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Fascism and Capitalism

ABSTRACT

Fascism and National Socialism did not abolish capitalism but changed its operation by defining new parameters of rational economic decisions. The rulers of Italy and Germany, respectively, harnessed industrial and agricultural producers, traders and bankers to their overriding political aims. Even though they curtailed the market mechanism, private property and entrepreneurial freedom was maintained. Despite the important commonalities, differences between the economies of Fascist Italy and Nazi Germany are indisputable. In Italy more than in Germany, a large portion of the economy was under the direction of public authorities by the late 1930s. Altogether, path-dependency prevailed in the two states. The same applies to Spain and Portugal where authoritarian dictatorships reinforced state intervention, which had shaped economic development since the late nineteenth century. The two countries on the Iberian Peninsula remained halfway between a market economy and a centrally administered (planned) economy.

Keywords: Capitalism, fascism, Italian Fascism, German National Socialism, private property, market state direction, contractual autonomy, Francoist Spain, Salazar, Portugal.

Ever since the Fascist movement founded by Benito Mussolini unexpectedly seized power in Italy on 28 October 1922, “fascism” has been a minefield of contested interpretations.¹ Closely intertwined with divergent biographical experiences as well as political convictions, scholarly controversies on fascism have never been exclusively academic debates. On the contrary, “fascism” has often served as a rallying cry demarcating different political camps and schools of thought. In retrospect, three major periods of research on fascism are discernible. Following Mussolini’s seizure of power, debates initially centred on the causes and specific features of Italian Fascism. As early as the 1920s, however, contemporary observers (especially communists) expected the rise of similar movements in some other capitalist states. In the following decade, the upsurge of fascism in major European states and the Nazi “seizure of power” lent the concept a more general meaning. From the mid-1930s onwards, the consolidation of the Stalinist regime also fuelled a new debate about “totalitarianism.” Emphasizing

1 When capitalized, “Fascism” refers to the Italian variant, whereas “fascism” denotes the generic concept.

similarities with regard to the claims of political rule and the execution of power, the concept had been coined by Italian liberals such as Giovanni Amendola in 1923 in order to denounce Mussolini's dictatorship. In the Cold War of the 1950s, "totalitarianism" took on a new lease of life in numerous member states of the North Atlantic alliance.²

The relationship between fascism and capitalism has been particularly contested. Communists and socialists alike suspected Mussolini's Fascists to be paid by the bourgeois elite. In fact, the *Fasci di Combattimento* that he had founded in 1919 were supported by large landowners and businessmen in northern Italy. From a Marxist perspective, Hitler's "seizure of power" seemed to confirm a popular interpretation that largely equated fascism with capitalism. John Heartfield's famous 1932 cartoon ("Motto: Millions Stand Behind Me! The Meaning Behind the Hitler Salute: Little Man Asks for Big Donations") epitomizes the belief that the Nazi Party (NSDAP) was essentially the puppet of industry and financiers. In the 1960s and 1970s, Marxist historians still claimed that capitalism had given rise to fascism since the First World War. By contrast, their liberal and conservative opponents argued that businessmen had shown themselves reluctant to support the Nazis before 1933. Moreover, they insisted on the "primacy of politics" in the dictatorships of the Fascists and the National Socialists.³

As this controversy became sterile and scholarly interest in fascism declined, the relationship between fascism and capitalism received less attention in the 1980s. Detailed investigations, however, demonstrated that fees paid by members of the Nazi Party were more important financial resources than the donations by big industry.⁴

- 2 For overviews, see Arnd Bauerkämper, "A New Consensus? Recent Research on Fascism in Europe, 1918–1945," *History Compass* 4 (2006), 1–31; Ernst Nolte, "Faschismus," in *Geschichtliche Grundbegriffe. Historisches Lexikon zur politisch-sozialen Sprache in Deutschland*, edited by Otto Brunner, Werner Conze and Reinhart Koselleck (Stuttgart: Klett-Cotta, 1975), 329–36.
- 3 Tim Mason, "Primacy of Politics: Politics and Economics in National Socialist Germany," in *The Nature of Fascism*, edited by Stuart E. Woolf (London: Random House, 1968), 165–95. For contributions to the controversy, see, among others, Henry Ashby Turner, "Big Business and the Rise of Hitler," *American Historical Review* 75 (1969), 56–70; Henry Ashby Turner, "Großunternehmertum und Nationalsozialismus 1930–1933. Kritisches und Ergänzendes zu zwei neuen Forschungsbeiträgen," *Historische Zeitschrift* 221 (1975), 18–68; Dirk Stegmann, "Antiquierte Personalisierung oder sozialökonomische Faschismus-Analyse? Eine Antwort auf H.A. Turners Kritik an meinen Thesen zum Verhältnis von Nationalsozialismus und Großindustrie vor 1933," *Archiv für Sozialgeschichte* 17 (1977), 275–96; Thomas Trumpp, "Zur Finanzierung der NSDAP durch die deutsche Großindustrie. Versuch einer Bilanz," *Geschichte in Wissenschaft und Unterricht* 32 (1981), 223–41.
- 4 Henry Ashby Turner, *German Big Business and the Rise of Hitler* (Oxford: Oxford University Press, 1985), 343–5. For a comprehensive review, see Reinhard Neebe, "Die Verantwortung der Großindustrie für das Dritte Reich. Anmerkungen zu H.A. Turners Buch 'Die Großunternehmer und der Aufstieg Hitlers'," *Historische Zeitschrift* 244 (1987), 353–63.

The end of the Cold War in 1989–91 ultimately discredited simplistic equations of capitalism and fascism. Correspondingly, new investigations have highlighted the options of industrialists and businessmen as well as their room for manoeuvre and leverage under fascist rule.⁵ Research on Mussolini's dictatorship has demonstrated the strong role of the state, particularly from 1931 to 1936, even though private property was preserved. Historiography has also accentuated the "distance between corporative principles and the practice of government action" in Fascist Italy.⁶

As the strongest and most spectacular regime, the Nazi dictatorship has received particularly attention. During the 1960s and 1970s, two opposing interpretations of the relationship between the rulers and industrialists shaped scholarship. Marxist historians claimed that the interests between the Nazism and German industry were largely identical. Emphasizing the aims to suppress the Left and to secure resources beyond the Third Reich, they held big industry accountable for the Nazi dictatorship, the Second World War, the exploitation of occupied territories, forced labour, and the extermination of the Jews. By contrast, the opposing camp of scholars argued that industrialists had essentially been victims of the Nazis for whose crimes they were not responsible. These historians have observed that the NSDAP had not received major funds from big industry before 1932. Yet there is broad consensus on the significant contribution of industrialists to the collapse of the Weimar Republic. They had increasingly criticized the economic and social policies of Germany's first democratic state that many of them had sought to replace by an authoritarian regime.⁷

Since the end of the Cold War, a "depolarization of scholarship"⁸ and access to new sources has given rise to new research questions and more nuanced interpretations. In particular, the complexity of relations between the Nazis and German industrialists has been uncovered and accentuated. As early as 1980, Gerd Hardach had argued that

- 5 Werner Abelshausen, Jan-Otmar Hesse and Werner Plumpe, "Wirtschaftsordnung und Nationalsozialismus, Neuere Forschungen zur Wirtschaftsgeschichte des Nationalsozialismus," in *Wirtschaftsordnung, Staat und Unternehmen. Neue Forschungen zur Wirtschaftsgeschichte des Nationalsozialismus*, edited by Werner Abelshausen, Jan-Otmar Hesse and Werner Plumpe (Essen: Klartext Verlag, 2003), 10–1.
- 6 Lino Cinquini, "Fascist Corporative Economy and Accounting in Italy during the Thirties: Exploring the Relations between a Totalitarian Ideology and Business Studies," in: *Accounting, Business and Financial History* 17, no. 2 (2007), 214.
- 7 For overviews of the debate, see Ian Kershaw, *The Nazi Dictatorship. Problems and Perspectives of Interpretation* (London: Oxford University Press, 2000), 48–56; Peter Hayes, "Industry under the Swastika," in *Enterprise in the Period of Fascism in Europe*, edited by Harold James and Jakob Tanner (London: Routledge, 2017), 26; Alan S. Milward, "Politische Ökonomie, Unilateralismus und Sicherheit im 'Dritten Reich,'" in *Wirtschaftsordnung, Staat und Unternehmen*, 221; Werner Plumpe, "Unternehmen im Nationalsozialismus. Eine Zwischenbilanz," in *Wirtschaftsordnung, Staat und Unternehmen*, 243, 249–50, 255.
- 8 Hayes, "Industry," 27.

