

GERMANY

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Germany

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COUNTRY WELFARE STUDY

GERMANY

For use in connection with  
the care of  
DISPLACED PERSONS IN GERMANY

Reports and Analysis Branch  
Welfare Division  
UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION  
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## INTRODUCTION

Germany welfare policy and administration are important to two categories of non-Germans who have acquired legal rights under the German welfare system or whose attitudes and expectations have been moulded by exposure to German principles and practices. These two categories are;

1. Some eight or nine million displaced persons in Germany, on whose behalf all community resources, including those of German welfare agencies, will be available; perhaps three million of these have acquired benefit rights by payment of social insurance contributions in Germany and an unknown number have savings deposited in German institutions.

2. Some twenty-five million persons who have lived under German law - including social insurance and social assistance law - since the unilateral annexation of the western provinces of Poland, the border regions of Czechoslovakia, the Rhenish part of France, all of Luxembourg, and all of Austria, in 1938-40.

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The present study has been prepared in the Welfare Division at Headquarters. It has been given a limited distribution and should be considered preliminary, pending formal issuance or revision at the European Regional Office.



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Foreign Workers in Greater Germany at the Beginning of 1945 <sup>a/</sup>

Country of which Nationals	Number Displaced in Greater Germany
Grand Total	9 705 000 <sup>b/</sup>
Total United Nations	8 880 000
Belgium	500 000
Czechoslovakia	745 000
France	2 500 000 <sup>c/d/</sup>
Greece	12 000
Luxembourg	32 000
Netherlands	307 000
Norway	6 000
Poland	2 450 000 <sup>d/</sup>
USSR	2 000 000 <sup>c/d/</sup>
Yugoslavia	328 000 <sup>c/</sup>
Total Axis Satellites "Ex-enemy"	704 500
Bulgaria	25 000
Hungary	65 000
Finland	500
Italy	600 000
Rumania	14 000
Total Others	121 000
Baltic States	100 000
Denmark	21 000

<sup>a/</sup> To estimate the number of foreign workers in Germany proper, at least one-eighth should be deducted from the total.

Estimate by Displaced Persons Division, UNRRA, February 1945.

<sup>b/</sup> Includes no allowance for German-speaking persons who moved between Germany, Austria and the Sudetenland.

<sup>c/</sup> Known to include prisoners of war.

<sup>d/</sup> It is estimated that about 20% of the displaced French nationals are women; the proportion of women among displaced nationals of other countries is unknown, but is probably above 20% in the case of Soviet and Polish nationals.



## I. THE SOCIAL BACKGROUND

### A. GERMANS AND NON-GERMANS

1. Population of Greater Germany. The population of Hitler's Reich, within its "Munich boundaries" was, on 17 May 1939:

Total	80 000 000
Germany	70 000 000
Austria	7 000 000
Sudetenland	3 000 000

2. Foreign Labor in Greater Germany. Eastern Europe has long provided Germany with an abundant reserve of cheap labor. In years when business was good, Poles and other foreign laborers migrated into Germany in order to do harvest work, while young Germans moved from agriculture into industry. In years when business was bad and Germans themselves were unemployed, work permits were refused to foreign laborers.

The Nazi rearmament boom created a demand, first for foreign agricultural labor and then, by about 1938, even for foreign industrial workers. The first annexations carried out by the Nazi Reich - Austria in the spring and the Sudetenland in the autumn of 1938 - facilitated the westward flow of unemployed German-speaking people into German war industry. The annexation of the remainder of Bohemia and Moravia and the establishment of Slovakia as a subordinate ally, similarly facilitated migration by unemployed Czechoslovaks. By the summer of 1939, Germany, therefore, had 500,000 non-German-speaking workers. After the conquest of Poland in 1939 and the western countries in 1940, this number rose considerably. The German war against USSR, beginning 1941, necessitated a large-scale substitution of foreign workers for Germans, in order that Germans might be available for military service, the general tendency being to draw on Western Europe for skilled industrial workers and on the Slav lands for unskilled and agricultural labor.

Some of the foreign civilians brought into Germany by the Nazis have been "volunteers", whose desire for employment, pay, and food has been intensified by the refusal of assistance payments or insurance benefits unless they would accept the offer of work in Germany. Others have been compelled to work there, compulsory labor service being introduced into all occupied countries immediately after occupation, and being extended by 1942 to include service outside the occupied country. Others, who lived in territory that was not merely occupied but also annexed, were subjected to the German labor draft and deported to Germany proper, if they seemed useful as workers, while their dependents were deported in the other direction. Others again came from Axis satellites, under contracts made with their governments. "Easterners" - 4,500,000 Polish and Soviet nationals - were paid lower wages in order to induce them to enlist in the Germany army.

The number of alien workers in greater Germany at the beginning of 1945 - before repatriation was begun by the United Nations military - was nearly 10,000,000, or one-third of the German labor force. Of these, nearly 9,000,000 were United Nations nationals - some 2,000,000 being prisoners of war and some 7,000,000 being civilian workers or soldiers.

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B. LIVING STANDARDS

1. Wages. In 1937, during the Nazi rearmament boom, the earnings of skilled metalworkers - the aristocracy of labor - averaged 1.00 RM an hour or a little over 50.00 RM a week, while the weekly earnings of unskilled men averaged 34.00 RM in the well-paid metallurgical industries and 25.00 RM in the low-paid textile industries.

Basic wage rates had been practically frozen at their depression level, the mining current under collective contract in 1933 being enforced as maxima by Nazi "labor trustees." The freezing of wage-rates, however, did not prevent an increase in earnings. There was an increase in the number of hours worked per week, and in the number of weeks worked in the year; basic rates were modified by systems of incentive payment; and bonuses and holiday pay became more common. Foreign civilian workers - other than Polish and Soviet nationals - have been paid at the same rate as Germans.

A wage-earner's income has frequently been greater than his earnings, because his wages have been supplemented with various social security payments, including family allowances.

In many instances, on the other hand, net income has been less than earnings, owing to the large number of deductions, to which, in Germany as in most countries, a worker's earnings have been subjected. These have been of five principal kinds: (a) taxes, which in Germany have been levied on quite small incomes, subject, however, to exemptions on account of dependents; (b) workers' social insurance contributions, which have averaged about 10% of German wages ever since 1930; (c) check-off for labor organizations, of which, since 1933, there has been only one, the National Socialist German Labor Front (Arbeitsfront), to which dues have been compulsory; (d) savings, which in the form of wartime "iron savings" have been deposited in municipal savings banks; (e) pledges to "voluntary" welfare funds, of which the most important has been the Nazi Community Fund (Winterhilfswerk). No deductions are made in Germany for Hospitalization Insurance, since this is included in compulsory social insurance against sickness. A worker earning 200 RM a month may easily have found himself paying approximately 20 RM a month for social insurance, 20 RM for iron savings, and, if he had no dependents, 20 RM in taxes, besides, say, 2 RM each for the Arbeitsfront and the Winterhilfswerk, making a total of some 64 RM or 32%. This may be an outside figure; but, even for a worker with a family, deductions would reach at least half this figure, if payments that are only morally compulsory are included.

2. Income Levels. On the eve of the Nazi revolution, Germany had over 31,000,000 persons in receipt of incomes. All occupied persons with incomes were included in this figure, as were also all persons in receipt of pensions, relief payments, social insurance benefits, and other incomes. Of this total, less than 11% in a year of good business (1928) and only 7% in a depression year (1932) received more than 3000 RM (\$750, £ 150). Those, on the other hand, who received less than 1200 RM (\$300, £ 60) numbered over one-half of the total in a boom year and over two-thirds at the depth of the depression. Similar figures under the Nazi regime are not available.



Distribution of German Income-Recipients by Income Brackets  
1928 and 1932

	Recipients		Percentage	
	1928	1932	1928	1932
Total	31 221 000	31 575 000	100	100
Under 1200 RM	18 041 000	21 712 000	58	69
1200-3000 RM	9 941 000	7 584 000	32	24
Over 3000 RM	3 239 000	2 279 000	10	7

3. Workers' Family Budgets. In collecting family budgets, the Reich Statistical Office has disregarded families with more than one source of income, and has derived its data mainly from the better-paid sections of the working class. With these reservations, the following tabulations of spending patterns in the two lowest income-groups investigated are suggestive:

Percentage Distribution of Average Working-Class Household Expenditures  
in Germany by Income Classes for Selected Years

Category of Expenditure	1927-28 Incomes		1937 Incomes	
	0-2500 RM	2500-3000 RM	960-2000 RM	2000-2500 RM
Consumption expenditures	100	100	100	100
Clothing	10	12	9	9
Shelter	19	18	22	23
Food	48	47	48	47
Other consumption expenditures	23	23	21	21

In spite of the warping of German official family budgets by over-inclusion of better-paid workers, a comparison between them and those that have been collected in other countries suggests that the German worker devoted a smaller proportion of his expenditures to shelter and a higher proportion to food and clothing, and, among his food expenses, a higher proportion to carbohydrates and fats, and a lower proportion to flesh and dairy products, than in the English-speaking countries.

A study of food-purchasing among families of the unemployed receiving municipal assistance, has shown that, as income diminished, this tendency became still more pronounced. In the words of an ILO study, "the basic dietary of unemployed workers in Germany tends to be based on margarine and potatoes, especially potatoes." <sup>1/</sup>

<sup>1/</sup> ILO, Workers' Nutrition and Social Policy (Geneva, 1936).



Half the cereal consumption in a German working-class family before the war was of rye - with a tendency for the consumption of rye to increase as one descended the income scale. Two-thirds of the meat consumption was of pig-meat; mutton and lamb were practically never used.

4. Housing. The housing problem in Germany as in all western countries has been complicated by the fact that the number of households has increased faster than the population. At the same time the supply of new housing has been retarded by increased cost of house-building.

The 1927 housing census found that 3,200,000 people were overcrowded - living more than two per room - and 660,000 were very overcrowded - more than three per room. This overcrowding was mainly in small dwellings of three rooms or less. This proportion was about the same as in England - a little less than in the English census of 1921, but considerably more than in the English census of 1931.

The Provincial governments met the shortage of working-class housing not by themselves building homes, but by helping to finance their building. Prussia, for example, would lend two-thirds of the cost, at 3% interest; the loan would be repayable in 100 years. Prussia and many municipalities also guaranteed loans made by mortgage institutions, so as to enable them to reduce their interest rates. Many cities made public land available for housing purposes.

It was characteristic of Germany that nearly half the resultant home-building was by non-profit associations, among which the building co-operatives were specially important. Almost as big a proportion was erected by private persons. Public authorities built only about 10% of the total, confining themselves in Germany - unlike Austria - to shelter for special categories such as pensioners and others who depended on insurance benefits or assistance payments. To finance this financial aid, the provinces levied a heavy house-rental tax (Hauszinssteuer), often equal to half the pre-war rent. To facilitate payment of this heavy tax, the Reich limited rents to 20% more than before the First World War, and reduced mortgage charges to 75% less than before the inflation. Old housing was thus made to pay for new.

A form of housing to which special attention was given was the working-class home with enough ground for intensive gardening, in order that the family might be able to support itself when business was bad, and yet be available as a labor reserve in a near-by town when industry was booming.

5. Health. Infant mortality has fallen more rapidly in Germany than in most countries, although it is not yet as low as in some:

Deaths of Infants Under One Year, per 1000 Live Births						
	1921-25	1926-30	1931-35	1936-40	1941	1942
Germany	122	94	74	63	63	66
U. K.	78	70	65	58	62	52
U. S.	74	68	59	52	45	40
France	95	89	73	70	73	70

The tuberculosis death-rate - the other principal test of a country's success in fighting preventible disease was one of the lowest in Europe before the War. For German civilian city-dwellers it is officially reported to have increased from 63 per 10,000 population in 1938 to 70 in 1943. Displaced persons and soldiers are not included in these returns; and the increase in tuberculosis mortality among them is undoubtedly greater. 1/

### C. ADMINISTRATIVE ORGANIZATION

By an eighty-year process, beginning with Bismarck and ending with Hitler, Germany has evolved from a loose confederation of sovereign states into a highly centralized unitary state, whose territorial subdivisions have all come to be administered by a hierarchy of centrally-appointed officials. The most important levels in this administrative pyramid, in the stage of evolution that it reached during the Nazi dictatorship, have been:

1. The Administrative Region (Gau). All of North Germany that was formerly part of Prussia is divided into Provinces (Provinzen), under the administration of Provinzial-oberpraesidenten. All of Central and South Germany that was not part of Prussia is divided on historical lines into Territories (Laender), under the administration of Reichs-statthalter.

