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The Weimar Republic: A Problem of Modernization?

An invitation to consider any historical period from the perspective of modernization theory is a bit like being invited to climb a mountain in a fog. There is a danger of toppling during the climb and little hope for a clear view if one manages to reach the summit. Modernization theory would appear to be a relic of an era of Anglo-American optimism sanctified by a now defunct social scientific fashion. Its most enthusiastic adherents posited stages of development, models of concurrent evolution in economic, social and political life, and either implicitly or explicitly suggested that the goal of every nation was the achievement of a state of development in all spheres akin to that of England and the United States. For students of Germany's past, it was a tool for the measurement of deviation from the norm or, to be more polite, of assessing the extent to which Germany was a »faulted« society.¹ Who believes all that now? England has proven to be old without being merry, and the United States has become for many a tarnished model. There is plenty of evidence that later »modernizing« societies can be reactionary or even bestial socially and politically while advancing economically. Only a Dr. Pangloss would claim that economic development must lead to greater sociopolitical democratization.² The regime which succeeded the Weimar Republic only seemed to prove the exaggerations of certain types of modernization theory. The economy modernized while social stratification remained relatively untouched and the political system attained previously unimagined heights of oppressiveness and barbarity.³

When all is said and done, however, modernization has not been replaced by any more viable or satisfactory conceptual tool for the critical analysis either of the transition to industrialization or of the developmental processes of modern industrial societies. When stripped of the mechanistic characteristics and teleological pretensions which once typified it, modernization theory remains useful as a means of posing problems and analyzing solutions to the difficulties and crises of legitimation, economic and fiscal management, distribution,

1 The most famous presentation of this position was by *Ralf Dahrendorf*, *Society and Democracy in Germany*, New York 1967.

2 For an excellent and well balanced discussion of the critiques of modernization theory by one of the chief proponents of its historical utility, see *Hans-Ulrich Wehler*, *Modernisierungstheorie und Geschichte*, Göttingen 1975, pp. 18–33.

3 Here *Wehler's* critique of one of the major faults of traditional modernization theory certainly is relevant: »Evolution wurde häufig als linearer Aufstieg verstanden, während Verfall und Abbruch, Umweg und Pathologie von Entwicklung nicht problematisiert wurden. Wo blieben die nachweisbaren Schübe von Rückentwicklung, Rückgängigmachung von Mobilität, Entdifferenzierung, Zerfall [. . .], obwohl sie doch in ein und derselben sich modernisierenden Gesellschaft, und z. T. gleichzeitig, eine unleugbare Realität darstellen? Wo blieb die Einsicht, daß Modernisierung in einem Bereich oder in einer Region mit Rückgang, mit Involution an anderer Stelle erkaufte wird? Wo blieben Nationalsozialismus und italienischer Faschismus mit ihrer Gemengelage von soziopolitischer und ideologischer »Entmodernisierung« [. . .] einerseits, aber höchster »Modernisierung« von Rüstungswirtschaft und Militärapparat andererseits?« *Modernisierungstheorie*, p. 23.

and national security that appear endemic to twentieth century industrial societies. These problems arise from the growing if imperfect control of mankind over the forces of nature and production, the complex economic and social differentiation which this brings with it, the expectations created with respect to social equality and political participation, and the tensions between national interest and growing international interdependence.⁴ Few theoreticians today would share the almost utopian optimism that characterized some earlier modernization theorists, who seemed to have a vision of »solving« the dilemmas of modernization through some imaginary symmetry in economic, social and political development. The tendency now is to see the difficulties and crises as ongoing subjects of an all-encompassing modernization policy that involves basic questions of the constitution of the state, the economy and the society. There is no promise or vision of equilibrium. It is in this more sober and appropriately gloomy form that an attempt will be made here to view the Weimar Republic from the perspective of modernization.

There is some utility in beginning this endeavor with a reminder that modernization theory in its most pristine or, if one wishes, primitive form tended to treat the industrialization process as an independent variable responsible for triggering and sustaining the social and political processes that flowed from it.⁵ The peculiarity of advanced industrial societies, however, is that the industrialization process becomes an increasingly less independent variable, in part because of the operation of »exogenous« influences (e.g. wars), and in part because of the powerful social and political influences that make themselves felt in mass societies. This is not to argue that there are not autonomous tendencies inherent in industrialization, but only that their realization is no longer as free as it was in most of the western world before 1914. Where traditional modernization theory tended to measure the extent to which social and political development kept pace with the »demands« of industrialization and to view critically such asymmetries as were identified, the problem in dealing with advanced societies is often that the operation of modernized social and political structures overwhelm the industrial or economic structures which spawned them. The problem then becomes, not how the social and political order is to be »modernized« so as to keep pace with economic development, but rather how economic development is to be maintained in the face of a sociopolitical order that appears to have pushed beyond its economic resources. Thus arise the »fiscal crisis of the state« and the »crisis of the welfare state« and the »crisis of governance« to which so much political rhetoric has been devoted and over which so much ink has been spilled by social scientists. Lest this point be misunderstood, it should be clear that to set the problem in this manner is not to define any single strategy for its solution. Some will argue that the sociopolitical order must be made to conform to the demands of economic development. Others will insist that the economic system must be changed or reformed to produce economic growth in a more modern sociopolitical context. Naturally, there are a variety of positions between these camps. The virtue of the concept of modernization is that it permits the historian to transcend partisan recipes and distractions by defining the basic issues at a reasonable level of abstraction but one that is nevertheless capable of historical analysis. S.N. Eisenstadt spelled out these issues:

»Modernization evinces thus two closely connected but distinct aspects. The first is the development of a social structure with a great variety of structural differentiation and diversification, of continually changing structural forms, activities and problems, and of propensities to continual change and system transformation. But the mere development of these propen-

4 Wehler, *Modernisierungstheorie*, pp. 34–38; Wolfgang Zapf, *Systemkrisen oder Entwicklungsdilemmas? Probleme der Modernisierungspolitik*, in: Wolfgang Zapf (ed.), *Probleme der Modernisierungspolitik*, Meisenheim am Glan 1977, pp. 3–16.

5 Wehler, *Modernisierungstheorie*, p. 14.

sities does not in itself assume the development of an institutional structure capable of dealing in a relatively stable way with these continual changes and concomitantly of assuring the maintenance of a civil order. Thus the crucial problem that modernization creates in its wake is that of the ability of the emerging social structure to deal with such continual changes, or in other words, the problem of *sustained* development, i.e., the ability of developing an institutional structure capable of absorbing continually changing problems and demands. It is this which constitutes the central problem and challenge of modernization.⁶ To what extent is it possible to argue that the failure of the Weimar Republic was a consequence of its inability to develop an institutional structure adequate to the »propensities to continual change and system transformation« alluded to by Eisenstadt? And if so, why was this the case?

Despite the context of the modernization paradigm into which they are put, these are not exactly unexplored questions, and there is not that much mystery about the answers. Basically, they have fallen into two main categories. First, there are those explanations which stress the liabilities of the German political inheritance, i.e., the weaknesses of the German parliamentary tradition, the administrative inexperience of the German Social Democrats and their reluctance to assume responsibility, the retention of leading personnel from the old orders in positions of power and responsibility, and the persistence of an anti-democratic, authoritarian and militaristic mentalité. Second, there are those arguments which place their emphasis upon the problems more specific to Weimar itself, i.e., the lost war, the harsh peace treaty, the »failed« revolution of 1918/19, inflation, depression, proportional representation, the multi-party system, Article 48, and the dependence on foreign loans and its consequences.⁷ These two modes of analysis are not mutually exclusive. Indeed, no satisfactory description of Weimar's tragic history can neglect any of the factors somewhat randomly presented above, as well as other significant ones that can be identified. Nevertheless, the weight which the historian attaches to the one or the other of these types of explanations has very serious implications from the perspective of modernization theory. The first type of explanation, closely connected with the *Sonderweg* thesis, implies a concern with Germany's difficulties in making the transition from a more »traditional« to a »modern« society. As Geoff Eley has put it, it »locates Germany's vulnerability to fascism in a »pre-industrial« blockage of »modernization«.^{7a} The second explanatory mode, which posits a substantial degree of discontinuity between the Second Empire and the Weimar Republic, presupposes that the Weimar Republic was already a modernized state facing problems of modernization policy more familiar to citizens of advanced western industrial societies today than are the issues of the pre-1914 period. The most recent trends in Weimar scholarship have been to treat its problems far more in terms of this second mode of analysis, and there is good reason to argue that this trend is moving in a very promising and fruitful direction. It is, in any case, the approach that will inform this discussion, not for the purposes of abandoning the modernization concept but rather to explore the problems of governance under the peculiar conditions with which the Weimar Republic had to cope.

6 S. N. Eisenstadt, *Modernization: Protest and Change*, Englewood Cliffs, N.J. 1966, p. 43.

7 For an impressive and detailed discussion of the entire range of historiographical positions, see Eberhard Kolb, *Die Weimarer Republik*, München/Wien 1982, Ch. II.

7a David Blackbourn/Geoff Eley, *The Peculiarities of German History. Bourgeois Society and Politics in Nineteenth Century Germany*, Oxford/New York 1984, p. 155.

I. THE PEASANTRY, THE *MITTELSTAND*, AND THE LAW

Thus, while it is both interesting and important to discuss and debate the limits and achievements of the German Revolution of 1918/19, it is also essential to take a broader perspective and recognize that the First World War and its aftermath profoundly altered every significant aspect of German experience. They promoted significant transformations and changes, many of which can be identified with the processes of modernization, in a context and manner that was extremely harmful to the creation and maintenance of »an institutional structure capable of dealing in a relatively stable way with these continual changes and concomitantly of assuring the maintenance of a civil order.« From this perspective, it is a grave error of analysis to confuse superficial similarities in prewar and postwar political debate and rhetoric with the realities to which they were actually addressing themselves.

A good illustration is provided by the complaints of the peasantry, craftsmen, retailers, and other groups in the so-called ›old Mittelstand‹. The fatal disaffection of these groups from the Republic, which was reflected in the two elections of 1924 and the elections of 1928 and which provided an important component of the Nazi vote after 1930 often appears as the model par excellence of the manner in which German democracy was poisoned by the persistence of premodern groups and values.⁸ It takes little effort to find speeches by advocates for the craftsmen or retailers in 1914 that could just as easily have been made in Weimar. Complaints about competition from unlicensed workers or industry, demands that peddlers, department stores and consumer cooperatives be banned or heavily taxed, support for agrarian protectionism, claims that the increasingly »proletarianized« Mittelstand represented the last barrier to the triumph of capitalism and socialism, and vicious anti-Semitic tirades that would quote approvingly Sombart's contention that »the Jews have the mission of promoting the transition to capitalism«⁹ were inventions of the prewar period that remained the stock-in-trade of Mittelstand rhetoric after 1918.¹⁰ And while one could no longer conclude such speeches with the line that »if the peasant estate and Mittelstand falls, then the crowns which the German princes carry will sink also«,¹¹ one could quietly convince oneself that it was a prediction that had come true while stressing more than ever the idea that the Mittelstand was all that stood in the way of a society in which capital and the proletariat would nakedly and pitilessly confront one another. It would be wrong to deny the significance and im-

8 For analyses of middle class disaffection, see *Thomas Childers*, *The Nazi Voter. The Social Foundations of Fascism in Germany 1919–1933*, Chapel Hill 1983, and: *Inflation and Political Realignment in Germany 1924 to 1928*, in: *Gerald D. Feldman et. al.* (eds.), *Die Deutsche Inflation. Eine Zwischenbilanz*, New York/Berlin 1982, pp. 409–431. See also *Larry Jones*, *In the Shadow of Stabilization: German Liberalism and the Legitimacy Crisis of the Weimar Party System, 1924–1930*, in: *Gerald D. Feldman* (ed.), *Die Nachwirkungen der Inflation auf die deutsche Geschichte 1924–1933*, München 1985, pp. 21–41 and his forthcoming comprehensive study of German liberalism in the Weimar Republic, *The Dying Middle: German Liberalism and the Dissolution of the Weimar Party System, 1918–1933*, Chapel Hill 1987. For a concise statement of the interpretation in terms of the German *Sonderweg* and the persistence of pre-industrial values, see *Jürgen Kocka*, *Ursachen des Nationalsozialismus*, in: *Aus Politik und Zeitgeschichte*, 21. Juni 1980, pp. 9–13. For an important criticism of this position, see *Geoff Eley*, *What Produces Fascism: Preindustrial Traditions or a Crisis of a Capitalist State*, in: *Politics and Society* 12, 1983, pp. 53–82.