the economic system of the Third Reich combined “so-called responsible economic self-administration with comprehensive guidance by the state.”⁹ This interpretation has been taken up and differentiated by Christoph Buchheim and Jonas Scherner who have claimed that the Nazis established a state-directed market economy that was based on private property.¹⁰ Moreover, Avraham Barkai and Albrecht Ritschl, in particular, have identified important ideological roots of Nazi economic policies, especially racism and Social Darwinism.¹¹ Altogether, recent scholarship has highlighted the hybrid nature and changeability of the German economy in the Third Reich. Rape by “Aryanisation” and the rampant exploitation policies in the occupied territories too, have increasingly received attention.¹²

As a result of this new scholarship, the debate about the primacy of politics or economics has become a question of emphasis rather than zealous engagement and clear commitment.¹³ Peter Hayes and Richard Overy, for example, have stressed the role of

- 9 Karl Hardach, *The Political Economy of Germany in the Twentieth Century* (Berkeley: University of California Press, 1980), 7.
- 10 Christoph Buchheim and Jonas Scherner, “Anmerkungen zum Wirtschaftssystem des ‘Dritten Reichs,’” in *Wirtschaftsordnung, Staat und Unternehmen: neue Forschungen zur Wirtschaftsgeschichte des Nationalsozialismus*, edited by Dietmar Petzina, Werner Abelshäuser, Jan-Otmar Hesse, Werner Plumpe (Essen: Klartext, 2003), 97. Also see Christoph Buchheim, „Unternehmen in Deutschland und NS-Regime 1933–1945. Versuch einer Synthese,” in *Historische Zeitschrift* 282 (2006), 356, 358, 367, 374, 386 f., 389 f.; Christoph Buchheim, “Das Verhältnis von Staat und Wirtschaft in der NS-Zeit,” in *Jahrbuch für Wirtschaftsgeschichte* 45 (2004) 2, 237–40.
- 11 Richard J. Overy, “Business in the *Grossraumwirtschaft*: Eastern Europe, 1938–1945,” in *Enterprise in the Period of Fascism in Europe*, edited by Harold James and Jakob Tanner (London: Routledge, 2017), 152; Hayes, “Industry,” 30–3, 36; Albrecht Ritschl, “Zum Verhältnis von Markt und Staat in Hitlers Weltbild. Überlegungen zu einer Forschungskontroverse,” in *Die Schatten der Vergangenheit. Impulse zur Historisierung des Nationalsozialismus*, edited by Uwe Backes, Eckhard Jesse and Rainer Zitelmann (Berlin: Propyläen, 1990), 243–64; Albrecht Ritschl, “Die NS-Wirtschaftsideologie. Modernisierungsprogramm oder reaktionäre Utopie?,” in *Nationalsozialismus und Modernisierung*, edited by Michael Prinz and Rainer Zitelmann (Darmstadt: Wissenschaftliche Buchgesellschaft, 1991), 62, 68; Ludolf Herbst, *Der Totale Krieg und die Ordnung der Wirtschaft. Die Kriegswirtschaft im Spannungsfeld von Politik, Ideologie und Propaganda 1939–1945* (Stuttgart: Deutsche Verlags-Anstalt, 1982), 78–81.
- 12 See, for example, Benno Nietzel, “Nazi Economic Policy, Middle-Class Protection, and the Liquidation of Jewish Businesses 1933–1939,” in *National Economies. Volks-Wirtschaft, Racism and Economy in Europe between the Wars (1918–1939/45)*, edited by Christoph Kreutzmüller, Michael Wildt and Moshe Zimmermann (Cambridge: Cambridge Scholars Publishing 2015), 108–20.
- 13 For an overview, see Jochen Streb, “Das nationalsozialistische Wirtschaftssystem. Indirekter Sozialismus, gelenkte Marktwirtschaft oder vorgezogene Kriegswirtschaft?,” in *Der Staat und die Ordnung der Wirtschaft. Vom Kaiserreich bis zur Berliner Republik*, edited by Werner Plumpe and Joachim Scholtyssek (Stuttgart: Steiner 2012), 61–2.

state direction.¹⁴ By contrast, Alan Milward has insisted that Nazis and industrialists closely collaborated in the Third Reich. According to this interpretation, big business welcomed the suppression of workers and trade unions. Moreover, industrialists took up political incentives to expand their production and seized opportunities to increase their profits. In the Second World War, a growing convergence of interests occurred between the Nazi state and industry.¹⁵ Yet his interpretation has been called into question by Ludolf Herbst who has identified major rifts in the relationship, particularly in the years from 1943 and 1945 when industrialists prepared for a new peacetime market economy after the war that they expected Germany to lose.¹⁶

Fascist political economies rested on “a rejection of both liberal and Marxist forms of materialism, faith in authoritarian state planning, corporatist organization at the purely national level, and an obsession with ending class warfare through national reconciliation, full employment and ethically constrained consumption.”¹⁷ Moreover, fascists rejected materialist concepts of political economy and a structural-economistic understanding of history. However, they did not propose and propagate a new order that might have replaced a capitalist market economy based on competition or a state-directed planned system as espoused by communists and left-wing socialists. On the contrary, Mussolini’s and Hitler’s views of the economy were essentially instrumental, utilitarian, and opportunistic. They selectively took over some elements of capitalism and socialism that seemed to serve their political goals. Due to this “syncretism,” a fascist “third way” remained a myth, as became abundantly clear in the Second World War when fascists resorted to looting and exploitation in the occupied territories.¹⁸

Moreover, a consensus has emerged on the roots of fascist economic programmes and policies. They had been heavily influenced by the crises of capitalism after the First World War. The troubling or even traumatic experiences of the difficult demobilization, the hyperinflation of the early 1920s and the Depression that the breakdown of the New York Stock Exchange triggered off in October 1929 gave rise to a lasting disenchantment with capitalism, economic liberalism, and free trade. The ensuing social dislocation and concerns about “class struggle,” too, fuelled demands for autarky, state direction and a corporate economy. As industrialists and businessmen turned

14 Milward, “Politische Ökonomie,” 225–6; Overy, “Business,” 152; Hayes, “Industry,” 30–3, 36.

15 Overy, “Business,” 152; Hayes, “Industry,” 30–33, 36.

16 Herbst, “Der Totale Krieg,” 327–40, 387–96. Also see Rolf-Dieter Müller, “Grundzüge der deutschen Kriegswirtschaft 1939 bis 1945,” in *Deutschland 1933–1945. Neue Studien zur nationalsozialistischen Herrschaft*, edited by Karl D. Bracher, Manfred Funke and Hans-Adolf Jacobsen (Bonn: Bundeszentrale für politische Bildung, 1992), 372–3.

17 David Baker, “The Political Economy of Fascism. Myth *or* Reality, or Myth *and* Reality,” in *New Political Economy* 11, no. 2 (2006), 238.

18 Gerald Feldman, “The Economic Origins and Dimensions of European Fascism,” in *Enterprise in the Period of Fascism in Europe*, edited by Harold James and Jakob Tanner (London: Routledge, 2017), 4–5, 10; Baker, “Political Economy,” 229–31, 235, 243–6.

against parliamentary rule and democracy, they called for state protection against the vicissitudes of economic globalization that seemed unpredictable and threatening.¹⁹

Following an overview of the economic policies pursued by the Fascist regime in the context of the long-term structural weaknesses of capitalism in Italy, this article will deal with the relationship between National Socialism and entrepreneurs in Germany. The investigation will concentrate on industry in the two countries. Nevertheless, agriculture had retained an important position in the national economies, especially in Italy. In the Third Reich, agricultural policies were strongly related to Nazi ideology that glorified the “Aryan” peasant against the backdrop of the myth of “blood and soil,” at least until 1936. Although it remained weak in the interwar years, however, capitalism persisted in the countryside under the cover of agrarian romanticism and racialism.