2. The Administrative County (Kreis). There are approximately 700 Rural Counties (Landkreise) under the management of Landraete. All urban communes are counties by themselves (Stadtkreise), rather like British "county boroughs" or American "city counties".

3. The Administrative District (Regierung). The district, administered by a Regierungspraesident, exists in all Provinzen and some Laender, but has little welfare significance.

4. The Commune (Gemeinde). All Germany is divided into communes (Gemeinden), of which there are about 50,000. Under the Nazi municipal government decree of 1935, every rural commune is managed by a Buergermeister, and every urban commune - with the powers of a county - has an Oberbuergermeister.

Communes are expected to combine for special purposes in "ad hoc" unions (Zweckverbaende), some of which are permissive, and others statutory. Of statutory ad hoc unions, two of the most important in the welfare field are the Local Assistance Union (Bezirksfuersorgeverband) and the Local Children's Bureau (Jugendamt), which are usually county-wide, and which usually operate from the same welfare office (Wohlfahrtsamt). These county welfare units are further combined into regional welfare units (Landesfuersorgeverbande, Landesjugendaemter).

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1/ League of Nations, Health Section, Weekly Epidemiological Record (7 December 1944).



#### D. THE NAZI PARTY

1. The Party Hierarchy. The Nazi party built up a pyramid-like hierarchy, which duplicated the official administrative hierarchy of Germany. The central office at Munich had under it 39 regions (Gaue), which had under them 822 districts (Kreise), which were subdivided into 27,989 local groups (Ortsgruppen); these broke down into 92,696 cells (Zellen), and these in turn into 481,871 blocks, each under its own male and female block-captains. Thus party jobs have been found for an enormous number of party members. Minor officials and elementary school teachers have been favorite sources of recruitment.

Membership was frozen during the years 1933-37 at about 2,000,000. Wartime estimates vary from 4,000,000 to 8,000,000.

2. Party Organs for Special Groups. The Nazi party gave itself a monopoly of the right of association and of propaganda. It has therefore created or controlled a number of agencies for special groups of the population; and within many of these mass-organizations it has set up special elite organizations of Nazi believers. These have been particularly important in such fields as volunteer welfare work and professional community organization.

For women, the German Women's Service (Deutsches Frauenwerk, or DFW) was formed by consolidating all pre-Nazi women's organizations. Within it the inner circle of Nazi Womanhood (Nationalsozialistische Frauenschaft, or NSF) was active, with its Mothers' Service (Mutterdienst) for running information centres, stimulating vegetable gardening, and organizing sewing and knitting projects; with its Good Neighbors' Aid (Nachbarschaftshilfe), for helping neighbors who were away doing war work; and with its Children's Clubs (Kindergruppen) for propaganda among children 6-10.

Similarly for youth, the Hitler Youth provided a substitute for all pre-Nazi youth organizations, while the Hitler Youth Clan (Stamm Hitler Jugend) provided an inner circle of leaders. The Hitler Youth was universal, compulsory, monopolistic, and military. It took over the youth hostels. It organized land service, the "land year" for boys of 14, and National Labor Service (Reichsarbeitsdienst, or RAD) for boys and girls of 18. It organized vocational competitions (Berufswettkaempfe) in order to encourage the development of skill. To develop leadership ability, it began to establish "regional leadership schools" (Gaufuehrerschulen), but did not complete the job. Its principal divisions were, the Deutsches Jungvolk (boys 10-14), the Deutsche Jungmaedel (girls 10-14), the Hitler Jugend (boys 14-18), and the Bund Deutscher Maedel (girls 14-21), this last including an inner group called "faith and beauty" (Glaube and Schoenheit).

Similarly again for students: the Deutsche Studentenschaft, a racialistic pre-Nazi body, included them all. The Nationalsozialistische Deutsche Studentenschaft (NSDS) offered an inner-circle substitute for the fraternities (Studentencorps and Burschenschaften) of pre-Nazi days.

All professions were put under Nazi control. Thus there were special party groupings of university teachers, school teachers, doctors, lawyers, engineers, officials, and nurses. In some cases, however, the Nazi professional organization was wound up after it had completed its job of purging the profession of all non-Nazi organizations.

The Labor Front (Nationalsozialistische Deutsche Arbeitsfront, or NDA or DAF) claimed 35,000,000 compulsory members. Its chief function was to provide Nazi propaganda with which to fill the void left by the destruction of the trade unions; but it was also prepared to add anything up to 30,000,000 RM to social insurance benefits, to supplement payments made to those beneficiaries of whom it approved. The Food Front (Nährfront) did a similar propaganda work among agriculturalists.

3. Party Organizations for Special Purposes. Functional organs were useful to the party, both for winning goodwill on the part of recipients, and for harnessing the activity of voluntary workers.

The Nazi Welfare Office (Volkswohlfahrt, or VWF) was particularly important. It absorbed all voluntary welfare agencies except the German Red Cross, the Catholic "Caritas", and the Lutheran "Inner Mission". It counted some 17,000,000 contributors, and claimed over 1,000,000 voluntary workers and over 100,000 paid workers. Its leader presided over the Association of Voluntary Welfare Agencies. It exchanged information with public agencies about the "worthiness" of applicants, and offered party welfare offices as suitable places in which social work students might spend their probationary year.

Its National Community Fund Drive (Winterhilfswerk, or WHW), made during six weeks every winter, brought in 200,000,000 RM a year in 1933-34 and 300,000,000 in the pre-war boom. Institutions as well as individuals were expected to subscribe to it. Corporate bodies, public as well as private, including welfare agencies, were expected to pledge a certain amount. Salary-earners were expected to contribute an amount equal to 10% of their income tax. Assistance Unions tended to throw back on this "voluntary agency" the providing of winter fuel. Its infant and maternity service (Mutter und Kind) ran nurseries and kindergartens of its own for infants of pre-school age (0-6), and kept an eye on those run by others. Its children's country holiday fund sent children into the country, not only to give them a holiday, or to evacuate them from bombed areas, but also to get Roman Catholic children out of a Roman Catholic environment. Its adoption service was the most important one remaining. The inner circle of nurses was under its control.

The Nazi Veterans' Organization (Kriegsopferversorgung, or NSKOV) doled out allowances to Nazis who had been injured in civil strife. In 1933 this body absorbed more than 100 veterans' organizations. It took responsibility for helping them in many ways, from re-training to providing holidays.

Thus the Nazi party, by itself taking on many functions that are not normally considered political, built up its political power. In legal theory, however, the party was regarded as a voluntary organization, although one that was trusted with an exceptional measure of disciplinary jurisdiction over its members.



## II. SOCIAL ASSISTANCE

### A. LOCAL WELFARE ADMINISTRATION

Germany combines a highly unified system of administration with a highly diversified set of services. It was not always this way. When first Germany was unified by Bismarck, the chief interest of the Reich government in public assistance was to modify the settlement law so as to prevent poor relief from remaining a barrier to the mobility of labor (Freizuegigkeit) and therefore to national unity. This interest led to the enactment of new settlement laws for the whole Reich beginning in 1870. This law still left all details of relief policy and relief administration to the States; but it insisted that the States should follow Prussia's example and organize their poor-relief authorities on the same basic principles. They were henceforward to be on two levels - Regional Poor-relief Unions (Landesarmenverbände) and Local Poor-Relief Unions (Bezirksarmenverbände). The States made the Regional Unions - which were usually coextensive with the State - responsible for the more expensive kinds of relief, and the Local Unions - usually coextensive with counties - responsible for domiciliary relief.

The First World War and the great inflation necessitated the erection of a considerable number of new public assistance services for special categories of distressed citizens. These new services were national, not local; the national government had sufficient confidence in the local poor-relief offices to allow them to administer these special types of national public assistance; but the time had obviously come for re-stating the principles that ought to animate both the old and the new forms of assistance. In accordance with powers granted to it by the Reichstag in the emergency of 1923, the national government therefore embodied the desires of social reformers and welfare administrators in two Public Assistance Decrees (the Reichsverordnung ueber die Fuersorgepflicht, issued on 13 February 1924, and the Reichsgrundsätze ueber Voraussetzung, Art, und Mass der Oeffentlichen Fuersorge, issued on 4 December 1924).

The States remained free to decide for themselves exactly how these Assistance Unions should be constituted, with what units of government they should be coterminous, what their relations with these units should be, who should staff them, how they should be financed, and what basic relief scales they should apply.

The day after the Public Assistance Decree-Law was issued, the Reich government issued a Decree-Law on Child Welfare (Verordnung ueber das Inkraft-tretung des Reichsgesetzes fuer Jugendwohlfahrt, 14 February 1924), bringing into operation an even more novel reform of German child-welfare laws which had been enacted on 9 June 1922. This law provided among other things for Children's Bureaus on two levels, and left it to the States to complete their organization.

In carrying out the Assistance and Child-welfare Decrees, most States seized the opportunity to effect an organic union between the Assistance Office and the Children's Bureau for administrative purposes, although each Children's

Bureau had its own policy-making board until 1938. At both the regional and the local levels, the term "Welfare and Children's Bureau" (Wohlfahrt und Jugendamt) - "Welfare Office," for short - thenceforward came into widespread use.

Medico-social services were envisaged as a third side of the work of every welfare office until the issuance of the Public Health Decree-Law of 3 July 1934, under which, in order to carry out Nazi racial policies, the Reich Ministry of the Interior opened or took over public health offices on the same two levels. This development was strongly criticized by students of public administration on the ground that it created unnecessary obstacles to coordinating public health with welfare. German Welfare Offices remained responsible for filling in many of the gaps in the German health services, such as maternal care, the treatment of contagious diseases including tuberculosis and venereal disease, and the provision of treatment centres, hospitals, convalescent homes, and drugs, especially on behalf of non-insured persons, and, to some extent, on behalf also of the dependents of insured persons.

The Welfare Offices are integrated with already-existing general-purpose local-government units. At the upper level, the area covered by a Regional Welfare Office was usually co-terminous with a Prussian "province" or a non-Prussian "land". At the lower level, the Local Welfare Office was usually responsible for a rural or urban county (Kreis). Under the administrative unification effected by Nazi decree-laws, this meant that a Regional Office was administered in the name of the provincial Oberpraesident in Prussia and of the Reichstatthalter outside Prussia, and that the County Welfare Office was administered in the name of the Oberbuergermeister in a city-county, and in that of the Kreishauptmann in a rural district. Welfare was thus closely co-ordinated with every other aspect of regional and local administration - but not with health. In most states, each welfare office had its own distinct advisory councils (Beiräte) for both assistance and juvenile welfare purposes. Each Assistance Council in Prussia contained representatives of the recipients of assistance or of associations that were competent to speak on their behalf. In pre-Nazi days, each Juvenile Welfare Council was to contain representatives of voluntary child-welfare agencies and, in most states, of the clergy; but under Nazi rule the clergy were dropped and the only so-called private agencies represented were the Hitler Youth and the National-Socialist Welfare Office.

The relative importance of assistance, juvenile welfare, and medical assistance at the local and regional levels is shown in the following table:

Total Welfare Expenditures in Germany by Function and  
by Organization-Level, 1936. (million RM)

	Total	Local Welfare Offices	Regional Welfare Offices
Grand Total	1821	1611	210
Assistance	1441	1278	164
Juvenile Welfare	87	57	30
Medical Assistance	127	120	7
Administrative Expense	165	157	9



## B. ASSISTANCE

The law of 4 December 1924, - which is still in force - included some important definitions: "Assistance is responsible for providing the needy with the necessities of life. It must do everything possible to help them provide themselves with these necessities, both on their own behalf and on behalf of those who depend on them for their support. . . . The necessities of life include:

- (a) maintenance, and especially shelter, food, clothing and care;
- (b) aid in sickness and aid in the restoration of working capacity;
- (c) aid for women in pregnancy and childbirth; besides,
- (d) for minors, education and vocational training; and,
- (e) for the blind, the deaf and dumb, and the crippled, vocational training."

