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Föllmer, M.

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Moritz Föllmer

How much space does capitalism leave for human agency? What difference can individual entrepreneurs, employees, and consumers hope to make? What can governments achieve by intervening in the economy? Can capitalism be politically contained or reformed? Is it possible to overthrow it through a revolution or subject it to a nationalist agenda? These questions have been intensely debated from the nineteenth century to the present day. It is fair to say that, at least in continental Europe, *Kapitalismuskritik* (critique of capitalism) has played a prominent role in these debates. This was certainly the case in interwar Germany, where capitalism was an even more central topic of discussion than in the Wilhelmine period. Scathing though it often was, the critique was simultaneously riddled with uncertainty. After World War I and the demise of the German Empire, an alternative economic order seemed possible yet frustratingly elusive. Capitalism had clearly been transformed, but the interpretation of these transformations was less clear. Was it "organized" now or still "wild"?[1] Had it been decisively weakened or was it even more pervasive than before 1918? Had it become easier or more difficult to change through human agency? Or – a rather uncomfortable thought – did capitalism exert an agency of its own?

The present chapter reconstructs how contemporaries grappled with these questions. In so doing, it aims to add to the scholarly treatment of

I would like to thank Christina Brauner, Rüdiger Graf, and Pamela Swett for their criticisms and suggestions.

[1] Julius Kaliski, "Wilde oder organisierte Wirtschaft?" *Sozialistische Monatshefte* 34, no. 6 (June 11, 1928): 485–90.

discourses on German capitalism in the first decades of the twentieth century. Both Claus-Christian Szejnmann, on the basis of a wide range of contemporary publications, and Jerry Z. Muller, focusing on communist literary scholar Georg Lukács and radical-right sociologist Hans Freyer, have argued that anticapitalist views reigned supreme during the Weimar period and that they contributed decisively to undermining liberal democracy and legitimizing political extremism.[2] In contrast to Szejnmann and Muller, Roman Köster has focused on critical observers of capitalism – namely, German economists and sociologists between 1900 and 1970 – rather than its political enemies. They wrote of an economic system driving toward large-scale technology, bureaucratization, and industrial concentration, which was also a powerful leveler of cultural specificity and human individuality. However, Köster notes capitalism's conceptual fluidity, its apparent capacity to act as a shrewd subject, and the difficulty of countering it with an alternative vision.[3] These brief remarks hint at a more subtle history of discourses on capitalism than the emphasis on one overarching concept or broad consensus would suggest.

Even the most perceptive contemporaries were unsure whether they faced a single system engendering clear effects or a bewildering complexity with unclear causalities. While some exuded confidence that an alternative economic and social order was possible, others were haunted by the difficulty of transforming something both powerful and fluid. A focus on the relationship between capitalism and agency brings this fundamental uncertainty to the fore, and it throws the fault lines within contemporary *Kapitalismuskritik* into sharp relief. This relationship preoccupied observers, practitioners, and activists of various ideological persuasions. It was discussed in theoretical journals and popular newspapers, in speeches and pamphlets, at cabinet meetings, and by ordinary people. To explore these discussions is to historicize a crucial issue of Weimar culture and politics. Furthermore, crossing the chronological divide of 1933 allows us to revisit the classic question of how capitalism was related to the rise and rule of the Nazis.

[2] Claus-Christian W. Szejnmann, "Semantik der Kapitalismuskritik in Deutschland nach dem Ersten Weltkrieg," in Darius Adamczyk and Stephan Lehnstaedt, eds., *Wirtschaftskrisen als Wendepunkte: Ursachen, Folgen und historische Einordnungen vom Mittelalter bis zur Gegenwart* (Osnabrück, 2015), 77–99; Jerry Z. Muller, *The Mind and the Market: Capitalism in Modern European Thought* (New York, 2002), 258–87.

[3] Roman Köster, "Transformationen der Kapitalismusanalyse und Kapitalismuskritik in Deutschland im 20. Jahrhundert," *Geschichte und Gesellschaft*, Special Issue 24 (2012), *Kulturen der Weltwirtschaft*, ed. Werner Abelshauser, 284–303.

My contention is that in interwar Germany capitalism was widely criticized and seldom defended, but it proved remarkably capable of confining individual, collective, and governmental agency. Capitalism's ability to constrain the realm of human action posed a major challenge to all political currents – until the Nazis prevailed with their promise to overcome it. The first section focuses on different interpretations of capitalism and the possibility of changing it, ranging from the revolutionary left in 1918/19 to doctrinaire communism, from liberal economists to Christian and Social Democrat reformers. The second discusses how various agents within the capitalist order – namely, investors, small businessmen, and industrialists – were perceived by the public and presented themselves to it. The third deals with policy makers, who were unsure how to act during the depression. It then turns to the Nazis' ideological emphasis on willpower and their attempts to demarcate legitimate economic agency from illegitimate capitalism.

