployment in East Prussia. He thus secured immediate, short-term relief for East Prussia but failed to convince the Reich finance minister to subsidize broader measures of economic relief such as first mortgages for East Prussian agricultural property.⁶⁴ This was a blow to Koch's long-range plans for terminating East Prussia's seventy-year-old agricultural crisis by totally restructuring the province's economy. Only the industrialization of East Prussia could provide a stable market for the province's agricultural products by bringing in one to one-and-a-half million new workers with substantial purchasing power. The Reich government's role was to make East Prussia cost-competitive by reducing taxes, social contributions, and freight rates and by granting to East Prussia "special advantages" that would make it more profitable to locate new industrial facilities in East Prussia than "in the Reich."⁶⁵

Propelled until the spring of 1934 by funds injected for the *Arbeitsschlacht*, and thenceforward by special East Prussian civilian construction programs and contracts for military installations, the East Prussian economy continued its upward trend.⁶⁶ But with the military construction scheduled to be completed by the end of 1937, East Prussia's economy threatened to slip back into stagnation and crisis. Structural change remained a dream. In the autumn of 1936, Koch sought to use Hitler's new Four Year Plan, administered by Göring, as the vehicle for a comprehensive East Prussian program for

Nationalsozialistische Aufbauarbeit in Ostpreußen (n. 47 above). I have been unable to ascertain the source of funds obtained with Göring's assistance.

⁶⁴ Schwerin von Krosigk argued that since the farmers themselves were at least temporarily sheltered from foreclosure by protective legislation, a Reich subsidy of mortgage interest would only benefit the financial institutions to whom the overdue interest was owed. He was not about to sanction a RM 3.5 million give-away to the agricultural banks. Prussian agriculture minister Darré eventually negotiated with the Bank für Deutsche Industrialobligationen and the Reichsbank a RM 3 million credit granted to the Ostpreußische Landschaft, one of the agricultural creditors. See GStAPK, 90/1079, Landwirtschaftskammer für die Provinz Ostpreußen (also signed by representatives of the Landesbank für die Provinz Ostpreußen, the Ostpreußische Landschaft, and the Girozentrale) to Preußische Staatsministerium, August 19, 1933; GStAPK, 90/1079, Prussian minister for agriculture, domains and forests to Prussian minister president, October 7, 1933, with enclosure, Reich finance minister to Prussian minister for agriculture, domains and forests, September 24, 1933.

⁶⁵ *Nationalsozialistische Aufbauarbeit in Ostpreußen*, pp. 10–14. See also Hans Bernhard von Grünberg, "Die Hauptgrundsätze des Ostpreußenplanes," in *Das nationalsozialistische Ostpreußen* (Königsberg, 1934), pp. 7–42.

⁶⁶ GStAPK (n. 21 above), 151/2369, "Ostpreußenprogramm: Denkschrift zu den Beschlüssen des Ostpreußenausschusses in der Sitzung vom 27. Oktober 1936," submitted by the *Oberpräsident* of the province East Prussia, confidential (no date; probably late 1936 or early 1937), sixteen-page memorandum with five appendices.

agricultural land improvement, afforestation, housing construction, and industrialization.⁶⁷

The East Prussian *Arbeitsschlacht* of July/August 1933 seems to have been a special case, which owed its success to the intervention of Hermann Göring. Nevertheless, party and state leaders throughout the Reich were expected to match Koch's results and many attempted to do so. Rhine province *Oberpräsident* Baron Hermann von Luninck decided that, "following the East Prussian example, . . . some border districts in the Rhine province, too, must be pumped empty of unemployed," and he set aside about RM 3.1 million of the Rhineland's RM 45 million share of Reinhardt program funds for "freeing border districts of unemployed."⁶⁸ In mid-August, the Nazi organ *Völkischer Beobachter* identified a "competition between the *Oberpräsidenten* that originated in East Prussia. . . . From one province after the other, it is reported how the *Oberpräsidenten* lift one district after the other out of unemployment."⁶⁹

One work-creation program inspired by Koch's success in East Prussia sought the accommodation of unemployed in the Rhineland *Landkreis* Düsseldorf-Mettmann. The so-called Tapolski Plan was implemented in August 1933 by the chairman of the district council, *Landrat* Hans-Joachim Tapolski. Tapolski sought only to find work for those six thousand jobless supported by the district welfare authority; the Reich could look after the 7,466 others receiving either regular unemployment insurance payments or crisis support from the RfAA.⁷⁰ Tapolski's quotas for the employment of

⁶⁷ Ibid. The mobilization of investment resources and the training of skilled labor and management required for the successful reintegration of the East and West German economies in the 1990s present on a larger scale many of the problems confronting East Prussia during the 1930s. The "productivity gap" between East Prussia and other areas of the Reich constituted the major deterrent to industrial investment in East Prussia. Koch hoped to close this gap by resettling skilled workers from the more industrialized regions of Germany, a totally unrealistic solution as the demands of the Four Year Plan created a shortage of skilled labor throughout the Reich. Industrialization made little progress in East Prussia during the first four years of the Third Reich. Only twenty-five new factories employing 1,700 permanent workers with total annual sales of RM 10 million had been placed in operation by the end of 1936.

⁶⁸ N-WHStA (n. 25 above), Reg. Aachen 16849, *Oberpräsident* Rheinprovinz to Reg. Präs. in Aachen, Koblenz, Köln, Düsseldorf, Trier, July 25, 1933, with *Aktenvermerk* dated August 2 on reverse. The *Aktenvermerk* contains an account of an August 1, 1933, meeting of the high president with his *Regierungs*-presidents to discuss the allocation of Reinhardt program funds.

⁶⁹ Hessisches Hauptstaatsarchiv Wiesbaden, Abt. 483/10929, press clipping from *Völkischer Beobachter*, August 19, 1933, "Das neue Wachstum in der Wirtschaft."