9 Speech by Dr. Werner of Giessen, *Verhandlungen des Reichstags*, Bd. 292, 107. Sitzung, 22. Jan. 1914, p. 6704.

10 *Heinrich August Winkler*, *Mittelstand, Demokratie und Nationalsozialismus. Die politische Entwicklung von Handwerk und Kleinhandel in der Weimarer Republik*, Köln 1982, pp. 127 ff.

11 Werner speech (See note 11), p. 6711.

portance of these fantasies, undoubtedly nurtured by memories of the *Alltag* on the farm, the local *Handwerksbetrieb*, or the *Tante-Emma-Laden* and thus rendered ever more clean and wholesome with the passage of time. But an argument can be made for the relegation of this ideological baggage to its appropriate compartment in considering how these groups took the trip from the sedating social protectionist verbiage and largely spurious concessions that kept them loyal to the old Empire of which they erroneously believed they were the mainstay to the shrill cry for guaranteed protection and a share of the booty that might come from their battle against Socialism and Capitalism in the 1930's.¹² If the *Mittelstand's* corporatist and social protectionist program of the 1930's reflected a certain »archaism«, however, then it was an archaism that was less a product of a preindustrial past than a charge against the modernity of the present that addressed itself to very real 20th century circumstances and to the pitiless manner in which decline was being imposed.

Statistically, the process is very clear. The Weimar Republic was a way station to a social structure in which the old peasantry and *Mittelstand* were forced to experience a secular trend to their disfavor. The independently self-employed had decreased from 26.1 % to 15.1 % of the gainfully employed between 1882 and 1925 and were to drop to 14.9 % in 1949 and 9.5 % in 1976.¹³ The greatest loss was to be suffered by the peasantry, although such »losses«, whether in the numbers of those employed in agriculture or in the other sectors considered, can never be interpreted as relegation to insignificance in terms of the gross national product or in terms of political influence. From the perspective of a nation's sociopolitical history – Germany is not alone in experiencing this kind of socioeconomic modernization or the adjustment problems which it entails – the significant issues arise from how the transformation is conducted.

The manner in which these changes were mediated in Germany after 1914 was highly undesirable from every perspective. The peasantry and old industrial and commercial *Mittelstand* went almost overnight from being the political darlings of the regime to being the whipping boys of the war economy. Where before August 1914 they were constantly clamouring for new laws and regulations for their protection, they were by 1915 seeking ways to defend themselves from prosecution – better said, persecution – by the authorities. Once stalwart defenders of social protectionism and opponents of »Manchesterianism«, they suddenly found themselves to be passionate advocates of the restoration of the free market.¹⁴ The source of all these transformations was wartime Germany's desperate shortage of food and raw materials and the controlled economy (*Zwangswirtschaft*) system devised to cope with it. Fundamentally, the government chose to do everything possible to maximize the supply and minimize the price of available food in the urban areas, and this meant siding with city against country and worker against peasant. As a result, peasants were subjected to late night visits and searches by gendarmes and troops, seizures of stores held illegally, fines and even arrest for violations of the regulations. Worse yet, the system did not work, as the well documented triumph of the black market by the end of the war demonstrated.

Had the regime which came to power in 1918/19 been able to do away with the discredited controlled economy in agriculture, it might have taken an important step toward winning

12 Winkler, *Mittelstand*, pp. 100 ff., 151 ff.

13 Heinrich August Winkler, *Stabilisierung durch Schrumpfung: Der gewerbliche Mittelstand in der Bundesrepublik*, in: Werner Conze/M. Rainer Lepsius (eds.), *Sozialgeschichte der Bundesrepublik Deutschland. Beiträge zum Kontinuitätsproblem*, Stuttgart 1985, p. 188.

14 For two excellent studies of the plight of agriculture during the war and inflation, see Martin Schumacher, *Land und Politik. Eine Untersuchung über politische Parteien und agrarische Interessen 1914–1923*, Düsseldorf 1978, and Robert Moeller, *Peasants, Politics and Pressure Groups in War and Inflation: A Study of the Rhineland and Westphalia, 1914–1924*, Chapel Hill 1986.

the peasantry over to the Republic. This was feasible neither economically nor politically, however, since the Socialist dominated Republic depended upon the urban working class for its support. As a consequence, the Republic became identified with the hated system created by its predecessor in the eyes of the peasantry. While there is no question about the fact that the peasantry was able to make immediate profit from the food shortages and the inflation, it suffered from a persistent sense of injustice and of being at the wrong end of the law. The latter was losing its legitimacy, a fact not lost upon one of the more thoughtful of Berlin's consumer leaders, who pointed out in January 1920 »that during the war the realm of criminal justice was expanded into an area which did not arise from the people's sense of justice but rather was born of the emergency of the moment – the controlled economy, with its regulations which penetrate so deeply into the life of the farmer. It is not only that the farmer (as well as other large parts of the population) completely lacks the sense of violating the law when transgressing these regulations, he almost generally denies the purposefulness of the decrees, which he only sees as oppressive and burdensome for his production.«¹⁵

The Republic received little gratitude for the gradual dismantling of the dysfunctional system that began in 1920/21 especially since the Social Democrats continued to call for its reinstatement as late as 1922 and the farmers also had a good deal more to resent in the realm of discrimination against them than just these controls. While delivery strikes by farmers were sharply condemned, unrest and strikes by industrial workers were rewarded with wage increases. The farmer could not claim the eight hour day, that boasted revolutionary achievement of the industrial workers, and while the Socialists demanded high food production, they agitated among the agricultural laborers. Lastly, the unemployment supports paid in the cities appeared to act as a disincentive to agricultural labor.

The retailers even more than the farmers felt themselves to be the unjustified and unwarranted victims not only of legal injustices but also of uncontrolled mob violence. The retailers were peculiarly disadvantaged by the fact that it was at their shops and stalls that the consumers directly confronted the shortages and rising prices and periodically responded by breaking store windows, overturning stalls and plundering. Manifestly, the authorities did not approve of such outbursts, but the incredibly complex and confusing anti-profiteering regulations developed in the course of the war and directed solely against retailers served as the legal counterpart of the public proclivity to take its frustrations out on the retailers. These regulations sought to impose »just« or »suitable« profits on »items of daily necessity«. By 1918, the courts had expanded the latter to include such things as toys and Christmas tree decorations, while the network of Price Examination Agencies created to enforce the regulations and the courts often imposed prices that were reminiscent of medieval notions of a just price. These cheerless circumstances were made all the drearier by the increasing favor shown to consumer cooperatives, and the tendency of both municipal authorities and large industrial firms to buy and sell food and other consumer items directly.

As in the case of agriculture, so with respect to retailing, the early Weimar Republic inherited and then perpetuated a discriminatory system directed against a group that had once been treated as a buttress of the state. What had been created by the monarchy was blamed on the November Revolution. As one group of retailers complained in 1919: »We have previously considered ourselves to be part of the *Mittelstand*. The Social Democrats do not want a *Mit-*

15 »Bedeutung und Inanspruchnahme des Verwaltungs- und des Rechtsweges für die Zwecke der Zwangswirtschaft«, 16. Jan. 1920, Staatsarchiv Potsdam, Pr. Br., Rep. 1A, Nr. 34, Bl. 175 f. More generally for this discussion, see *Gerald D. Feldman, Contadini e piccoli commercianti di fronte all'inflazione: il conflitto sulla »Zwangswirtschaft« nel dopoguerra tedesco*, in: *Jahrbuch des italienisch-deutschen historischen Instituts in Trient*, Trient 1983, pp. 345–375.

telstand. No one should be placed better than the worker [. . .]«¹⁶ By 1922, with hyperinflation in full swing, they had even more to complain about. While industrialists and wholesalers were calculating currency depreciation into their prices and anticipating further depreciation by changing a price that they thought would cover future reproduction costs (*Wiederbeschaffungspreis*), the retailers were accorded the dubious privilege of being forced to live in a world in which a ›mark was equal to a mark‹. Capitalism and Socialism were destroying the retailers. As one of them complained to his Reichstag deputy: »Herr Majority Socialist [Economics Minister-GDF] Schmidt wants to destroy the retail trade in order to promote his consumer cooperatives. He does not consider that he thus deals the death blow to a major group of taxpayers.« At the same time, this angry retailer pointed out that the consumers and the prosecuting attorney's office were constantly »looking behind the wrong bush« in their search for the origins of the high prices since »no prosecutor troubles himself about the boundlessly increased price demands of manufacturers or industry.«¹⁷ He went on:

»I would like to see the face of Herr Stinnes when an envoy of the police comes to his residence and demands the presentation of his invoices and records, as has lately become the sport of the local Price Examination Agencies in dealing with the retailers. The legitimate merchant, who is simply fighting for his existence, and who also has to worry about paying the terrible tax burdens placed upon him, is treated under the penal provisions as the equivalent of a cutthroat, a swindler, a burglar. [. . .]«

A Hobbesian world developed during the 1922/23 hyperinflation in which retailers blamed wholesalers, the latter blamed producers, and small producers pointed the finger at the big producers, while, more generally, the unorganized vented their rage at the organized because the latter were able to respond to inflationary expectations with efficiency and alacrity. This was the logical outcome of a condition in which those responsible for the governance of Germany could offer no effective institutional structures capable of dealing with the crisis and of presiding over the unavoidable task of redistributing wealth and economic power in German society in a way that had a reasonable measure of generally recognized legitimacy. Although the government claimed that a mark was equal to a mark, it began to abandon this principle in practice well before the stabilization in favor of doing everything possible to encourage the revival of production no matter what the social costs. This provided the *Reichsgericht*, staffed by judges who were often unfriendly to the Republic and who – often as members of a *Rentnerintellektuellentum* in the process of being expropriated by currency depreciation – socially identified with the losers in inflation, to pose as defenders of social justice by breaking with the positivistic traditions of the German legal system and having increasing recourse to »general clauses« relating to equity and good faith (*Treu und Glauben*), and general moral precepts lying beyond the language and specific intent of the relevant statutes.¹⁸

The result was serious conflict between government and judiciary between 1921 and 1924. So long as the principle mark = mark had a measure of plausibility, the *Reichsgericht* took the view that full monetary depreciation could not be taken into account by retailers. The Economics Ministry, however, felt that the road to recovery could only come through the free market. The ministry recognized that »the significance of the inflation is to be found largely in the fact that it continually shifts the relationship between those with fixed sources of income and those with variable sources of income in favor of those who have control over

16 Kleinhandelsausschuß der Handelskammer Oldenburg, Sitzung vom 17. Feb. 1919, Staatsarchiv Oldenburg, 265/147.

17 Letter from a Recklinghausen retailer to Deputy Alekotte, June 2, 1922, Rheinisch-Westfälisches Wirtschaftsarchiv zu Köln, 20/501/16.