1.1 THE INSURMOUNTABILITY OF CAPITALISM

When the revolution of 1918/19 began, capitalism was one of its obvious targets. Severe pressures on working-class Germans during the second half of World War I had made socialism more desirable than ever before. The strains of continued total warfare were exacerbated by the authoritarian measures taken by the Supreme Command. This made militarism and capitalism seem inextricably linked, capable of victimizing proletarians in trenches and factories alike. In 1917 and 1918 hopes arose that they could be overcome jointly in one single transformation. "I am not prepared to risk my neck for the damned Prussians and big capitalists any longer," a building locksmith wrote to his sister in Munich.[4] Rebelling against an immensely powerful yet suddenly frail system meant regaining personal agency after years of being subjected to multiple disciplinary constraints. Germany's military defeat and ensuing revolutionary transformation thus offered the chance "at long last to take vigorous action to counter the hypotrophy [*sic*; he must have meant 'hypertrophy'] of capitalism," as one Maximilian Schmelk of Kempten in Bavaria vividly put it.[5]

[4] Otto Biegner, Aug. 25, 1917, reprinted in Bernd Ulrich and Benjamin Ziemann, eds., *German Soldiers in the Great War: Letters and Eyewitness Accounts*, trans. Christine Brocks (Barnsley, 2010), 144.

[5] Maximilian Schmelk, District Commissioner for Financial Affairs in Kempten, to the Revolutionary Central Council in Munich, Apr. 8, 1919, Bayerisches Hauptstaatsarchiv München, Arbeiter- und Soldatenrat, no. 30.

Schmelk's sentiment was shared by millions of working-class Germans and turned into a political program by the theorists of early communism.[6] These authors attempted to reconcile the structural and long-term vision of Marxism with the subjective and short-term character of revolutionary action. Being able to blame four years of carnage on capitalism so as to hammer home the existential need for a radical rupture greatly facilitated this endeavor. A far-reaching transformation would not only undermine the basis for any future war but also create the conditions for working-class Germans to lead autonomous lives. "The proletarian masses must learn," argued Rosa Luxemburg, "to stop being dead machines that capitalists put to work in the production process, and turn themselves into thinking, free, and autonomous drivers of this process."[7] In the course of the revolution, strike movements, uprisings, and countless small-scale confrontations with industrialists or managers lent credence to this vision. From the vantage point of capitalism's middle-class defenders, it amounted to a massive threat. One of these defenders even expressed the fear that the myriad activities that together constituted the extant economic system would eventually be driven underground: "All personal initiative and any willingness to make oneself useful if possible would be dismissed as merely self-serving, capitalism would be persecuted, in other words, like the contraband trade in the last few years, it would have to survive as best it could under the surface."[8]

In desiring to personally oppose "the hypotrophy of capitalism," the Bavarian revolutionary Schmelk inadvertently put his finger on a problem. To overcome a complex and deeply rooted economic system through direct human action, however bold, was a daunting task. Communists were understandably reluctant to reflect on this problem, given that this would have called their entire political agenda into question. But the frequent comments on the need to educate the proletarian masses sat oddly with millenarian hopes for an imminent transformation. It was only under the influence of the popular dynamics on the streets of Berlin in January 1919 that Luxemburg began to see a chance to usher in a new

[6] The following passages partly draw on Moritz Föllmer, "The Unscripted Revolution: Male Subjectivities in Germany, 1918/19," *Past & Present* 241 (Aug. 2018): 161–92.

[7] Rosa Luxemburg, "Was will der Spartakusbund?" (Dec. 14, 1918), in *Luxemburg, Gesammelte Werke*, ed. Institut für Marxismus-Leninismus beim ZK der SED and Rosa-Luxemburg Stiftung, 7 vols. (Berlin, 1970–2017), 7: 440–9, here 443.

[8] Siegfried Matheus, Berlin, to Ministry of the Interior, Nov. 24, 1918, Geheimes Staatsarchiv Preussischer Kulturbesitz Berlin-Dahlem, HA I, Rep. 77, Tit. 253a.

society in the here and now.[9] However, revolutionary radicalism was repeatedly defeated, and it was not merely counterrevolutionary violence that accounted for this failure, but the resilience of an economic system that greatly limited the scope for human agency and even appeared to exert an agency of its own. Capital, as Bremen's communists analyzed the situation, threatened to strangle the local council republic within a few days as German banks refused to grant the city any further loans. Only a nationwide mass strike and proletarian dictatorship could solve this problem – but the prospects for these were dim.[10]