⁷⁰ For Düsseldorf-Mettmann unemployment statistics, see monthly reports in N-WHStA, Reg. Aachen, 16876, *Oberpräsident* Rheinprovinz to Vorsitzenden des Kreisausschusses in Düren, September 28, 1933, with copy of unidentified press notice, "Starker Rückgang der Arbeitslosigkeit im Kreise Düsseldorf-Mettmann." Of

jobless persons required the district's public, agricultural, and industrial sectors to add new employees equal to 6 percent of their work force as of August 1. These quotas meant about one thousand additional workers for the public sector (employed on public works projects), 2,600 for agriculture, and at least two thousand for industry. Tapolski claimed the employers' association, the *Kreisbauernführer*, and the NSDAP district leadership supported these quotas. Rhine province *Oberpräsident* Baron Hermann von Lüninck promoted an "honorable competition" among the mayors and professional associations by implementing Tapolski's program throughout the province.⁷¹

Financing the plan through an extended *Landhilfe* system involved questionable practices. Under the Reich land helper system, a portion of the support payment ordinarily paid to the unemployed individual was instead made available to a farmer on condition that he employ an additional worker over and above his normal work force. This reduced Reich outlays for unemployment support and provided "jobs" for otherwise unproductive persons. The Rhine province's allocation of Reich *Landhilfe* funds sufficed to employ only thirteen thousand land helpers. Tapolski's plan multiplied the number of possible land helpers by supplementing Reich subsidies to farmers with funds from *Kreise* and municipal welfare budgets. The scheme was then extended to the handicrafts and industry.⁷²

The extension of agricultural wage subsidies to industrial operations violated Reich regulations and had long been rejected by the German business community as an interference with the free market system leading to a "fatal subvention-economy."⁷³ Although *Oberpräsident* von Lüninck cleared the Tapolski plan with the Prussian interior ministry, Reich authorities banned the use of RfAA unemployment and crisis support payments to subsidize industrial wages of unemployed persons hired under plans such as the Tapolski program and refused to recognize the locally financed "employment premiums" as "welfare expenditures" of local authorities eligible for reimbursement under the *Reichswohlfahrtshilfe* program.⁷⁴ When Reich regulations effective in September 1933 removed agricultural labor from the

all *Landkreisen* in the Rhineland, Düsseldorf-Mettmann ranked highest in the number of unemployed. It lay adjacent to the city of Düsseldorf and was later consolidated with the *Stadtkreis*.

⁷¹ N-WHStA, Reg. Aachen, 16899; and Stadtarchiv Duisburg, 102/1687, Oberpräsident of Rheinprovinz to Reg. Präs. Rheinprovinz, September 4, 1933, with five appendices, each describing an aspect of the Tapolski Plan.

⁷² N-WHStA, Reg. Aachen 16899, Oberpräsident of Rheinprovinz to Reg. Präs. Rheinprovinz, September 4, 1933.

⁷³ Ibid.

⁷⁴ N-WHStA, Reg. Aachen 16899, President of RfAA to presidents of LAA, August 19, 1933, containing reference to Reich finance minister's August 7 letter to the Prussian interior ministry.

national unemployment insurance system, land helpers completing their service under Tapolski's plan fell back into the local welfare system if employment in the private sector was unavailable. Under these conditions, the plan provided at best temporary relief for *Kreise* welfare budgets.

By the end of November 1933, Tapolski reduced the number of locally supported "welfare unemployed" in *Landkreis* Düsseldorf-Mettmann by about 3,540—not the six thousand originally intended. Elsewhere in the Rhineland, implementation of Tapolski's plan produced undesirable results. Some district welfare associations paid a subsidy higher than that paid by the RfAA under the Reich *Landhilfe* program. This subsidy differential induced some farmers to replace land helpers employed with RfAA subsidies with land helpers who brought the higher subsidy of the Tapolski plan.⁷⁵ In *Landkreis* Aachen, firms accepting wage subsidies replaced older heads of families with young unmarried men who lived at home and had previously received no welfare benefits. The resulting increase in the *Kreis* welfare burden appeared to justify complaints from agriculture and industry that the Tapolski plan represented "only an artificial masking of unemployment and an intolerable financial burdening of the public authorities."⁷⁶

In the Rhineland, East Prussia's overnight conquest of unemployment was unattainable. *Landrat* Tapolski, of course, was no *Gauleiter*, nor did he share Koch's access to Göring. His superior, *Oberpräsident* von Lüninck, like most of the *Oberpräsidenten* of the western Prussian provinces, had made his reputation in the non-Nazi nationalist opposition to the Weimar republic. But the slow progress of the *Arbeitsschlacht* in the Rhineland cannot be ascribed merely to the provincial leadership's lack of political influence. During 1933 and the spring of 1934, the battle for jobs failed in densely populated industrialized areas throughout the Reich.

The most embarrassing failure of all occurred in the capital of the Third Reich, Berlin, where 11 percent of Germany's unemployed were concentrated in March 1933. One year later, 15 percent of the nation's unemployed resided in Berlin; the general improvement of the German labor market had bypassed

⁷⁵ N-WHStA, Reg. Aachen 16899, *Oberpräsident* Rheinprovinz to Reg. Präs., October 11, 1933, citing reports received from the president of the LAA Rheinland. The *Oberpräsident* asked that district welfare authorities bring their subsidies in line with those paid under the Reich *Landhilfe* program.

⁷⁶ N-WHStA (n. 25 above), Reg. Aachen 16899, *Landrat* of *Landkreis* Aachen to *Industrieverband* in Stolberg, October 17, 1933, and *Landrat* Monschau to *Oberpräsident* in Koblenz, September 30, 1933. See also, among many others, *Vorsitzende* of *Kreisausschuß* Geilenkirchen-Heinsberg to *Oberpräsident* Rheinprovinz, September 28, 1933; Reg. Präs. Aachen to *Oberpräsident* Rheinprovinz, October 19, 1933; *Vorsitzende* of *Kreisausschuß* Düren to *Oberpräsident* Rheinprovinz, September 20, 1933—all in N-WHStA, Reg. Aachen 16899.

the capital. Berlin's plight was both politically and financially embarrassing to the Hitler government. On June 28, 1933, Berlin's mayor notified the Deutsche Gesellschaft für öffentliche Arbeit (Öffa) of the city's impending default on its work-creation loans. By October 1933, the city was RM 5.4 million behind in its payments, and Öffa refused to provide Berlin any of its RM 40 million share of Reinhardt program funds until this arrears was made good.⁷⁷