18 See *Ernst Fraenkel, Zur Soziologie der Klassenjustiz*, Berlin 1927, p. 14 ff.

goods and property« (*Sachbesitz*).¹⁹ While this was »harsh«, the important thing was to provide an incentive for the productive use of capital, and this was not possible if the seller did not have the security of a full return on his goods. From such considerations it followed that »transfer of wealth within our national community (*Volksgemeinschaft*) which the *Reichsgericht* wishes to prevent because it violates its social feeling, namely that the holder of paper marks will bear the full depreciation of the currency and therefore be more unfavorably placed than the holder of goods, cannot and should not be fought through the price decree [. . .] but by another means, primarily that of taxation [. . .]«²⁰

In the last analysis, neither the officials in Berlin nor the judges in Leipzig could provide satisfactory answers to the problems of the peasantry and *Mittelstand*. For one thing, the interests of the various groups involved were contradictory. While the judges' hearts may have warmed at the mere mention of the word ›*Mittelstand*‹, their real concern was the consuming *Mittelstand* of civil servants and rentiers and not the economic calculations of the farmers and retailers, who themselves had contradictory interests. Indeed, not only did various segments of the *Mittelstand* have opposing interests, but individual groups themselves could be in a contradictory position. Thus, homeowners inevitably opposed rent control and called for the valorisation of rents while they gleefully repaid mortgages in depreciated currency and attacked revaluation. Modern industrial societies do not provide any clear measures of equity and good faith for those called upon to determine economic and social policy.

Yet this is precisely what the *Reichsgericht* was trying to do as it struggled, ironically enough, to impose the very modern institution of judicial review. The same social considerations that made the *Reichsgericht* try to hold the government to its mark = mark pretensions before November 1923 provoked it to respond to the government's final abandonment of the mark by denouncing the government's attempt to complete the process of expropriating holders of liquid assets through a refusal to revalue debts. The revaluation of mortgages could also have meant the revaluation of government bonds and the bankruptcy of the state, while any serious tampering with the triumph of debtors over creditors could only be accomplished at the expense of the more productive sectors of the economy upon whose recovery both the economic reconstruction and the future revenues of the state depended. While the controversy ended in a compromise that provided for a limited revaluation without threatening the economic foundation upon which the stabilization rested, the institutional legitimacy upon which it was based had been severely threatened by the courts. As the Reich Justice Ministry argued: »[. . .] it would lead to a disintegration of the legal order and to a disastrous blow to the cohesion of the State if a court lays claim to the right to refuse to implement a law that came into being constitutionally because in the view of a majority of its members it is not in conformity with the general moral law.«²¹

From the perspective of the modernization of Germany's institutional structure and its capacity to deal with the changing and sometimes tumultuous conditions of a modern industrial society, the *Reichsgericht's* flight into general clauses in 1923 in response to the revaluation question was the other side of the coin of Red Saxony's efforts to cope with the impoverishment, unemployment and misery as well as the growing tendency for workers sim-

19 Coburg meeting of the Preisprüfungsstellen, Oct. 19–21, 1920, p. 32, in: Staatsarchiv Hamburg, Deputation für Handel, Schiffahrt und Gewerbe III, Pr IV 49/1 ff.

20 Dresden meeting of the Preisprüfungsstellen, May 23–24, 1922, p. 31, in: *ibid.*

21 Günter Abramowski (ed.), *Die Kabinette Marx I und II* [= Akten der Reichskanzlei. Weimarer Republik], Boppard am Rhein 1973, 2 Vols., Vol. I, p. 265, note 3. On the revaluation controversy, see Michael Hughes, *Economic Interest, Social Attitudes and Creditor Ideology: Popular Responses to Inflation*, in: *Feldman et al. (eds.), Die Deutsche Inflation*, pp. 385–408, and: *Private Equity, Social Inequity: German Judges React to Inflation, 1914–1924*, in: *Central European History* 16, 1983, pp. 76–94.

ply to steal food from the fields and intimidate both farmers and employers by passing a law in July 1923 that gave an amnesty to those who were involved in abortions or committed crimes of theft if they did so because of dire need on the part of themselves or their families.²² This effort to legalize actions taken in the course of mass regression to notions of »moral economy« of some bygone era, that is, the preindustrial lower class practice of responding violently in »the belief that they were defending traditional rights or customs,«²³ like the effort to apply generalized notions of »equity and good faith« that were at best relevant to the evolution of 19th century capitalism, were in part symptoms of the extreme economic and social distress of this period in the Republic's history. More generally, however, they were expressions of a pervasive institutional and political malaise that arose, not from Germany's preindustrial traditions or even her prewar order, but rather from the debilitation of the Weimar state and delegitimation of its processes of modernization as a consequence of the extreme constraints under which they were compelled to take place. Prior to 1914, it had been jurists friendly to the lower classes who had been in the forefront of the more flexible construction of the law in the belief that the then prevailing rigid juridical positivism only served to intensify the class character of justice and the existing state authority. Once popular sovereignty replaced royal sovereignty as the foundation of law, however, the conservative judiciary suddenly became converted to the notion of very broad conceptions of judicial review, while the workers and their parties – the bizarre attempt to legalize proletarian conceptions of moral economy in Saxony notwithstanding – tended to favor a more positivistic approach by the courts out of the not ungrounded fear that the rights they had won would be undermined by a conservative judiciary.²⁴ From a long term historical perspective, however, all this was very paradoxical because the institutional modernization of parliamentary democracy in Germany logically included a system of judicial review, that is, legal restraint on the legislature to conform to the basic rights and norms provided by the constitution, within the context of a generally recognized system of popular sovereignty embodied in the legislative powers of the parliament.²⁵ What was anomalous was not the call for judicial re-

22 *Klaus Tenfelde*, La riscoperta dell' »autodifesa collettiva«: protesta sociale in Germania durante l'inflazione del 1923, in: *Jahrbuch des italienisch-deutschen historischen Instituts in Trient*, Trient 1983, pp. 379–422. See the Entwurf eines Gesetzes über Amnestie für Not- und Abtreibungsdelikte, in: *Landtagsakten aus den Jahren 1922 und 1923*, Dresden 1923, Vorlage Nr. 52, and the remarkable debates of June 21, 1923 and July 9–10, 1923, in: *Verhandlungen des Sächsischen Landtages 1923*, Bd. 2, Dresden 1924, 45., 51. and 52. Sitzung, pp. 1159 ff., 1394 ff., 1402 ff.

23 On the concept of »moral economy«, see *E. P. Thompson*, *The Moral Economy of the English Crowd in the Eighteenth Century*, in: *Past and Present* 50, 1971, pp. 76–136, esp. p. 78 f.

24 For a brilliant analysis of these attitudes, see *Ernst Fraenkel*, *Zur Soziologie der Klassenjustiz*. As Fraenkel notes on page 27 with reference to the famous threat of the Richterverein that the government's revaluation policy might be declared unconstitutional on general moral grounds: »Es verlohnt, einen Augenblick bei diesem Beschluß zu verweilen. Wer vermag die Phantasie aufzubringen, sich vorzustellen, der Verein der Richter des Reichsgerichts hätte im Jahre 1914 und nicht 1924 einen derartigen Beschluß gefaßt? Unvollziehbare Vorstellung! Man sage nicht, im alten Reiche habe es Gesetze, die so einseitig das Interesse der einen Bevölkerungsschicht gegenüber einer anderen hintenansetzen, nicht gegeben. Man lese nur den § 153 der Gewerbeordnung nach, der fast 50 Jahre gegolten hat und das Grundrecht der Arbeiterschaft – die Koalitionsfreiheit – zu einer Vogelfreiheit werden ließ, jenen § 153, der den leisesten Druck der Arbeiter auf ihre Kollegen zum Eintritt in die Koalition unter Strafe stellte, jeglichen Druck der Arbeitgeber auf ihre Arbeiter, der Koalition nicht beizutreten, jedoch straflos ließ. Nein, der Unterschied liegt darin, daß die Gesetze der Vorkriegszeit sich einseitig gegen das Proletariat wandten, kein Reichsgerichtsräteverein muckte auf. Nun, da ein Gesetz gegen die eigene Klasse erlassen wird, ruft man nach den guten Sitten!«

25 *Rainer Wall/Frank Rottmann*, *Die Bedeutung der Verfassung und der Verfassungsgerichtsbarkeit*, in: *Conze/Lepsius* (eds.), *Sozialgeschichte der Bundesrepublik*, p. 356 ff. See also *Ernst Rudolf Huber*, *Deutsche Verfassungsgeschichte seit 1789*, 7 Vols., Stuttgart 1957 ff., Vol. 7, p. 541 ff.

view, but rather the effort of a superannuated class to impose it for purposes of challenging the workings of the political system, and a broader inclination on the part of those with grievances to literalize their archaic conceptions of justice.

The economic and social developments of the post-inflation period only served to deepen middle class hostility toward the Republic and its atavistic proclivities. The farmers groaned under heavy taxation, insufficient capital and low prices, and they could never get enough protection or subsidization in the face of a world agrarian crisis that only served to highlight the need for that structural reform of German agriculture that no Weimar regime dared to undertake. Craftsmen and retailers joined the peasantry in their allergy to taxation, complained bitterly that government efforts at price reduction in 1925 and again during the depression one-sidedly penalized them while favoring consumers and protecting capitalists, and never ceased arguing for protection against new entrants into their field of endeavor. Finally, there was everyone's target for expropriation and penalization, the civil service, which was made to pay the price of stabilization and depression with dismissals and wage reductions.²⁶ The Weimar Republic could expect little mercy from these quarters, and this only highlights how much depended upon the creation of a social basis for the Republic's political stabilization in the industrial sector.

II. THE AMBIVALENT MODERNIZATION OF INDUSTRIAL RELATIONS

The institutional inadequacies of the Weimar Republic are perhaps even more cogently revealed by the relationship between the two great domestic political »winners« of the war and revolution, industry and labor. The notion that labor was a »winner« is, of course, highly controversial, but it should be obvious from the above discussion that labor, especially organized labor, was a winner relative to the old middle class.²⁷ Furthermore, the form of government introduced in 1918 certainly was closer to its wishes than to those of the old elites and most of the *Mittelstand*, and labor's gains, in terms of rights, social policy and material benefits, were the changes most contested by other groups in German society. Whatever historians may think of the success or failure of the German Revolution, contemporaries outside the labor movement generally took the success of the working class in 1918 seriously. For them, it was a revolution that had been altogether too successful.

A revealing entrée into the industry-labor relationship as well as to the differences between prewar and postwar Germany is a comparison of 1914, 1923/24 and 1930. In each case, a »rollback« in social policy was in process. How different, however, were the actual questions involved, the specific content of the debate, and the real issues at stake!

When State Secretary of the Interior Clemens von Delbrück came before the Reichstag on January 20, 1914 to announce that Germany's social legislation had »reached a certain conclusion«²⁸ with the passage of the Reich Insurance Law of 1911, he was able to do so in an ag-

26 On the agrarian problem, see *Jens Flemming*, *Landwirtschaftliche Interessen und Demokratie, Ländliche Gesellschaft, Agrarverbände und Staat 1890–1925*, Bonn 1978, and *Dieter Gessner*, *Agrarverbände in der Weimarer Republik. Wirtschaftliche und soziale Voraussetzungen agrarkonservativer Politik vor 1933*, Düsseldorf 1976. On the craftsmen and retailers, see *Winkler*, *Mittelstandspolitik*, Chs. V–VII. On the civil servants, see *Andreas Kunz*, *Civil Servants and the Politics of Inflation in Germany, 1914–1924*, Berlin/New York 1986, and *Hans Mommsen*, *Die Stellung der Beamtenschaft in Reich, Ländern und Gemeinden in der Ära Brüning*, in: *VfZ* 21, 1973, pp. 151–165.

27 See *Werner Abelshauser*, *Verelendung der Handarbeiter? Zur sozialen Lage der deutschen Arbeiter in der großen Inflation der frühen zwanziger Jahre*, in: *Hans Mommsen/Winfried Schulze* (eds.), *Vom Elend der Handarbeit. Probleme historischer Unterschichtenforschung*, Stuttgart 1981, pp. 445–476.

