

The rise of Nazi Germany's political power in the 1930's was remarkably similar to the policy used by Chancellor Bismarck in the late 19th century, which was based on a strategy of subverting weaker neighboring nations without threatening more powerful states in the region. Though this late 19th century policy unified Germany, Kaiser Wilhelm II later disrupted the balance of power in Europe by attempting further expansion, which resulted in Germany's defeat. Walking nearly the same path in the 1930s, Hitler, based his foreign policies on development of an autarkic state centered in a large secure economic area. Though he was encroaching the sphere of influence of the dominant European powers, Germany was applying a different form of statecraft. The political powder keg of the Balkan Peninsula, was economically tapped, to assist with Nazi Germany's expansion. Economic methods of foreign policy were selected in this version *Drang nach Osten* (drive to the east), instead of blunt military might.

Though Clausewitzian tactics were not initially used, neither were Adam Smith's concepts of liberal economics as a method of penetrating the Balkans. Instead a different technique, bilateral trade agreements, was selected to gain influence over the weaker nations. The effort emphasized slow seduction by the use of gains from trade as compared to threat of immanent destruction. The unique aspect in this endeavor was the domestic economy of Germany was virtually isolated from outside influence. The Nazi government strictly regulated imports and exports, both trade and capital, gaining a bargaining tool to influence the trade preferences of the Balkan states. Additionally, the overall Nazi economic foreign policy began to shift from an international scope to one of a large area economy. To what degree of success this economic policy, as opposed to other alternatives, was used in obtaining future non-economic / political

goals in Southeastern European countries will depend on the defining parameters.

The chronological parameters and relative success of economic statecraft (and alternatives) in obtaining political goals, including the costs, will need defining. In regards to the first, the time period from the start of Hitler regime (January 1933) until Operation Barbarossa (July 1941) shall be used. In the latter, economic statecraft through trade, for both controlled (closed) and liberal (open) need comparison. Finally, the alternative of using military statecraft, and its related costs will be examined.

The framework for evaluating this case will align with the analytical case study checklist (Baldwin, *Statecraft*, 149). This outline considers policy creation, level of difficulty, utility of policy and alternatives, degree of success, summary based on evidence, and influence of other power bases. Additionally, Hirschmann's analysis of foreign trade as a tool for the state will be examined. The four countries targeted by the Nazis as trade victims that are used as examples are Bulgaria, Yugoslavia, Romania, and Hungary. The first two nations benefited from the Treaty of Versailles and can be classified as anti-revisionist, the latter two lost territory, therefore have revisionist policies.¹

A central work promoting the use of economic statecraft to increase power over other states was developed by Albert Hirschmann. He focused the theory on the principle that as a nation increased its wealth by extracting the wealth of another state through trade, it will increase its power over that nation. Such a trade relationship had the option of use as a policy of welfare

¹ Dietrich Orlow. *The Nazis in the Balkans: A case study of totalitarian politics*. (Pittsburgh: University of Pittsburgh Press, 1968)

or power, depending on political results desired in the targeted dependent nation.² If negative sanctions are to be used, Hirschmann believes it requires the backing by military threat. This may not always hold true as bilateral agreement is not without influence from third party states. Nazi Germany may not have been the only military threat to which they responded. Many other factors influenced the Balkans into continued acceptance of the bilateral trade agreements. The threat of negative sanction was only one aspect.

To examine this case, though it is chronologically out of place, the Nazi forms of foreign policy other than economic statecraft the late 1930s will be examined. Two very successful cases of using military statecraft to project power involved Czechoslovakia and Austria. These two states of medium power bases and competition in the region were positioned between the between Nazi Germany and the Balkans. In these scenarios, three alternatives to economic statecraft classified by Harold Laswell were used: propaganda, diplomacy, and military statecraft.³ Hitler utilized these in exactly that order to obtain absolute political and economic control over Czechoslovakia and Austria in a relatively short period of time. So extremely effective were these techniques, one can question the use of economic statecraft as a choice.