Finally, a concerted effort against unemployment in Berlin was mounted under the so-called Göring Plan, approved at a May 15, 1934, meeting of twenty-three *Oberpräsidenten*, *Regierungspräsidenten*, and *Gauleiter* from Berlin and the surrounding *Länder*. The Prussian administration took the initiative in proposing to create about a hundred thousand jobs for a period of four to five months and to increase Berlin's contingent in the Reich *Landhilfe*. Citing "the political importance of a decisive success in Berlin," Prussian minister-president Göring entreated Reich officials for additional emergency public works projects for Berlin. With the Reich finance ministry's consent, the RfAA agreed to put up RM 30 million to employ thirty thousand of Berlin's four hundred thousand unemployed on emergency public works projects. The city of Berlin would contribute another RM 1 per day for each Berliner employed on such projects.⁷⁸

The Göring Plan failed to deliver immediate relief to Berlin.⁷⁹ Few projects ready for implementation were available and funding to supplement the RfAA's

⁷⁷ BAK (n. 9 above), R2/18676, Reich labor minister to Reich finance minister, July 28, 1933, "Arbeitsbeschaffung in Berlin," and R2/18679, Oberpräsident der Provinz Brandenburg u. von Berlin to Staatssekretär Reinhardt, Reich finance ministry, October 10, 1933.

⁷⁸ For the development of the Göring Plan, see BAK, R2/18606, Prussian minister for economics and labor to Staatskommissar der Hauptstadt Berlin et al., May 11, 1934, "Berliner Plan zur Bekämpfung der Arbeitslosigkeit (Göring Plan); BAK, R2/18606, Prussian Regierungsrat [Hans Bernd] Gisevius to Ministerialrat Raps (finance ministry), April 24, 1934; BAK, R2/18606, Prussian minister-president Göring to Reich labor minister (copy to Reich Finance Minister), May 4, 1934. The May 15, 1934, meeting that approved the plan is detailed in BAK, R2/18606, Reich Finance Ministry, *Vermerk*, May 17, 1934. For the final plan, see BAK R2/18606; and StANü (n. 21 above), LRA Rothenburg 1975, Fach 645, 9¹, pamphlet, published by the RfAA, "Beschäftigung von Notstandsarbeitern aus Groß-Berlin bei auswärtigen Maßnahmen: Göring-Plan." The East German historian Lotte Zumpe has attributed the plan to Staatskommissar der Reichshauptstadt Dr. Julius Lippert; Göring's name simply lent it the weight needed to see it through ("Die Entwicklung der Arbeitslosigkeit in Berlin 1932 bis 1935 und die Maßnahmen zu ihrer Verringerung [Vom 'Papen-Plan' bis zum 'Göring-Plan']," *Jahrbuch für Wirtschaftsgeschichte*, Sonderband, *Zur Wirtschafts- und Sozialgeschichte Berlins vom 17. Jahrhundert bis zur Gegenwart* [Berlin, 1986], p. 193).

⁷⁹ Number of Berlin unemployed reporting to employment offices (end of month): 1933—January, 654,878; March, 627,043; June, 601,511; September, 531,116; December, 582,562. 1934—March, 424,511. 1935—January, 303,146; March, 262,167; June, 218,210; September, 197,123; December, 244,558. The lows for 1936 (126,232) and 1937 (73,994) were reached in September.

basic subsidy was virtually unobtainable, but most important, provincial authorities refused to accept Berliners in preference to local unemployed. The plan required a level of political cooperation or coercion impossible to obtain even in Nazi Germany. The Göring Plan stipulated that at least two-thirds of those assigned to its projects had to be unemployed Berliners. Provincial leaders who had agreed to these terms at the May 15 meeting backed away as the plan became operational. After two months, only six thousand Berliners had been selected for the program, and only 1,300 had been transported to work sites.⁸⁰

Hitler's massive *Reichsautobahnen* construction projects might have absorbed thousands of jobless Berliners. At the beginning of September 1934, autobahn construction employed 4,250 Berliners (2,710 of whom were formerly supported by municipal welfare funds), about 6 percent of the sixty-eight thousand workers then employed on Reich autobahn construction.⁸¹ Berlin authorities seeking to place more jobless Berliners in autobahn construction were forced to negotiate terms with the general inspector for German roads, Fritz Todt. To maximize financial relief for Berlin, 75 percent of the Berliners placed in autobahn construction were to be city-supported unemployed, the remainder being recipients of RfAA unemployment compensation and crisis support. The city of Berlin agreed to pay the Gesellschaft "Reichsautobahnen" a contribution of RM .50 per day per worker toward the costs of employment (barracks, meals) for 75 percent of the days worked by Berlin laborers on construction sites outside the province of Brandenburg.⁸²

⁸⁰ BAK, R2/1806, memorandum dated July 20, 1934, prepared by Prussian Regierungsrat Gisevius for July 23 meeting to discuss implementation of the Göring Plan; BAK, R2/18607, account of "Besprechung in der Hauptstelle [of RfAA] mit der Sacharbeitern der Landesarbeitsämter über Fragen der wertschaffenden Arbeitslosenfürsorge am 24. und 25. Juli 1934." In September 1934, the *Oberpräsident* of Brandenburg and Grenzmark Posen-Westpreußen complained to the Prussian interior minister about the twenty-one thousand Berliners serving in his territory as land helpers, and the "many more" Berliners working on "militarily important" projects, on the Reichsautobahnen, and on Göring Plan emergency relief works. He refused to take additional Berliners until the spring of 1935 (see BAK, R2/18607, *Oberpräsident* of Provinz Brandenburg and Grenzmark Posen-Westpreußen to Prussian minister of interior, September 27, 1934).