28 *Verhandlungen des Reichstages*, 195. Sitzung, Vol. 292, Jan. 20, 1914, p. 6637.

gressive and self-assured manner. He portrayed himself as the representative of an »understanding [*verständige*] social policy«, which he understood to mean »a social policy which also gives the employers that measure of economic and, I might say, moral elbow room, which is necessary [. . .] in order to fulfill the tasks, which our industry had previously mastered and which it will have to fulfill to a much greater extent than before if we wish to maintain the leading position in the world which we proudly enjoy at the moment [. . .]. Gentlemen, an understanding social policy must be kept within the bounds of the economically possible. The extent of activity in the social policy field must be in consonance with the general economic policy and its results.«²⁹

Delbrück defended this posture with a pan to the successes of Reich economic policy, praising the nation's increasing productivity, its competitiveness on foreign markets, the beneficial consequences of its tariff and trade treaty policies, and the high employment level and general increase in the prosperity of the working class despite some temporary setbacks. Needless to say, neither the Social Democrats nor other deputies associated with trade unions or the liberal left were quite as convinced the workers had received a fair share of the nation's income. They all recognized and argued, however, that what was really at stake was not social benefits alone but rather social and political rights and that the government was responding to the efforts of a coalition of industrial, agrarian and *mittelständische* elements not only to restrain further progress with respect to recognition of the trade unions and collective bargaining and freedom of coalition and assembly but even to introduce new measures aimed at restraining the right to strike and to picket. The economic issues scarcely were argued in any serious way except for some expressed concern about the downturn in business conditions and the danger of unemployment by the SPD deputy Scheidemann, while next to nothing was said about the relationship between social policy and state finances.³⁰ The entire discussion, in fact, reflected the stalemated political and institutional development of Imperial Germany before the war. It is important, however, not to confuse stalemate with crisis. If the regime did not enjoy a high degree of legitimacy despite the profound dissatisfaction of important social groups, it is difficult to see how it could have held up under the incredible strains of the World War before experiencing a true revolutionary crisis. Manifestly, its institutional structure was inadequate to the changes and demands of the war, but this constitutes no demonstration that it could not have evolved and survived under peaceful conditions.³¹

When one turns to the two great attacks on the social policy of the Weimar Republic in 1923/24 and 1930/32, there are profound differences from the situation in 1914. To be sure, the rhetoric used to justify the limitation of social expenditure had not changed very much. Thus, Labor Minister Brauns justified his measures in 1924 by declaring that »a different social policy can be carried out on the foundation of an economy which produces high profits and which satisfies all needs with moderate mobilization of its energies rather than on a foundation of an economy which lacks what is most necessary.«³² Chancellor Brüning echoed the same argument in October 1930, when he declared that »social policy can only serve the general welfare [. . .] when it is rooted in solid economic conditions.«³³ The differ-

29 Ibid., p. 6641.

30 See the debates of January 21–February 10, 1914 in *ibid.*

31 An entirely different question, of course, is whether the Imperial regime was capable of keeping out of war or getting out of the war in time to survive. One can easily argue that the institutional structure of the Second Empire was inadequate for the conduct of the foreign policy required by a Great Power. That, however, hardly justifies arguing, as did *Arthur Rosenberg*, that the Empire was doomed from the moment of its birth and was in a prerevolutionary situation on the eve of World War I. See his: *Entstehung der Weimarer Republik*, Frankfurt 1961, pp. 12 ff., 55 ff.

32 *Verhandlungen des Reichstages*, 401. Sitzung, 26. Feb. 1924, Vol. 361, p. 12481.

33 *Verhandlungen des Reichstages*, 3. Sitzung, 16. Okt. 1930, Vol. 444, p. 19.

ences from 1914 lie elsewhere. A first major point of discontinuity is that Brauns and Brüning were presiding over a demontage of social benefits, wages and salaries rather than a standstill in social policy of the type defended by Delbrück in 1914. A second area of difference is that their actions were informed, not by an effort to prevent labor from making new gains and attaining new rights, but rather by the need to engage in the dangerous business of taking emergency measures aimed at circumventing or modifying precisely those rights which the old regime had sought to block, e.g., collective bargaining contracts enforceable by law. Thus, in 1924, Brauns sought to assure the trade union leaders that »we are not thinking of bringing the workers back to their prewar status with respect to their legal situation«³⁴ while he was in the process of using his powers of binding arbitration to increase the working day beyond eight hours and reduce wages and salaries. Stegerwald, as Labor Minister in 1930, proved increasingly less assuring about the sanctity of collective labor contracts, but still sought to preserve them.³⁵ A last and crucial difference between the situation in 1914 and that of 1923/24 and 1930/32 involves the solvency of the state and the integrity of its constitutional norms. Neither of these were at issue in 1914. As Hans Luther, who had the dubious privilege of playing a major role in both postwar crises pointed out in a New Year's Day 1930 comparison entitled »1923 and 1930«, the common denominator of the crises that marked the end of the inflation and the beginning of the depression was the same, namely »a disproportion between the expenditures and the income of the bodies of governance«³⁶ that required a budgetary reform. Luther noted that the 1923 crisis had been ended by enabling acts which forced through draconian measures aimed at stabilizing the currency and getting the economy going again. This time – writing, as he was, before Brüning came to power and began to rule by decree without an enabling act – Luther hoped that the same issues would be dealt with more thoroughly and permanently by a »great reform work«³⁷ that would address itself to the entire structure of governance. This was not exactly disinterested analysis on the part of Luther, who as Chairman of the *Bund zur Erneuerung des Reiches*, was a supporter of heavy industrialist ideas for constitutional changes that would increase the powers of the Reichspresident and the Finance Minister.³⁸ Nevertheless, it pointed up how closely related were the repeated crises over Weimar social policy to the persistent crisis of the Weimar state itself.

A considerable degree of crisis was inevitable for the Weimar Republic on all fronts because of the severity of the economic problems it faced and the basic unpreparedness of those called upon to deal with them. If the discrepancy between Germany's prewar economic and sociopolitical modernization had its source in the underdevelopment of the latter, the reverse was true in the Weimar Republic, where a new and untried political and social system was introduced in the context of a totally unexpected downturn in economic growth along with sudden national impoverishment. Economic historians have explored those conditions

34 Erste gemeinsame Tagung der Bundesausschüsse des ADGB, des AfA-Bunds und des ADB, 17. 10. 1923, in: *Michael Ruck* (Bearb.), *Die Gewerkschaften in den Anfangsjahren der Republik 1919–1923*, Köln 1985, p. 974.

35 Niederschrift über die Sitzung des Vorstandes des Allgemeinen Deutschen Gewerkschaftsbundes, 4. Feb. 1931, in: *Ilse Maurer/Udo Wengst* (Bearb.), *Politik und Wirtschaft in der Krise 1930–1932. Quellen zur Ära Brüning*, Düsseldorf 1980, p. 548 ff.

36 *Hans Luther*, 1923 und 1930, in: *Bank-Archiv. Zeitschrift für Bank- und Börsenwesen*, Jg. 29, Nr. 7, 1. Jan. 1930, S. 121–134, quote on p. 131.

37 *Ibid.*, p. 133.

38 This organization still could use some serious study. See *Bernd Weisbrod*, *Schwerindustrie in der Weimarer Republik. Interessenpolitik zwischen Stabilisierung und Krise*, Wuppertal 1978, p. 471 f., and *Henry A. Turner, Jr.*, *German Big Business and the Rise of Hitler*, New York/Oxford 1985, p. 374, note 28.

with great sophistication in recent years, and their insights certainly have done much to clarify Weimar's place in the economic history of modern Germany. From their perspective, the period 1914–1932 appears as an interruption in a secular growth trend that had lasted from 1850 to the 1960's. Industrial production only briefly and slightly exceeded that of 1913 in 1928/29. Tragically, it was the National Socialist regime that was to benefit from the unused capital and capacities created by the delayed reconstruction of the secular growth process, which was finally back on course in 1936/38. It is a measure of how fortune was to smile on the German Federal Republic that it took only seven years after the end of World War II rather than the almost two decades it took after the end of World War I for its per capita capital stock to recover its prewar level. Where the export quota for the period 1925/29 lay 2 % below that of 1910/13, the export quota for the 1960's exceeded that of 1910/13 by 2.5 %.³⁹

Businessmen trying to cope with the problems of the 1920's, of course, were in no position to analyze their situation from this sort of perspective. The consolations of economic history have their limits in any case, and if these businessmen had not been informed about economic growth, they still had experienced it, and it had become a habit. Furthermore, they had been brought up on a banking system which, despite its adherence to the gold standard, was committed to the maintenance of high levels of liquidity and had developed a variety of mechanisms for maintaining economic activity during economic downturns. This banking system was complemented by a substantial degree of industrial organization in the form of cartels, concerns, trade associations, and interest group organizations. To these must be added a burgeoning scientific establishment supported largely by state and, to a more limited extent, by private funding and a much admired and envied higher educational system which fed the industrial structure with well trained personnel. The German business community thus was in no way prepared for the aftermath of 1918. As the American Ambassador Houghton, a shrewd and sensitive observer, noted at the end of 1922, the Germans, unlike their English and American counterparts, were only used to a growing industry and trade and were quite »at sea« when facing less happy conditions.⁴⁰

Their response was to ride the currents that seemed most advantageous. The first of these was inflation, an unfamiliar phenomenon to whose opportunities they caught on and which they then employed to tack in the face of worker unrest, sabotage Allied reparations demands, and restore to some degree their positions on world markets as well as engage in a measure of plant reconstruction. Buoyed up in this dubious manner, they rode out the storm of hyperinflation, and then took advantage of the great gusts of foreign loans between 1924 and 1929 to engage in their famous program of rationalization in the hope that they could be driven far enough to catch a fair and steady wind. Instead, they found themselves in the doldrums of the Great Depression, and their only solution was deflation, an insistence that

39 *Werner Abelshauser/Dietmar Petzina*, *Krise und Rekonstruktion. Zur Interpretation der gesamtwirtschaftlichen Entwicklung im 20. Jahrhundert*, in: *Abelshauser/Petzina* (eds.), *Deutsche Wirtschaftsgeschichte im Industriezeitalter. Konjunktur, Krise, Wachstum*, Düsseldorf 1981, pp. 47–93, and *Knut Borchardt*, *Die Bundesrepublik in den säkularen Trends der wirtschaftlichen Entwicklung*, in: *Conze/Lepsius* (eds.), *Sozialgeschichte der Bundesrepublik Deutschland*, pp. 20–45, esp. pp. 31, 37.

40 Ambassador Houghton to Secretary of State Hughes, Dec. 27, 1922, National Archives, 862.00/1199. In his provocative new book which arrived too late to be employed here, *Harold James* argues »Germany was beginning to develop the institutional ossification characteristic of an old economy. In Weimar, this low growth and ossification, acted as a constraint on government action, though the pattern of government action itself was also responsible for some of the ossification.« See: *The German Slump. Politics and Economics 1924–1936*, Oxford 1985, p. 418.

most of those aboard get out and either pull the great boat forward by rowing, swim, or sink.⁴¹

One of the curiosities of this dismal voyage is that the employers' alleged enemies, the Social Democratic Party and the trade unions, charted a rather parallel course themselves. As Heinrich August Winkler has argued, they were participants – sometimes reluctant, sometimes more willing – in the inflation consensus of the first years of the Republic, the rationalization consensus of its middle years, and the deflation consensus that developed shortly before the depression. When faced with the prospect of worker unrest because of unemployment or low wages and the abandonment or modification of the social gains of the Revolution, the labor leaders had a strong tendency to favor the continuation of inflationary practices. This was all the more the case because they shared the employer desire to restore Germany's position on world markets and reduce reparations. They were much more enthusiastic about rationalization, which they viewed as the key to maintaining and, after stabilization was bought at the price of the eight hour day and lower wages, of restoring the social achievements of the Revolution. They were prodded forward in this posture by a vision of being drawn ever closer to the triumph of socialism through technical progress, concentration, and the exfoliation of »organized capitalism«. This implied a certain respect for the »laws« of the capitalist economy itself. Both the experience of the inflation, where industry and agriculture were viewed as employing inflation and the stabilization to triumph at the expense of the workers, and a failure to develop any imaginative ideas in the realm of economics, disabled the Social Democrats with respect to the formation of alternatives to Brüning's deflationary policy. Finally, there was even a certain parallelism between the manner in which certain portions of industry and labor began to move in the direction of reflationary solutions to the economic crisis in 1931/32.⁴²

The record of conflict between industry and labor throughout most of the Weimar Republic's history and its highly political nature are well known, and the combination of so much disagreement with so much »consensus« is something of a miracle. It would have been even more remarkable, however, if there had not been major areas of agreement. Although modernization theorists certainly have exaggerated the extent to which industrial conflict can be rationalized and the degree to which it can be depoliticized, the institutionalization of me-

41 On business policies in the inflation and more generally, see *Gerald D. Feldman*, *Iron and Steel in the German Inflation, 1916–1923*, Princeton 1977, and: *Vom Weltkrieg zur Weltwirtschaftskrise. Studien zur deutschen Wirtschafts- und Sozialgeschichte 1914–1932*, Göttingen 1984. For heavy industry in the stabilization period, see *Bernd Weisbrod's* extraordinarily important study cited in note 36. *Robert A. Brady*, *The Rationalization Movement in German Industry. A Study in the Evolution of Economic Planning*, Berkeley 1933 still remains the classic work on the subject. For business politics in the depression see, in addition to the work of *Turner* cited in note 36, *Reinhard Neebe*, *Großindustrie, Staat und NSDAP*, Göttingen 1981. For an appropriately critical study of employer attitudes toward the unions, see *Michael Schneider*, *Unternehmer und Demokratie. Die freien Gewerkschaften in der unternehmerischen Ideologie der Jahre 1918 bis 1933*, Bonn 1975.