Italian Fascism: The Failure of Corporativism

The impact of the First World War and the crisis of capitalism led industrial entrepreneurs such as Giovanni Agnelli of car producer Fiat (founded in 1899) and Guido Donegani of mining company Montecatini (established in 1888) to support Mussolini’s blackshirts that had forged the Partito Nazionale Fascista in 1921. The industrial unrest and social conflicts of the *Biennio rosso* (two red years) of 1919 and 1920 had undermined trust in the capacity of liberal capitalism to solve the pressing problems in postwar Italy. As a result, liberal Prime Minister Giovanni Giolitti had to resign in July 1921. Even though many businessmen perceived the violence of the squadristi as a nuisance, the Fascists promised to shield industrialists from nationalization and preserve private property. Moreover, entrepreneurs counted on the “blackshirts” in their efforts to control and quell social conflict in factories. In a similar vein, large estate-owners employed Fascist squads in order to suppress sharecroppers and agricultural labourers who had seized land in northern Italy. From October 1922 onwards, the Fascist regime seemed to support a political economy that was amenable to industrialists, businessmen and landowners. In their view, Fascism promised to lend beleaguered capitalism a new lease of life.²⁰

The Fascists, on their part, propagated a “third way” between liberalism and socialism. State intervention was to regulate economic activities by establishing a corporate economy. Representatives of capital and labour were to seek compromises in corporations that were founded for different sectors of the economy. Starting with a decree

19 Feldman, “Origins,” 11.

20 Franco Amatori, “The Fascist Regime and Big Business: The *Fiat* and *Montecatini* Cases,” in *Enterprise in the Period of Fascism in Europe*, edited by Harold James and Jakob Tanner (London: Routledge, 2017), 65.

on fascist corporations (1926) and the “Charter of Work” (1927), Fascist economic policies were to secure the “common good,” “national interests” and stability in industry, commerce, and agriculture. However, the corporate programme only partially and slowly translated into governmental policies. The National Council of Corporations was founded only in 1930, and the corporations were created as late as 1934. As it had disbanded trade unions, Mussolini’s Fascist dictatorship protected entrepreneurs from social conflict. Even though the corporate system lacked an administrative apparatus on the provincial and local level, it supported capitalism, not least by preserving private property, economic freedom, and contractual autonomy. By contrast, it restricted market competition and discouraged individual initiatives to promote innovation.²¹

State control seemed more menacing to industrialists and businessmen. After the Depression had led to the collapse of many companies and a major bank reform from 1929 to 1931, public institutions such as the Istituto Mobiliare Italiano (IMI) and the Istituto per la Ricostruzione Industriale (IRI) were founded in 1931 and 1933, respectively. Independently of the corporations, they operated in manufacturing, banking, and services through companies that were organized as businesses. As a holding company, IRI supervised industrial financing. By 1935, it had gained control of enterprises that comprised 42 percent of the joint stock capital in Italy. In industrial sectors of national importance, IRI was responsible for large shares of production, namely 80 percent in shipbuilding, 50 percent in iron and steel and 29 percent in electric industry in 1937. Even though the IMI and IRI had been founded as an emergency measure rather than according to a long-term plan, they increased state control over the economy. The Associazione Generale di Petroli, too, represented the “prototype of the mixed economy.”²²

As they competed with private enterprises, the new public institutions threatened the freedom of entrepreneurs who had succumbed to the opportunities that state support had entailed. Montecatini, for instance, had been rescued from bankruptcy at the price of losing its independence.²³ All in all, state intervention into economic development and control of big business grew in the 1930s. A bank reform that was enacted in 1936 increased state control by restricting bank loans to small and medium-sized industrial companies. While links between industry and banks weakened, the former benefited from state support. By contrast, small and medium-sized companies were

- 21 Philip Morgan, “Corporatism and the Economic Order,” in *The Oxford Handbook of Fascism*, edited by Richard J.B. Bosworth (Oxford: Oxford University Press, 2010), 159-161; Cinquini, “Fascist Corporative Economy,” 213-5; Amatori, “Fascist Regime,” 68.
- 22 Jon S. Cohen, “Was Italian Fascism a Developmental Dictatorship? Some Evidence to the Contrary,” in *Economic History Review* 41 (1998) 104; Maurizio Vaudagna, “Structural Change in Fascist Italy,” in *Journal of Economic History* 38, no. 1 (1978), 197; Peter Hertner, “Autarkiepolitik im faschistischen Italien. Zu einigen neuen Forschungsergebnissen,” in *Wirtschaftsordnung, Staat und Unternehmen*, 145.
- 23 Amatori, “Fascist Regime,” 72-3.

neglected. Eventually, capitalism was not abolished in Fascist Italy, as Mussolini did not intend to generally replace private control over the allocation, accumulation, and distribution of economic resources. Proposals to nationalize industry in the *Repubblica di Salò* did not come to fruition in the final phase of the Second World War, as Hitler feared that plans advocated by Fascist intellectuals such as Nicola Bombacci and Carlo Silvestri would reduce Italy's industrial output needed for the German war effort. All in all, however, the new public institutions that the Fascist regime had created restricted the freedom of entrepreneurs in key sectors of industry throughout the 1930s and early 1940s.²⁴

Big business also welcomed the turn to economic autarky, at least initially. Yet again, the transition to protectionism that the Fascist regime proclaimed was an improvised response to a crisis rather than the outcome of a coherent and long-term economic programme. In the early 1920s, Italy's dependence on international markets and foreign investments had caused a severe trade and balance of payments deficit. In 1925, Mussolini responded to the problem by proclaiming the "battle for wheat" that was to increase domestic agricultural production. Efforts to limit imported goods and replace raw materials by synthetic products were to save foreign currency, as well. The Fascist regime also imposed duties on imports, thereby shielding agricultural producers and industry from foreign competition. At the same time, they benefitted from high prices that disadvantaged consumers. Not least, the revaluation of the lira in 1926 (*Quota '90*) lowered retail prices and wages. Price control for food, too, clearly demonstrated that the rulers prioritized big industry over agricultural producers.²⁵

The turn to autarky had been accompanied by preparations for a war economy as early as the mid- and late 1920s. Yet self-sufficiency and economic independence was strongly enhanced after the Fascist regime had attacked Abyssinia in October 1935. In response to the invasion, the governments of eighteen member states of the League of Nations imposed an economic boycott on Italy. Based on growing state intervention, new oligopolies in steel, chemical, electrical, and mechanical industries mirrored the rulers' determination to promote autarky and set up a war economy. Support for key

- 24 Luciano Segreto, "Entrepreneurs and the Fascist Regime in Italy: From the Honeymoon to the Divorce," in *Enterprise in the Period of Fascism in Europe*, edited by Harold James and Jakob Tanner (London: Routledge, 2017), 78–9, 86, 88–9; Christian Goeschel, *Mussolini and Hitler. The Forging of the Fascist Alliance* (New Haven: Yale University Press, 2018), 275; Amatori, "Fascist Regime," 72–3; Cohen, "Was Italian Fascism a Developmental Dictatorship?," 96–7, 103, 107; Vaudagna, "Change," 184–5, 188, 197; Hertner, "Autarkiepolitik," 145–6.
- 25 Roland Sarti, *Fascism and the Industrial Leadership in Italy* (Berkeley: University of California Press, 1971), 99; Alexander Nützenadel, "Dictating Food. Autarchy, Food Provision, and Consumer Politics in Fascist Italy, 1922–1943," in *Food and Conflict in Europe in the Age of the Two World Wars*, edited by Frank Trentmann and Flemming Just (London: Palgrave Macmillan, 2006), 96; Hertner, "Autarkiepolitik," 140–2; Amatori, "Fascist Regime," 68; Vaudagna, "Change," 190.

sectors such as aviation as well as the production of artificial rubber and textiles was also based on the policy of self-sufficiency that aimed at imperial rule and the colonial expansion in Africa, as well. In these industries, profits grew considerably. At the same time, however, entrepreneurs and businessmen depended on government demand. The lack of competition on markets also created excess capacity and reduced efficiency and productivity. Not least, the predominance of military over civil needs inhibited the development of domestic markets and consumer industries. Altogether, the Fascist policy of autarky and state intervention that characterized the war economy aggravated structural imbalances in Italian capitalism.²⁶