A clear example of combined propaganda, diplomacy, and military statecraft is evident in the domination of Czechoslovakia. Propaganda with reference to Hitler's clamored for the rights of the Germanic people in the Sudetenland, followed by diplomacy negotiated away the Czechoslovakian sovereignty eliminated French and British support, and finally with military

² Albert O. Hirschman, *National power and the structure of foreign trade* (Berkeley, CA: University of California Press, 1980), 78-79.

³ Harold D. Lasswell, *Politics: Who Gets What, When, How* (New York: Peter Smith, 1950).

statecraft, it occupied the country without instigating a war. Though the action was directed at the Czechs, the primary target was to test the resolve of Hitler's stronger opponents and a secondary objective demonstrate the superiority of fascism to the weaker Balkan states. The cost to success ratio was almost inestimable in favoring Hitler.

Furthermore, in the Austrian case, the success of Anschluss with limited costs demonstrated the continued use of the propaganda, diplomacy, and military statecraft to obtain political goals. On March 25th, 1938, Hitler stated in a speech at Koenigsberg,

Certain foreign newspapers have said that we fell on Austria with brutal methods.

I can only say; even in death they cannot stop lying. I have in the course of my political struggle won much love from my people, but when I crossed the former frontier (into Austria) there met me such a stream of love as I have never experienced. Not as tyrants have we come, but as liberators.

The statecraft in this case used diplomacy to confront “foreign” opinion, and propaganda twisted military forces as freedom fighters. Applying Hirschmann's viewpoint, the medium sized political strength (domestically and internationally) of these two nations could have withstood economic pressure eliminating economic statecraft as an effective choice.

These alternatives to economic statecraft were more than confidence building for Hitler. They generated rapid successes at low cost in avoiding actually combat, domination that was fairly inexpensive to maintain, and bountiful economic rewards, by obtaining Austrian and Czechoslovak gold reserves.⁴ This aggressive statesmanship went virtually uncontested, the costs

4 Additionally the military equipment seized in Czechoslovakia includes over 1,200 aircraft, 1,900 antitank and

to French and British international prestige as world leaders immeasurable. After the failure of half-hearted liberal economic policies did not improve the situation in the Balkans, it might also be considered a secondary objective of sending a signal to the region the viability of Fascism as an alternative. When considering the even weaker states of the Balkans in the early 1930s, was this alternative an option for the Nazis at that time?

The temporal effects of trade as a policy, as compared to the gamble of militarism, places an emphasis on obtaining objectives over a long run. Initially, Nazi Germany would have been confronted with two costs in using military statecraft towards the Balkans. The dependence on the international system as an export market for needed foreign currency and as a source for foreign capital inflows. Combined with larger armies of the Western European powers, as well as their ability to impose an economic blockade on Nazi Germany. This reinforces the preference for economic techniques in the Balkan as both a solution to the above problems and a method of extending political power without disturbing the European balance of power. Once the objective of controlling the Balkans economically and politically had begun to unfold, it was much easier for Hitler to eliminate the neighboring competitive power bases of Austria and Czechoslovakia.

The alternative of military statecraft towards the Balkans seems to have been disqualified due to outside powers in opposition, but is it the only cost? The mosaic of Balkan peoples has a history of rebellion, tribalism, and suspicion towards outsiders. The cost to overtake, control, and unify the region would have been too high and outcome not guaranteed. The choices of economic

2,200 field guns, 800 armored vehicles, 57,000 machine guns, and 630,000 rifles. Research Institute for Military History, *Germany and the Second World War* (New York : Oxford University Press, 1990), 334.

statecraft remained between open free or controlled bilateral trade. Liberal economic policies were attempted to a degree in the post World War decade but were unsuccessful. Young democracies faced with corruption, lack of infrastructure, and minimal foreign capitalist interest trapped the semi-feudal Balkans on the edge of industrialism.⁵ Government regulated bilateral trade was a perfect match for the domestic economic policies of Nazi Germany.