42 See the fine analyses in *Heinrich August Winkler's* monumental: *Von der Revolution zur Stabilisierung. Arbeiter und Arbeiterbewegung in der Weimarer Republik 1918 bis 1924*, Berlin/Bonn 1984 and: *Der Schein der Normalität. Arbeiter und Arbeiterbewegung in der Weimarer Republik 1924 bis 1930*, Berlin/Bonn 1985. For the three consensuses discussed here, see p. 818 of the latter book. On inclinations toward a reflationary policy in certain employer and trade union circles, especially after the banking crisis in the summer of 1931, see *Neebe*, *Großindustrie*, p. 111 ff., *Robert A. Gates*, *Von der Sozialpolitik zur Wirtschaftspolitik? Das Dilemma der deutschen Sozialdemokratie in der Krise 1929–1933*, and *Michael Schneider*, *Konjunkturpolitische Vorstellungen der Gewerkschaften in den letzten Jahren der Weimarer Republik. Zur Entwicklung des Arbeitsbeschaffungsplans des ADGB*, in: *Hans Mommsen et al. (eds.)*, *Industrielles System und politische Entwicklung in der Weimarer Republik*, Düsseldorf 1974, pp. 206–236.

chanisms for dealing with industrial disputes (e.g. collective bargaining, private and state mediation, industrial courts), the acceptance of »rules of the game« both within and between the involved organizations, the removal of day-to-day conflicts from the political arena, and the willingness on the both sides to attribute some minimal measure of goodwill and common interest to one another would all appear to be fundamental aspects of institutional modernization. Needless to say, this runs counter to Marxist notions of the ultimate irresolvability of class conflict and its utopian vision, but it is less important to do battle with the Marxists than to warn against the bourgeois modernization utopias of some decades ago which postulated consensus politics and depoliticized industrial relations as an eternal condition. Obviously, the basic foundations of any industrial relations system are political and they derive their legitimation not only from the acceptance of the participants but also from the acquiescence of the nation as embodied in its system of representation and its administration.⁴³

This is especially relevant to the Weimar experience. The famous *Zentralarbeitsgemeinschaft* (ZAG) established by the Stinnes-Legien Agreement of November 15, 1918 was intended to be self-legitimizing. The reordering of German industrial relations on the basis of mutual recognition, collective bargaining, the eight hour day, and joint collaboration in the demobilization and institutionalized joint consultation in matters of social and economic policy was undertaken in the context of an effort to preempt the actions of both the government and parliament, whose authority and efficiency were questioned. This remarkable corporatist rebellion and attempt to enshrine the principle of voluntarism not simply in industrial relations but also in socioeconomic policymaking was filled with contradictions. It presupposed that the authority of state and parliament could be used to sanction and even enforce agreements made in disdain of that very authority. It claimed an equivalence between the interests of the parties to the agreement and those of the nation. Such pretensions would have been dubious even under the most harmonious of circumstances since they disconnected corporatist agreements of great moment to the entire nation from any source of legitimation beyond themselves, but they were truly doomed by the shaky foundations of the ZAG itself. From the very outset, the ZAG founders and their organizations suffered from the objections of recalcitrant constituencies. Many employer and employer groups did not want to accept dictation from the big industrialists who had made the agreement or the functionaries who managed the *Spitzenverbände* in Berlin. These protestors feared for their autonomy and often felt that too many concessions had been made. On the other side, there was much rank and file suspicion of the trade union leaders for having sold out the chances for socialization of key industries and for having tied the hands of the trade unions. As a consequence of these internal squabbles and major trade union defections from the ZAG, the government and Reichstag were able to regain the upper hand in socioeconomic legislation. Fundamentally, the ZAG lasted for just as long as inflationary trade-offs would allow and collapsed when heavy industry sought to undo the eight hour day unilaterally in the fall of

43 For a well founded argument for the rationalization of labor conflict, see *Heinrich Volkmann*, *Modernisierung des Arbeitskampfes? Zum Formwandel von Streik und Aussperrung in Deutschland 1864–1975*, in: *Hartmut Kaelble et al.*, *Probleme der Modernisierung in Deutschland. Sozialhistorische Studien zum 19. und 20. Jahrhundert*, Opladen 1978, pp. 110–170. See, however, my reservations in: *Streiks in Deutschland 1914–1933: Probleme und Forschungsaufgaben*, in: *Klaus Tensfelde/Heinrich Volkmann* (eds.), *Streik. Zur Geschichte des Arbeitskampfes in Deutschland während der Industrialisierung*, München 1981, pp. 271–286. For a classic illustration of the rosy view of the modernization of industrial relations that was current a few decades ago, see *Clark Kerr*, *Labor and Management in Industrial Society*, New York 1964.

1923 and the employers as a body insisted on the suspension of the eight hour day and the reduction of real wages and social expenditures.⁴⁴

From the perspective of the stability of Weimar's institutions, however, the conditions surrounding the ZAG's demise were as dysfunctional as those surrounding its birth. Where the latter took place in the context of unrealistic expectations and created an organization with pretensions far in excess of its capabilities, the former occurred in a manner such as to undermine what should have been the legitimate realms of voluntaristic agreement between the two sides. The chief responsibility for this certainly lies with the employers, for while an important portion of the employer leadership appears to have become socialized to the existence of unions and collective bargaining, a powerful segment, largely but not exclusively from heavy industry, wished to undermine the system of collective bargaining itself. As a consequence, the continuation of collective bargaining in Germany became increasingly dependent on the state through a system of binding arbitration which was heartily detested and opportunistically used by both sides and which effectively politicized the entire collective bargaining process. Whether binding arbitration seriously distorted wage levels and had the deleterious consequences the employers claimed or whether the decisions more or less followed market conditions is a matter for further research. There can be no question about the fact that it undermined the sense of responsibility of the negotiating parties and became a source of attacks on the authority of the state itself, as in the *Ruhreisenstreit* at the end of 1928, the brutal lockout of 250,000 workers by heavy industry in an effort to challenge the binding arbitration system, a lockout widely interpreted as a challenge to the political system itself. Indeed, the destructive character of the heavy industrial stance is evidenced by the fact that, where its actions in 1923 had as one of their objects the termination of the Great Coalition under Stresemann, there is good reason to believe that they would have challenged the state in 1928 whether or not there was a Great Coalition in power. The system itself was becoming the enemy. Employers and trade union leaders could no longer join together in common distrust of the state because the latter had, very tragically from the perspective of what was to happen in the depression, to depend upon the state for protection against the employers.⁴⁵

44 See *Gerald D. Feldman*, *Das deutsche Unternehmertum zwischen Krieg und Revolution. Die Entstehung des Stinnes-Legien-Abkommens*, in: *Id.*, *Vom Weltkrieg zur Wirtschaftskrise*, pp. 100–127, and *Gerald D. Feldman/Irmgard Steinisch*, *Industrie und Gewerkschaften 1918–1924. Die überforderte Zentralarbeitsgemeinschaft*, Stuttgart 1985.

45 See *Gerald D. Feldman/Irmgard Steinisch*, *Die Weimarer Republik zwischen Sozial- und Wirtschaftsstaat. Die Entscheidung gegen den Achtstundentag*, in: *AfS* 18, 1978, pp. 353–439, and: *Notwendigkeit und Grenzen sozialstaatlicher Intervention. Eine vergleichende Fallstudie des Ruhreisenstreits und des Generalstreiks in England*, in: *AfS* 20, 1980, pp. 57–117. See also *Weisbrod*, *Schwerindustrie*, p. 393 ff.; *Winkler*, *Schein der Normalität*; *Ursula Hüllbüsch*, *Der Ruhreisenstreit in gewerkschaftlicher Sicht*, in: *Mommsen et al.* (eds.), *Industrielles System*, pp. 271–289. The contention of *David Abraham*, *Collapse of the Weimar Republic. Political Economy and Crisis*, Princeton 1981 that there was some kind of collaboration between labor and the »dynamic fraction« of industry through the binding arbitration system is not only a product of his usual deficient scholarship but also of his fantasy. See p. 240 ff. For a trenchant criticism of this nonsense, see *Winkler*, *Schein der Normalität*, p. 488, note and p. 517 f. Undaunted by evidence, *Abraham* has recently saluted forth with new concocted statistics and unfounded assertions in *Labor's Way: On the Successes and Limits of Socialist Politics in Interwar and Post-World War II Germany* in: *International Labor and Working Class History* 28, 1985, pp. 1–24, especially, pp. 7 ff. and 21 f. note 5. For a criticism of *Abraham's* bizarre interpretation of labor's condition in Weimar, see *Dick Geary's* comments on pp. 39–45 of the same journal. For a brilliant as well as responsible analysis of the roles and conditions of industry and labor in the post-inflationary period, see *Harold James*. *The German Slump*, Chs. V–VI. Unhappily, the material in this invaluable study arrived too late to be used in this essay.

As noted above, there were employers who were more prepared to play by the rules of a new game and accept its political implications as well. Both in 1926 and again in 1930, there was talk of reviving the ZAG, in the first instance with the idea of creating a Great Coalition as well. In each instance, the recalcitrant constituencies in the two camps undermined the chances of agreement. In 1926, it was the lignite industrialist, Paul Silverberg, who suggested that the ZAG be revived and who seems to have contemplated that it should be coordinated with a Great Coalition government, while the effort in 1930 involved a variety of the leaders on both sides, most notably Hans von Raumer of the DVP and electro-technical industry who had played a key role in 1918. In 1926, actual discussions took place about tariffs and economic policy, but the Silverberg project like the negotiations in 1930 foundered on heavy industrial and other anti-union opposition as well as the suspicions of the trade union leaders and their constituencies.⁴⁶ These suspicions cannot simply be blamed on some irrational attachment to notions of class conflict. Officially, the Christian trade unions supported a revival of the ZAG, but as the Centrist Reichstag Deputy Josef Joos reported in 1926, a survey of Catholic workers throughout the Reich with respect to their attitude toward employers, especially Catholic employers, turned up with results that were anything but edifying:

»I see answers before me from every part of the Fatherland, from East and West, North and South and from every category of industry and branch of productive life. [. . .] The answers have the same tenor. I read about the present relationship between employers and workers: »estranged«, »mistrustful«, »rejecting«, »tense«, »antagonistic«, »hostile«. The weakest statement from the Upper Palatinate was »cold neutrality [. . .]«.

