

## ABSTRACT

There are a variety of views from economic theorists on effects of armament on the overall development of certain societies and the state of its economy. The aim of this paper is to compare the theoretical approach to the issue of pre-war armament in 1930s in Czechoslovakia and Germany.

As a source of information for the description of the prevailing theoretical economic approach, this paper uses contemporary newspaper articles, archived materials and present-day materials concerning this topic.

The main stream of economic thinking in Czechoslovakia does not agree with high governmental expenditure on armament, because it may have a degenerative effect which would lead to militarisation of economy. War preparation results in higher taxes, a fall in standard of living, limited export, and decrease in productive investment, etc. Therefore it is not eligible to implement these principles under the conditions of peace economy and they are relevant only in case of a direct threat to the existence of a state. However, even then it has to be a derogation of the principle of free trade to the slightest possible extent. Emphasis was placed on non-inflationary obtaining of financial means – first via taxes and then a credit. Representatives were Karel Englis and Alois Rasin, whose ideas were reflected in the official Economic-Financial plan, and Ladislav Chmela. In opposition to their opinions stood Josef Macek and Rudolf Broz, representing a "keynesian" point of view.

The opposite was true in Germany, where the extent of governmental actions was significantly higher, we talk about organisation of economy. The terms of interventions in economy and nacionalsocialistic politics practically diffuse. Two concepts with a different share of subordination of economics to politics were formed, compared to H. Schacht and C. F. Goerdeler, H Goering has achieved a bigger impact. He represented strong autarchic tendencies which were expressed in the subsidising of home production and foreign trade. To finance this excessive expenditure in armament and construction, special *mefo bills* were used.

The most incompatible aspects of the opinions of czechoslovak and german economists are: funding of armament and other governmental expenses, interventions of state in economy and an opinion on foreign trade.