Then when and from where did this policy originate? What factors contributed to the choice of targeted trade as a solution? Hitler's stance as an opportunist was not only in the political arena but economically as well. Surprisingly, the concept of penetrating the Balkans through bilateral trade was commenced before the Nazi control of the Reichstag, originating under Chancellor Brüning's government (1930-1932).⁶ Traditionally there existed historical ties with Germanic peoples in the region as well as centuries of Hapsburg control extracting resources from the Balkan peninsula. A latecomer to the game of Imperialism left Germany with limited options for expansion and the need for internal strength to oppose its rivals, mainly Britain and France. The Balkan states, the stepchildren of the League of Nations, were ignored and became even further distraught by the Great Depression. The resultant Nazi trade policy perfectly fit into the vision of an autarkic state in need of secure strategic resources within the region.

Another major influence in this policy was the continually limited amounts of German

5 This trend continued, as of 1980 approximately 50% of the Balkan population remained outside of urban areas. David Turnock, ed., *East Central Europe and the Former Soviet Union- Environment and Society*. (New York: Oxford University press, 2001), 133.

6 Brüning had also tried economic statecraft in forming a customs union with Austria (1931) that was derailed by France.

foreign currency reserves that were needed to obtain these vital materials. World trade between Germany and other manufacturing states was reduced in an era of high tariffs further restricting purchasing power.

Long term foreign credit was no longer available from America as it reeled under the weight the depression era. The fact that Germany could only obtain short-term loans from its rival Britain, was a thorn in its political side. Furthermore, areas outside the Balkans- Scandinavia, South America, and the Soviet Union for example- that could supply raw materials to Germany proved to be outside direct politic pressure, possibly cut off by a blockade, and most of all had the option of demanding currency as payment for commodities supplied. Without cash reserves or long term credit, an increasingly defiant Germany could not rearm, nor afford the stockpiling of strategic material was virtually impossible. The options therefore were extremely limited.

The failure of liberalism (capital going to where it is most needed) as a solution to both, Germany and the Balkan Peninsula, was further compounded by the looming threat of the Bolsheviks' irredentist appetite for expansion westward. Economic statecraft clearly was the least expensive and, just as crucial, least threatening move in the Balkans that could be made. An international conflict sparked by military intervention was a quagmire that the Nazis could ill afford.

The limited amount of foreign involvement by states favoring liberalism presented an opportunity for Nazi Germany to expand economically into the neglected region. The costs to match or restrain this non-military push outweighed any economic strategic concerns for

Germany's rivals. Other than American, French, and British companies' interest controlled had a majority control over Romania's petroleum industry, no critical trade dependency links coerced the Balkan states. However, the balance of power was based on alliance “pactomania” (1933-1935), wherein France attempted to contain Germany by way of treaty .⁷

The level of difficulty in using bilateral trade for Germany therefore would have been minimal, with relatively weak opposition from the Western European powers. The threat emanating from the Soviet Union, was dealt with by Hitler's promising future sections of the region into Stalin's sphere of influence. The lack of direct foreign investment by the Nazis to develop and strengthen ties can be estimated as a variety of reasons. The need of scarce capital at home for rearmament, and had they displayed major investment in the area, may have alarmed the Soviets as to Nazi intentions. Instead, as an affordable alternative, bilateral trade, with no expensive start up costs was implemented.

How Nazi Germany came to dominate Balkan trade, and can it be determined if it was a calculated long term plan or series of adjustments, should be considered. The technique used was not a centrally controlled hierarchy but multiple individual efforts to pry into the respective markets. German agents were sent to the region to negotiate trade. Additionally, German investment in the region was limited to purchasing enough shares in trading companies to obtain a controlling interest. Therefore, it can be concluded that long term economic development of the region for future gains was not a goal but rather taking advantage of the system that was in place

⁷ C. Grove Haines. *The origins and background of the second world war*. (New York: Oxford university press, 1947), 261.

for future manipulation. Capturing the trade was not only to secure strategic resources but also to prevent future competition. It the needs to be established how these relationships evolved, either as part of a well laid out plan or by unforeseen circumstance, possibly aggressive opportunistic behavior on the part of the Nazis.

There were two distinct phases, initial agreements to capture trade (1932) followed by political pressure to keep it (1935). The primary phase evolved from falling agricultural prices on the world market after during the Depression. The long overdue process of land reform had previously taken place in the most of the Balkans following World War One, but was fully implemented and half-heartily supported. The massive of peasants on average received two hectares of land (five was considered a minimum for subsistence) and became a fragment social class. The lack of centralized organization compounded problems as farmers began to increase production to compensate for lower prices. The lack of of diversity in crop production to adjust to market needs was compounded by inefficiency. The lack of advanced techniques of fertilization and mechanization were only not affordable to the masses of peasantry, and it reduced their chances of ever being profitable once world market prices rebounded.