Psychologically indicative are some explanations from the Westphalian heavy industrial area. I quote »The reasons for the antagonistic posture in laboring circles lies in the economic hardship and in the attitude of the employers. In part it is the disappointed hopes placed in the slogan *Volksgemeinschaft* and its non-fulfillment. The word is also used in employer circles; it was more or less the goal of the *Arbeitsgemeinschaften*, which were approved by a substantial portion of the workers. The concept of *Volksgemeinschaft* was identified for many Catholic workers with an almost mystic belief. It was a substitute for the fact that there had been no fundamental change in economic life [. . .]«. A mitigation of this general judgment is found only with respect to small and medium sized industry. In large scale industry, the tension is increased by industrial concentration and factory bureaucratization.«⁴⁷

Fritz Lang's film, *Metropolis*, with its expressionist portrayal of labor crucified on the time-clock of a heartlessly rationalized industry and its escapist and archaic solution of having the conflicts between labor and capital and the workers of the hand and the head reconciled by the »heart« nevertheless spoke to the generation to which it was addressed precisely because it captured the sources of alienation Joos was describing as well as the widespread desire for solutions that did not involve the overthrow but rather the humanization of the existing economic order.⁴⁸

46 On the Silverberg effort, see Dirk Stegmann, Die Silverberg Kontroverse 1926. Unternehmerpolitik zwischen Reform und Restauration, in: Hans-Ulrich Wehler (ed.), Sozialgeschichte Heute. Festschrift für Hans Rosenberg zum 70. Geburtstag, Göttingen 1974, pp. 594–610. On the 1930 negotiations, see Udo Wengst, Unternehmer und Gewerkschaften im Jahre 1930, in: VfZ 25, 1977, pp. 99–117 and Neebe, Großindustrie, p. 67 ff. An interesting collection of newspaper and journal articles on the Silverberg speech and feelers between industry and labor in 1926 is to be found in: Zentrales Staatsarchiv Potsdam, Reichsarbeitsministerium, Nr. 6498.

47 Josef Joos, Wege zur Gemeinschaft im Wirtschaftsleben, in: Germania, 4. April 1926, in: Zentrales Staatsarchiv Potsdam, Reichsarbeitsministerium, Nr. 6498, Bl. 110 f.

48 See the fine analysis of this important film in Siegfried Kracauer, From Caligari to Hitler, Princeton 1947, pp. 162–164.

If the Communist Party was largely the party of the unemployed, as it appears to have been, then it is manifest that those who worked were looking for something else. It is unnecessary to deny the existence or significance of class struggle in the Weimar Republic to raise the question as to whether it is the most useful way to conceptualize the issues between labor and industry. There are both sociological and political objections to the latter approach. The sociological problem lies in the remarkable and increasing complexity of those who might normally be defined as the economic proletariat in this period. Not only were there the traditional differences between the old and young, skilled and unskilled workers, but there was also the increasing number of white collar workers and lower and middle rank civil servants. These groups only briefly and sporadically perceived their interests to be common ones, and this was especially the case after the stabilization. In fact, they often operated in open hostility to one another, as exemplified by the resentment of the blue collar workers against civil servant pay increases in 1927, and the tensions between employed and unemployed in times of depression, which often translated itself into a conflict of interests and attitudes between old and young. Just as the »middle class« was in the process of dissolution as a homogeneous and coherent entity in the course of the late 19th and early 20th centuries,⁴⁹ so the »proletariat« was suffering the same fate in the course of the Weimar Republic. Undoubtedly, this process would have speeded up had economic conditions been more propitious. As recent research has shown, however, it certainly was evident in the realm of mass culture and mass consumption, both of which were leading to the undermining of a specifically proletarian culture. Politically, with the possible exception of 1918/19, one may even doubt that there ever was a chance for the politically self-conscious proletariat to triumph, given the confessional divide in the German labor movement. Whatever the case, during Weimar at most a third of the German workers voted for the Marxist parties, which meant that a substantial number of workers voted for the Center and the DNVP.⁵⁰

Little wonder, therefore, that the great demand of the Social Democrats and their trade union allies in the middle years of the Republic was for what might be called the further extension of citizenship rights in the economy rather than socialization, that is, they called for the institutionalization of a voice in their own economic and social fate at the level of the factory and in the management of the economy. The former found a measure of expression in the Factory Councils Law of 1920, the latter in the *Wirtschaftsdemokratie* program that evolved after 1925. While undeniably an effort to cope with the failures of the Revolution and the manifest inability to overcome capitalism in the foreseeable future, the quest for greater degrees of codetermination probably did reflect the most realistic response of the Social Democrats to the implications of their own economic perceptions and also pointed the way to a more modern policy in the future. The evidence is fairly clear that what they opposed in 1923/24 was not modifications of the eight hour day or other unpleasant measures which they recognized to be at least temporarily necessary, but rather the unilateral, arbitrary and authoritarian manner in which they were carried out. Similarly, since they themselves were

49 See *Karl Erich Born*, *Der soziale und wirtschaftliche Strukturwandel Deutschlands am Ende des 19. Jahrhunderts*, in: *Hans-Ulrich Wehler* (ed.), *Moderne deutsche Sozialgeschichte*, Köln/Berlin 1966, pp. 271–286, esp. p. 279 ff.

50 *Winkler's* analysis of the Weimar Republic in: *Schein der Normalität as a »Klassengesellschaft im Übergang«* (p. 165) is well documented in the lengthy first chapter of this volume. For the cultural side, see the splendid article by *Dieter Langewiesche*, *Politik–Gesellschaft–Kultur. Zur Problematik von Arbeiterkultur und kulturellen Arbeiterorganisationen in Deutschland nach dem Ersten Weltkrieg*, in: *AfS* 22, 1982, pp. 359–402. For a stimulating long term perspective, see *Josef Mooser*, *Arbeiterleben in Deutschland 1900–1970*, Frankfurt am Main 1984, and: *Abschied von der »Proletariät«*. *Sozialstruktur und Lage der Arbeiterschaft in der Bundesrepublik in historischer Perspektive*, in: *Conze/Lepsius* (eds.), *Sozialgeschichte der Bundesrepublik Deutschland*, pp. 143–186.

convinced of the need for rationalization in the mid-1920's and for deflationary measures at the end of the decade, the only logical thing was to insist that these be accomplished in the most socially acceptable and in the most democratic manner possible. As it turns out, they were fooling themselves both about the potentialities for the Socialist transformation of »organized capitalism« and the ability to achieve the political goals in the Weimar political environment. It is possible to argue, however, that in addressing themselves to the issue of the democratic control of economic power, they were taking an important step in the direction of their own modernization as a party and trade union movement that might have a broader appeal to other segments of German society and on some basis other than notions of class conflict that were failing to win over even a substantial number of the workers.⁵¹

In the last analysis, the modernization of employer attitudes probably was moving more slowly than that of the workers and their organizations. Not only did the *Wirtschaftsdemokratie* program produce incredible alarm in employer circles and probably strengthen the influence of its more reactionary elements as well as promote the development of an alternative *Werksgemeinschaft* ideology directed against the trade unions and collective bargaining, but it also fueled the more general opposition to Weimar's progressive social legislation and social system in the mid-1920's. In reality, the modernization of the Weimar industrial plant, such as it was, and of its social legislation in the mid-1920's was based on an unstable stalemate in which industry was given a free hand to rationalize on the basis of short term loans while the working class was compensated for the favor shown to industry by social legislation and favorable arbitration decisions. The trade-off worked so long as the American loans kept coming and the increasing fiscal crisis of the state was not faced. By 1929, the employers could claim that their dire prognostications were correct and that the *Freiheit der Wirtschaft* had to be restored. This could only mean a further assault on the gains made by organized labor since the World War and a challenge to the role the state had played in preserving them. The growing economic crisis and crisis of social policy thus threatened to become a crisis of the political system that might bring down the Republic.⁵²

III. POLITICAL MODERNIZATION OR VOLKSGEMEINSCHAFT?

Did the political system have sufficient resources to transcend the social and economic liabilities under which it labored? The answer given by history is well known, but it does not answer to the further question of the extent to which the weaknesses of the political system were decisive. That is, to what extent can the disintegration of the Republic be attributed in the last analysis to a failure of political modernization? My answer would be: to a very great extent. If one is to discuss the constraints on the development of an adequate modernization policy, however, then these must be conceived in international as well as national terms. The

51 See the excellent discussion in *Winkler*, *Schein der Normalität*, pp. 466 ff., 607 ff.

52 *Ibid.*, pp. 466–518. The classic survey of social policy in the Weimar Republic and the debate surrounding it is *Ludwig Preller*, *Sozialpolitik in der Weimarer Republik*, Stuttgart 1949, Düsseldorf² 1978. For a longer term perspective, see *Volker Hentschel*, *Geschichte der deutschen Sozialpolitik 1880–1980*, Frankfurt 1983. Good discussions of the instrumentalization of the »crisis before the crisis« into a political crisis by certain of the industrialists are to be found in the concluding chapters of *Weisbrod*, *Schwerindustrie* and in *Schneider*, *Unternehmer und Demokratie*. Apparently, the concept of *Wirtschaftsdemokratie* continued to produce an almost conditioned negative response from employers after 1945. See *Volker Berghahn*, *Unternehmer und Politik in der Bundesrepublik*, Frankfurt 1985, p. 207 ff. On the employer mania concerning the *Freiheit der Wirtschaft*, see *Gerald D. Feldman*, *Aspekte deutscher Industriepolitik am Ende der Weimarer Republik 1930–1932*, in: *Feldman*, *Vom Weltkrieg zur Weltwirtschaftskrise*, pp. 218–233.

debate over the primacy of foreign policy versus the primacy of domestic policy is not terribly helpful for understanding the twentieth century. It would be ridiculous to separate Weimar's difficulties from the international environment which conditioned them in so many ways. The Treaty of Versailles imposed constant heavy burdens on the fledgling Republic in the form of territorial losses, military occupation, and heavy economic obligations. Whether rightly or wrongly, the treaty was considered unjust by the vast majority of Germans in all political camps, and there can be no question about the fact that it proved to be politically unworkable and unenforceable even over the short run. The best proof of this is that those for whose benefit the treaty had been written retreated from it. From the standpoint of German domestic politics, it was nothing short of poisonous, not only because it was hated and considered unjust, but even more because it was a constant preoccupation in socioeconomic policy making. The problems connected with the territorial losses, reparations payments in kind and the need to mobilize industrial credit in order to make payments strengthened enormously the least democratic and most reactionary elements of German industry, namely heavy industry, and vastly assisted their ability to penetrate and influence the manufacturing sectors. The economic terms of the treaty were used to justify inflation until 1923 and then to argue for deflation thereafter. What made the Treaty so destructive was not simply that it served as a scapegoat for the nation's ills but that it was so easily instrumentalized to justify political arguments and policy decisions that would otherwise have had to be considered in different terms.⁵³

Nevertheless, it would be unfair to argue that the Republic did not make remarkable efforts to deal constructively with the problems presented by the Treaty. Recent research, especially by Peter Krüger, has presented a convincing argument that the Weimar Republic did an impressive job of developing a constructive and modernized foreign policy despite this rather miserable context.⁵⁴ After troubled beginnings under Wirth and Rathenau, but especially under Stresemann and his leading supporter in the Foreign Office, Carl von Schubert, Germany sought to reconstruct her legitimate position as a great power by economic and political means. The modernizing aspect of the policy lay in the manner in which it turned its back on the old style Wilhelmine diplomacy of militarist posturing and political noisiness and stressed the role of Germany as a trading nation. Its implication was that *Helden* were to be replaced by *Händler*, and that the warfare state was to make way for the trading state. Germany's future lay in her economic power rather than in military adventurism.⁵⁵

This promising tendency was not assisted very much by the nations with whom Germany had to deal, another consideration of significance in assessing Weimar's capacity to transcend the liabilities of the German political tradition. On the one hand, there were the structural difficulties of the postwar international economy arising from the creation of new centers of manufacturing in the non-western world as well as the excess production of agricultur-

53 See the eminently sensible discussion of the consequences of the treaty by *Peter Krüger*, *Das Reparationsproblem der Weimarer Republik in fragwürdiger Sicht. Kritische Überlegungen zur neuesten Forschung*, in: *VfZ* 29, 1981, pp. 21–47. For detailed illustrations of how well the treaty served the cause of reaction in Germany, see the concluding chapters of my *Iron and Steel* and of *Weisbrod's Schwerindustrie*. This is not to question *Hans Mommsen's* very telling argument that reparations and foreign policy pressures were responsible for keeping the Republic alive and that the ending of reparations removed the last stake that anti-republican forces might have had in the Republic's survival. (See *Industrielles System*, pp. 605 f.). It is only to argue that a different treaty might have placed the Republic on much safer and better foundations.