In keeping with the change of spirit that was symbolized by substituting the term "assistance" (Fuersorge) for the older term "poor-relief" (Armenpflege), many basic principles were embodied in this national law, such as: Assistance should aim at being preventive rather than palliative. It should restore health and working-power. It should prevent temporary need from becoming permanent. It should not be made conditional on recipients giving up their property, if this will increase their dependence, or that of their heirs, on public aid. Repayment - a well-established German custom - should not be insisted on if it would cause hardship. Work, if insisted on, should be appropriate to the individual, and should help people help themselves and their dependents.

Principles such as these applied to all kinds of assistance. The relative importance of the newer kinds of Reich assistance to special categories of recipients and of local general assistance is indicated by the following table:

Domiciliary Assistance in Germany, By Category of Case, for Selected Years (a)

	<u>1929</u>	<u>1933</u>	<u>1938</u>
Total Cases	1 781 000	4 671 000	1 700 000
Reich-aided unemployment allowances	241 000	2 683 000	233 000
Reich pensioners	1 038 000	891 000	784 000
General assistance	502 000	1 096 000	683 000

The administration by the same office of both local general assistance and national categorical assistance, has made it possible to employ the same trained social workers (Fuersorgerinnen) for all aspects of what is in effect a unified family case-work service.

This administrative unification has also facilitated a logical relationship between the scales used in budgeting the different kinds of assistance. The

(a) Based on average of end-of-quarter returns.

categorical assistance mandatory under Reich law was normally defined as a percentage of the basic general assistance scale. This basic scale (Richtsatz) was therefore of concern to the National government although its exact determination remained at the discretion of each state, and although general assistance payments were made in many localities at a higher rate than was prescribed in their own basic scale. It was only for assistance to veterans and servicemen's dependents that the national government itself laid down a scale. The relationship between the basic general assistance scales and a preferential national scale is illustrated in the following table:

Average Monthly Budget Allowances for Domiciliary Assistance  
in Germany, 1 January 1938. (in RM).

	<u>Urban Counties</u>	<u>Rural Counties</u>
<b>General Relief:</b>		
Single Persons	32 00	26 78
Couples	46 57	38 13
Child (average, ages 5, 9, 13)	10 14	7 59
<b>Servicemen's Families:</b>		
Single Persons	39 99	33 79
Couples	58 16	48 22
Child (average, ages 5, 9, 13)	11 60	8 80

In assistance work, every possible assurance was given for participation by voluntary welfare agencies (Einrichtungen der freien Wohlfahrtspflege). Permission was given for public responsibilities to be delegated to voluntary agencies by a State, or, subject to State veto, by an Assistance Union. Moreover, public Assistance Unions were forbidden to provide facilities of their own, "if appropriate voluntary social-service facilities were adequate." The principle was laid down that, "the Assistance Offices (Fuersorgestellen) shall be . . . a link, between public and private welfare services; they shall so act that public and voluntary welfare services may purposefully supplement one another and collaborate in such fashion as will assure the independence of both." Governmental and voluntary - including Nazi party - agencies have used one another's services. Voluntary institutions have been paid by Assistance Unions to give sheltered care to persons in need of assistance. And payments were made to voluntary associations, by Assistance Unions, usually for contract services, to the extent of more than 6,500,000 RM in 1936 - nearly 5% of the total expenditures by Assistance Unions. Under the Nazi regime the four principal nationwide "voluntary" welfare agencies have been the Nazi Welfare Office (NS Volkswohlfahrt), the central committee for the Lutheran Home Mission (Innere Mission), the Catholic Charity Association (Caritas), and the German Red Cross.

The principal kinds of assistance obtainable through a German welfare office have been as follows:



1. General Assistance (Allgemeine Fuersorge): This historic form of poor-relief was subject to a number of restrictions, many of which were capable of being differently interpreted in different localities.

Public assistance was "subsidiary" to the assistance provided by a family for its own members. A person had a right to help from the community in so far as he could not get help from his family.

Responsibility for providing the "necessities of life" could be so broadly interpreted as to include the organization of work projects or the provision of legal aid (Rechtsauskunft), either directly or through voluntary agencies. 1/

Relief could be offered in the form of work, or it could be made conditional upon the doing of relief-work. Any one who refused to work for his own support and that of his family, could be sent to an institution.

The relief-recipient was pledged to compensate the Union for its expenditure in his case; but the recipient was entitled to refuse repayment so long and so far as he had insufficient property or income. This liability applied especially when an advance was made on the security of a forthcoming social-insurance benefit. Child recipients were not liable for repayment. Soon after the Nazis came into power, Welfare offices were asked not to claim repayment unless income was three times the relief awarded; and, even then, not to reclaim it at all if the recipient had more than three children. Christmas 1936, all liabilities incurred before 1935 were canceled. Future liability was to lapse after four years. Within the broad but ill-defined field of general assistance, the Welfare Offices had considerable discretion. In administering other kinds of assistance, which now follow, they acted merely as agents of the Reich.

The settlement law had long been a ground for litigation between German assistance unions, and was indeed one of the principal grounds for the original Reich intervention in the assistance field. In the new age of mobile labor the whole Reich constituted a single labor market; so a great simplification was introduced into the law of settlement in 1924, by distinguishing between initial and ultimate responsibility for relief. Initial responsibility was placed on the county in which the applicant happened to be. Ultimate responsibility was placed on the county of habitual residence (gewoehnlicher Aufenthalt), if the applicant had one, or, in the case of foreign nationals - such as displaced persons - on the regional authority. By these simple rules, the chances of litigation over settlement were considerably reduced. Differences of interpretation were further ironed out by agreements entered into between the welfare unions, which greatly lessened the scope of their claims against one another.

1/ Legal aid in the case of actual litigation has been granted to poor litigants by the court, if the litigation is in good faith, and if the party is unable to defray costs without endangering his ability to support his family; in this case, court fees are remitted, and lawyers' fees are paid by the state. It is said that legal aid for the poor accounts for a considerable part of the income of German lawyers.

General assistance was traditionally divided into two kinds - outdoor or domiciliary, and indoor or institutional.

(a) Domiciliary assistance (Offene Fuersorge) has been given entirely by County Welfare Offices (County Unions). Its extent - half a million persons in a boom year and one million in a depression - has already been indicated.

(b) Institutional assistance (geschlossene Fuersorge) has been administered mainly by Regional Welfare Offices in the case of those long-term institutions for which the demand is small - such as training-places for the blind, the deaf and dumb, the crippled, and others who are physically defective - and also in the case of some for which there is a comparatively large demand - such as mental hospitals if they date from the nineteenth century when population was still so sparse that only regional institutions were financially justifiable. Other kinds of institutional assistance have tended to be provided by county welfare officers. This tendency is most marked with high cost short-term institutions, such as hospitals; but it is noticeable also with low-cost long-term institutions such as old people's homes and orphans' asylums, where nearness to friends and relatives is socially desirable.

The extent of institutional care and its distribution between the county and regional levels is shown below:

Sheltered Care in Germany, by Kind of Institution and by  
Organization Level in 1936

	Total	County	Region
Total persons sheltered	1 340 000	1 123 000	217 000
Residents of Long-term institutions:			
Old People's Homes	131 000	120 000	11 000
Defectives' Institutions	38 000	8 000	30 000
Orphans' Asylums	79 000	78 000	1 000
Mental Hospitals	209 000	70 000	139 000
Miscellaneous	87 000	69 000	18 000
Patients of Short-term Institutions:			
Hospitals	712 000	711 000	1 000
Maternity Hospitals	29 000	22 000	7 000
Convalescent Homes	56 000	46 000	10 000
Rate per 1000 inhabitants	20.3	17	3.3
Expenditure in million RM	349	238	111

2. Preferential Assistance (Gehobene Fuersorge): Special allowances for carefully selected categories of recipients have been made mandatory by Reich law as follows:



(a) Marriage Loans (Ehestandsanlehen): The law of 1 June 1933 for combating unemployment, offered an interest-free marriage loan of not more than 1000 RM to enable a couple to start housekeeping. The most important conditions that had to be met, were that the bride must have had at least nine months' employment during the last two years; both of the spouses must be politically reliable; both must be of pure "Aryan" descent; and neither of them must suffer from hereditary mental or physical defects.

The normal rate of repayment was to be 1% per month; but, at the discretion of the Minister of Finance, it might be raised to 3% if the wife returned to employment. The loan was to be paid to the married couple in the form of non-negotiable vouchers (Bedarfsdeckungsscheine), with values of 10, 20, 50, and 100 RM, which they might exchange for furniture and household equipment. These vouchers might also be used to pay for a Nazi Party home economics course (Reichsmutterschul des Deutschen Frauenwerks), for which tuition and board cost 120 RM a week for four or six weeks. Vouchers were not usable in chainstores or cooperatives. The original application for a marriage-loan was to be addressed to the communal authorities. If they did not consider that the applicants were qualified, they could reject the application without giving any reason and without right of appeal. If they approved the application, they were to forward it to the local office of the finance ministry, with a statement of how large a loan would be appropriate in view of the social status of the couple. As a rule the award would be between 100 RM and 600 RM. Since 1938, farm workers have not been required to repay their loans, so long as they stay on the land. Building supplements (Einrichtungszuschüsse) up to 400 RM were also made available to rural workers.

The first notable result of this policy was that many couples who were about to become parents got married:

Government-Assisted Marriages and Consequent Births,  
First Ten Months, 1933-34

	<u>Marriage Loans</u>	<u>Live-Birth Cancellations</u>
<u>1933</u>		
August	5 356	104
September	19 493	432
October	35 999	2 312
November	39 547	4 367
December	41 164	6 395
<u>1934</u>		
January	34 902	12 313
February	14 170	8 698
March	2 823	8 487
April	38 564	10 939
May	24 797	9 795

While the initial results came earlier than might have been expected, the later results were less great than one might have supposed. It was not

until 1936 that birth-cancellations exceeded marriage-loans in number. Thus many ill-paid beneficiaries of marriage loans became debtors of the Reich.

It is also probable that this Nazi policy may be one of the factors that have helped to keep up the birth rate during the Second World War:

Births in War-Time Germany (a)

<u>Year</u>	<u>Births</u>	<u>Year</u>	<u>Births</u>
1913	1 849 000	1938	1 380 000
1914	1 831 000	1939	1 446 000
1915	1 396 000	1940	1 433 000
1916	1 040 000	1941	1 337 000
1917	940 000	1942	1 078 000
1918	956 000	1943	1 100 000

(a) From, Wirtschaftskurve (May 1944)

(b) Children's Allowances (Kinderbeihilfen an Kinderreiche Familien): German welfare offices have long been accustomed to supplementing inadequate family incomes. Under Nazi rule, the national government has made grants for the same purpose. At first these national grants were financed out of the repayment of marriage loans, and were "single-payment allowances" to families with four or more children, to facilitate the purchase of durable consumers' goods, or the improvement of a house or peasant-farm, or the purchase of a milk-producing animal. They were for a maximum of 100 RM per child or 1000 RM per family. Application was made in the first instance to the local welfare office, by which a means test was applied, as well as tests of political reliability and Aryan descent; but appeal lay to the Ministry of Finance.

Since 1938 the national government has paid 10 RM a month toward "current allowances" (Laufende KBH) for the third and any subsequent child in a family one third of whose income is derived from wage-paid or salaried employment, or for the fifth and any subsequent child in any family with an income of not more than 8000 RM.

The Finance Ministry has also been empowered to make educational grants to help children from large families to continue their education. These grants may take the form of tuition - up to 100 RM a semester in technical or vocational schools - or travel money between home and school, or up to 50 RM a month for residence in a publicly-provided school hostel, or full board and tuition in a Nazi training school.