Agrarian policies, too, influenced the economic development of postwar Italy. In the countryside, the turn to autarky was closely linked to policies of rural development and rearmament. Economic objectives were harnessed to the ideology and politics of “ruralization.” In the first place, the Fascist regime pursued self-sufficiency in order to save foreign currency and thereby reduce the balance of payments deficit. Production “battles” and land reclamation campaigns contributed to an increase in agricultural production. Moreover, the corporate state that integrated existing agricultural and consumer cooperatives in 1926–27 was to regulate economic relations in the countryside and thereby overcome the perennial conflicts between landowners, sharecroppers, and agricultural labourers. At the same time, the number of retailers was reduced by 22 percent in the food sector between 1927 and 1938. Yet state intervention into trade and selective price controls of agricultural products failed in the mid-1930s, giving rise to a comprehensive and highly centralized system of state intervention. As the “Permanent Committee for Price Control” that was established in October 1935 failed as much as the newly introduced compulsory deliveries, the Fascist rulers attempted to promote food supplies by streamlining planning. Although agricultural production gradually increased in the 1920s and 1930s, self-sufficiency was not attained. As late as spring 1937, the authorities identified considerable deficits in the supply of agricultural products: 20 percent for wheat, 15 to 25 percent of meat and fish and 20 to 35 percent for fats and oils. Stocks were clearly insufficient for a long war of attrition. After Italy had joined the Third Reich in its attack on France on 10 June 1940, malnutrition and deprivation led to unrest, culminating in food riots and strikes in the industrial and urban centres of northern Italy. In the last resort, the interests of agricultural producers, traders and food consumers remained subordinated to those of industrial entrepreneurs and businessmen in commerce. Furthermore, the Fascist rulers did not solve the long-standing structural weaknesses of Italy’s agrarian capitalism: the north-south divide, low productivity and the unequal division of land that was finally addressed by land reform in the 1950s.²⁷

26 Amatori, “Fascist Regime,” 72; Vaudagna, “Change,” 184, 186–7, 198.

27 Alexander Nützenadel, *Landwirtschaft, Staat und Autarkie. Agrarpolitik im faschistischen Italien (1922–1943)*, (Tübingen: De Gruyter, 1997), esp. 415–426, “Agrarpolitik, Marktord-

German National Socialism: Instrumentalising Capitalism

Before Germany's entrenched authoritarian elites bestowed them with power, the Nazis did not espouse and proclaim a coherent economic programme. On 24 February 1920, Hitler publicly proclaimed the first programme of the precursor to the NSDAP, the Deutsche Arbeiterpartei (DAP) that he had drafted together with the leader of the party, Anton Drexler, and another founding member, civil engineer and self-taught economist Gottfried Feder. The latter inserted anti-capitalist credentials such as the abolition of "unearned income" and "debt-slavery" (Point 11). Moreover, the DAP demanded to nationalize "trusts" (Point 13) and confiscate "war profits" (Point 12). Profits of "heavy industries" were to be divided up, as well (Point 14). As regards agriculture, the programme encompassed a land reform and the prevention of "speculation" in soil (Point 17).²⁸

Yet the vague demands were open to competing interpretations. As undisputed *Führer* (leader) since 1921, Hitler declared the programme as immutable at the Bamberg Conference of the Nazi Party on 14 February 1926 in order to unify the party and secure his authority. He unequivocally rejected calls to expropriate princes without compensation. This refutation was directed against Gregor Strasser and some other party leaders and members such as young Joseph Goebbels in the North of Germany who had also demanded a corporate state government control of the means of production. In the following years, Hitler avoided any clear commitment to it in his speeches and publications, for instance in his political biography *Mein Kampf* of 1925–26. The demands for expropriation, nationalization and land reform were quietly dropped. Nevertheless, the Nazi leader still claimed that his party synthesized nationalism and socialism. Entrepreneurs were to serve the *Volksgemeinschaft* (people's community) that was to overcome the frictions and fissures of capitalism.²⁹

nung und Außenhandel im faschistischen Italien 1922–1940," in *Faschismus und Gesellschaft in Italien. Staat – Wirtschaft – Kultur*, edited by Jens Petersen and Wolfgang Schieder (Cologne: SH-Verlag, 1998), 283, 296–7, 302, 305; and "Dictating Food", 97–104; Stefano Grando and Gianluca Volpi, "Backwardness, Modernization, Propaganda: Agrarian Policies and Rural Representations in the Italian Fascist Regime," in *Agriculture in the Age of Fascism: Authoritarian Technocracy and Rural Modernization, 1922–1945*, edited by Lourenzo Fernández Prieto, Juan Pan-Montojo and Miguel Cabo (Turnhout: Brepols, 2014), 75; Amatori, "Fascist Regime," 68.

28 Ian Kershaw, *Hitler: A Biography* (New York: W.W. Norton & Co. 2008), 87. For the full text of the programme, see the Avalon Project. Documents in Law, History and Diplomacy (<https://avalon.law.yale.edu/imt/1708-ps.asp>).

29 Karl Dietrich Bracher, *The German Dictatorship* (New York: Praeger Publishers, 1970), 116; Henry A. Turner, "Hitlers Einstellung zu Wirtschaft und Gesellschaft vor 1933," in *Ge-*

In his bid for state power, Hitler presented himself as a respectable politician to the economic elites. In order to dispel doubts in the business community, he emphasized his nationalism and anti-Marxism, most prominently in his speech to the Industry Club in Düsseldorf on 26 January 1932. Hitler called for national unity in order to solve Germany's national problems and gain "living space." Moreover, he committed himself to private property as well as the unequal distribution of wealth and income. However, responses in the business community were mixed.³⁰ Even though the Nazis did not mount a follow-up campaign to Hitler's speech, the Keppler Circle (named after Hitler's economic adviser Wilhelm Keppler) and the Arbeitsstelle Hjalmar Schacht attempted to improve relations between the Nazis and business leaders in the early 1930s. Nevertheless, few major industrialists such as Fritz Thyssen and Emil Kirdorf openly supported and funded Hitler and his party before the Nazi "seizure of power" on 30 January 1933. The vast majority of bankers, as well, shied away from endorsing the NSDAP because of the party's vague economic programme and its hostility to the credit sector. Yet most German entrepreneurs and businessmen indirectly contributed to the rise of National Socialism by undermining the Weimar Republic that they considered weak and ineffective. As a corollary, the crisis of capitalism in the late 1920s and early 1930s significantly contributed to the Nazi "seizure of power" on 30 January 1933.³¹

schichte und Gesellschaft 2 (1976), 89–117; Turner, "Big Business," 77. Also see Reinhard Kühnl, "Zur Programmatik der nationalsozialistischen Linken: das Strasser-Programm von 1925/26," *Vierteljahrshefte für Zeitgeschichte* 14 (1966), 317–33.

- 30 For the full text, see Jeremy Noakes and Geoffrey Pridham, eds., *Nazism 1919–1945, Vol. 1, The Rise to Power 1919–1934* (Exeter: Liverpool University Press 1998), 94–5. For an overview, see Turner, "Big Business," 204–19.
- 31 Henry A. Turner, *Faschismus und Demokratie in Deutschland. Studien zum Verhältnis zwischen Nationalsozialismus und Wirtschaft*, 2nd edition (Göttingen: Vandenhoeck & Ruprecht 1980), 9–32; Hans-Erich Volkmann, "Die NS-Wirtschaft in Vorbereitung des Krieges. Von der Weltwirtschaft zur Großraumwirtschaft," in *Ökonomie und Expansion. Grundzüge der NS-Wirtschaftspolitik*, edited by Hans-Erich Volkmann and Bernhard Chiari (Munich: Oldenbourg 2009), 45–74; Hans-Erich Volkmann, "Deutsche Agrarelitens auf Revisions- und Expansionskurs," in *Die deutschen Eliten und der Weg in den Zweiten Weltkrieg*, edited by Martin Broszat and Klaus Schwabe (Munich: Beck, 1989), 334–88, 433–41; Adam J. Tooze and Yvonne Badal, *Ökonomie der Zerstörung. Die Geschichte der Wirtschaft im Nationalsozialismus* (Munich: Siedler Verlag, 2007), 129; Peter Longerich, *Hitler. Biographie* (Munich: Siedler Verlag, 2017), 225, 228. On Thyssen and Kirdorf, see Werner Abelschäuser, "Gustav Krupp und die Gleichschaltung der deutschen Industrie, 1933–1934," in *Zeitschrift für Unternehmensgeschichte* 47 (2002), 6–7; Turner, "Big Business," 91, 145–8, 152–3, 264–5. On bankers, see Christopher Kopper, *Zwischen Marktwirtschaft und Dirigismus. Bankenpolitik im Dritten Reich 1933–1939* (Bonn: Bouvier, 1998), 354.