54 *Peter Krüger*, *Die Außenpolitik der Republik von Weimar*, Darmstadt 1985.

55 The terminology is that of *Richard Rosecrance*, *The Rise of the Trading State: Commerce and Conquest in the Modern World*, New York 1986.

al and raw materials products for constricted markets.⁵⁶ On the other hand, there were the policies of tight money and protectionism which exacerbated these difficulties, policies in which the United States, as the world's leading creditor and trading nation played no small role. These policies impinged very severely on Germany, which was compelled to borrow huge sums from the United States at very high interest rates and which depended very heavily on open markets in order to pay her obligations under the Dawes and Young Plans. Furthermore, both these plans placed very serious limitations on the German banking system, inhibiting the great investment banks from performing their traditional functions in maintaining the liquidity of the economy and giving the Reichsbank, especially under Schacht, immense leverage in its dealings with the government, the banking sector and industry.⁵⁷ Germany was tied to the gold standard with particular rigidity even though the manner in which that gold standard was being operated by the other major industrial nations bore little if any resemblance to the »rules of the game« under which they pretended to be playing. Germany's dependence on short term loans at high interest rates, a condition which she owed in no small measure to her record of default through monetary depreciation during the inflation, thus made her extraordinarily vulnerable to shocks from abroad. As the great depression was to demonstrate – the higher degree of central bank cooperation in the interwar period notwithstanding – the international economy lacked even the minimal institutional framework necessary to cope with its monetary and trading problems. The plausibility of such crackpot economic nostrums as the demands for autarky and »living space« in Germany owed much to the policies of Germany's leading trading partners and creditors.⁵⁸ One can argue that Weimar's leaders were particularly victimized by these difficulties of international economic modernization which they tended to reinforce a concept that runs directly counter to any effective modernization policy, namely, that »economics is fate«⁵⁹ and should not or cannot be modified by political decision making. During the course of its brief history, for example, leaders of the Republic made notable efforts to develop countercyclical policies aimed at promoting employment through public works and other programs as well as through the use of tax policies. Such ideas found not only articulation but also some practical implementation during the 1920/21 relative stabilization and especially during the economic crisis of 1925/26. While the fuller development of such techniques certainly de-

56 These were well understood by intelligent and informed contemporaries. See *Bernhard Harms*, *Das Neue Deutschland im neuen Europa*, in: *Bernhard Harms* (ed.), *Strukturwandlungen der deutschen Volkswirtschaft*, Berlin 1928, 2 Vols., I, pp. 3–32.

57 See *Harold James*, *Did the Reichsbank Draw the Right Conclusion from the German Inflation?*, in: *Feldman* (ed.), *Die Nachwirkungen der Inflation*, pp. 211–230. See now also Chapter 8 of his: *The German Slump*.

58 On the interwar monetary system, see *Benjamin M. Rowland* (ed.), *Balance of Power or Hegemony: The Interwar Monetary System*, New York 1976. For an especially critical view of the American role, see *Charles P. Kindleberger*, *The World in Depression 1929–1939*, London 1973. On Germany's credit problems, see *Theodore Balderston*, *The Origins of Economic Instability in Germany, 1924–1930: Market Forces versus Economic Policy*, in: *VSWG* 69, 1982, p. 488 ff.; *Links Between Inflation and Depression: German Capital and Labour Markets, 1924–1931*, in: *Gerald D. Feldman* (ed.), *Die Nachwirkungen der Inflation auf die deutsche Geschichte*, pp. 157–185. For the plausibility of autarky, see *Hermann Lebovics*, *Social Conservatism and the Middle Classes in Germany, 1914–1933*, Princeton 1969, pp. 102 ff., 186 ff.

59 *Hans-Ulrich Wehler*, *Modernisierungstheorie*, p. 48, points out that one of the positive contributions of modernization theory, especially as developed by *Reinhard Bendix* is that it turns against the notion of »Ökonomie als Schicksal« und betont vor allem auch die Bemühungen, die Prozesse und Auswirkungen der Industrialisierung politisch zu kontrollieren. Dadurch behält Politik bei ihm ihr relatives Eigengewicht, ihre Maßnahmen und Konsequenzen schaffen neue Bedingungen für die sozioökonomischen Prozesse, die nicht als jederzeit übermächtiges Fatum stilisiert werden.«

pended upon a clearer theoretical foundation and the development of technical economic procedures and instrumentalities, they also depended upon a measure of state financial freedom which Weimar governments simply did not have at their disposal after the stabilization. As Dieter Hertz-Eichenrode's important study of government policy in 1925/26 demonstrates, the government's actions only were possible because of the government revenue surplus. The Dawes Plan arrangements would not permit the creation of any discretionary government right to a credit for pump priming such as that provided for in the Federal Republic's 1967 Law for Stability and Growth of the Economy.⁶⁰ Even more fatefully, the budget deficits created by these measures seemed to have played an important role in convincing Brüning not to try similar methods after he took power in March 1930. While this is no place to enter into the great debate as to whether or not Brüning had the *Handlungsspielraum* which some historians claim he had, his unwillingness or inability to pursue a policy other than the one he did speaks to the triumph of the notion that »economics is fate« and to the failed political modernization of the Republic.⁶¹

Manifestly, all these difficulties were politically more dangerous in the German context than elsewhere, although the political fate of Italy, Austria, and Poland in the 1920's are reminders that political democracy was not vulnerable in Germany alone. The dilemmas in Germany, however, were especially great because her peculiar situation after 1918 required a much higher degree of institutional modernization and greater degree of symmetrical development of her institutions of governance than that which existed in any industrialized nation at the time, and this precisely under conditions where the legitimacy of her institutions was extremely fragile. Heretical as it may sound, there was no preordained reason for Germans to embrace parliamentary democracy except for the fact that the old regime had been defeated in war. Neither French nor Italian parliamentarism were all that edifying; the English system was *English* and had evolved over centuries; the United States, which promoted the parliamentarization of Germany in 1918, did not in fact have a parliamentary system herself.

One of the paradoxes of Weimar history is that Germany had a headstart in developing many of the institutional structures and organizational habits which play such an important role in governance and crisis management today. She had a well trained professional bureaucracy, a tradition of state interference in economic and social affairs, experience in the devolution of quasi-public functions on corporate bodies representing a variety of social and economic interests (e.g., chambers of industry and commerce and corresponding organiza-

60 Dieter Hertz-Eichenrode, *Wirtschaftskrise und Arbeitsbeschaffung. Konjunkturpolitik 1925/26 und die Grundlagen der Krisenpolitik Brünings*, Frankfurt/New York 1982, pp. 212 f.

61 For the powerful and pessimistic arguments of Knut Borchardt against a »rückwärts gewandten Problemlösungsoptimismus« with respect to the Great Depression, see his justly famous articles now reproduced in Part III (Die Strukturschwäche der Weimarer Wirtschaft und die Handlungsmöglichkeiten in der Großen Krise) of his: *Wachstum, Krisen, Handlungsspielräume der Wirtschaftspolitik. Studien zur Wirtschaftsgeschichte des 19. und 20. Jahrhunderts*, Göttingen 1982. The debate over his arguments is carried on in *GuG* 11, 1985, pp. 273–376. Especially important are the arguments of Charles Maier that Borchardt's economic model of a »sick economy« that could not be healed by political measures is »over-determined« and Bernd Weisbrod's well documented demonstration that industry »instrumentalized« the deflationary policy, even against its better judgment, in order to get rid of collective bargaining. Two extraordinarily well researched and powerfully presented arguments for the »instrumentalization« of the financial crisis for purposes of dismantling the welfare state and parliamentary government are provided by Peter-Christian Witt, *Finanzpolitik als Verfassungs- und Gesellschaftspolitik. Überlegungen zur Finanzpolitik des Deutschen Reiches in den Jahren 1930 bis 1932*, in: *GuG* 8, 1982, pp. 386–414, and: *Die Auswirkungen der Inflation auf die Finanzpolitik des Deutschen Reiches 1924–1935*, in: Feldman (ed.), *Die Nachwirkungen der Inflation*, pp. 43–94.

tions representing agriculture and the crafts), and established channels and modes of communication between these interests and the government. Just as Germany's »backwardness« and preindustrial legacy provided her with certain advantages in her industrialization, so they gave her a headstart in the modern corporatism of both the state corporatist and societal corporatist varieties. Germany's »preindustrial corporatist/bureaucratic traditions« may not have been as inimical to the modernization processes of an advanced industrial society as Jürgen Kocka and other historians who have stressed the deleterious consequences of Germany's preindustrial legacy have sometimes suggested.⁶²

However, there was a realm in which Germany remained backward. It was not in the realm of interest articulation and intermediation, where she was if anything overdeveloped, but rather with respect to their aggregation for purposes of effective political management. One may perhaps demote the role played by so-called preindustrial influences in causing the collapse of the Weimar Republic and the rise of Nazism, but the legacy of German political practice, above all in the arena of parliamentary politics, cannot simply be relegated to the historical background of Weimar's collapse. One may also entertain the interesting hypothesis that the pre-1914 Imperial regime served the purposes of »capitalistic reproduction« and obviated the need for a »Gladstonian compromise« and parliamentarization.⁶³ However, it is rather difficult then to understand how such claims, made by Geoff Eley, are compatible with an explanation of the triumph of fascism in Germany that declares: »The political unity of the dominant classes and of their major economic fractions could *no longer* [italics mine-GDF] be organized successfully within the existing forms of parliamentary representation and parliamentary government. Simultaneously the popular legitimacy of these forms also went into crisis.«⁶⁴ When were the »dominant classes«, whoever they actually were, ever successfully organized within the parliamentary system of Weimar or even before 1914? The liberal parties were split from the very beginning: the much overrated Junker-industrialist alliance of the prewar period was never resurrected inside or outside of parliament in any successful way; the agrarian and *mittelständische* elements in the liberal parties responded to the triumph of industry's notion of »economics as fate« by literalizing it to the point of absurdity and drifting into an incredible variety of special interest parties after 1924; constructive parliamentary legislation depended upon shifting majorities for the various spheres of legislation.⁶⁵

62 Here, I think that *Jürgen Kocka's* argument is too one sided in his important: *White Collar Workers in America 1890–1940. A Social-Political History in International Perspective*, London/Beverly Hills 1980, p. 265. The importance of corporatism for political stabilization has received classic analysis in *Charles Maier, Recasting Bourgeois Europe. Stabilization in France, Germany and Italy after World War I*, Princeton 1975. For an outstanding discussion of the variety of corporatist arrangements in the Weimar context, see *Ulrich Nocken, Corporatism and Pluralism in Modern German History*, in: *Dirk Stegmann et al. (eds.), Industrielle Gesellschaft und politisches System*, Bonn 1978, pp. 37–67. A striking illustration of the role of the German corporatist tradition at work in an ultimately much more promising setting is *Diethelm Prowe, Economic Democracy in Post-World War II Germany: Corporatist Crisis Response, 1945–1948*, in: *Journal of Modern History* 57, 1985, pp. 451–482.

63 *Geoff Eley/David Blackbourn, The Peculiarities of German History*. p. 115 ff.