The first countries to fall prey to agreements with Germany were Hungary and Austria in January 1932. In less than a year, six other states in the region followed suite. A political byproduct of these agreements and the need for state intervention to assistance their respective peasant land owning classes was increased centralized control. This increased government involvement in the economy placed them one step closer to fascist rule. The subsidies paid to farmers through tax breaks and guaranteed support prices were placing additional burdens on the

Balkan governments. The idea of barter trade may be credited to the Nazis but was also seeded during 1931 Prague conference of National banks. The president of the Austrian national bank suggested the idea of “currencyless” trade due to the lack of foreign currency reserves.⁸

The second phase of the trade agreement was the result of the recovery of world market prices and *Neuer Plan* (1936-1940), the four year plan for war preparation, put in place by Hjalmar Schacht, German Minister of Economics (1935-1937). Supervising the program was the Nazi's second in command, Herman Göring. The region realized its disadvantageous position in these agreements because it was losing the opportunity to sell on the world market for hard currency. Hungary, for example in 1937, attempted to refuse the new German agreements for increased demands of the *Neuer Plan*. It was met by a personal visit from Göring who stated, “Hungary must not leave Germany high and dry in this situation.” The result, Hungarian grain exports increased 25 per cent over the next year. Higher quotas of exports were matched by Nazi Germany setting prices lower than world market levels. Thus economic statecraft reached the next level as the Nazis extended market power over the governments of the Balkans. The behavior of the Nazi reaction was the primary factor in the evolution of the agreements. Since the *Neuer Plan* called for increased levels of trade, regardless of world market prices, they would have still demanded higher quotas and set prices.

Exploring the actual mechanism and type of the bilateral trade agreements gives insight on how long term non-economic gains were were obtained. Though the German economy lost

8 T. Iván Berend, *Decades of crisis : Central and Eastern Europe before World War II* (Berkeley: University of California Press, 1998):269.

the ability to consume imported goods, they substituted this loss by increased domestic production (and employment). Any excess from this consumption was available for export. One of the main concerns for the Balkan states was the degree in which their economy was behind the industrialized world. Without the financial capital to purchase manufactured goods or invest in modernization to produce such goods, trade was the only alternative. The Nazis took advantage of this and often sent goods of inferior quality and selected the type of products to send. The consumption of these goods acted as a pressure relief valve that was controlled by the Nazis. Additionally, by selecting the traded manufactured goods, items containing strategic materials could be withheld for domestic consumption. Britain as a competitor in the manufacture of machine tools, sold mostly highly specialized products. To eliminate this competition, the Nazi trade multi-use machine tools that could be used by the Balkan states to produce military or consumer goods.

Centralized control of imports and exports was accomplished by the creation of a medium of exchange labeled *Sperrmarks*. Agreements were made on the fixed value of each tradeable good and once delivered goods were credited into these closed accounts. This enabled increased central control on the quantity and type of trade as all transactions needed Nazi approval. Furthermore they often delayed delivery of goods (or never delivered) as the *Sperrmark* accounts were non-negotiable. Gains from trade used to lure weaker trading partners into agreements were then manipulated by revaluing goods for an exchange rate favoring German exporters or even sending inferior quality goods.

Trade, of course, is a two-party affair and examining the conditions in the Balkan Peninsula will display how economic vulnerability led to Nazi intrusion. Following World War One, the option of continued trade eastward as an alternative was eliminated by the fall of Tsarist Russia. Furthermore, the over supply of agricultural products in the capitalist world market during the 1920s reduced prices which further weakening the region. Also the concept of foreign aid by the major economic powers had not yet developed nor was accepted as it directly opposed liberal economic values. The Balkans governments, though supposed new democracies, were still bound to traditional the political and economic conditions of the past. The domestic pressures handicapping progress pressured these governments to accept any reasonable method to maintain stability. Nazi Germany's offer of favorable conditions of trade found easy targets.