⁸¹ GStAPK (n. 21 above), 90/1718, Oberbürgermeister Berlin to Ministerialrat Gramsch, Preußische Staatsministerium, September 7, 1934, containing enclosure, a copy of the minutes of a September 3 meeting concerning the "inclusion of Reichsautobahnen projects in the Göring-Plan." The minutes are identified as follows: Berlin, September 4, 1934, "Vermittlung von Berliner Arbeitslosen zur Reichsautobahn: Ergebnis der Besprechung am 3. 9. 1934."

⁸² GStAPK, 90/1718, "Vermittlung von Berliner Arbeitslosen zur Reichsautobahn: Ergebnis der Besprechung am 3. 9. 1934." The terms negotiated between Berlin authorities and inspector general Todt are also found in Hessisches Hauptstaatsarchiv Wiesbaden, Abt. 485/259, Reichsbahnen Direktion to all oberste Bauleitungen

City authorities sought to place at least fifteen thousand jobless Berliners in autobahn construction, but Todt's agency planned to add only 5,700 Berliners, bringing the total to 9,950. Resistance thwarted this limited objective. The president of the *Landesarbeitsamt* Mitteldeutschland blocked the assignment of two thousand Berliners to the Magdeburg construction site, and Brandenburg *Gauleiter* and *Oberpräsident* Wilhelm Kube would accept only Brandenburg unemployed for autobahn construction in his province. The district construction headquarters (*oberste Bauleitungen*) of the Gesellschaft "Reichsautobahnen," the corporation established by law to construct the superhighway system, refused to hire jobless Berliners so long as local unemployed were available near the construction sites.⁸³

The desire to accommodate local unemployed accounted for only a portion of the refusal to accept Berliners on autobahn construction sites. The many unemployed Berliners who had voted social democratic or communist before the Nazi takeover were "politically unreliable." Many rebelled against what they considered to be slave wages and inhumane living and working conditions on autobahn construction sites. They received encouragement from hotheads from the Deutsche Arbeitsfront who entered work sites without authorization.⁸⁴

Todt accused the *Landesarbeitsämter* and *Arbeitsämter* of sabotaging autobahn construction by supplying construction sites with "big-city unemployed," whom he described as unfit for heavy construction work and misinformed about the conditions of work and wages. After a few days on the job, they either left or had to be dismissed by the contractors. Todt insisted on his consent before the RfAA assigned to autobahn construction men from

[oberste Bauleitung für den Bau der Kraftfahrbahn, hereafter OBK—district headquarters], October 8, 1934, with enclosure, "Richtlinien für den Einsatz Berliner Arbeitsloser." These guidelines explicitly stated that "the employment of Berlin unemployed on the Reichsautobahn takes place within the framework of the Berlin *Arbeitssschlacht*, known as the Göring Plan."

⁸³ GStAPK, 90/1718, "Vermittlung von Berliner Arbeitslosen zur Reichsautobahn: Ergebnis der Besprechung am 3. 9. 1934"; Hessisches Hauptstaatsarchiv Wiesbaden, Abt. 485/259, OBK Frankfurt/M to Reichsautobahnen Direktion Berlin, October 17, 1934 (draft).

⁸⁴ In one case, married Berliners employed on the Bremen-Hamburg stretch walked off the job when their employer reduced payments for family support to compensate for time lost owing to poor weather. Thirty-two were arrested, and 107 were dismissed and sent home to Berlin, where welfare authorities promptly suspended their support payments. The Deutsche Arbeitsfront asked Göring to intervene and lay down guidelines for decent conditions for the workers and their dependents in Berlin, "so as not to allow the measures bearing your name to appear anti-social" (see GStAPK, 90/1718, Deutsche Arbeitsfront, Reichsbetriebsgemeinschaft Bau, to Prussian minister-president Göring, October 19, 1934, with enclosure, "Bericht über Vorkommnisse beim Bau der Reichsautobahnstraße Bremen-Hamburg").

large cities or any area not adjacent to the construction site and thus requiring housing in barracks. His consent also was required for deals under which cities, towns, or districts guaranteed their own unemployed a percentage of the jobs on specified autobahn construction sites.⁸⁵

In June 1935, RfAA president Friedrich Syrup lamented the refusal of provincial authorities to initiate projects for unemployed Berliners; only seven thousand had been placed out of town and with great difficulty.⁸⁶ Berlin defaulted on its obligation to subsidize the placement of its unemployed on autobahn construction sites outside of Brandenburg. In one *oberste Bauleitung*, the city ran up subsidy obligations of RM 48,000 without making any payments. After August 15, 1935, the city no longer subsidized the employment of jobless Berliners on newly opened autobahn construction sites.⁸⁷ Göring's influence may have facilitated Koch's success in East Prussia, but it failed to overcome roadblocks to the Göring Plan for Berlin.⁸⁸

Some of the German *Länder*, motivated by both a desire to demonstrate their support of the Führer's program and the lack of adequate funding from

⁸⁵ Todt cited the example of one contractor on the Berlin-Eberswalde stretch who had to dismiss one hundred of three hundred laborers drawn from the greater Berlin area (see Abt. 485/262, Reichsautobahnen Direktion Berlin to all OBK, June 1, 1934; Abt. 485/259, General inspector for German roads to President RfAA, October 24, 1934 (copy); President of RfAA to presidents of LAA, November 28, 1934 (copy), recapping Todt's complaints and asking LAA to comply with the general-inspector's requests; Reichsautobahnen Direktion Berlin to all OBK, January 29, 1935, outlining the agreement between Todt and the RfAA—all in Hessisches Hauptstaatsarchiv Weisbaden). Attempts to place jobless men from other large cities in autobahn construction produced similar complaints. In June and July 1934, Bavarian autobahn construction firms refused to take laborers from Munich after their "unfavorable experience" with them. One AA director recommended that the political police be assigned to oversee the workers (see BHStA [n. 21 above], MA/106765, Situationsberichte of AA Trauenstein, June 11, 1934, AA Holzkirchen/Oberbayern, June 10, 1934, AA München, June 30, 1934, and AA Rosenheim, July 1, 1934).

⁸⁶ BAK (n. 9 above), R2/18606, President of RfAA to Reich finance minister, June 4, 1935. If Syrup's figures are correct, then very little of the decline in the number of Berlin unemployed (n. 79 above) can be attributed to the Göring Plan.