64 *Geoff Eley, What Produces Fascism: Preindustrial Traditions or a Crisis of a Capitalist State*, in: *Politics and Society* 12, 1983, pp. 53–82, quote on p. 78.

65 Although Weimar scholarship has advanced mightily and become ever more sophisticated, there are certain studies which remain fundamental and instructive: *Ernst Fraenkel, Historische Vorbelastungen des deutschen Parlamentarismus*, in: *VfZ* 8, 1960, pp. 523–540; *M. Rainer Lepsius, Parteiensystem und Sozialstruktur: zum Problem der Demokratisierung der deutschen Gesellschaft*, in: *Wilhelm Abel et al. (eds.), Wirtschaft, Geschichte und Wirtschaftsgeschichte. Festschrift zum 65. Geburtstag von Friedrich Lütge*, Stuttgart 1966, pp. 371–393; *Karl Dietrich Bracher, Die Auflösung*

It is difficult to understand how that which had never been constructed could break down. Germany's parties were inadequate to the tasks of government, not simply because they had been deprived of practical responsibility for governance under the Empire but also because they had been habituated to represent *Weltanschauungen*, »milieus«, and special interests rather than a broad set of positions defining a general conception of the national interest and general posture toward the problems facing the nation that made self-understood the need to compromise on individual issues. Under the old regime, of course, the task of interest aggregation belonged to the State which, allegedly, stood »above parties« and made »expert« decisions in the national interest. In the parliamentary democracy established in 1919, the parties, theoretically, were called upon to aggregate interests and to form governments, that is, to overcome their backwardness and modernize. In reality, they never did so, and one may question whether the parliamentary system ever enjoyed any popular legitimacy or ever was given a chance to do so outside of Social Democrats and certain liberal elements in the bourgeois parties who clung to it for dear life in part out of conviction and in part because they quite properly feared the alternatives.

After all, at every crucial juncture, Weimar experienced rule by decree rather than through normal parliamentary legislative procedure. Most of the economic and social legislation of the inflation period was issued by decree, and the stabilization as well as the final economic crisis was managed by decree. This is not to say that there were no differences among these periods. The decrees of the first years of Weimar really were an extension of the war powers granted in 1914 and were tantamount to an extended demobilization. The decrees leading to stabilization rested on enabling acts, but their authoritarian and harsh character extracted its price in the disaffection of a substantial portion of the middle class vote. Furthermore, they could only be temporary. As Hans Luther himself pointed out, the »rational state order of the enabling acts had to be dismantled« once the crisis was over and, as he confessed, »the conditions of existence of the people had to be made more bearable.«⁶⁶ The effect, however, was to create an almost irrepressible reaction of wage increases, social legislation, civil service pay increases, and government expenditures between 1925 and 1929 which, in Luther's view, were responsible for the developing crisis in 1930 and which, in the view of many historians today, helped to make Weimar's economic problems virtually unmanageable.⁶⁷ As Luther also recognized some seven months after these reflections in his capacity as Reichsbank President, Brüning's decision to have the Reich President issue decrees previously withdrawn because of Reichstag objections after the Reichstag had been dissolved was very different from Luther's own use of Article 48 in December 1923.⁶⁸ The reality was that Brüning with the enthusiastic connivance of an important group of higher officials in the Finance Ministry and other government agencies and with the support of Germany's leading consti-

der Weimarer Republik. Eine Studie zum Problem des Machtverfalls in der Demokratie, Villingen 1955, Königstein/Düsseldorf⁶ 1978; *Michael Stürmer*, Koalition und Opposition in der Weimarer Republik 1924–1928, Düsseldorf 1967; *Gerhard A. Ritter*, Kontinuität und Umformung des deutschen Parteiensystems 1918–1920, in: *Id.*, Arbeiterbewegung, Parteien und Parlamentarismus, Göttingen 1976, pp. 116–157. The inability of the prewar parties to coalesce on either the right or the left has been stressed in *Gerhard A. Ritter's* important: *Die deutschen Parteien 1830–1914*, Göttingen 1985, esp. pp. 49 ff.

66 *Luther*, 1923 und 1930, in: *Bankarchiv*, Jan. 1, 1930, p. 132. On the rule by decree, see *Huber*, *Deutsche Verfassungsgeschichte*, VI, p. 434 ff.

67 For a discussion of the psychological background of this fiscal improvidence, see my: *Weimar from Inflation to Depression: Experiment or Gamble?*, in: *Gerald D. Feldman*, *Nachwirkungen der Inflation*, pp. 385–401.

68 *Gerhard Schulz*, *Inflationstrauma, Finanzpolitik und Krisenbekämpfung in den Jahren der Wirtschaftskrise, 1930–1933*, *ibid.*, pp. 261–295, quote on p. 283, note 36.

tutional lawyers who were openly speaking of the presidential ›dictatorship‹ were instrumentalizing the crisis for the purpose of dismantling both the powers of parliament and the social welfare state.

This, of course, was the last and the worst answer to the failures of political modernization in Weimar Germany, not simply because it was a de facto regression in many respects to the way in which the old regime had been run, but rather because it constituted the ultimate disregard of the principle of representation and of any sense of popular legitimacy beyond that implied in the direct election of the Reich President.

Weimar suffered from a profound and continuous perversion of its processes of modernization because they were constantly being instrumentalized for authoritarian purposes. Thanks to the brilliant work of Matthias Erzberger, she had developed the modern taxation system so sorely lacking in the old Empire, but this system was then used to undermine the democratic promise of German traditions of local self-government and to deprive the Republic of a grass roots foundation for social and political modernization. On the one hand, the municipalities were overburdened with social obligations while being deprived of revenues. On the other hand, they were subjects of constant attacks for »wasteful expenditure« and accused of launching a »cold socialization«. The needed modernization of Germany's federal structure was undertaken by an authoritarian bureaucracy for authoritarian purposes. In this respect, Papen's *Staatsstreich* and Hitler's *Gleichschaltung* were of a piece.⁶⁹ Worse yet, it was under similar auspices that the great change in attitude toward the role of the state in economic management took hold after the banking crisis of 1931, a change by no means limited to Germany.⁷⁰ Where in Great Britain and the United States the modernization of the instrumentalities of economic management available to the government took place under democratic auspices and even lead to a further democratization of the political system and a heightening of its legitimacy, precisely the reverse took place in Germany.

The crisis of capitalism may have been universal, but the crisis of democratic government was not. Perhaps, therefore, the concept of modernization and even the importance attached to achieving some measure of symmetry in the various processes of economic and political

69 On these issues, see Jürgen Reulecke, *Auswirkungen der Inflation auf die städtischen Finanzen*, in: Feldman (ed.), *Nachwirkungen der Inflation*, pp. 97–116; Gerold Ambrosius, *Der Staat als Unternehmer*, Göttingen 1984, pp. 54–104; Dieter Rebutisch, *Die deutsche Sozialdemokratie und die kommunale Selbstverwaltung. Ein Überblick über Programmdiskussion und Organisationsproblematik 1890–1975*, in: AfS 25, 1985, pp. 1–78, esp. pp. 27–51. For useful discussions of financial policy, see Peter-Christian Witt, *Die Auswirkungen der Inflation auf die Finanzpolitik des Deutschen Reiches 1924–1935*, in: Feldman (ed.), *Nachwirkungen der Inflation*, pp. 43–94 and Volker Hentschel, *Steuersystem und Steuerpolitik in Deutschland 1890–1970*, in: Conze/Lepsius (eds.), *Sozialgeschichte der Bundesrepublik Deutschland*, pp. 256–295.

70 As Knut Borchardt points out on page 44 of his: *Die Bundesrepublik in den säkularen Trends der wirtschaftlichen Entwicklung* in: Conze/Lepsius (eds.), *Sozialgeschichte der Bundesrepublik Deutschland*, the use of fiscal policy for purposes of managing demand and fighting unemployment had its origins not in the post-1945 period, but rather in the depression: »Die Zäsur, auf die es in diesem Zusammenhang ankommt, ist freilich nicht am Ende des Zweiten Weltkriegs zu suchen, sondern in der Weltwirtschaftskrise. Damals zerbrach die Vorstellung, daß die private Wirtschaft selbst steuern könnte. Die in dieser Krise sichtbar werdenden wirtschaftlichen und politischen Risiken führten zu einer Umwertung der politisch-ökonomischen Werte in allen kapitalistischen Staaten [. . .].« While Borchardt has argued that a goodly measure of *Sanierung* was necessary before such measures could be effective – see his: *Konjunkturtheorie in der Konjunkturgeschichte. Entscheidung über Theorien unter Unsicherheit ihrer Gültigkeit*, in: VSWG 72, 1985, pp. 537–555, esp. p. 553) – and points out that the actual effectiveness of government action in mitigating the crisis has never been proven, his remarks do suggest that a political decision by Brüning to have pursued a different policy may have had a certain value whatever its economic utility.

modernization are valuable after all. They are useful in helping to organize and comprehend the interaction and articulation of the complex instrumentalities and institutions of modern industrial societies as they attempt to cope with ongoing processes of social and economic change. They are necessary in assessing the chances of democratic legitimation as well as the dangers to it. Ultimately, questions of political integration are central to even the most economically absorbed of states. Interest fragmentation was a major source of the delegitimation of the Weimar party system and promoted that yearning for *Volksgemeinschaft* upon which a catch-all party could capitalize.

The Weimar experience would seem to suggest that major failures in modernization policy can have demodernizing consequences. The extreme blows to the *Mittelstand* and peasantry and the manner in which they were delivered constituted a distortion of the modernization process that threw large numbers of those affected back into archaic longings on which the National Socialists were to feed. The movement toward judicial review led to a triumph of »general clauses« and a system of »justice« under which *gesundes Volksempfinden* became the foundation of a law »protected« by the Führer. Undoubtedly, this was more palatable to middle class Germans thirsting for »legality« and »order« than the proletarian forms of legal demodernization proposed in Saxony in 1923. Similarly, the extraordinary degree to which the industrial relations in the Weimar Republic were organized and its corporatist experiments surely were important steps in the direction of modernization. Their lack of generally accepted legitimation and their dependence on the state, however, paved the way in many important respects for a codified dictation of industrial relations by the state and employers that was veiled by the idea of *Volksgemeinschaft* and pretensions to the end of class struggle in the infamous National Labor Code of January 20, 1934.⁷¹ No respectable empirically based argument has ever been presented that satisfactorily proves that the only alternative available to the propertied, military and bureaucratic interests seeking to control German politics in 1932 was calling the Nazis into power – structural arguments without satisfactory empirical foundation are nothing but more or less interesting hypotheses – but there certainly is satisfactory evidence that National Socialism lived parasitically off the nation's failure to develop a parliamentary system with parties capable of integrating a variety of interests and compromising their differences for the sake of pursuing national programs. The primacy of politics⁷² which Nazism practiced on both the international and national levels, that is, the decoupling of political goals from any rational and recognizable socioeconomic foundations, was the demodernization of politics. That this barbarism may have had modernizing consequences after 1945 for reasons which had nothing whatever to do with Nazi intentions is significant, but only in the sense that it serves to demonstrate the dangers of modernization that has become excessively divisible and that is the product of »fate« rather than policy. Historians should not go too far in rejecting the German *Sonderweg*, for Weimar's crisis of representation was a direct outgrowth of Germany's political history, but the general relevance of the German experience is probably more significant than its exceptionalism. It may not be possible to see very far in climbing the mountain of modernization, but German history suggests the kinds of things that can happen when one decides to jump off rather than keep on going.

71 See Tim Mason, Zur Entstehung des Gesetzes zur Ordnung der nationalen Arbeit vom 20. Januar 1934: Ein Versuch über das Verhältnis »archaischer« und »moderner« Momente in der neueren deutschen Geschichte, in: Mommsen et al. (eds.), Industrielles System, pp. 322–352.

72 Tim Mason, The Primacy of Politics – Politics and Economics in National Socialist Germany, in: Henry A. Turner, Jr. (ed.), Nazism and the Third Reich, New York 1972, pp. 175–200.