The Great Depression loomed large over the economic policies of the Nazi rulers, as well. As soon as Hitler had become Chancellor of a government that comprised seemingly influential politicians of the conservative *Deutschnationale Volkspartei*, the new regime extended the state control that had already been imposed on the economy in the wake of the global crisis of the late 1920s and early 1930s. In 1933–34, state intervention concentrated on banking and industries such as shipbuilding and shipping companies that had been strongly hit by the global crisis. The Banking Act of 5 December 1934 decreed restrictions on risky business activities and extended the duty of disclosure in order to safeguard banking operations and protect creditors from losing the capital that they had invested. Starting from this limited intervention, banks channelled deposits into state papers that were to finance the rearmament drive. As the capital market was increasingly marginalized, financial disintermediation accelerated. Major German banks, especially the Dresdner Bank, financed SS enterprises, ultimately reorganized banking in the occupied territories of Europe and thereby contributed to the Nazi “economy of crime” in the Second World War.³² Similarly, shipping companies had become prone to state intervention in the Great Depression. Heavily funded by the state, they were effectively nationalized in the Third Reich before tobacco industrialists finally reprivatized them in 1941–42 through a buyout.³³

In 1933–34, Conservative ministers supported state regulations that had already been tightened in the final phase of the Weimar Republic. They also welcomed wage reductions and the suppression of trade unions that were replaced by the *Deutsche Arbeitsfront* (German Labour Front, DAF) as early as May 1933. Government-appointed “trustees of labour” were to improve industrial relations and secure harmony between entrepreneurs and the workforce according to the *Gesetz zur nationalen Arbeit* (Law for the Organization of National Labour) of 20 January 1934. Corporatist approaches espoused by Thyssen according to the conception of Austrian economist and philosopher Othmar Spann were to serve the same purpose. In a similar vein, the Law for the Protection of the German Retail Trade of 12 May 1933, which banned the expansion of existing retail shops and the establishment of new ones, was based on the politics of middle-class protection in the late 1920s and early 1930s. Not least,

- 32 Ludolf Herbst, “Gab es ein nationalsozialistisches Wirtschaftssystem?,” in *Wirtschaftspolitik in Deutschland 1917–1990. Das Reichswirtschaftsministerium in der NS-Zeit*, Vol. 2, edited by Albrecht Ritschl (Berlin: de Gruyter Oldenbourg 2016), 629; Harold James, “Banks in the Era of Totalitarianism: Banking in Nazi Germany,” in *Enterprise in the Period of Fascism in Europe*, edited by Harold James and Jakob Tanner (London: Routledge, 2017), 16–9, 23; Kopper, “Marktwirtschaft,” esp. 124–5, 189, 198, 356–7, 360–1; Avraham Barkai, *Das Wirtschaftssystem des Nationalsozialismus. Ideologie. Theorie, Politik 1933–45* (Frankfurt am Main: Verlag Wissenschaft und Politik, 1977), 161–8.
- 33 Hartmut Rübner, “Rettungsanker in der Flaute. Das Verhältnis von Staat und Unternehmen beim Krisenmanagement der deutschen Großreedereien 1931–1942,” in *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte* 95 (2008): 291–2, 306, 309–10, 317–8.

the turn to autarky seemed to follow the path to protectionism in all major industrial countries after the onset of the Global Depression. The “New Plan” that Schacht announced as the newly appointed Minister for the Economy in 1934, for instance, enhanced state control of trade and currency transfer. Multiple *Überwachungsstellen* (oversight agencies) were to prevent the loss of valuable resources such as raw materials and financial means. Beyond these objectives, however, the core of the specifically Nazi economic agenda increasingly came to the fore. Behind the smokescreen of a supposedly necessary adaption to world economic conditions, the New Plan was to promote rearmament, autarky, and expansion. Claiming a third way between capitalism and socialism, the new rulers of Germany sought to combine competition with guidance and control in order to forge the popular (but vague) *Volksgemeinschaft*, suppress “enemies” and conquer the “living space” that they considered indispensable for the survival of Germans in their supposedly Social Darwinian struggle, especially against the “Slavs.”³⁴

From 1934 to the proclamation and implementation of the Four-Year Plan (1936–37), the Nazi regime geared capitalism to their ideological goals. Channelling economic activities and capital into their overriding political projects, the German economy was insulated from international influences. Moreover, disposition over private property was reduced, whereas control over the means of production grew. The *Gesetz zur Ordnung der nationalen Arbeit* (Law on the Order of National Labour) of 20 January 1934 and on the *Gesetz zur Vorbereitung des organischen Aufbaus der deutschen Wirtschaft* (Preparation of the Organic Structure of the German Economy) of 27 February 1934 reduced the clout of big business. The latter, in particular, increased the influence of state authorities by dividing industry into seven *Wirtschaftsgruppen* (Principal Economic Groups). As a corollary, the *Reichsverband der Deutschen Industrie* (National Association of German Industry, RDI) was transformed into the *Reichsgruppe Industrie* in 1934. Appointed officials thereby replaced elected representatives of big industry, and the advocates of protectionism prevailed over the supporters of free trade such as Carl Bosch. Altogether, German entrepreneurs lost influence. Yet private property was ultimately retained, and businessmen were pleased with the regime’s policies of reducing unemployment, raising demand, and containing inflation. Moreover, the German Labour Front did not endanger managerial authority,

34 Barkai, “Das Wirtschaftssystem,” 92–109, 125–34; Richard Grunberger, *A Social History of the Third Reich* (Harmondsworth: Penguin, 1979), 218; Albrecht Ritschl, “Wirtschaftspolitik im Dritten Reich. Ein Überblick,” in *Deutschland 1933–1945. Neue Studien zur nationalsozialistischen Herrschaft*, edited by Karl D. Bracher, Manfred Funke and Hans-Adolf Jacobsen (Bonn: Bundeszentrale für politische Bildung, 1992), 120; Ritschl, “Wirtschaftsideologie,” 54–5; Longerich, Hitler, 397–8, 425–7; Nietzel, “Nazi Economic Policy,” 109–12; Tooze and Badal, *Ökonomie*, 135; Milward, “Politische Ökonomie,” 24–5; Ritschl, “Verhältnis,” 252; Hayes, “Industry,” 30.

and corporatist experiments were officially abandoned by the regime as early as 1934. Fears of a new “state socialism” proved ill founded.³⁵

Under these conditions, most industrialists were prepared to collaborate with the Nazi regime that redirected their interests to the political aims of the rulers. In order to promote autarky, rearmament, and war, they distributed resources, imposed sanctions, and created incentives, especially by reducing the risk of large-scale investments. The Four-Year Plan, in particular, was to raise the production in key sectors of the rearmament programme: synthetic fuel and rubber as well as coal and steel. In the 1920s, IG Farbenindustrie—a huge corporation that had been established as a merger of smaller companies in 1925—promoted the conversion of coal to liquid fuels and to rubber. Chemist and business manager, Carl Krauch, sought to maintain the IG Farben’s monopoly on synthetic rubber. However, the programme did not fulfil the hopes of the corporation’s high-ranking executives. The same applies to the production of synthetic fuel, which was based on the hydrogenation of coal. In 1932, synthetic gasoline was finally obtained in Leuna (where a nitrogen-fixing installation had opened in 1917) at the volume and costs that had been targeted in 1925. By that time, losses amounted to almost \$ 40 million in 1932. After the Nazi “seizure of power,” the chairman of IG Farben’s *Aufsichtsrat* (supervisory board), Carl Bosch, requested government aid. As an opponent to autarky and planning, he stressed that synthetic fuel was not competitive due to its high price. In December 1933, the regime took up these concerns by granting producers a price and purchase guarantee. At the same time, however, the Nazi rulers imposed a profit ceiling. They also supported the production of synthetic rubber. As they sought to secure autarky and—closely related—establish a war economy, the National Socialists preserved the private property and contractual autonomy of willing collaborators. IG Farben, on its side, was eager to maintain a monopoly on the production of synthetic fuel and rubber. Market competition was replaced by state protection. Yet the Nazi leadership accepted the principle of economic calculation by entrepreneurs, and political incentives that complied with profit seeking, in particular, prevailed over coercion.³⁶

- 35 Peter Hayes, “Carl Bosch and Karl Krauch. Chemistry and the Political Economy of Germany 1925–1945,” in *Journal of Economic History* 47 (1987), 354–7, 362; Hayes, “Industry,” 30–1; Abelshausen, “Gustav Krupp,” 20–4; Ritschl, “Wirtschaftspolitik,” 121; Streb, “Das nationalsozialistische Wirtschaftssystem,” 72.
- 36 Jonas Scherner, “Das Verhältnis zwischen NS-Regime und Industrieunternehmen – Zwang oder Kooperation?,” in *Zeitschrift für Unternehmensgeschichte* 51, no. 2 (2006), 166–74, 189–90; Streb, “Das nationalsozialistische Wirtschaftssystem,” 71–2, 80; Buchheim, “Verhältnis,” 237–40; Buchheim, “Unternehmen,” 386, 389. For details, see Barkai, *Wirtschaftssystem*, 135–61; Hayes, “Carl Bosch,” 355–9; Hayes, “Industry,” 30–1; Milward, “Politische Ökonomie,” 225; Tooze and Badal, *Ökonomie*, 144–50.