If political power over a state can be relative to the economic dependency of that state, to what degree were the Balkans dependent on trade with Nazi Germany? The following table shows a remarkable increase in the levels of trade:

German trade with selected southeast Europe 1933-1940 (Reich marks in millions)

	<i>Bulgaria</i>		<i>Yugoslavia</i>		<i>Romania</i>		<i>Hungary</i>	
	<u>Imports</u>	<u>Exports</u>	<u>Imports</u>	<u>Exports</u>	<u>Imports</u>	<u>Exports</u>	<u>Imports</u>	<u>Exports</u>
1933	31.3	17.7	33.5	33.8	46.1	46.0	34.2	38.1
1940	176.8	152.2	239.7	317.1	427.1	350.1	207.3	298.3
increase	5.65x	8.6x	7.16x	9.38x	9.26x	7.61x	6.06x	7.83x

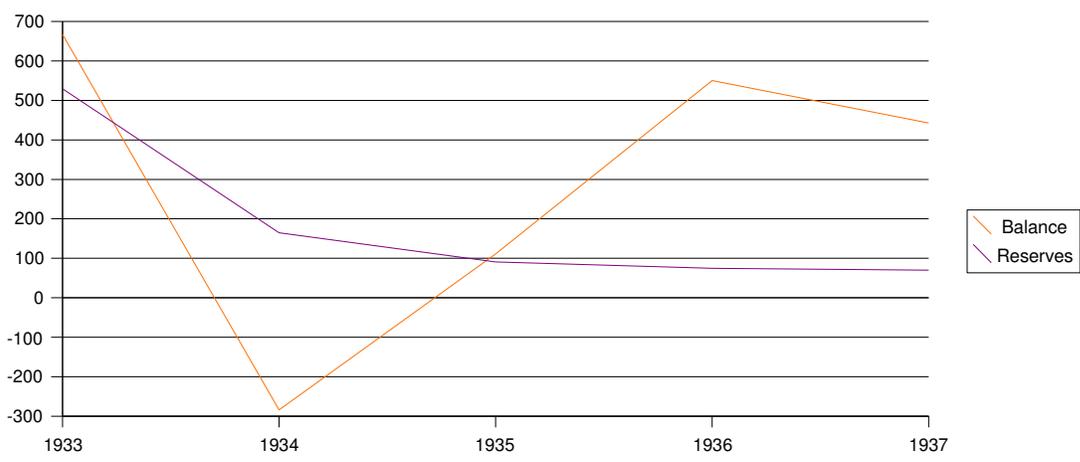
(Note: A Balkan state's political stance, revisionist or not in regards to the Treaty of Versailles boundaries, does not show up in trade figures with Germany favoring one or the other. Trade does not seem to be used to strengthen one state over another.)

A substantial increase can be seen on the level of trade with Nazi Germany, but are there

any other factors that may support creating a condition of dependency? These weaker trading partners obviously directed more trade with Germany, but it also increased the Nazis dependence on the Balkans. This is derived by examining the Reichsbank gold and currency reserves in this same time period (1933- 1940). Basically, the barter of goods for raw materials became increasingly important as gold and foreign currency reserves were needed for imports of strategic materials from sources outside the Balkans. As these reserves declined it reduced Nazi Germany's ability to purchase strategic materials on the open market, therefore the relative importance of Balkan resources rose. In the chart below, there is a dramatic reduction in Nazi Germany's reserves. When Hitler came to power, his domestic policies and strict Nazi supervision of trade produced a trade surplus under the New Plan (1934-1938). Increased military rearmament and maintaining a high level of living standards produced additional demands upon reserves. The trade surplus was not enough to compensate.

Foreign Trade Balances (non-barter) and Reichbank Gold and Foreign Currency Reserves 1933-1937

(Y-axis numerical vales in millions of Reichsmarks- RMm)



During 1933 to 1937, the level of foreign trade (imports and exports combined) remained fairly constant averaging 10,000 RMm per year. The low reserves of the Reichsbank in 1937, and dire need to obtain more seemingly coincide with the occupation of Austria (1938) and Czechoslovakia (1939), along with the seizure of their respective gold and currency reserves. It can be stated the barter trade from the Balkans was both to insufficient to meet Germany's demands yet at the same time becoming more critical as a supply source.