(c) Stamp Plan: During the depression, special steps were taken to enable impoverished families to obtain surplus commodities. Similarly, in February 1939, special steps were taken to facilitate the distribution of fats to the lower income groups. Two kinds of coupon were issued:

(i) Cheap fat vouchers (Fettverbilligungsscheine) could be obtained from an employment exchange or welfare office. They entitled recipients to purchase a limited quantity of fat at 0.25 RM per half-pound. The categories who were eligible



included: recipients of unemployment insurance benefit, of sick benefit, of work relief, of general assistance, of veterans assistance, of contributory pensions, of servicemen's family allowances, and of children's allowances; persons whose net incomes were not more than twice the general assistance scale; and public and private welfare institutions for sheltered care. No cheap fat coupons were available to rural families.

(ii) Margarine priority vouchers entitled the recipient to buy margarine at current prices, at a time when it was in too short supply to be generally available. These coupons were similarly available to families whose incomes were not more than three times the current local relief scale, and also to institutions that catered largely for persons in this income group, such as school dining-rooms, youth hostels, various Nazi party centres, and hospitals caring for insured persons.

(d) Certification: Local welfare offices have long issued certificates to poor persons to entitle them to the free use of city transit facilities. Similarly with services provided by the national government. As the law has stood since 1937, exemption from the radio listener's license fee (Rundfunkgebuehrbefreiung) has been granted not only to good Nazis on political grounds, but also to blind persons whose income was not more than five times the relief scale; big families - a widow with two children or a father with three - if their income was not more than three times the relief scale; recipients of insurance benefits, contributory pensions, war pensions, and general assistance; all persons whose income fell below a certain level - averaging in a month approximately 50 RM - for a single person or 100 RM for a couple with two children. The number of exemptions has been limited by the Post Office, the Labor Ministry then allocating them among the regional assistance offices, by which the listeners are selected.

(e) House-Rent Assistance (Mietbeihilfen): Assistance in the payment of house-rent, and exemption from the rental tax, were carried a step further in 1938. When the Reich then put an end to State regulation of rents, it gave the tenant the right to ask his County to pay one-third of his rent. The law said, "this assistance is not public assistance." That meant that no province or county could claim repayment from another province or country or from the recipient.

(f) Assistance for Inflation Victims (Kleinrentnerfuersorge): A law of 1923, revised in 1934, provided that any one who was old, incapable of work, and in need of help, who had a capital of 12,000 RM or an unearned income of 500 RM before the First World War, should be entitled to assistance at 25% above the ordinary relief scale. Similarly, by a series of laws, from 1925 on, a holder of Reich securities has been given the right to convert them into annuities with a considerably augmented yield, (Vorzugsrenten), if his yearly income has been less than 1000 RM. Need has been determined by the Assistance Offices, which have sometimes insisted on the exercise of this option before they have themselves been willing to grant other assistance.

(g) Supplementary Interest-Rates (Haertebeihilfe): After the statutory reduction of interest rates on public loans in 1935, "hard cases" with an income of not more than 1500 RM a year were given a right to claim a higher rate of interest than the statutory one. The exact amount of this supplement was to be determined by the Minister of Finance.

(h) Sterilization Assistance: Since 1933, German law has provided for "the prevention of hereditary disease in the next generation." Surgical costs were thrown on a Sickness Fund, whenever the person to be sterilized happened to be insured. In other cases, these costs were to be borne by the person or by his relatives, if any of them was able. If they were unable to pay, the cost was charged to the Assistance Union. Any person disabled by the operation, or obliged to absent himself from his work, was to be assisted by the Assistance Union at the expense of the State.

(i) Servicemen's Family Allowances (Familiemunterstuetzung, or FU): The family allowance law enacted at the end of the First World War and revised into its present form on 30 March 1936, gave the families of all service-men a right to maintenance allowances, and later extended it from military service and labor service to ARP and Red Cross training courses. The law said, "family maintenance allowances are not public assistance" (keine Leistung der oeffentlichen Fuersorge); and they were not to be recoverable either from a recipient or from his place of settlement; but they were to be administered by the general welfare authorities, and the Reich promised to contribute only four-fifths of the cost. FU payments were to ensure the necessities of life to those who were entitled to support, with due regard to their former social circumstances (Lebensverhaeltnisse). This was the usual German public assistance principle, with the difference that in this case the applicant had a right to relief according to a national scale, instead of at the discretion of a local union. For a wife and two children, in a big city, the right to FU would therefore lie anywhere between 64 RM and 108 RM for food and clothing for one month, plus additional allowances for rent, sickness, and childbirth. This scale was to be fixed by the Ministry of the Interior in consultation with the Ministry of Finance.

(j) Veterans' Assistance (Reichsversorgung): Assistance to ex-service men was regulated principally by a law of April 1939. It was intended to compensate them for such curtailment of physical fitness as might result from military service, including time spent as a prisoner of war. The fundamental principle embodied in this law was that, so far as possible, assistance to veterans ought to be functionally coordinated with assistance to all other categories, instead of being segregated in a separate veterans' administration or Ministry of pensions.

Medical treatment was charged to the Sickness Fund of which the ex-service man was a member. If he did not belong to one, then to the General Local Sick Fund (Allgemeine Ortskrankenkasse). Appliances, however, were paid for by the Reich.

Vocational guidance was given, vocational re-education was paid for, and social assistance for the blind was organized, by a special Chief Assistance Office in each Regional Assistance Union (Hauptfuersorgestelle der



Kriegsbeschädigten-und Kriegshinter-bliebenenfuersorge, or HFS).

Permission was given to the Ministers of Labor, the Interior, and Finance, to regulate Sickness Insurance on behalf of veterans' survivors, so as to divide the cost between the survivors and the County Assistance Union.

Pensions were to be available only to those whose earning power had been reduced at least 25%. The law stated exactly how much allowance should be made for professional standing, family dependents, size of city lived in, and need for personal care. If he died, a funeral allowance would be paid, and a pension provided for his widow and children; the pension would vary according to whether his death was or was not the result of military service. War pensions could be pledged or distrained only to or by governmental agencies.

The Minister of Labor was empowered to fix the quota of men more-than-50%-disabled who were to be employed by the Reich, the regions, and all other public and quasi-public corporate bodies, foundations, and institutions, and also by private employers.

If a veteran were to fall unemployed, the first 25 RM a month of his disability pension was left out of consideration both by the Reich and by Assistance Unions.

If a disabled veteran wished to settle on the land, the Reich would lend him up to 1500 RM towards the erection of a house and barn, 700 RM towards acquiring 1 - 2 $\frac{1}{2}$  acres of land, and 300 RM towards equipment. If he wished to go into business on his own account, he could capitalize his pension in inverse ratio to his age.

An ex-serviceman who might be unemployed during the first year after his discharge, was to be paid maintenance (laufende Unterstuetzung) for 13-26 weeks, according to length of service. The High Command fixed the rate at 2.50 RM a day or 15 RM a week. The ex-serviceman retained his right to unemployment benefit, although he could not draw it at the same time as he drew this army maintenance allowance.

### C. JUVENILE WELFARE

Children's services in Germany have been organized on the basis of the Reich Child Welfare Law (Jugendwohlfahrtsgesetz, 9 July 1922), as amended and put into effect by the Reich Child Welfare Decree Law (Jugendwohlfahrtverordnung, 14 February 1924). Under this law, the whole country has been covered with Children's Bureaus (Jugendaemter), and, over them, Regional Children's Bureaus (Landesjugendaemter). Most of the Territories integrated these Children's Bureaus with the County Welfare Offices, so as to increase the opportunity for coordination between all welfare activities.

This hope of coordination came up against the vested interest of religious and political groups in all matters of child welfare. This made juvenile welfare the aspect of German public welfare work in which the biggest



role has been left to voluntary agencies. Under the Republic, this delegation of public duties to private bodies was accomplished in the interest primarily of the Roman Catholic "Caritas", and, incidentally, of the Lutheran "Innere Mission". Into their place, the Nazi party has been able to step during the long period 1933-34.

The close relationship between public authority and private agency has taken a number of different forms. One is the delegation to private agencies of responsibility for supervising wards of the state and probationers, leaving these agencies to do the work either through paid employees or through volunteers. Another form of relationship is subscription by public bodies to private funds, usually, but not always, in consideration of services rendered: In 1936, over 6% of the expenditures of Children's Bureaus were of this nature. A third relationship is contract with private agencies to provide sheltered care for young persons in need of institutional discipline.

The duties of a Children's Bureau have not been limited by law. Certain minimum duties are however mandatory under Reich law, and to this short list other duties have been added by particular Territories. The mandatory responsibilities of Children's Bureaus have been:

- (a) Official supervision of the private custody of certain categories of children;
- (b) Official assumption of guardianship of certain categories; and
- (c) Juvenile court social work, such as supervision of probationers; and
- (d) Investigations connected with correctional education.

The four principal fields of activity in which the juvenile welfare officers engaged were not concerned with four completely different groups of children. Although it is possible to count the number of children who came within the scope of each type of activity, there was a very considerable overlap among these groups. It would seem that slightly more than 400,000 children in Prussia came under the care of juvenile welfare officers in 1936 and if the same ratio held good in non-Prussian provinces the total number in Germany as a whole would have been approximately 700,000.

1. Supervised Custody (Pflegeaufsicht): Under the law, the Children's Bureaus were supposed to supervise the custody of all children under the age of sixteen, unless they were legitimate children living with parents or relatives, or unless for some other reason they were obviously well provided for. Before any child could be boarded out, a permit was required, specifying the foster family, the foster child, and the foster home. Regular inspection was to follow. All illegitimate children living with their mothers were also placed under the supervision of the Children's Bureau, 1/

The law was so difficult to enforce, especially in rural districts, that some children who should have received custodial supervision did not actually receive it.

Moreover, in so far as a Children's Bureau did actually take note of the boarding-out of a child, either free or for a consideration, actual supervision was frequently delegated to a private agency, especially in small

1/ From 1918 to 1933, about 11% of German births were illegitimate. The proportion later declined, owing presumably to the Nazi marriage-promotion policy.



towns and rural districts. From 1924 to 1933, this usually meant the Lutheran Home Mission or the Catholic Charity; since 1933 this has usually meant the Nazi Volkswohlfahrt, helped by the Hitlerjugend. There has also been a tendency to encourage the placing of children in free foster-homes.

In Prussia alone on 31 March 1937, 388,700 children were under supervised custody. Of these, 141,600 were in foster-homes, 121,200 of the children who were so placed being illegitimate. Another 245,200 under supervised custody were illegitimate children living with their own mothers.

2. Official Guardianship (Amtsvormundschaft): Recent German practice originated in the experiments made by Dr. Max Taube while working as medical officer of a municipal child-placing agency, the Ziehkinderanstalt at Leipsic, between 1882 and 1922. He wanted the work of guardianship to be exercised by professional social workers in the employment of a voluntary or governmental welfare agency - the conception which he called professional guardianship (Berufsvormundschaft). He wanted guardianship to be legally vested in a public official, such as the head of what was then a poor-relief union, relying on this official then to make suitable arrangements for the professional exercise of his responsibility - the conception of official guardianship (Amtsvormundschaft). He wanted this one official to be responsible not only for a few individuals but for all children in need of a guardian - the concept of collective guardianship (Sammelvormundschaft). He wanted to open these opportunities of guardianship to all children in some very wide categories, including all who were illegitimate, all who were dependent on poor-relief, and all who were in correctional institutions through parental neglect - in contrast to the prevailing Franco-Prussian tradition of providing a public guardian only for children in institutions. He wished, however, to have each particular case passed on by the local guardianship court.

This provided a model for the legislation of 1922-24. Henceforward the guardianship courts tended to put all illegitimate children, and some others, under the guardianship of the head of the county Children's Bureau. This in turn made arrangements for the actual carrying out of its responsibilities by its own professional social workers or by a voluntary welfare agency, which before 1933 was usually a denominational body, and since then has usually been a branch of the Nazi party.

In Prussia alone on 31 March 1937, the number of children under official guardianship was 382,300. Of these, 373,800 were illegitimate.

3. Protective Supervision (Schutzaufsicht): When placed on probation by a juvenile court, a German child remained with its custodians - usually its parents - but a probation officer (Helfer) was associated with them to help in the adjustment of the delinquent child. Provision was also made for Children's Bureaus to arrange "voluntary probation" for cases in which those who had custody of the child might wish to avoid court action.

Actual administration, however, has been left largely to voluntary agencies, which in turn have relied on volunteers. Before 1933 these were drawn largely from denominational groups, and since 1933 from Nazi party agencies.