The regime also created the preconditions of profitability in fibre manufacturing by using compulsion, proscribing a twenty percent admixture of artificial thread in all clothing for German consumers. Moreover, it forced textile companies to buy stock in five regional fibre enterprises that had been set up with loans from the state treasury. Private manufactures were thereby driven to expand in order to preserve their market shares. The same combination of stimulation and coercion led to the formation of the Braunkohle-Benzin AG in October 1934 as a result of a forced merger of ten producers of brown coal. Yet the Ruhr coal industry resisted compulsion and refused to exploit the new opportunities offered by the Nazi rulers. Only two hydrogenation plants were built, supplying 12 percent of Germany's total fuel output. Fearing to create surplus capacities incurring more debt, owners of collieries clung to their cautious business strategies. In a similar vein, steel industrialists in the Ruhr refused to smelt the low-grade ores provided by the Salzgitter field of Vereinigte Stahlwerke, as this would have required a considerable expansion of blast furnace capacity, coke consumption and conveyancing. Rejecting demands for state subsidies and price increases, Hermann Göring, the Plenipotentiary for the Four-Year Plan, decided to establish a huge steel firm named after himself. In 1937–38, the German steel industry was forced to take a minority position in the new Reichswerke Hermann Göring and buy its output. Leading entrepreneurs also objected to Hitler's decision of July 1936 to produce a Volkswagen (people's car). As fears of nationalization and a "German socialism" spread in the mid-1930s, the Nazi party's newspaper, the *Völkischer Beobachter*, claimed in 1936: "Where capitalism considers itself untouched, it is, in fact, already harnessed to politics. [...] National Socialism [...] lets capitalism run as the motor, uses its dynamic energies, but shifts the gears."³⁷

As indicated, pressure on big business increased after the passage of the Four-Year Plan that was a response to the acute lack of foreign currency in the mid-1930s when food imports had to be reduced. Price controls seemed urgent, as well. Rather than a coherent plan, it was an ensemble of various measures such as the decree on the re-allocation of foreign currency and raw materials issued by the Ministry of Economy in November 1937. In their efforts to achieve autarky and accelerate rearmament, state interventions intensified, leading to new conflicts with entrepreneurs. In the Ruhr,

37 Fritz Nonnenbruch, *Die dynamische Wirtschaft* (Munich: Zentralverl. d. NSDAP, 1936), 42–3, quoted from Hayes, "Industry," 31. Also see John Gillingham, *Industry and Politics in the Third Reich. Ruhr Coal, Hitler and Europe* (Stuttgart: F. Steiner Verlag Wiesbaden 1985), 51–3; Herbst, "Gab es ein nationalsozialistisches Wirtschaftssystem?," 619; Streb, "Das nationalsozialistische Wirtschaftssystem," 72; Tooze and Badal, *Ökonomie*, 150–5; Longerich, *Hitler*, 472–3; Ritschl, "Wirtschaftsideologie," 57. On the *Vereinigte Stahlwerke and the Reichswerke*, see Gerhard T. Mollin, *Montankonzerne und 'Drittes Reich'. Der Gegensatz zwischen Monopolindustrie und Befehlswirtschaft in der deutschen Rüstung und Expansion 1936–1944* (Göttingen: Vandenhoeck & Ruprecht, 1988), 125–46, 276–9.

for instance, the vague mandate of the newly appointed *Beaufragter für die Leistungssteigerung im Bergbau* (Plenipotentiary for Productivity Increases in the Coal Mines), Paul Walter, and his licence to interfere with coal allocation met resistance. The syndicates also resented harsh measures to raise their production that had failed to meet the unrealistic output targets of the Four-Year Plan due to inadequate provisions, a shortage of labour and a decline in productivity. Overall, however, German industrialists benefitted from state orders. At the same time, they increasingly became dependent on them. Autarky, too, distracted them from developing new and competitive products. In the context of the Nazi “carrot-and-stick economy,” market competition was replaced by attempts to get access to influential party functionaries and state officials. As war approached, entrepreneurs felt compelled to win their favour.³⁸

During the Second World War, German industrialists continued to pursue their business interests by collaborating with the Nazis who granted them “self-administration” in the framework of a state-directed war economy. They seized the opportunities of “Aryanisation” and participated in the exploitation of the countries and regions that had been conquered by the Third Reich. In occupied territories as well as in satellite states, businessmen had to conform to the needs of the German-centred “New Order” and the *Grossraumwirtschaft*. Colonization was accompanied by ethnic cleansing and a racial reordering of the entire economy. As the Nazi occupiers extended their “Aryanization” programmes, Jews were excluded from business enterprises. Moreover, the Nazis succeeded in gaining control of most companies by Germanization, especially in Eastern Europe. In those territories that were integrated into Greater Germany, state and private ownership co-existed. When Upper Silesia was captured from Poland in 1939, for instance, coal mines, steel works and the zinc industry were either taken by state holding companies such as the Reichswerke Hermann Göring or sold to private businesses. By contrast, political control was considerably stronger in the occupied regions of the USSR. Operating profits were set by state authorities who imposed a tight system of regulations. They were to remain in force after a German victory. Whereas German military inspectors and engineers retained the private property of small firms, larger enterprises were placed under state ownership or at least state management. All in all, holding companies such as the Reichswerke and the armed forces became the principal beneficiaries of Germany’s economic empire. Nevertheless, private corpora-

38 Hayes, “Industry,” 32; Longerich, *Hitler*, 460–71, 485–6; Ritschl, “Wirtschaftspolitik,” 125. Also see Gillingham, *Industry*, 54–65; Nietzel, “Nazi Economic Policy,” 116. For comprehensive accounts of the Four-Year Plan and its economic repercussions, see Dietmar Petzina, *Autarkiepolitik im Dritten Reich. Der nationalsozialistische Vierjahrplan* (Stuttgart: Deutsche Verlags-Anstalt, 1968), esp. 196–8; Barkai, *Wirtschaftssystem*, 168–73.

tions such as Krupp and IG Farben took advantage of the *Grossraumwirtschaft* as well, entangling them into the Nazi policies of racial conquest.³⁹

Industrialists also resorted to forced labour when their German workforce was depleted after 1941–42. Unconcerned about the conditions of those labourers, they “leased” prisoner of war and inmates of concentration camps. In the name of national duty, they sought to increase the output of armaments at any price, forcibly recruiting workers and confiscating raw materials. Entrepreneurs thereby became accomplices of the Nazis in their plunder economy. Companies such as IG Farben continued their programs of producing synthetic fuel and rubber. As a result, the corporation became locked to the dictatorship until its collapse in 1945. The factory that IG Farben established in Auschwitz in 1941 and SS Leader Heinrich Himmler’s visit to the concentration camp (accompanied by Krauch) in the summer of 1942 became hallmarks of a collusion of interests that paved the way to the cooperation between the Nazis and industrialists in mass murder. The latter group was acutely aware of their dependence on state orders and the short-term economic objectives of the rulers. In particular, civilian production was sacrificed for the requirements of the war economy. Yet businessmen by no means abandoned their vested interests, and they were allowed “self-administration,” even though under the tutelage of the Nazi state. As utter defeat loomed large after 1942, they attempted to extricate themselves from the tentacles of the war economy. However, they still added to the barbarity by securing resources for the postwar economy, for instance by inflating their needs for labour and raw materials in order to avoid cutbacks in production. Confronted by growing shortages, Albert Speer, who became responsible for munitions production in 1942 and for all armaments the following year, attempted to balance the competing demands for economic resources as German forces had to retreat from occupied countries and allies such as Hungary cancelled their support for the Third Reich. As conflicts between industrialists as well as between them, the German armed forces and organizations such as the DAF mounted, the dictatorship was close to collapse. Yet the diverse institutions and groups shared some basic interests such as meeting the regimes targets in order to secure the benefits that the rulers still offered. In this system of specific rewards, industrialists ultimately clung to their reactive role until the end in 1945 when state debts amounted to about 390 billion *Reichsmarks* and unspent savings had led to latent inflation.⁴⁰