Germany's dependency on a keeping a secure source for strategic materials is further displayed when analyzing the trade date with the Soviet Union. In 1933 the Soviet Union was ranked at the fourth largest trading partner with Germany and, by 1939, had dropped to the thirty third position. However in 1940, a year before the Nazis invaded the Soviet Union, imports from the Soviet Union to Germany nearly doubled and exports were almost the same as 1933 levels. Such a rapid increase can only indicate demand was increasing and supply sources lagging behind for the Nazis Germany's economic needs.

In the Nazi Germany's case, no matter if it was a goal towards a large area autarkic economy or the reality of an economy strapped for international credit or investment, the value of barter trade increased for the Nazis. If such a level of interdependence existed, on what level could the Nazis theoretically extend their political will over the Balkans without opposition? There are three viewpoints to this. On a bi-lateral level most definitely it favored the Nazis, the leadership of fragile Balkan state would choose remaining in power to avoid economic collapse though dependent on as a trading partner. From a liberal economic viewpoint, the Balkan states had no alternatives for trade in either world markets through lack of buyers and again would be

subject to Nazi influence. From Berlin's authoritarian point of view, acting dominant yet with a good degree of constraint, short of military action, would characterize a high level of political influence. The cost of maintaining the almost hegemonic system passed was way below alternative costs if the weaker states dropped from compliance with Nazi policies.

Additional considerations beyond economic statecraft assisted the Nazis ability to eventually obtain political domination in the region. The political situation in the region was a complex linking of alliances and rivalries creating a fragile condition. The lack of any true unity of common goals and success at true collective security tipped the scales of political control in favor of the Nazis. It was not only bilateral agreements of guaranteed trade and Hitler's promises of future territorial acquisition to these subordinate states that cemented the ties. A long-standing goal that influenced the choices the Balkan states was basic survival. The threat of cutting off trade to the dependent states would have been obviously disastrous, yet it was the control of arms sales that tightened the noose around the necks of the Balkan states. As democracies floundered under economic conditions, the principles of self-determination edged towards nationalism. Militarism is a facet of nationalism, and the Balkans had begun imitating a fascist model of government. The inter war period was a time of massive rearmament in Eastern Europe and interstate suspicions dissolving the possibility for any real chance at collective security or united front to oppose Nazi influence.

The following list displays the inter war complexities of rivalries and alliances supports the concept of political disarray and vulnerability in Eastern and South Eastern Europe

Wars between 1919-1941

- Poland vs. Soviet Union (1920-1921),
- Hungary vs. Czechoslovakia and Romania (1919)
- Poland vs. Germany and Soviet Union (1939)
- Italy vs. Greece (1940)

Territorial disputes:

- Poland-- Lithuania (Vilnius), Germany (Danzig and the corridor), Russia (border region)
- Czechoslovakia-- Poland (Teschen), Germany (Sudetenland), Hungary (Slovakian border), Soviet Union (Carpatho-Ruthenia)
- Hungary- Austria (border), Yugoslavian (Croatian-Vojvodina-Banat area), Romania (Transylvania),
- Romania-- Soviet Union (Bessarabia), Bulgaria (Dobrogea)
- Yugoslavia-- Bulgaria (Macedonia), Albania (borders), Italy (Trieste), Austria (Slovenia)
- Bulgaria-- Greece (border), Turkey (Border)

Alliances, Agreements, and Pacts:

- France-- Poland (1921), Czechoslovakia (1924), Romania (1926), Yugoslavia (1927)
- Anti-Hungarian Little Entente-- Yugoslavia, Czechoslovakia, and Romania
- Poland, Romania, and Yugoslavia (1920's)
- Germany and Soviet Union: Rapallo (1922), Molotov-Ribbentrop (1939)

Annexations:

- Germany from Austria 1938, Czechoslovakia 1939

Only a fragile international political web maintained a balance of power. One element that was lacking in all of these relationships is that of an economic policy of aid or assistance. Other than Germany's creation of trading block, there is not an identifiable effort to resolve the real domestic issues and base peace on prosperity. The continued internal turmoil and security concerns edged the Balkan states to the political right. The regional political instability allowed Nazi Germany the opportunity to exhibit leadership in the area. Not as a unifying force but rather as a patronizing guide. As the insecure Balkan states desired to build up their military strength, the sale of armaments by the Nazis gave an additional lever of control. This dependency

on Nazi Germany as a military arms supply source further enhanced their influence.