⁸⁷ Hessisches Hauptstaatsarchiv Weisbaden, Abt. 485/259, Reichsautobahnen Direktion Berlin to all OBK, letters of August 16 and September 16, 1935.

⁸⁸ As the Göring plan was getting under way, the social policy expert on Todt's staff, Dr. Birkenholz, told a meeting of road construction officials in Munich that the Göring plan would soon be introduced in other large cities suffering from high unemployment rates (see StANü [n. 21 above], LRA Rothenburg 1975, Fach 645, Nr. 9^f, [Bavarian] Staatsministerium des Innern to Regierungen, KdI, etc., September 4, 1934, with five-page enclosure, "Sozialpolitische Durchführung von Straßenbauarbeiten," undated [probably July 1934], signed by Dr. Birkenholz).

Reich work-creation programs, undertook their own campaigns against unemployment. One such *Land* was Bavaria, where minister-president and finance minister Ludwig Siebert launched his “Siebert Program” in the autumn of 1933.⁸⁹ With the Papan and Gereke programs winding down and the Reinhardt program barely getting under way, Siebert expected an upturn in unemployment over the winter of 1933/34. He proposed a Bavarian work-creation program to provide additional employment opportunities. To fund the program, Siebert pressured Bavarian banks and chambers of commerce and industry to lend their liquid funds to the state.⁹⁰

Although Bavarian banks and business associations responded negatively, Siebert was not deterred.⁹¹ The Bavarian cabinet approved Siebert’s proposals, which became the “law for fighting unemployment in Bavaria of September 22, 1933.” Bavaria’s finance minister was empowered to provide

⁸⁹ After studying law, Siebert entered the Bavarian civil service and later served as mayor of Lindau. After the Nazi takeover, he was appointed provisional Bavarian finance minister in March 1933. The following month, he was named Bavarian minister-president and finance minister. In 1936, he was also entrusted with the duties of Bavarian economics minister. Although NSDAP records indicated he entered the party in 1931, Siebert claimed he joined “officially” in 1930 and had campaigned for a Reichstag seat in 1926 as an NSDAP candidate at the request of the *Ortsgruppe* Lindau (see BHStA, MA 107593, Siebert to Reich and Prussian minister of interior, c/o State Secretary Pfundter, October 14, 1936).

⁹⁰ StANü, LRA Schwabach 1984, No. 4282, Bavarian minister-president (signed Siebert) to all Reg. Präs., July 3, 1933, announcing his intention to launch a “comprehensive” Bavarian work-creation program for fall and winter; BHStA, MA 106743, State finance ministry to state ministries, August 25, 1933. In Württemberg, minister-president Christian Mergenthaler (NSDAP) recommended a special RM 11 million program of *Land*-financed emergency relief projects to prevent an increase in unemployment during the winter of 1933/34. Despite objections of finance minister Dr. Alfred Dellinger (Deutschnationale), who argued that it was the responsibility of the Reich government to fill the gap, the cabinet ultimately accepted Reich Governor and *Gauleiter* Wilhelm Murr’s compromise proposal of a RM 4 million program (see numerous documents in Hauptstaatsarchiv Stuttgart, E130b, Bü 3221, Bü 3222).

⁹¹ The chambers of industry and commerce in Passau, Regensburg, Bayreuth, Coburg, Würzburg, Augsburg, Ludwigshafen, and Nürnberg and the handicrafts chambers in Würzburg and Augsburg pleaded they had no available funds. But the Bavarian *Handwerkskammertag* held on September 14 agreed that all member organizations would contribute to a RM 200,000 loan repayable with 4.5 percent interest to enable the state to carry out its work-creation program. Local chambers with no liquid funds at their disposal were to borrow their share of the contribution (see BHStA, MWi 3132, Bavarian state economics ministry, division for commerce, industry and trade to state finance ministry, September 21, 1933; BHStA, MWi 3132, Nürnberg chamber of industry and commerce to Bavarian state economics ministry, division for commerce, industry, and trade, September 14, 1933; BHStA, MWi 3132, *Handwerkskammer* of upper Bavaria to state economics ministry, September 20, 1933).

work-creation credits up to RM 60 million from a special off-budget fund. The plan provided for an “extended *Landhilfe* in Bavaria” costing RM 1.5 million to support up to twenty-five thousand additional land helpers, a RM 3.5 million program to create agricultural settlements on newly cleared land, a program of work-creation projects to be carried out by local communities for which the state would borrow RM 12–15 million at 6 percent and relend it to the local communities at 4.75 percent (cost to state = RM 180,000 in interest payments), and a scheme to set up under the leadership of the Bavarian state bank a consortium of banks that would make loans at 5 percent interest to firms promising to use the funds to hire unemployed Bavarians. The Bavarian state government could guarantee a portion of the loans.⁹²

Lacking the Reich government’s financial resources and capacity for creation of credit, Siebert’s Bavarian program contributed little toward maintaining employment during the fall and winter of 1933/34. Siebert program public works projects, which supplemented those financed under Reich programs, could be implemented only after Reich credit institutions had selected projects for funding under the Reinhardt program. Siebert failed to move twenty-five thousand welfare recipients into the Bavarian *Landhilfe* during the winter of 1933/34. About one-third of those “selected” for duty in the Bavarian *Landhilfe* opted to give up their unemployment support rather than do hard labor on the farms. The “Bavarian *Landhilfe*” contingent dwindled from 11,061 on January 15, 1934, to only 8,865 on April 15. By May, the Bavarian government had exhausted its funds for the program. To avoid a massive influx of unemployed into district welfare systems, the RfAA agreed to transfer the entire Bavarian *Landhilfe* contingent into the Reich *Landhilfe*.⁹³

⁹² BHStA, MWi 3132, Ministerialsitzung vom 19. September 1933; BHStA MA 106743, clipping from *Gesetz- und Verordnungs-Blatt für den Freistaat Bayern*, September 30, 1933, containing “Gesetz zur Bekämpfung der Arbeitslosigkeit in Bayern vom 22. September 1933,” and “Verordnung zur Sicherstellung ausreichender Arbeitskräfte für die Landwirtschaft (Erweiterte Landhilfe in Bayern) vom 29. September 1933.”