- 39 Hans-Erich Volkmann, “Zum Verhältnis von Großraumwirtschaft und NS-Regime im Zweiten Weltkrieg,” *Ökonomie und Expansion. Grundzüge der NS-Wirtschaftspolitik*, edited by Hans-Erich Volkmann and Bernhard Chiari (Munich: Oldenbourg 2009), 76, 78, 81–6, 94, 99–101; Müller, “Grundzüge,” 362–3, 367; Overy, “Business,” 152, 154, 161, 169–70.
- 40 Willi Boelcke, “Die Finanzpolitik des Dritten Reiches. Eine Darstellung in Grundzügen,” *Deutschland 1933–1945. Neue Studien zur nationalsozialistischen Herrschaft*, edited by Karl D. Bracher, Manfred Funke and Hans-Adolf Jacobsen (Bonn: Bundeszentrale für politische

All in all, the Nazi regime continued to favour capitalist enterprises. As late as June 1944, Hitler promised industrialists to preserve private property and entrepreneurial control of decision-making in the postwar economy. Businessmen made concessions to anti-Semitism and administrative directives, especially during the war, but they resisted any major state interference into their competencies.⁴¹

The same applies to agrarian capitalists who were initially not championed by the Nazis. On the contrary, the latter supported independent peasants and farmers who they considered the most important proponents of their ideology of “blood and soil.” In particular, Nazi agrarian policies were tied to their vision of a new racial order. The Reichserbhofgesetz (State Heritage Farm Law) of 29 September 1933, for instance, was to support “Aryan” peasants and farmers whose possessions were not to be divided up among their offspring. Moreover, it was prohibited to sell or mortgage those holdings that comprised between 7.5 and 125 hectares. Altogether, the law considerably curbed agrarian capitalism. The rulers also supported producers by alleviating their debts and raising the prices of agricultural products, especially in the years from 1933 to 1936 and during the Second World War. Yet these measures benefitted large landowners rather than the small peasants that the Nazis glorified as the new racial elite in their propaganda. Moreover, the Reichsnährstand, which was founded by a decree of 13 September 1933, imposed a tight net of regulations (orders, price controls and prohibitions) in agricultural production and distribution. Not least, the rulers proved unable to stem the tide of agricultural workers abandoning their jobs and leaving the countryside. When rearmament took precedence in economic policy from 1936 onwards, the agricultural policies almost exclusively aimed to stimulate and increase production in order to promote self-sufficiency. The rise of Herbert Backe, who eventually replaced Richard Walther Darré as Minister for Agriculture in 1942, sealed this change of tack. Agricultural output was increasingly regulated by the state that did not infringe on private property.⁴²

Bildung, 1992), 110. Also see Ralf Banken, “‘Es war überhaupt kein Finanzproblem’. Die Kriegsfinanzierung des Dritten Reiches 1939–1945,” in *Finanzpolitik und Schuldenkrisen, 16.–20. Jahrhundert*, edited by Andreas Hedwig (Marburg: Hessisches Staatsarchiv, 2014), 209–20; Herbst, *Der Totale Krieg*, 281–91, 327–39, 387–96, 453–60; Hayes, “Industry,” 33–5.

41 Longerich, *Hitler*, 958; Buchheim, “Unternehmen,” 356, 374, 386, 389; Ritschl, “Wirtschaftsideologie,” 63.

42 Gustavo Corni and Horst Gies, “Blut und Boden”. *Rassenideologie und Agrarpolitik im Staat Hitlers* (Idstein: Schulz-Kirchner, 1994), 17–166, 469–7; Daniela Münkler, *Nationalsozialistische Agrarpolitik und Bauernalltag* (Frankfurt am Main: Campus, 1996), esp. 321–423, 466–81; John E. Farquharson, “The Agrarian Policy of National Socialist Germany,” in *Peasants and Lords in Modern Germany. Recent Studies in Agricultural History*, edited by Robert Moeller (Boston: Allen & Unwin, 1986), 233–59. For overviews, see Gunter Mahlerwein, *Grundzüge der Agrargeschichte, Vol 3: Die Moderne (1880–2010)* (Cologne: Böhlau

In their attempts to prevent shortages and hunger, the Nazi regime imposed tight control on agricultural producers in the Third Reich (for instance by fixing prices) and resorted to outright rape in the occupied countries where depletion led to starvation. Apart from the Soviet Union where the occupiers did not disband collectives, however, private property was preserved. In Vichy France, a law of 2 December 1940 on the Peasant Corporation foundered on the resistance of Republican elites. By contrast, comités d'organisation were set up along the lines of the German Wirtschaftsgruppen. Economic dependence on Germany grew as much as state intervention and planning. At the same time, industrialists and agricultural producers benefitted from German orders that allowed them to increase their profits and to keep machines as well as employees, not least with a view to the postwar economy.⁴³ The same applies to the Netherlands that was considered a "Germanic county" by the occupiers and therefore to be interwoven with the Third Reich. As primary industrial capacity grew by 24 per cent from 1938 to 1946, rural poverty and unemployment were reduced. Altogether, production in occupied western Europe was more important for the German war economy than extractions from eastern and southeastern Europe.⁴⁴

Verlag 2016), 40–1, 117–8, 137–8, 161–4; Barkai, *Wirtschaftssystem*, 109–124; Ritschl, "Wirtschaftspolitik," 122–3. On the impact on the rural economy, see Ernst Langthaler, *Schlachtfelder. Alltägliches Wirtschaften in der nationalsozialistischen Agrargesellschaft 1938–1945* (Vienna: Böhlau Verlag, 2016), esp. 570–698. For a comprehensive biography of Darré, see Horst Gies, *Richard Walther Darré. Der „Reichsbauernführer“, die nationalsozialistische „Blut und Boden“-Ideologie und die Machteroberung Hitlers* (Cologne: Böhlau Verlag, 2019).

- 43 Patrick Fridenson, "French Enterprises under German Occupation, 1940–1944," in *Enterprise in the Period of Fascism in Europe*, edited by Harold James and Jakob Tanner (London: Routledge, 2017), 261–2, 267; Marcel Boldorf, "Racist Parameters in the French Economy 1919–1939/44," in *National Economies. Volks-Wirtschaft, Racism and Economy in Europe between the Wars (1918–1939/45)*, edited by Christoph Kreuzmüller, Michael Wildt and Moshe Zimmermann (Cambridge: Cambridge Scholars Publishing 2015), 179; Édouard Lynch, "Agricultural Policy in Vichy France: Modernity or an 'Allergy' to Fascism?," in *Agriculture in the Age of Fascism*, 246, 250.
- 44 Ritschl, "Wirtschaftspolitik," 132. On the Netherlands, see Hein A.M. Klemann, "The Dutch Economy during the German Occupation, 1940–1945," in *Enterprise in the Period of Fascism in Europe*, edited by Harold James and Jakob Tanner (London: Routledge, 2017), 223, 229–31, 236, 242–3, 246, 249.

Comparative Perspectives: State-directed Capitalism in Authoritarian Dictatorships

In the interwar years, authoritarian dictatorships were established in many states that did not have strong capitalist economies. In Hungary, Romania, Portugal, and Spain, in particular, the state had shaped industrialization that had remained partial. Strong state intervention persisted in these countries, as administrative controls in Portugal demonstrated. In 1922, the state had directly intervened in order to stabilize the currency, the escudo. The Estado Novo that António de Oliveira Salazar established in 1933 rested on Catholicism, ruralism, a strong belief in the merits of technical management and not least tight state control. Aiming at self-sufficiency, Salazar created corporate institutional structures modelled on Fascist Italy. The main beneficiaries of the protectionist policies were the large estate-owners (*latifundistas*) who retained strong political influence and prevented land reforms. In early 1945, they succeeded in diluting a law on industrial development and reorganization. At the same time, they resented official efforts to keep prices for agricultural products low and thereby protect urban consumers during the Second World War. All in all, Salazar maintained strong state supervision and regulation of the economy until 1945. It was only in the 1960s that market operations expanded.⁴⁵

In Spain, small and medium-sized family enterprises dominated business, whereas few big companies concentrated in mining, transport and banking. Still largely an agrarian society with regional imbalances and considerable social inequality, the economy was not competitive and depended on state protection. In the early 1920s, moreover, the entrepreneurial and business class was frightened by rising tensions and the spectre of revolution. By contrast, General Miguel Primo de Rivera's military coup of September 1923 seemed to secure stability and was therefore supported by entrepreneurs and agrarian estate-owners. However, the new corporatist labour organization and growing state intervention into the economy, for instance the creation of the monopoly for the distribution of petroleum, raised criticism of a regulatory state. After Primo de Rivera's fall in 1930 and the proclamation of the Republic, conflicts between trade unions, industrial strife, nationalist revolts, unrest in the countryside and resistance to the Popular Front led disaffected entrepreneurs to welcome General Francisco Franco's attempt to seize power in July 1936.⁴⁶

45 Daniel L. Táboas, "The Portuguese *Estado Novo*: Programmes and Obstacles to the Modernization of Agriculture, 1933–1950," in *Agriculture in the Age of Fascism*, 87, 90–4, 97–103; N. Valério, "The Portuguese Economy in the Interwar Period," *Estudos de Economia* 2 (1985), 143–148.