In Prussia alone on 31 March 1937, some 36,400 children were on probation, some 16,300 of these on a voluntary basis.

4. Corrective Education (Fuersorgeerziehung, formerly Zwangserziehung):  
A juvenile of less than 18 could be taken out of the custody of its family and placed in some other home or in an institution if a juvenile court held that it was neglected. The petition to the juvenile court would normally come from the Children's Bureau, by which the bench would also be advised on the best environment to be selected for the neglected child.

Thus, with detention as with probation, the Children's Bureau was expected to do the juvenile court's social work, since no German court was provided with its own staff of social workers. Each juvenile court, however, had two honorary associate justices who were selected from panels presented by the Children's Bureau.

More than one-third of the "welfare pupils" (Fuersorgezooglinge) were committed to denominational institutions. In 1936, 50% were committed to institutions - 39% to private and 11% to public. Under the Nazi regime the tendency has been to stress the advantages of institutional discipline. The Nazi party claimed to control most of these institutions even though title was still vested nominally in denominational agencies.

The number in receipt of correctional education in Prussia alone, 31 March 1937, was 42,600.



### III. SOCIAL INSURANCE

With the possible exception of the United Kingdom, Germany is the country that has made fullest use of compulsory insurance as a method of meeting the problems of insecurity that confront people of moderate means in a modern money economy.

Germans have been inclined to think of "social insurance" in a restricted sense. They originally applied this term to the group of compulsory insurances established in Germany on a national basis between 1883 and 1889, to meet such bodily misfortunes as sickness, work accidents, death and invalidity. Unemployment, on the other hand, has been regarded partly as a matter of general economic policy, and partly as a matter of relief; insurance against unemployment was not organized until 1927 and was abandoned in 1939.

German social insurance has been administered by a number of autonomous funds or institutes; but these have all been subject to central supervision by a National Social Insurance Office which has itself been within the sphere of influence of the Reich Labor Ministry. The central office works through regional and district offices, which audit the autonomous funds, approve their rules, and, in case of need, dismiss their managers and appoint substitutes for them.

Social insurance, in both the narrower and the wider senses, is so important in Germany that Germans have spent upon it two or three times as much each year as upon private insurance - which is almost exactly the reverse of the relationship between private insurance premiums and social insurance contributions in the United States. For the great mass of Germans, social insurance is the only insurance that matters. "Industrial policies" are practically unknown.

#### Payments for Insurance in Germany for Selected Years (in 1000 RM)

<u>Kind of Insurance Payment</u>	<u>1932</u>	<u>1937</u>
Unemployment Fund Contributions	1 028 900	1 701 100
Other Social Insurance Contributions	2 440 600	3 770 700
Commercial Insurance Premiums	1 664 400	2 074 400

#### A. HEALTH INSURANCE

The German health insurance system was set up by a series of Reich laws enacted between 1883 and 1892. Its coverage was extended until it included all privately employed persons, unless they were paid salaries of 300 RM a month. Voluntary insurance was also introduced for the benefit of persons with incomes of not more than 600 RM a month, if they had previously been compulsorily insured, or if they were self-employed. The number of persons insured against sickness under this statutory health insurance system has varied between years of good and bad business. During the rearmament boom there was a tendency for the voluntarily insured to move into the kind of job in which insurance was compulsory.

Number of Persons Statutorily Insured Against Sickness in  
Germany at Selected Dates (exclusive of dependents)

	<u>January 1933</u>	<u>December 1937</u>
Total	17 539 000	22 100 000
Compulsory	14 163 000	18 780 000
Voluntary	3 376 000	3 320 000

German health insurance has never been operated by the government. Actual operation has been left to a large number of sick benefit funds, most of which owe their origin to the enterprise of some local or occupational group. The tendency over many years has been for these funds to be consolidated, and therefore to diminish in number. Works funds and guild funds are approved only if at least 150 persons are covered, and only if approval is obtained from the majority of wage-earners or journeymen concerned. Every locality has to have a general fund, whose delegate meeting and managerial board have consisted however of representatives of insured persons and of employers. The relative importance of the various kinds of sick benefit funds is shown in this table:

Average Membership of German Sick Benefit Funds in Selected Years

<u>Kind of Fund</u>	<u>1932</u>		<u>1937</u>	
	<u>Number of Funds</u>	<u>Number of Members</u>	<u>Number of Funds</u>	<u>Number of Members</u>
Total	6960	18 512 000	4860	22 315 000 <sup>a/</sup>
Local:				
General	2116	11 705 000	921	13 230 000
Agricultural	443	1 710 000	364	1 790 000
Occupational:				
Works	3528	2 528 000	3230	3 835 000
Guild	803	472 000	298	659 000
Minors' Society	17	565 000	18	702 000
Substitute	53	1 532 000	29	2 099 000

<sup>a/</sup> The difference from the membership totals in the previous table is accounted for by the fact that those referred to a particular month whereas this is an average for all months in that year.

Contributions on behalf of compulsorily insured persons have come two-thirds from insured persons and one-third from employers. A Nazi law issued in 1933 for reducing the employed person's share has never been put into effect. Voluntary contributors pay the whole contribution. Contributions on behalf of the temporarily unemployed have been paid by local government units since 1927, and the Reich has made grants for special purposes, such as an additional maternity benefit of 50 RM, and part of the cost of treating disabled ex-service men; but on the whole it may be said that, instead of the government contributing to the cost of health insurance, the insurance-carriers have contributed extensively to services which in other countries are regarded as part of government-financed preventive medicine.



Statutory benefits have been of the usual kinds:

- (a) Medical and obstetrical care, including hospitalization, for 26 weeks, and,
- (b) Sick pay for 20 weeks (50% of basic wage during home treatment, or 25% while in hospital), maternity benefit (50% of base pay six weeks before and six weeks after confinement), breast-feeding benefit (25% for twelve weeks), and funeral benefit (twenty times daily base pay).

Unlike the British system, the German has made its medical benefit available also to the non-insured dependents of insured persons, although only for thirteen weeks. It is therefore probable that two-thirds of the population of Germany is entitled to some medical care under the health insurance system. Maternal and infant welfare centres, and the school medical service, have therefore tended to concentrate on examination and consultation, leaving it to the insurance doctor to provide treatment. Contracts for medical service are made between the sick benefit fund and the doctor, collective bargaining being common, in contrast with the British system under which negotiations with the medical profession are the responsibility of the national government and not of the sickness funds.

Like the British "approved societies", each sick benefit fund is free, subject to government approval, to grant additional benefits, the amount at its disposal depending of course on the surplus left after providing statutory benefits. Thus societies of better paid workers with lower sickness rates may be presumed to have bigger surpluses available for additional benefits. This tendency is further enhanced in Germany by leaving to each approved society the right to fix contribution-rates for its members, subject, however, to the right of the government to refuse approval of additional benefits if the contribution-rate exceeds 5%.

Additional service benefits have often included prolongation of medical attendance to cover the whole year. German societies are also allowed to grant additional cash benefits, such as increased maternity and death benefits, extended periods for sickness and maternity benefit, and family allowances for the dependents of sick insured persons.

In the inter-war period it became normal for sick benefit funds to federate into regional "institutes", which were closely associated with regional invalidity insurance institutes for certain purposes, such as the supply of hospitals, sanatoria, convalescent homes, polyclinics, and venereal disease treatment centres for their members. Many sickness funds have also made grants to municipalities toward maternal and infant consultation centres, school meals and school dental treatment, and consultation centres for tuberculosis and venereal disease. They have also subscribed to quasi-voluntary agencies such as the Nazi Winter Help.

Many Germans who do not come under the general sickness insurance schemes are nevertheless insured against illness. If they are public employees, they are provided for in some other way; for example, railway and postal workers have optional contributors' insurance funds to which the agencies that employ them are also contributors. Many other people who are self-employed or who have salaries of more than 300 RM a month have also attempted collective action to



achieve security against sickness; and, since no other channel has been available they have insured with private companies to a total of 4,000,000 persons in 1932 and 10,000,000 at the beginning of 1942. Sickness insurance has become, next to life insurance, the most important form of commercial insurance in Germany.

## B. INVALIDITY, OLD AGE, AND SURVIVORS' INSURANCE

For these purposes, Germany has evolved three distinct contributory pension systems. One, established between 1889 and 1911, is for wage-earners (Invalidenversicherung). Another, organized between 1913 and 1922, is for salaried employees (Angestelltenversicherung). A centuries-old pension system for coal-mine-workers was brought under Reich control in 1923-26 (Knappschaftliche Pensionsversicherung).

More persons have been covered by these three systems than by German health insurance. For wage-earners, compulsory contribution extends to all privately employed manual workers, while voluntary insurance is open to those who have previously been compulsorily insured as wage-earners and also, up to the age of 40, to small employers with not more than two wage-earners. For salaried employees, all who earn less than 600 RM a month are liable, as are also self-employed persons in some less-well-paid occupations (such as midwife and music-teacher), while voluntary insurance is open to those who have previously been compulsorily insured as salaried employees and also to employees with salaries of more than 600 RM, and some self-employed persons. The number insured has been as follows:

Approximate Number of Persons Statutorily Insured Against Old Age, Invalidity, and Death, in Germany, for Selected Years

	1932	1936
Total	21 700 000	24 100 000
Wage-earners	18 000 000	19 200 000
Salaried employees	3 300 000	4 300 000
Mine workers	400 000	600 000

The wage-earners' contributory pension system has been administered mainly by "regional insurance institutes" (Landesversicherungsanstalten) of which there were 29 in 1937; but three "special institutes" (Sonderanstalten) have survived - one for sailors, one for coalminers, and one for railway workers. The salaried employees' system has been operated by its own nationwide "institute" (Reichsversicherungsanstalt fuer Angestellte). The mineworkers' system is operated by a national federation of local mineworkers' clubs (Bezirkssknappschaften).

Contributory pensions have consisted of several elements, the relationship between which has varied from time to time. They have been:

- a flat-rate benefit financed out of insurance contributions;
- a flat-rate pension financed out of national taxes; and
- an "elastic" amount paid out of insurance contributions and



proportionate both to the duration of insurance and to the income class of the insured person.

Widows' and orphans' pensions have been expressed as percentages of this basic pension. Similarly with the children's allowances that have been available to invalids and widows.

Many elderly wage-earners have qualified for the invalidity pension; on 1 January 1937, no less than 81% of the "invalids" were more than 60 years old. For those wage-earners who reach the age of 70 without being incapacitated, the same pension has been available on the ground of age, on condition that the recipient retire from work. For salaried employees, the pension has been available on reaching 65, or on being unemployed for one year if over 60, or on becoming incapacitated.

The average invalidity and widow's pensions for wage-earners were respectively 600 RM and 240 RM a year in 1936. Salaried employees' pensions averaged 700 RM. The number and cost of the four-and-a-quarter million pensions in force on the eve of the war was as follows:

Invalidity, Old Age, and Survivors' Contributory Pensions  
in Force in Germany, 1 January 1938

<u>Type of Worker</u>	<u>Number</u>
<u>Wage-Earners</u>	
TOTAL	3 418 000
Invalidity	2 477 000
Sickness	12 000
Old Age	15 000
Widowhood	649 000
Widows' Sickness	1 000
Orphanhood	264 000
<u>Salaried Employees</u>	
TOTAL	440 000
Old Age	263 000
Widowhood	133 000
Orphanhood	44 000
<u>Mineworkers</u>	
TOTAL	401 000
Invalidity and Old Age	270 000
Widowhood	128 000
Orphanhood	3 000

Cost of Contributory Pensions (In RM) in Force in Germany, 1937

Wage-Earners	1 156 038 000
Salaried Employees	285 000 000
Mineworkers	158 875 000

These contributory pension systems have not relied entirely upon current contributions from insured persons and current appropriations by the Reich. Out of contributions they have accumulated considerable reserve funds, which are highly vulnerable in times of inflation. The value of these accumulated funds has fluctuated as follows:

1913	2 100 000 000 M
1924	330 000 000 RM
1936	5 000 000 000 RM

Over 5% of the annual outlay of these contributory pension systems has gone not to pensions but to health measures. For example, hospital or medical treatment has been paid for, or a family has been given additional support while a pensioner is in a hospital, or a hospital or clinic has been operated, or subscriptions have been made towards "general measures", including child welfare.