⁹³ BHStA, MWi 3132, Ministerialsitzung vom 19. September 1933, and Ministerialsitzung vom 14. November 1933; BHStA, MA 106743, clipping from *Gesetz- und Verordnungs-Blatt für den Freistaat Bayern*, “VO zur Sicherstellung ausreichender Arbeitskräfte für die Landwirtschaft (Erweiterte Landhilfe in Bayern) vom 29. September 1933.” For *Landhilfe* statistics, see BHStA MA 106743, Landesarbeitsamt Bayern, *Arbeit und Arbeitslosigkeit in Bayern im Jahre 1934* (LAA Bayern, München, 1934), pp. 58–60; StANü, Regierung von Oberfranken und Mittelfranken, Kammer des Innern, Abg. 1978, No. 3440, [Bavarian] State economics ministry, department of agriculture, to Vorstände der Bezirksämter, May 18 and June 6, 1934. Friedrich Syrup, RfAA president, insisted that “reporting for the *Landhilfe* is voluntary. The unemployed person can refuse a land helper position without giving any reason” (see

Bavarian businesses responded coolly to Siebert's offer of state-guaranteed bank loans to Bavarian firms pledging to hire "extra" workers. In Saxony, businesses had taken up only about one-third of the amount guaranteed by the Saxon state government under a similar program. Siebert disregarded this unfavorable precedent and pressed ahead with his plan. He claimed that in return for credit assistance, Bavarian industry had pledged to take on an additional fifteen to twenty thousand workers during the 1933/34 winter.⁹⁴

The minister-president was stretching the truth. A survey by the Bavarian section of the Reichstand der Deutschen Industrie taken in August 1933 found only 456 of 1,590 responding industrial firms indicating that they might employ an additional twelve thousand workers "given the fulfillment of appropriate conditions."⁹⁵ In September, a similar survey found only 114 firms willing to add 3,500 new employees over and above the twelve thousand indicated the previous month. Neither one of these surveys constituted the unconditional guaranteed pledge demanded by Siebert, and Siebert's government failed to create the "appropriate conditions."⁹⁶

Establishing the terms of Siebert's industrial credit plan required two months of negotiations with the industrialists and bankers. Banks could grant

N-WHStA [n. 25 above], Reg. Aachen 16858, President of RfAA to LAA and AA, March 3, 1933, circular letter explaining *Landhilfe* regulations). An attempt to promote a "Stuttgarter Landhilfe" also fell short of expectations, even though no age limitation was placed on recruits (see Stadtarchiv Stuttgart, HA-09/107, Stuttgart. Niederschrift der Wohlfahrtsabt. des Gemeinderats vom 13. November 1933, Nichtöffentlich. Nr. 11. Einrichtung der "Stuttgarter Landhilfe"; Stadtarchiv Stuttgart, HA-09/107, Niederschrift . . . vom 16. April 1934, No. 34; Stadtarchiv Stuttgart, HA-09/107, Bürgermeisteramt 1933–1945, Nr. 119, *Die Stadt Stuttgart im Jahre 1934*, p. 86; *Oberbürgermeister Karl Strölin, Der Kampf gegen die Arbeitslosigkeit in der Stadt Stuttgart* [Stuttgart, 1936], p. 57, prepared for the Sixth Internationalen Gemeindegkongress, Berlin, June 1936).

⁹⁴ BHStA, MWi 5955, *Vormerkung* über eine Besprechung bei Herrn Ministerpräsidenten Siebert über die Denkschrift des Bayerischen Industriellen-Verbandes, "Durch Stärkung . . .," dated September 7, 1933, and *Aufzeichnung* über die Besprechung über Industriefragen am Freitag, den 29. 9. 33, im Staatsministerium für Wirtschaft, Abt. f. Handel, Industrie und Gewerbe; BHStA, MWi 3132, Ministerialsitzung vom 14. November 1933.

⁹⁵ BHStA (n. 21 above), MWi 5955, "Ergebnis der von der Landesgruppe Bayern des Reichsstandes der Deutschen Industrie veranlassten Rundfrage bei den bayerischen Industrieunternehmungen betreffend Arbeitsbeschaffung," August 1933. One-thousand five-hundred ninety industrial firms employing 226,392 persons responded; 995 firms employing 125,014 persons indicated they could not take on any additional workers over the winter of 1933/34; and 456 firms employing 85,670 indicated willingness to take on 12,000 under "appropriate conditions."

⁹⁶ BHStA, MWi 5955, *Aufzeichnung* über die Besprechung über Industriefragen am Freitag, den 29. 9. 33, im Staatsministerium für Wirtschaft, Abt. f. Handel, Industrie und Gewerbe.

approved firms one-year credits at 5 percent or 1 percent above the Reichsbank discount rate. The Bavarian state government offered to guarantee up to RM 15 million of such loans. Banks were to issue credits in the form of bills (*Wechsel*), which the Reichsbank agreed reluctantly to rediscount to enable the financing to be carried out.⁹⁷

The goal of fifteen thousand “extra” jobs over the winter of 1933/34 was a pipedream. By February 1934, credits of only RM 700,000 had been approved for borrowers who had agreed not to lay off 617 seasonal workers and to hire 412 unemployed currently drawing welfare support. By the end of August 1934, only RM 1,870,000 (ninety applications) in credits had been approved, of which RM 300,000 was not taken up.⁹⁸ Many firms rejected state subsidies in principle. Others sought sources of credit not contingent on hiring additional workers. The application process involved too much red tape, and few firms could meet the collateral requirements. But the critical problem was the Bavarian government’s attempt to reduce its risk by refusing to honor its guarantee commitment.⁹⁹

In January and February of 1934, Siebert tried to persuade the Reich government to “participate” in his Bavarian credit-assistance program by either providing a secondary guarantee against losses or granting a subsidy of RM 500,000. The Reich labor, economics, and finance ministries rebuffed Siebert’s advances. Siebert concluded that without Reich “participation,” Bavaria’s assumption of additional loan guarantees could not be justified.¹⁰⁰

Siebert’s plan foundered because Bavaria could not finance its work-creation program, and the private sector showed only marginal willingness to sacrifice its balance sheet and incur new debt to take on workers it did not

⁹⁷ BHStA, MWi 5955, “Verordnung über Kredithilfe zur Arbeitsbeschaffung in industriellen und gewerblichen Betrieben,” November 15, 1933, and MWi 3132, Ministerialsitzung vom 14. November 1933. With these credits, firms were to produce only goods for which additional labor was needed. No credits were to be granted for production for inventory. The Reichsbank, apparently fearing many similar demands, stipulated that its agreement to rediscount the bills be withheld from the public.