46 Mercedes Cabrera and Fernando del Rey, "Spanish Entrepreneurs in the Era of Fascism. From the Primo de Rivera Dictatorship, 1923–1945," in *Enterprise in the Period of Fascism*

During the ensuing Spanish Civil War up to April 1939, Franco's Nationalists intervened into the economy by imposing price controls, rationing and the allocation of raw materials. Nevertheless, the threat to private property, the social revolution propelled by anarchists and radical socialists as well as the growing influence of the Communist Party after 1937 led most industrialists and large estate-owners to flock to the Nationalists. After his victory, Franco established an authoritarian regime that allowed the business community to regain power, especially vis-à-vis labour. As early as 1938, the *Fuero Del Trabajo* set up vertical unions. The Instituto Nacional de Industria (National Industry Institute) that was founded as a holding company in 1941 was modelled on Italy's Fascist dictatorship, as well. Although it became an important backbone of state intervention into the economy and business organizations lost their autonomy, economic policies benefitted the entrepreneurs and landowners. For instance, the fascist Falange that had been integrated into the authoritarian regime was forced to abandon its national-syndicalist and social-revolutionary programme after 1939. Most importantly, the Nationalist rulers maintained private property and collaborated with bankers, industrialists and the proprietors of large estates. Autarky enabled businessmen to increase their profits from 1939 to 1959, as protectionism favoured big entrepreneurs in uncompetitive sectors such as mining and well as the textile and steel industries. Moreover, bankers were protected from competition by the *Status quo Bancario*, and they strongly influenced the economic policies of the regime. By contrast, industrialists and agricultural producers who were connected to international markets were disadvantaged. Following the rise of a Catholic technocratic elite (members of the *Opus Dei*) in the late 1950s, Franco's regime turned to a "dynamic, Western-style consumer economy under tight political control." Autarky was abandoned and state controls lessened, but regulations persisted, especially in banking and industrial relations. Yet the Stabilization Plan of 1959 led to a steep increase in prices. As inflation ran out of control, too, strikes proliferated throughout the 1960s. However, a return to the state-controlled economy of the 1940s and 1950s was not possible in the last phase of Franco's regime when authoritarian rule gradually crumbled until the dictator's death on 20 November 1975.⁴⁷

in Europe, edited by Harold James and Jakob Tanner (London: Routledge, 2017), 43–61, at 44–50.

- 47 Pablo M. Aceña and Elena Martínez Ruiz, "The Golden Age of Spanish Capitalism. Economic Growth without Political Freedom," in *Spain Transformed. The Late Franco Dictatorship, 1959–75*, edited by Nigel Townson (Basingstoke: Palgrave, 2010), 31, 36–8; Antonio Cazorla Sánchez, "Order, Progress, and Syndicalism? How the Francoist Authorities Saw Socio-Economic Change," in *Spain Transformed*, 105. Also see Ana Cabana and Alba Díaz-Geada, "Exploring Modernization: Agrarian Fascism in Rural Spain, 1936–1951," in *Agriculture in the Age of Fascism*, 189–191, 194, 197, 199, 203, 206; Cabrera and del Rey, "Entrepreneurs," 52–56; Walther L. Bernecker, "Das spanische Wirtschaftswunder. Ökonomisches Wachstum und sozialer Wandel in der Franco-Ära," in *Der Boom 1949–1973*.

Conclusion

Italian Fascism and German National Socialism did not abolish capitalism but triggered off a structural transformation. The two regimes harnessed companies and banks to their political needs. In key industrial sectors that the rulers considered crucial for “national independence,” political intervention grew. In Italy more than in Germany, a large portion of the economy was under state control by the late 1930s. Industrialists and their companies had to adapt to multiple constraints and the new public enterprises. Although the Fascists had no coherent economic programme, they influenced the long-term economic development of Italy. As the governments of many states considered corporative models or even adopted them in the wake of the Great Depression, the influence of Fascist economic policy transcended the confines of Italy. Populist and authoritarian politicians openly espoused a corporate economy as a panacea for the crisis, for instance in banking. Even in the United States of America, experts closely watched state intervention into the economy according to the rulers’ priorities and the needs of producers, traders, and consumers.⁴⁸

Despite the important differences between the economies of Fascist Italy and Nazi Germany, commonalities are indisputable. In both countries, the state established a closed economy and supported key sectors of “national importance.” As economic liberalism and market mechanisms were displaced, party and public authorities redirected private initiative and profit incentives to the political objectives of the rulers. At the same time, they replaced foreign trade by protectionism and autarky, eventually aiming at self-sufficiency. All in all, these changes did not infringe on key pillars of capitalism, especially private property, contractual autonomy, and profit seeking. Yet they restricted the economic freedom of entrepreneurs and thereby created a new economic system. However, the fascists did not end up with a “mixed economy” as a result of a “third way” between capitalism and socialism. They rather sought to induce big business to redirect their activities to the rulers’ specific political objectives, both by incentives and compulsion. In the end, the two fascist dictatorships imposed new criteria of “rational” behaviour that benefited both the regimes and those industrialists

Gesellschaftliche und wirtschaftliche Folgen in der Bundesrepublik Deutschland und in Europa, edited by Hartmut Kaelble (Wiesbaden: VS Verlag für Sozialwissenschaften, 1992), 190–6, 202–5.

- 48 Alexander Nützenadel, “Fascism and Finance: Economic Populism in Inter-War Europe,” *German Historical Institute London Bulletin* 44 (2022), 1, 5–6, 14–17, 26; Cinquini, “Fascist Corporative Economy,” 215, 225; Segreto, “Entrepreneurs,” 88–9; Cohen, “Was Italian Fascism a Developmental Dictatorship?,” 96–7, 103, 112.

who were prepared to seize the new opportunities. Capitalism and fascism were united in an unholy alliance without fusing and losing their distinctive features.⁴⁹

All in all, Fascism and National Socialism changed capitalism by defining new parameters of rational action. The rulers of Italy and Germany, respectively, geared industrialists and agricultural producers to their overriding political aims. Regulating prices, interest rates and exchange quotations, they curtailed the market mechanism. Yet they did by no means destroy or even seriously restrict capitalism. On the contrary, private property and entrepreneurial freedom was maintained. Fears of socialization or nationalization by businessmen proved ill founded. Altogether, path-dependency prevailed in the Third Reich and Nazi Germany. The same applies to Spain and Portugal where authoritarian dictatorships reinforced state intervention, which had shaped economic development since the late nineteenth century. The two countries on the Iberian Peninsula remained halfway between a market economy and a centrally administered (planned) economy.⁵⁰

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49 Stuart E. Woolf, "Did a Fascist Economic System Exist?," in *The Nature of Fascism*, edited by Stuart E. Woolf (London: Random House, 1968), 152–3; Vaudagna, "Change," 190–1; Milward, "Politische Ökonomie," 225–6; Buchheim and Scherner, "Anmerkungen," 97; Buchheim, "Unternehmen," 356–8, 386–90; Streb, "Das nationalsozialistische Wirtschaftssystem," 63, 68, 73–83.

50 For Spain, see Bernecker, "Wirtschaftswunder," 196–7. For Germany, see Buchheim and Scherner, "Anmerkungen," 97; James, "Banks," 15; Streb, "Das nationalsozialistische Wirtschaftssystem," 66.