

Abstract

This thesis focuses on the West Berlin economy during the second Berlin crisis when an impermeable wall grew around the western part of the city. The aim of this thesis is to analyse the effects of August 13, 1961 on the labour market in West Berlin. In the 1950s, there was enormous unemployment in West Berlin, influenced by poor economic conditions and the fact that companies were not interested in investing in this part of West Germany. The construction of the Berlin Wall resulted in a number of immediate complications, whether it be interrupted traffic, the possible outflow of people and capital or, above all, an outage of the labour force from the East. It was the lack of manpower, which is considered to be essential for the optimal functioning of the economy, that appeared to be the most pressing problem which had to be solved immediately – otherwise, the West Berlin economy would have collapsed. Thanks to the prompt financial aid of the federal government and political capabilities of the governing mayor of West Berlin, Willy Brandt, it led, among other things, to reducing unemployment and also attracting new investors to the city as a result of various tax discounts. As early as in 1962, the unemployment rate dropped and a period of prosperity began in West Berlin, which made the city a role model to show the possibilities and abilities of capitalism. In the long run, we can see in the construction of the Berlin Wall the turning point which enabled West Berlin to relaunch the economy and to open its way to prosperity.