⁹⁸ BHStA, MWi 5955, press clipping, *Bayr. Staatszeitung*, February 13, 1934, “Staatliche Kredithilfe für Industrie und Gewerbe,” and Bayerischer Industriellen-Verband EV, “Die Staatliche Kredithilfe in Bayern,” August 31, 1934. The Bavarian state government had limited its guarantee to only 50 percent of the total credits approved.

⁹⁹ *Ibid.*

¹⁰⁰ BHStA, MWi 5955, Seyboth [Bavarian ambassador in Berlin] to Bavarian state economics ministry, department for trade, industry, and commerce, February 6, 1933, reporting that further pursuit of the matter in Berlin was “entirely hopeless.” See also BHStA, MWi 5955, Bavarian deputy plenipotentiary to the Reichsrat, Ministerialdirektor Dr. Paul Hammer, to Herr Blum [Ministerialdirektor, Bavarian state finance ministry], January 10, 1934, and Bavarian state finance ministry [Siebert] to Bavarian state economics ministry, department for trade, industry, and commerce, January 16, 1933.

need.¹⁰¹ The Reich bailed Siebert out of the Bavarian *Landhilfe* catastrophe by taking the land helpers into the Reich *Landhilfe*. But Reich authorities, “as much as they consider the Bavarian undertaking as worthy of support and would also gladly like to assist Siebert personally,” refused to pay the bill for Siebert’s industrial loan guarantee program.¹⁰² Siebert Plan public works projects came to fruition, but some of the RM 16 million loan fund remained uncommitted and projects remained unfinished in October 1934, long after the winter of 1933/34.¹⁰³

German work-creation projects under Hitler and his predecessors represented temporary public measures designed to ease the labor market crisis until the “organic” recovery of the private sector once again could provide jobs for the German people. In certain areas of Germany, however, it could hardly be maintained that the private economy was inherently healthy. In such cases, temporary, one-time public works projects offered no hope of durable economic recovery. One such area was the Rhön and Spessart, a large region lying largely within Bavaria but stretching into Prussia, Thuringia, electoral Hesse, and Baden as well. Here, *Gauleiter* of Unterfranken and *Regierungspräsident* of Unterfranken and Aschaffenburg Dr. Otto Hellmuth and his economic adviser (*Wirtschaftsberater der Gauleitung*) Kurt Hasslinger conceived the Dr. Hellmuth Plan, an attempt to reconstruct the economic and social fabric of the Rhön and Spessart under a comprehensive program addressing the problems of transportation, agriculture, and industry.¹⁰⁴

¹⁰¹ Personal rivalries and alleged incompetence among Siebert’s colleagues in the Bavarian state and party hierarchy may have contributed to the failure to finance and implement the Siebert Plan as originally conceived. Hans Dauser, the head of the labor and social welfare department in the Bavarian state economics ministry, was charged with incompetence (he was not a professional civil servant and had no prior experience in matters dealing with labor and welfare) and treason to the ideals of the Nazi movement by permitting former members of the SPD and the *Volkspartei* to continue working in his department. Siebert supported Dauser’s opponents but was rebuked by Reich *Statthalter* in Bavaria, General Franz Xaver Ritter von Epp (see BHStA, MA 107593). Siebert was no match for Dauser, an SS regimental leader (*Standartenführer*) who held party membership number 10,158 (see BAK [n. 9 above], Personalabteilung des Reichsführers — SS, *Dienstaltersliste der Schutzstaffel der N.S.D.A.P.*, Stand vom 1. Juli 1935 [München, Buchdruckerei Birkner]). I was denied permission to examine a seemingly relevant file on Bavarian economics minister Hermann Esser, BHStA, MA 107585, on the grounds that it was “a personnel file, and has nothing to do with economics.”

¹⁰² BHStA, MWi 5955, Bavarian deputy plenipotentiary to the Reichsrat, Ministerialdirektor Dr. Paul Hammer, to Herr Blum [Ministerialdirektor, Bavarian finance ministry], January 10, 1934 (excerpt).

¹⁰³ BHStA (n. 21 above), 3132, Bavarian state minister for economics (signed Hermann Esser) to Bavarian minister-president Ludwig Siebert, October 19, 1933.

¹⁰⁴ Staatsarchiv Würzburg, LRA Marktheidenfeld 4171, “Denkschrift zur Besserung und Hebung der wirtschaftlichen und kulturellen Verhältnisse in Rhön und

Because the Hellmuth Plan provides insights into early Nazi resettlement policy as well as labor market policy, it will be examined at length in a separate article. Here, it is only necessary to observe that the original ambitious plan, which Thuringian minister-president Wilhelm Marschler characterized as “fantastic” (in the sense of delusional), was pared down to an experimental small-scale pilot program in the face of inadequate funding combined with bureaucratic and popular opposition.¹⁰⁵ The centerpiece of this scaled-down program was the Rhönstraße, a twenty-kilometer road connecting Fladungen and Bischofsheim. Planning for the Rhönstraße began in May 1934.¹⁰⁶ Owing to technical and financial problems, construction did not begin until 1935 and was completed in 1937. The intervention and energetic support of Nazi party authorities failed to expedite the process. It required a year to arrange financing for twenty kilometers of secondary road construction.¹⁰⁷ Until 1937, the Hochrhönstraße remained one of the few tangible achievements of the Hellmuth plan.¹⁰⁸

Spessart. Dr. Hellmuth-Plan,” November 15, 1933, signed by Hasslinger. Dr. Otto Hellmuth, a dentist by profession, joined the NSDAP in 1925 (membership number 22,815) and was appointed *Gauleiter* of the Bavarian district of Unterfranken (Mainfranken) in 1927. After the *Machtergreifung*, he received the additional post of *Regierungspräsident* of Unterfranken and Aschaffenburg.