### C. INJURY INSURANCE

Insurance of workers by employers against work injuries, was made compulsory in a long list of German industries in 1884, in agriculture in 1886, and gradually thereafter in many other kinds of work, both public and private. In many cases, this liability to insurance has been extended to the self-employed and the family-members who work for them, either by the occupational insurance societies themselves or, in the case of agricultural enterprises, by the state government. Coverage against work injuries was expanded until it became almost coextensive with the gainfully occupied population.

Administration is in the hands of "occupational cooperatives" (Berufsgenossenschaften), in the case of persons in private or quasi-private employment - including an "occupational cooperative for health and welfare services" (Gesundheitsdienst und Wohlfahrtspflege). Administration is by government-controlled agencies in the case of persons in public employment. Insurance rates have been determined by the insurance institutions, and have varied from enterprise to enterprise.

Benefits are partly in the form of services, such as medical care, including hospital care, and vocational rehabilitation, and partly in cash. Pensions have been proportioned to incapacity, reaching two-thirds of annual wages when incapacity is total. In the case of fatal injuries, the widow has usually received two-fifths, and each child one-fifth of the victim's wages, up to a total of two-thirds of his last annual wages.

The extent of this insurance in 1936 was as follows:

	Total	Occupational Cooperatives		Governmental Agencies
		Industrial	Agricultural	
Number of Agencies	268	63	35	170
Insured Undertakings	6 263 000	1 251 750	4 950 800	60 450
Insured Persons	30 057 000	13 166 600	13 516 000	3 374 400
Compensation Claims Paid	620 800	350 400	230 400	40 000
Of these, new, 1936	86 800	43 600	37 900	5 300
Reported Work Accidents	1 527 600	1 127 000	299 200	101 400



#### IV. EMPLOYMENT SERVICE

On the basis of what was originally a network of local employment offices, Germany has gradually evolved a unified National Employment Service (now, Reichstock fuer Arbeitseinsatz; formerly, Reichsanstalt fuer Arbeitsvermittlung und Arbeitslosenversicherung). This service is organized as a district operational unit, under the general supervision of the Labor Ministry, and parallel with the National Social Insurance Office. (see above, IIB.). Its work includes the operation of employment offices, the giving of vocational guidance in the maintenance of the unemployed, and the provision of work opportunities. To these responsibilities has been added the duty of enforcing the compulsory labor law. This authority has thus gradually achieved the power to coordinate all employment services, and it has become increasingly possible for the government to use it as a handy instrument for the enforcement of its economic policies.

The Employment Service used to keep in contact with local feeling by means of Local Advisory Committees representing employers, employees, and the general public. These have been abolished by the Nazis.

The original German unemployment insurance contribution of 3% proved inadequate when the depression broke in 1929 before sufficient reserves had been built up. For a while the service had to be supported by a grant out of the general funds of the Reich. The combined contributions, however, of employers and employees were raised to 6 $\frac{1}{2}$ % of wages by the end of 1930, while the benefit period was reduced, until in 1933 it was only six weeks. This gradually enabled the Service to become independent of grants from the general fund. Instead, it itself became a source of revenue to the Reich, more than half its outgo under the Nazis being appropriated to what the German statistical office has called "general housekeeping expenses". The principal items in its budget in typical years of the depression and of the rearmament boom are as follows:

##### Expenditures by the German National Employment Service for Selected Years (RM)

	<u>1932</u>	<u>1936</u>
Total	1 842 000 000	1 502 000 000
a. Unemployment Insurance Benefits and Assistance Payments, including Payment of Social Insurance Contributions	1 620 000 000	639 000 000
b. Short Time Assistance	51 000 000	16 000 000
c. Work Opportunities	45 000 000	160 000 000
d. Employment Offices and Administration	106 000 000	129 000 000
e. Transfer to Reich "For General Housekeeping Expenses"	20 000 000	558 000 000

A. UNEMPLOYMENT COMPENSATION (ARBEITSLOSENUNTERSTUETZUNG, OR ALU).

1. General Development: Responsibility for supporting unemployed persons and their dependents in Germany was divided between the National Employment Service and the County Welfare Office from 1927 until 1939. Persons who were insured against unemployment, were primarily the responsibility of the National Employment Service, which discharged its duty partly by way of insurance but partly by means of assistance. If they had not been so insured, or if in some way they had become disqualified, they became the responsibility of the County Assistance Union, which granted them "continuing relief", either in return for work or simply in cash. The County Assistance Union also supplemented the National Employment Service's insurance benefits and assistance payments in cases in which it believed them to be inadequate. If an applicant for local assistance was "recognized as unemployed" (Anerkannter Wohlfahrtserwerbloser), the national government made a grant towards his support.

Average Number of Persons Unemployed and Receiving  
Unemployment Compensation, 1932 and 1936 <sup>a/</sup>

	<u>1932</u>	<u>1936</u>
Total registered with Employment Office	5 603 000	1 593 000
Total publicly supported	4 495 000	1 371 000
a. National Employment Service	2 536 000	911 000
b. County Welfare Office	1 959 000	460 000

<sup>a/</sup> Based on bimonthly Employment Service returns and quarterly Assistance returns.

Amount of Payments (in RM) to Unemployed Persons, 1932 and 1936

	<u>1932</u>	<u>1936</u>
Total public expenditures	2 949 000 000	1 122 000 000
a. National Employment Service	1 716 000 000	815 000 000
(lines a,b,c, in previous table)		
b. District Assistance Unions	1 233 000 000	307 000 000

2. Unemployment Insurance: Less Germans were insured against unemployment than against incapacity. This was partly because unemployment insurance was limited to wage-earners and to salaried employees who earned or had earned less than 700 RM a month, and partly also because large groups of agricultural, domestic, and casual workers were excluded.

Equal contributions by employer and worker were the rule; and government subsidies were given only during the early phases of the depression.

To qualify for benefit, an applicant had to have insurable employment for 26 weeks during the preceding year or for 52 weeks during the preceding two years. It was necessary for him to register at a public employment office and pass through a waiting period of 3-14 days. Benefit was then payable



only for 20 - and in 1933 for only 6 - weeks, subject of course to the recipient's remaining available for work and being willing to accept suitable employment. At the worst of the depression, its continuance throughout the whole period was made to depend on a means test.

In order to assess the benefit to which an applicant was entitled, his earnings were fitted into one of eleven wage-classes, for each of which a standard local award was calculated. The basic benefit was then supplemented with dependents' benefits equal to 5% of the basic wage for each of the first six dependents.

Reduced benefit was available to workers placed on short time.

Another very important benefit was the payment of social insurance contributions on behalf of unemployed persons, in order that they might not lose their right either to medical benefit or to a contributory pension.

3. National Emergency Assistance: Unemployment insurance has never sufficed in any country to meet the whole problem of supporting the involuntarily unemployed. There are in particular two categories of insured persons for whom insurance benefits are everywhere unavailable; those who cannot qualify because they have not been in insurable employment for enough weeks during the previous year or two, and those who have exhausted their right to insurance benefit by being unemployed for more than the maximum number of weeks for which the insurance fund has covenanted to pay benefits. In Germany, national unemployment assistance was available for these categories of unemployed people, under the name of "emergency assistance" (Krisenfuersorgeunterstuetzung, or Fru).

These national assistance payments were administered by the Employment Offices. They relied on the Welfare Offices, however, for the investigation of means and needs. Considerable coordination was therefore needed in German provision for the support of the unemployed. The result was that a sort of hierarchy of the unemployed was created:

ai. at the top of this hierarchy were those insured persons who had a right to receive unemployment insurance benefits from the National Employment Service;

aii. next came a greater number of insured persons who were granted national emergency assistance by the National Employment Service;

bi. on a third level came still more persons who were granted nationally-aided assistance by the County Welfare Offices as "Anerkannte Wohlfahrtserwerblose"; and

bii. at the bottom came the mass of those who were granted assistance by the County Welfare Offices on the assumption - right or wrong - that they were unemployable.

To any national government in financial difficulties, there was always a temptation to down-grade the unemployed, either in order to throw more of the burden on the local assistance unions, or in order to press the unemployed

to return to work even on terms they had previously considered unacceptable. In 1930, for example, the duration of emergency assistance was reduced from 39 to 32 weeks for persons under 40, so that after one year of unemployment - 20 weeks on insurance and 32 weeks on assistance - they automatically became local assistance cases. This down-grading naturally became worst in the later phases of the depression. It provided Nazi propagandists with considerable ammunition with which to destroy popular confidence in what they called "the Democratic Welfare State".

Regulations for the payment of emergency assistance were prescribed by the Minister of Labor. It was payable only in places with more than 10,000 inhabitants, unless the regional employment director decides to authorize it in less populous places. It was not available to unemployed persons under 21 years of age - a policy that depended for its success on the availability of alternatives such as residential training centres and labour camps. Nor was it available to agricultural or domestic workers.

The importance of national emergency assistance as an appendage of the unemployment insurance system is shown by the following table, which is in part a breakdown of the previous table:

Approximate Average Number of Persons Contributing To or Receiving  
Unemployment Compensation in Germany, 1932 and 1936 <sup>a/</sup>

	1932	1936
Contributors	10 195 000	12 803 000
Recipients of Insurance Benefits	1 087 000	323 000
Recipients of National Emergency Assistance Allowances	1 449 000	588 000

<sup>a/</sup>Annual average, based on returns made on the 15th and last days of each month.

4. The Reorganization of 1938-39: As the Nazi rearmament program overcame unemployment, it cost the German government very little to describe its unemployment policy as being based on the principle of "work or maintenance", or "from each according to his ability, to each according to his needs." The right to maintenance became a somewhat unimportant corollary of the duty to work, as had to some extent been envisaged in the Weimar constitution itself. Whether a person had qualified for unemployment compensation by previous employment of minimum duration in an insurable occupation, became irrelevant. ~~Whether his needs exceeded his means, became equally irrelevant.~~ Employability became a purely physical question, to be decided by a doctor. If a person was held to be physically unfit for work, he was the responsibility of the local Welfare Office. If, however, he was held to be physically fit for work, it was the duty of the Employment Office to provide him with work, or, if it failed, to provide unemployment maintenance.

This maintenance has consisted of three parts:

- (a) a basic maintenance allowance for the beneficiary himself (Hauptunterstützungsempfänger);
- (b) a family allowance (Familienzuschlag) in respect of each dependent; and
- (c) a rent allowance, so as to take care of differences in housing costs in different regions of the country and at different income levels (Wohnungsbeihilfe).



The persons covered by this new policy would naturally include those who return to civilian employment after serving in the armed forces or in war work.

#### B. EMPLOYMENT EXCHANGES AND VOCATIONAL GUIDANCE

When the National Employment Service was set up in 1927 in the place of a number of state and local services, it opened a central office at Berlin with a few regional offices (Landesarbeitsaemte), several hundred consolidated local offices, and under them a large number of branch offices. These offices have not only determined whether applicants qualify for maintenance; they have also served as employment exchanges for adults (Arbeitsvermittlung) and vocational guidance centres for juveniles (Berufsberatung and Lehrstellenvermittlung). As employment exchanges they have had to work closely with local assistance offices. As vocational guidance centres, they have had to work with schools and with children's bureaus; they have been specially concerned with directing young people towards apprenticeship and other opportunities for vocational training.

#### Services Rendered by Employment Offices in Germany in Selected Years

	<u>1933</u>	<u>1937</u>
Placements	3 505 100	8 448 500
Long-term	2 178 600	5 352 200
Short-term	1 326 500	3 096 300
Referrals for Relief Work	1 353 500	306 600
Requests for Vocational Guidance	394 300	676 600
Placements in Situations with Opportunities for Training	102 000	317 900

Since 1935 the employment offices have administered a system of work-books, of which 22,000,000 had been issued by 1936, and 30,000,000 by 1941. On the basis of these work-books they have directed labor to jobs where it has been most needed, using requisitioning orders in the minority of cases where either the employer or the wage-earner has not let himself be persuaded.

With this increase in activity, the number of persons employed in the Employment Service increased from 16,000 in 1928 to 24,000 in 1932, and 34,000 in the Old Reich in 1941.

