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CONCLUSION

The financial conduct of the war in all belligerent countries has given us new insight into the operation of modern economies. Much more clearly than during the last war do we realize today that nowhere is the war effort limited by financial resources. The proverbial saying that money is the sinews of war has lost much of its significance. The real limitations of a country's war potential are its natural and human resources and its skill and ingenuity in combining these resources. In a sense it is correct to say that everything that can be produced can also be financed.

Nazi Germany recognized this characteristic of a modern economy earlier and more thoroughly than the western democracies. No doubt this partly explains her ability to wage war for over four years and to organize a whole continent into a war machine. When she started her war preparations a decade ago Nazi Germany recognized that the real economic problem in the conduct of war is organization of the economy on the basis of direct controls and minute statistical records. She also recognized at an early date that such an organization greatly facilitates the solution of the many economic and financial problems which inevitably develop during war.

The experience of Germany since 1933 shows that war finance has basically two objectives to fulfill: It should provide the financial tools for the organization of the economy in terms of the ultimate purpose—waging war—and it should assist in the effort to minimize inflationary developments that occur only too easily in a war economy. Germany's record indicates that, from the very beginning, she was well aware of the function her financial system was to serve. In the shrewdest way possible she reorganized banking and finance and made the credit system a handmaiden of her war aspirations. The economic authorities knew very well that inflationary developments can be checked more easily in a controlled economy than in an economy with the traditional institution of free markets, and that certain financial precautions against inflationary dangers will become indispensable at a given time. Germany's masters knew that requirements for material and men would multiply as soon as hostilities began, and that she would be well ahead of her enemies if in time of peace her economy had already been organized for war.

They also knew that the almost inevitable increase in public debt would not be a source of much concern as long as war lasted and as long as their political power over the people was sufficient to maintain the economic organization of the country.

The statistical material presented in this study reveals the tremendous effort which the German people made in the last ten years toward world conquest. The figures are a clear indication of the huge and terrible amount of human labor that has been consumed for war instead of being devoted to the pursuits of peace. But figures on the financial implications of the war are an inadequate measure of the cost of war. They do not record the loss of human lives, happiness and contentment, nor the destruction of physical and spiritual values. They do not portray the increase in hatred and ill will throughout the world that accompany the progress of war.

Nor can they serve as an indication of the effects of the financial conduct of the war upon the German economy after hostilities have come to an end. On the basis of these figures, it is not possible to estimate even roughly the significance of the changes in the banking mechanism and of the increase in public debt for postwar Germany. Much will depend on the duration of the war, on the destruction of productive capacity in Germany resulting from the war, on the conditions of peace, and on many other factors upon which any speculation would be futile at this time. The total public debt which the Nazi government has been piling up in the preparation for, and in the conduct of, the war will be a serious problem whatever economic and political conditions may obtain in Germany after peace will be restored. Only then will it be possible to ascertain the magnitude of the problem and all its ramifications.