¹⁰⁵ For Marschler’s comment, see Berlin Document Center, Hellmuth file, Thuringian Minister-President Wilhelm Marschler to Oberste Parteigericht der N.S.D.A.P., II Kammer, September 16, 1934.

¹⁰⁶ Staatsarchiv Würzburg, LRA Mellrichstadt 1367, Bezirksamt Mellrichstadt, memorandum of May 3, 1935.

¹⁰⁷ Staatsarchiv Würzburg, LRA Mellrichstadt 1367, NSDAP Kreisleitung Mellrichstadt, “Maßnahme des Rhön-Aufbau-Planes (Dr. Hellmuth Plan). Hochrhönstraße,” May 7, 1934, material in support of application for RfAA basic subsidy. The RM 708,000 package consisted of an RfAA basic subsidy of RM 330,000 (approved in installments as work on the road progressed), a subsidy of RM 62,000 paid by the Bavarian state government out of its share of Reich automobile tax funds, a RM 216,000 credit from the Deutsche Rentenbank-Kreditanstalt, and a special subsidy of RM 100,000 provided by the Reich ministry for food and agriculture (see Staatsarchiv Würzburg, LRA Mellrichstadt 1367, Kulturbauamt Schweinfurt to Bezirksamt Neustadt a.d. Saale, May 24, 1935, and Regierung Unterfranken und Aschaffenburg to [Bavarian] state economics ministry, department of agriculture [signed by Hellmuth], June 22, 1935).

¹⁰⁸ Not until March 24, 1937, did Reich and Bavarian authorities reach agreement on a formula for sharing the costs of subsidies required for the Hellmuth plan. The Reich government assumed responsibility for nine-twentieths of the subsidy costs, the Bavarian state government five-twentieths, and the *Regierung* Unterfranken four-twentieths (see Staatsarchiv Würzburg, LRA Mellrichstadt 1371, “Niederschrift über die am 18. März 1937 vorm. 11 $\frac{1}{2}$ Uhr in Wirtschaftsministerium [Munich] stattgefundene Besprechung,” concerning “Wirtschaftliche Hebung der Rhön,” and Bavarian state economics ministry to Reich and Prussian minister for food and agriculture

This examination of five work-creation plans indicates that many ambitious plans failed to meet their stated objectives; with the exception of Koch's scheme for East Prussia, the plans analyzed here were implemented slowly, inefficiently, haphazardly, and incompletely. Conflicts within the NSDAP as well as party-state conflicts contributed to the chaotic implementation of Nazi work-creation programs. These conflicts sometimes involved jurisdictional disputes, but frequently they centered on policy issues. Dedicated Nazis willing to disregard legality and cost in order to achieve a swift, striking success in the battle against unemployment—and therefore ingratiating with Hitler—were often pitted against Reich, *Land*, and RfAA officials who were either unable or unwilling to raise the requested funds and insisted on honoring the regulations governing the use of public funds and the assignment of jobless persons to work-creation projects.

Scarcity of financial resources contributed to the inefficiencies in Nazi work-creation policy. Reich officials consistently blocked regional and local work-creation schemes that threatened their conservative fiscal policy. They were not going to allow Nazi *Gauleitern* and minister-presidents to enhance their reputations at the expense of the Reich treasury. The determining factor, however, was that Hitler and the National Socialist leadership took an interest in work-creation programs only to the extent that the battle for jobs had propaganda value to the regime.

The discrepancy between the apparent overall success of Nazi labor market policy and the unimpressive results of specific work-creation projects suggests the need for a reevaluation of the components in Germany's economic recovery during the period 1933–35. The process by which Germany waged the battle for jobs during the early years of Hitler's régime is now better understood, but the portion of the recovery of Germany's labor market attributable to work-creation programs remains open to question. Hitler's package of work-creation programs was similar in relative size and shape to that of the Roosevelt administration in the United States.¹⁰⁹ Roosevelt's program produced no "economic miracle." It is still not entirely clear why Hitler's program did.

Germany's recovery resulted from the convergence of a number of factors. Efforts to isolate a particular factor or sector of the economy as the "key" to

[signed by minister-president Siebert], January 25, 1938, a fourteen-page progress report on the "Wirtschaftliche Hebung der Rhön").

¹⁰⁹ In *The Great Depression* (Garden City, N.Y., 1987), John A. Garraty recently repeated the commonly held belief that the Nazis "launched a huge public works program," while "American work creation programs were relatively smaller" (p. 188). In fact, during peak years of work-creation programs, central government spending on direct work creation programs came in both cases to about 2.5 percent of GNP.

Germany's economic recovery fail under close scrutiny.¹¹⁰ The autonomous recovery, or at least bottoming-out, that manifested itself late in 1932 may well have faltered in the absence of a combination of manipulation of labor market statistics, efforts to remove workers (especially women and youths) from the labor force, direct and indirect work-creation programs, and relatively modest increases in rearmament expenditures. No grand design assured that these pieces would fit together. Like much else that transpired in the Third Reich, the recovery of Germany's labor market during 1933 and 1934 resulted from some combination of human will and intent, struggles for power and control, and the play of historical and economic forces.

¹¹⁰ In "Unemployment in the Third Reich" (n. 11 above), p. 276, Overy softened his earlier emphasis on *Motorisierung* as the key element in Germany's recovery. He concluded that the exceptional recovery of Germany's labor market during 1933 and 1934 resulted from a "package of employment-creating devices designed to sustain the autonomous upswing of the business cycle." The package included cuts in marginal cost of capital and labor, as well as selective policies aimed at specific sectors such as civil engineering, motorization, agriculture, and house construction. Employment, however, increased significantly in all sectors during the first eighteen months of recovery.