### C. MEASURES FOR COMBATING UNEMPLOYMENT

Employment in Germany as in all countries has been subject to seasonal as well as cyclical fluctuations. Employment is usually more plentiful in the summer than in the winter.

Cyclical employment varied more in producers' goods than in consumers' goods industries, sinking lower in the depression and rising higher in the boom.

During the boom years of the late 1920's, the number of unemployed persons registered at the employment exchanges occasionally fell to about one million. In the worst months of the depression it rose to more than six million, or one-fifth of those who normally were gainfully occupied.

After the Nazi seizure of power, registered unemployment diminished. At first, this was due partly to removal of many women from the ranks of the gainfully occupied, and partly to counting relief workers among the employed. In the long run, Nazism abolished unemployment by rearmament.

The number of registered unemployed rose to its peak in 1932 and then fell as follows:

#### Unemployed Workers in Germany, 1928-38

<u>Year</u>	<u>28 February</u>	<u>31 August</u>
1928	1 786 000	1 017 000
1929	3 070 000	1 272 000
1930	3 366 000	2 883 000
1931	4 972 000	4 215 000
1932	6 128 000	5 224 000
1933	6 001 000	4 124 000
1934	3 373 000	2 398 000
1935	2 764 000	1 706 000
1936	2 515 000	1 098 000
1937	1 611 000	509 000
1938	946 000	179 000

1. Labor Service. During the depression, various voluntary agencies (Traeger des Dienstes) organized camps, with some governmental unit as financial sponsor (Traeger der Arbeit). Under emergency decrees issued in 1932, the National Employment Service gave its support to this movement, and provided grants-in-aid to camps that came up to a certain standard. By the end of the year 285,000 unemployed Germans of 18-25 - mostly men, but some women - were in these voluntary camps. An attempt was made to give the same person a period in a day camp and a period in a camp away from home.



The Nazi government militarized the labor service camps; transferred them to the Ministry of the Interior in 1934; substituted movable barracks for disused factories and abandoned army quarters; and in 1935 made labor service compulsory, even though the accommodation was not sufficient to permit the law to be fully enforced.

2. Relief Work. Work relief was developed on a large scale in Germany, beginning about 1927, and reaching about one quarter of the unemployed. It was of two principal kinds: (a) "work for wages", either for a public works contractor, or for a business concern whose labor costs were temporarily shared by the welfare authority, hiring in both cases being limited to the unemployed; (b) "work for relief", in an endeavor to make constructive use of the free time of unemployed persons, as far as possible on projects that would not otherwise have been undertaken, but to some extent - especially in the case of the younger unemployed - on projects of educational or recreational value, including attendance at Voluntary Labor Service camps. Work relief projects were under local sponsorship; but many of them qualified for grants-in-aid from the national government, and "work for wages" entitled the unemployed to contribute to social insurance.

3. Short-Time Employment. When business was bad, many firms put their employees on to short-time, rather than dismiss them. The unemployment insurance fund then supplemented these short-timers' wages, in proportion both to the number of their days of unemployment and to the number of their dependents. In 1932, an average of over 250,000 workers received these supplements; by 1937 the average had fallen to 40,000, of whom one-third were in the textile industry.

## V. SELF-HELP

### A. SMALL SAVINGS

Since about 1848, the German people have built up an important network of municipal savings banks, building societies, and credit cooperatives. These have gradually become more and more closely associated with National Government finance, and the National Government itself has entered their field with a national cooperative bank, a national construction bank, and a postal savings system.

During World War II, the Nazi government has borrowed from workers in Germany - both German and foreign - not directly by war-bond drives as in the First World War, but only indirectly and "noiselessly" (geräuschlos). This has been done by controlling prices, rationing goods, and preventing money-hoarding, to such an extent that the only use the wage-earner can find for his spare cash is to deposit it in a savings bank or some similar institution, by which it is invested in government bonds - he receiving from  $2\frac{1}{4}\%$  to  $3\frac{1}{4}\%$  interest from the savings institution, while it receives some  $3\frac{1}{2}\%$  from the government.

A small part of this borrowing is in tax-free "iron savings" (eiserne Sparbeträge) deducted from an employee's earnings, credited to him in a local savings bank, guaranteed by the Reich, and withdrawable only on one year's notice at the end of the year. It was reckoned in 1944 that 4,000,000 "iron savers" were saving an average of 20 RM a head a month, or one billion RM a year. This is only part of the wartime expansion in small savings.

Approximate Deposits in Savings Institutions in the Old Reich,  
End of Years (Billion RM)

	<u>1938</u>	<u>1942</u>
Savings Banks	18	45
Credit Cooperatives	6	15
Postal Savings Bank	0	3
3 leading commercial banks	1	3

1. Municipal Savings Banks: These local institutions are the principal German vehicles for saving. They have no share-capital, but have charters (Satzungen) from municipalities, by which their liabilities are guaranteed without limit. Depositors can withdraw their savings deposits only on presenting their passbooks (Sparbücher). Three months' notice can be required for withdrawals of over RM 1000. Interest is fixed by agreement among credit institutions; on deposits liable to withdrawal at call it is  $2\frac{1}{2}\%$ , and on deposits withdrawable at 12 months' notice,  $3\frac{1}{2}\%$ . In harmony with wartime population mobility, passbook mobility (Sparbuchfreizügigkeit) has been introduced: a depositor may make a withdrawal at any savings bank. Savings Banks in the Old Reich numbered over 2400 in 1938. These had some



10,000 branch facilities. More than half these offices were in communities of less than 10,000 inhabitants.

These savings banks were federated in 19 regional systems (Sparkassenund-Giroverbaende), which audited their accounts and operated clearing houses (Girozentralen) to hold their liquidity reserves and effect cashless transfers, subject to State supervision, and, in 14 regions, with the benefit of State guarantee. These regional associations in their turn were federated in the nationwide Deutsche Sparkassen-und-Giroverband which audited their accounts, serviced them with technical advice, and operated and guaranteed the Deutsche Girozentrale - Deutsche Kommunalbank (DGZ), which helped funds to flow from deposit-surplus to credit-thirsty regions, and which helped finance local governments, subject to the supervision of the Reichswirtschaftsminister.

In addition to short-term loans to municipalities and to small businesses, these municipal savings banks used to grant mortgage loans up to 50% of the value of the underlying property, besides keeping liquidity reserves with the regional Girozentralen which did the same with the DGZ. The wartime shrinkage of the mortgage market has left them with no alternative but to lend to the Reich government or to the Girozentralen; the Reich has issued special "liquidity bonds" to meet this demand, while the Girozentralen have also invested heavily in Reich government paper.

Approximate Deposits in Savings Bank System at end of year  
(billion RM)

	<u>1932</u>	<u>1938</u>	<u>1942</u>
By individuals in Municipal Savings Banks	10	18	45
By Savings Banks in Regional Girozentralen	2	3	15
By Girozentralen in DGZ	1	1	7

2. Building Societies (Bausparkassen): These arose in the nineteen twenties. One quarter were run by Girozentralen; three quarters were private. A member would enter into an agreement to make monthly savings (Bausparvertraege) on which he could borrow when buying a house. The Bausparkasse would then arrange a first mortgage for him of 40-50%, usually from a savings bank, and would itself grant a 30-40% second mortgage. It could not lend the whole sum itself, since it had to lend on the basis of deposits alone, and not on the strength of borrowed funds. During the war deposits in building societies have been used for government financing.

3. Credit Cooperatives (Kreditgenossenschaften) have existed for the purpose of making short-term loans to their members since the 1860s. They were intended to help self-employed craftsmen and peasants. They are of two kinds:



(a) People's Banks (Volksbanken), of which the first were founded by Schulze-Delitzsch, are open to membership by any one in either a city or trade. The majority of them have gradually come to be based on limited liability. They numbered more than 1500 in the Old Reich. They were federated in regional auditing unions (Pruefungsverbaende) with 11 Zentralkassen. Like all urban cooperatives, they belonged to the Deutsche Genossenschaftsverband.

(b) Village Banks (Dorfbanken) of which the first were founded by Raiffeisen, are restricted to persons who know one another personally as members of a small village community. The majority still operate on the principle of unlimited liability of members. They supplement their small capital by accepting considerable deposits from non-members. They numbered more than 17,500. They were organized in regional auditing associations (Pruefungsverbaende) with 23 Zentralkassen to which they directed their surplus funds. Like all rural cooperatives, they belonged to the Reichsverband der Deutschen Landwirtschaftlichen Genossenschaften-Raiffeisen.

For all regional cooperative banks, both urban and rural, the central bank was the National Cooperative Bank (Deutsche Zentralgenossenschaftskasse, or Deutschlandkasse). In the '20s, this bank made the surplus funds of one region available in another. In the '30s, it made the much greater surplus funds of all regions available for helping finance the Reich government. Most of its stock is held by the Reich, by which it is supervised. It has a number of subsidiaries, mainly in the field of agricultural processing.

4. National Construction Bank (Deutsche Bau-und Bodenbank AG): Nearly all the stock is held by the National Government, by which most of the Aufsichtsrat and Vorstand are appointed. It provided interim financing (Zwischenkredite) for actual construction, especially by housing-cooperatives (gemeinnuetzige Baugesellschaften und Baugenossenschaften). It acted as trustee for the administration of large Reich funds for financing low-cost popular housing and slum-clearance. It also acted as trustee for Reich guarantees of second mortgages, and was therefore an important reinforcement of the new building society movement. It had a number of regional offices. Before the war it had a subsidiary for financing public works construction.

5. Postal Savings: The Austrian system of Postal Savings was extended to the Old Reich in 1939, but was administered from Vienna. By the end of 1942, nearly 8,000,000 accounts had been opened. To mitigate competition with local savings banks, interest was limited to 2½%; but a depositor could make withdrawals at any post office on presenting his Postsparbuch.

## B. COOPERATIVES

In Germany the cooperative form of organization has been greatly used by people with small and medium sized businesses. Businessmen ran cooperatives for the manufacture or purchase of supplies. Craftsmen ran cooperative workshops. Farmers great and small ran thousands of specialized agricultural cooperatives, and others of more general scope; they handled many of the eggs, and much of the butter and cattle that came to market; and east of the Elbe they marketed half the grain.



Cooperative housing associations numbered 3500 and had 670,000 members in 1937. A quarter - and at Berlin two-thirds - of the houses erected in the boom year 1927 were built by cooperatives. These housing cooperatives worked mainly on borrowed capital.

Under the Nazis, agricultural cooperatives grew in number from less than 19,000 in 1932 to more than 22,000 in 1938, when they handled 45% of the grain and 70% of the milk. Credit cooperatives were strengthened by consolidation, their membership remaining at about 2,000,000.

Consumers' cooperatives were treated differently from those of producers. They had been federated in two systems of retail distributing, wholesale purchasing and manufacturing societies, of which the one was dominated by organized labor and the other by Christian Socialists; they were therefore regarded as rallying-points for the Marxist and Catholic opposition, and were destroyed by a process known as "privatization". First they were absorbed into the Labor Front, which deprived members of voting rights and appointed private traders as managers. Then the retail stores were converted into branches of a wholesale society. Finally, in order to drive them to liquidation, they were ordered to return their members' deposits. Their membership fell from 3,750,000 in 1931 to 2,000,000 in 1937 - from one-fifth to one-tenth of the families in the Reich. Their final dissolution was ordered in 1941.

#### C. TRADE UNIONS

German trade unions ceased to exist in 1933. In their place was organized the National-Socialist Labor Front, able to use their funds - among others - for the purpose of facilitating Nazi party government. The Labor Front has therefore been considered in that capacity, rather than as a form of self-help. Where once the trade unions engaged in welfare activities, the Nazi Labor Front has arbitrarily distributed favors to those who support it or whose support it has desired.