The sum of these dependencies in trade, arms, and ideology culminated to a level wherein Hitler's demands in the region became irrefutable. One of the worst political scenarios for a state would be total loss of sovereignty, and the second, would be the inability to oppose another states actions in respecting one's sovereignty. Hitler implemented the former against Austria and Czechoslovakia, the latter against Hungary, Bulgaria, and Romania in 1941. These three nations allowed Nazi troops to use their territory to invade Yugoslavia and Greece after Mussolini's military statecraft had failed. Additionally, Romania succumbed to Hitler's request to evacuate and surrender the territories of Northern Bukhovina and Bessarabia to the Soviet Union. Hitler again handed out the area of northern Transylvania from Romania to Hungary as if the League of Nations had never existed. Hitler had gone past a level of opportunism and was able to disregard international law. He had transformed economic levers into political leverage.

The success of economic statecraft in this case within the time frame of 1933 to 1941 was remarkable based on the level of power politics that Hitler used in the Balkans. However, it cannot be determined that desired long-range goal was achieved. The economic plan played out well and when political difficulties had appeared, Mussolini's and Stalin's influence attempts in the Balkans, they were diffused by Hitler's command over the weaker trading partners. The long-range goal was not completely obtained when defined by the following statement. A 1941 issue of the semiofficial Nazi journal *Berliner Borsenzeitung* stated it simply, "South-East Europe has to adapt itself to its natural character and stop industrialization." The Nazis planned the future identical to the Hapsburg Dynasties rule, the continued policy of semi-feudal extraction. But

how did this plan fall short? The cost to maintain this extraction and impose political will on the region was time and military strength. The warm spring months of 1941 and five percent of the attack force destined for Operation Barbarossa were diverted to the region. Long-term goals were not complete by these unforeseen costs.

Alternatives did appear before reaching this point in 1941. When the *Neuer Plan* was implemented and its higher quota and set price structure was opposed by the Balkan states. Nazi Germany chose political pressure to keep them in line. At this point some other positive action based on economic statecraft to assist the region, be it increased Nazi investment into Balkan economic infrastructure or a better price structuring, towards stability by economic progress was a viable alternative. The Nazis were unwilling to lower their living standards or reduce rearmament plans, allowing for no concessions towards their trading partners to benefit.

Utilizing the Balkan raw material reserves and extraction rates during the late 1930s, an estimate of the number of years extraction could have been maintained can be calculated.⁹

Years of estimated extraction until reserve depletion

	<u><i>Bulgaria</i></u>	<u><i>Yugoslavia</i></u>	<u><i>Romania</i></u>	<u><i>Hungary</i></u>
hard coal:	679	115	186	198
crude oil:			11	
bauxite:		357	3,809	443
copper, pyrite, sulfur:	1,200	11	144	69
lead, zinc:	120			
natural gas:			312	

⁹ Research Institute for Military History, *Germany and the Second World War*,343.

A clear opportunity to invest, increase efficiency, and share some of this wealth was not selected by Nazi Germany. Though Hitler planned for a subservient region as a secure source for strategic materials and protective flank, the Balkans sustained its historical tradition as a troubled area in relation to the more powerful European states. The Nazi goal of Aryan supremacy in this case reflects the Rousseau's opinion on slavery in *On Social Contract or Principles Of Political Right*, "There are unfortunate situations in which liberty of one man can be preserved only at the expense of another man's, and which the citizen can be perfectly free only if the slave is completely enslaved."¹⁰

10 Alan Ritter, ed., *Rousseau's Political Writings: Discourse on Inequality, Discourse on Political Economy on Social Contract* (New York: W W Norton and Co Inc, 1988), 144-145.

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