**Nazi Economic Policy**

Had contradictory goals

* Pledged to rescue middle class - most hurt by hyperinflation etc
* Pledged to help peasants
* Tied very closely with industrialists
* Political couldn’t hurt workers’ standard of living
* Dared not depart from Bruening's deflationary policies

By June 1933 huge public works started

Increased industrial activities encouraged through subsidies and loans

Trade cycle improving

Work battalions for youth

beginning of rearmament helped unemployment

Unemployment began to decrease - Hand out

Peasants hurt by both high princes for industrial products and low prices for agricultural products - crisis

* Temporary moratorium on farm debt
* Selected tariffs on foodstuffs
* Compulsory addition of butter to margarine
* Reich Food Estate
* Reich Entailed Farm Law - farms between 7.5 and 10 hectares were indivisible and inalienable - therefore couldn’t be offered as collateral for loans - stagnated German peasantry

Initially banned departments stores - sop to middle class

Growth of cartels

**Rearmament**

Needed to save for exchange for imports and raise money within Germany to finance rearmament

Appointed Schacht as pres of Reichsbank

Foreign debts had to paid back in Reichsmarks - conserve foreign currency

At a conference in Lousanne Switzerland in 1932 reparations were drastically reduced

Schact introduced “Mefo Bills” credit notes (bonds) of a dummy company (4 major companies) underwritten by gov’t to pay for procurement - valid for 4 years at 4% interest

Compelled commercial and private savings banks to have 30% of their deposits invested in Mefo Bills

Constant balance of payments problems

* Unemployment meat increased consumer demand
* Rearmament meant increased demand for imports
* Make work projects required imports
* Schact refused to devalue reichsmark
* Other countries had tariffs decease exports

Schact negotiated bilateral trade agreements with Balkan and South American countries - purchases from these countries were in Reichsmarks and which could only be used to purchase German goods or invest in the construction of German factories