## VI. TRAINING OF WELFARE WORKERS

In 1899, Alice Salomon gave the first training course for relief workers at Berlin. In 1908 she opened there the first undenominational school of social work in Germany. In 1937, in her international study, she was able to list no less than 42 institutions in Germany that gave some sort of education for social work. Of these, 39 belonged to the German Association of Government-recognized Schools of Social Work (Reichszusammenschluss der staatlich anerkannten Schulen fuer Volkspflege, formerly called the Konferenz Sozialer Frauenschulen und Wohlfahrtsschulen Deutschlands). Being strictly professional institutions, very few of them formed part of a university. Instead, they were usually connected with a welfare agency or with a training-school for nurses, nursery-school teachers, teachers, or deaconesses. Six were confined to men; three admitted both sexes; all the rest were restricted to women. Government-provided schools existed at: Bremen and Hamburg (state-provided), and Breslau, Cologne, Duesseldorf, Jena, Leipzig, Mannheim, Munich, and Nuremberg (municipal). Over 1000 social workers (called by the Nazis, Volkspflegeorinnen, formerly Fuersorgerinnen) were graduated each year in the mid 1930s.

The States offered recognition and grants-in-aid to schools that would comply with certain State regulations, and joined with them in granting diplomas to their graduates. No one could receive a diploma before the age of 24, or before completing two years of training and one of probation. To qualify for entrance, one must already have been trained for some closely allied occupation; university matriculation did not suffice, unless it had been followed by practical welfare work. To get a diploma, one was examined in either (a) public health service, if the candidate was a woman with previous training as a nurse; or (b) child welfare, if a man or woman had been trained as a teacher, a home economics teacher, or a nursery-school teacher; or (c) family welfare or industrial welfare, if one had practised a trade or profession for four years, or been to a trade-school, a school of business management, a school of home economics, or a teachers' training school. These three specialties correspond with the three principal divisions of German public welfare work.

As in most countries, German social workers have had two principal duties:

- (1) case-work on behalf of the individual or the family - or, the Nazis would add, the race -;
- (2) the determination of those facts on which the applicability of many national assistance laws has depended.

Not all German welfare workers have been trained in social work. Some top-ranking welfare administrators have been higher civil servants with an academic training. Some intermediate officials have been men with clerical training who owed their civil service appointment to their military service record.

Trained social workers have been employed by voluntary agencies, including the Nazi party, as well as by public welfare offices and institutions.

The German census of 1933 recorded 105,000 persons engaged in welfare work. Of these, 70,000 were women, and 35,000 men. Nearly 30,000 were classed as wage-earners, and 75,000 as salaried employees.



## VII. WELFARE DEVELOPMENTS IN WARTIME

### A. SOCIAL INSURANCE AND SOCIAL ASSISTANCE

#### 1. "From Insurance to Assurance" (Von der Versicherung zur Versorgung).

A logical concomitant of the Nazi war economy is to treat every worker as a fighter for the future of the race and assure him of any "provisioning" (Versorgung) of which he stands in need. It is by active participation in the up-building of the "racial community" of which he is a member, and not by paying insurance premiums, that a German citizen and his dependents acquire the right to service and support. He is then "provisioned", without time limit, like any other soldier. On this principle, the worker, like the soldier, ought not have to submit to a means test before his needs are met.

In the case of employment and unemployment, the application of this principle was finally completed during the first few weeks of the War (September 1939; see above, IV. A. 4.). An unemployed worker no longer has to qualify by making a minimum number of contributions; nor is he subjected to a means test conducted by a local assistance office. In virtue of the fact that he is available for work, the Employment Office pays maintenance allowances to him and his family when his work has been interrupted by bombing or bad weather or re-tooling, or when his services are requisitioned, or when he is on short-time, or when he is unemployed; for even in Nazi Germany, in wartime, there have usually been several thousand unemployed persons.

In the case of sickness, evolution in the direction of a complete public medical service that is equally available to all is less complete. In 1941, however, a big step in this direction was taken on behalf of those who are entitled to health insurance medical benefit - more than two-thirds of the German people - by abolishing the qualifying period and the time-limit for medical care. Whether the time-limit for sickness cash benefit is abolished, is left to each insurance fund to decide; but permission is granted to pay sickness benefit for as long a time as there is good medical ground for expecting an early return to work. Sick-pay thus tends to be made conditional on a doctor's estimate of near-future employability rather than of present sickness.

In the case of invalidity and old-age pensions, a similar development has been promised. According to Nazi spokesmen, all whose life's work has contributed to the nation's life, are as much entitled to a pension as if they were old soldiers. The only progress made in this direction, however, has been a liberalization of basic pension rates in 1939 and 1941, so that they are now at least as high as before the depression, and also the extension of medical benefit to cover pensioners.

The injury insurance laws were consolidated in 1942. Instead of scheduling dangerous occupations, they now explicitly cover all persons who work under a contract of employment. They also now cover accidents occurring between a person's place of work and his home. The permission for any insurance cooperative that so wishes to extend its coverage to include employers, is retained.

2. Simplification of Deductions from Earnings. German employers used to complain about the amount of clerical work involved in making a lot of separate payments to a lot of separate insurance funds, each set of which used a different wage-class as a basis for calculating wage deductions, and some of which were paid by means of stamps while others used book-entries. On the other hand, the Nazi government wished to continue making these deductions, although it did not believe in the insurance principle.

In 1942, contributions for health insurance, contributory pensions, and the employment fund, were consolidated into a single payment of approximately 18% of payroll - about 10% being regarded as a deduction from wages, and about 8% as a levy on employers. A consolidated payment on behalf of each worker is now made to the various sickness funds, which retain their own share - about 6% of payroll - and pass on the remainder - 5.6% to the relevant pension cooperative, and 6.5% to the national employment fund.

The uniform rule is also introduced of fixing 70 RM per month as the ceiling for liability to most of these deductions from earnings. This simplification however is not quite complete; for example, in the case of salaried employees, deductions for pensions are made up to a salary level of 600 RM per month, but deductions for sickness are not made if the salary is more than 300 RM in the Old Reich or 600 RM in the annexed territories.

3. Social Assistance. The latest available public assistance figures - with earlier ones for comparison - show a hard core of about 1,000,000 cases. Nationally-financed long-term categorical assistance (Gehobene Fuersorge), mandatory under Reich law on all welfare offices, calculated at a preferential rate 10-30% above the general relief scale, and paid through the post office, has become relatively more important. General local assistance has declined in importance, owing partly to the war boom, but still more to Nazi policy, which has tended to accord preferential assistance to most categories of Germans, leaving only the politically untrustworthy to be provided for by general assistance.

Approximate Number of Cases receiving continuing Home Assistance from District Welfare Offices in Germany on 31 March in Selected Years

	<u>1929</u>	<u>1933</u>	<u>1938</u>	<u>1943 (a)</u>
Totals	1 780 900	4 671 500	1 699 500	1 176 400
Preferential Assistance	1 037 600	891 600	784 500	886 600
General Local Assistance, including Foster Children	502 300	1 096 400	682 000	289 800
Assistance to Unemployed	241 000	2 683 500	233 000	-

(a) Including annexed territories.



4. Makeshift Housing (Behelfsheimbau). For persons who have lost their housing through aerial bombing, especially in the Ruhr, temporary housing has been promised. From pictures and articles in "Arbeitertum," the organ of the Labor Front, in May 1944, these seem to be one-room huts, mass-produced by armaments firms, assembled by those who will live in them, and paid for up to three-quarters by the employing corporations and one-quarter by the communes.

## B. JUVENILE WELFARE

1. Increase in Juvenile Employment. Since the spring of 1941, all boys of ten have been expected to do some agricultural work near home, and all boys of fourteen have been expected to work full-time, half the year, away from home if need be. This is one attempt to meet the problem of seasonal labor.

2. Increase in Juvenile Delinquency. With the development of the war boom, delinquency among school children appears to have increased. Wartime legislative measures include "Juvenile Arrest" (Jugendarrest), under which, since 1940, young offenders have been imprisoned for a day or two without conviction and without appeal. Whether resort shall or shall not be had to the juvenile court, is decided by the public prosecutor. Juvenile court sentences have become indeterminate, with a possibility reserved of further confinement if four years are not enough for reform.

## C. WELFARE OF FOREIGN WORKERS

As the Reich at war became increasingly dependent on foreign labor, it was obliged in its own interest to take special steps to attend to the general welfare of immigrant workers, to supply them with necessities, to admit them to insurance benefits, to help them to remit their savings to their families, and to register them carefully.

1. General Welfare of Displaced Persons. General responsibility for the welfare (Betreuung) of immigrant workers was vested in the Labor Front (LFA), which set up for this purpose a number of provincial Labor Recruitment Offices (Gauamter fuer Arbeitseinsatz), to help the immigrant on his journey, to make representations to the employer on the immigrant's behalf concerning the provision of basic necessities, and to operate holiday camps (Urlaubs-lager).

To facilitate the work of the Labor Front, alien workers have been allowed to have their own shop stewards (Betriebsverbindungsmaenner), who have been given office space for interviews and have been allowed time off for this work.

2. Supply of Basic Necessities. Owing to wartime scarcity, all basic necessities are short for both Germans and immigrants. They are, however, shorter for immigrants than for Germans. In spite of this distinction, immigrant workers in Germany may have been less badly off in some cases and in some ways than they would have been in wartime in their countries

of origin.

(a) Food: Ration cards for aliens (A.-Z. Wochenkarte) are on a weekly instead of a monthly basis, making it more difficult for the alien to accumulate reserves, and leaving him stranded if he loses his job.

(b) Clothing: The alien worker hires used clothing from his employer. He is not entitled to any new clothing. Nor does he own the clothes that he wears, unless he happens to have brought them with him from his country of origin.

(c) Shelter: Owing to the increasing housing shortage, only the most privileged alien workers are lodged in private homes. The majority are housed in camps built by the employer with the consent of the Ministry of Supply. These camps are standardized and some of them are good enough for use by German as well as alien workers. Owing to the dispersal of industry, an increasing proportion of immigrant workers is housed in small camps for 150 to 300 people. Shelter is most inadequate for East European agricultural gang labor, since these workers are usually accompanied by their families.

3. Social Insurance. Foreign workers are obliged to pay social insurance contributions. For their benefit after they return to their home countries and for the benefit of dependents whom they leave there, German social insurance offices were opened in many of the occupied countries of Europe.

Special social insurance agreements were made with the following Axis, Quisling and friendly governments: Denmark, Netherlands, Belgium, France, Spain, Italy, Serbia, Croatia, Roumania, Hungary, Bulgaria, Bohemia-Moravia, Slovakia, Lithuania, Estonia, Latvia and Finland. Under these agreements, dependents were entitled to medical benefits on the German scale, and an immigrant worker was entitled to continued insurance in his own country if he went to work in Germany but not if he returned to his home country without permission. The arrangements governing pensions varied according to the commercial and exchange agreements in force between Germany and the insured worker's home government.

4. Remittances. Until the majority of occupied countries were liberated in 1944, the immigrant worker was encouraged to send remittances to his family. The maximum which could be sent by a particular worker in a single month was fixed as follows:

<u>Country</u>	<u>Maximum Monthly Remittance (in RM)</u>
Denmark, Finland, Norway, Spain	250
Belgium, France	200
Roumania, Ukraine	130
Croatia, Serbia	100
Bulgaria, Greece, Slovakia, Hungary	80



5. Registration. The immigrant worker was registered in at least six different ways.

(a) The Work Book (Arbeitsbuch): Every employed person except prisoners of war has a work book, which was deposited with the employer. The work book for aliens, however, is distinguished by a green cover.

There is a central registration office for alien work books at Berlin (Auslanderhauptkartei).

(b) Registration for Food Rations.

(c) Registration by the Local Police (Einwohnermeldesystem).

(d) Labor Front listing of foreign workers for welfare purposes.

(e) Consular listings to enable representatives of Quisling, Axis and friendly governments to inspect the working and living conditions of their nationals.

(f) Every alien has in his own possession some kind of identity document, which may be either a passport or some properly authenticated substitute for one, such as the special "labor card" issued to Soviet citizens.

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1/ All figures reproduced here are from this source, unless otherwise stated. The latest available yearbook is for 1938 and contains figures for 1937 or in some cases for 1936. For contrast with the depression, figures for 1932 are also given wherever possible.

2/ Unavailable since Pearl Harbor.

3/ Dr. Kraus, on the staff of the United Nations Relief and Rehabilitation Administration Training Centre at the University of Maryland, reviewed this manuscript and made suggestions which were incorporated.



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