Capitalism not only constrained revolutionary agency through its structural power; it also appeared to hinder or derail such agency in the first place. Precisely because of its long-time alliance with authoritarianism, it continued to weigh heavily on proletarians' bodies and souls. Moreover, capitalism had corrupted these proletarians through incentives, so that they pursued individual or group interests rather than collective aims. This moral critique was articulated by many socialists, especially once the revolution had subsided and began to be reinterpreted through the prism of failure. At a gathering of Ruhr miners in the autumn of 1919, one speaker deplored the fact that revolution had failed to bring about the expected "struggle against profit-seeking, against capitalism's exploitative rapacity, against people's baser instincts." Instead, reckless materialism had become crasser than ever before.[11] Even the *Rote Fahne* (*Red Flag*), the voice of doctrinaire communism, was forced to conclude that workers allowed themselves to be pitted against each other through competition on the shop floor and thus reverted to acting as tools of the established system: "Let's not deceive ourselves about the fact that capitalism has at its disposal not only means of coercion but also means of enticement."[12]

These basic perceptions were to underpin Communist political culture, especially after several failed revolutionary attempts in the early 1920s. As stoutly as the party upheld its transformative ambition, it remained unclear how this transformation would eventually be realized. The accusation that capitalism usurped the governmental apparatus and crushed

[9] See John Peter Nettl, *Rosa Luxemburg* (London, 1966), 737–86, and Mark Jones, *Founding Weimar: Violence and the German Revolution of 1918/19* (Cambridge, 2016), 173–209.

[10] "Das Kapital erdrosselt die Räte-Republik Bremen," *Der Kommunist*, Jan. 21, 1919.

[11] "Bericht über die vom Werkmeisterverein-Bezirk Eickel-Wanne am 26. Oktober 1919 im Krupp'schen Saalbau in Hordel einberufene Versammlung," Landesarchiv Nordrhein-Westfalen Münster, B 406, no. 14439.

[12] "Akkordarbeit," *Rote Fahne*, no. 49–50 (early Sept. 1919).

proletarian lives attested to the destructive power it was able to exert even when in severe crisis. The communist future, realized in the Soviet Union and embodied by youthful activists, was juxtaposed with this dire reality rather than logically deriving from it.[13] To the Communist Party's leadership, revolutionary struggle appeared as an ongoing project that required further organization since members were insufficiently rooted in the factories and were held back by their own lack of initiative and ideological clarity.[14] Paul Levi, whose trajectory had led him from chairing the party to rejoining the left wing of the Social Democrats, faulted communists for really thinking of capitalism as "something insuperable"; rather than halting its cataclysms, they were waiting for them to produce further violent crises.[15]

The resilience of a deeply rooted economic and cultural system, while painful to acknowledge for its enemies, should have cheered up its remaining defenders. After all, their initial fear of capitalism's downfall by way of revolutionary transformation never materialized. Yet they too were seldom content with the state of affairs and the forms of agency it stimulated or prevented. From a liberal perspective, the problem lay in the arrangements made between government and business since 1914, and the ways these skewed individual initiative. Moritz J. Bonn, a prominent economist, conceded that industrial capitalism had benefited from the war economy and weathered the storm of 1918–19. But the captains of industry, dizzy with success, had abused their power by creating cartels and trusts, thereby undermining the very basis of the capitalist order. They had massively invested in new equipment, marginalized domestic investors during the inflation, and made themselves dependent on foreign loans. German capitalism had lost its capacity to provide better and more affordable goods, opportunities for small stakeholders, and incentives for technological or commercial innovation. For this stagnant state of affairs, Bonn blamed big business's inclination to protect its own position

[13] See Siegfried Kracauer's astute comment on Bertolt Brecht and Slatan Dudow's 1932 film *Kuhle Wampe oder wem gehört die Welt* in *From Caligari to Hitler: A Psychological History of German Film*, 5th ed. (Princeton, NJ, 1974), 247.

[14] For one of many statements, see Ernst Thälmann, *Der revolutionäre Ausweg und die KPD: Rede auf der Plenartagung des Zentralkomitees der Kommunistischen Partei Deutschlands am 19. Februar 1932 in Berlin* (Frankfurt, 1971).

[15] Paul Levi, *Der Sozialismus ist der Friede; der Kapitalismus ist der Krieg! Über realistischen Pazifismus* (n.d., n.p. [1925]), 15–16. American journalist H. R. Knickerbocker later remarked that Communists had turned Soviet instructions to hold back into the mantra "that the capitalist crisis has not yet gone far enough to justify an attempt at revolution." *The German Crisis* (New York, 1932), 176.

from risk and resort to authoritarian methods: "In the German syndicates and cartels, the idea of power-hungry monopolistic capitalism has harmoniously amalgamated with corporatist values."[16]

This was a widely shared diagnosis, but not all liberals were sure that Germany's current economy no longer qualified as capitalist. Like Bonn, Hans Schäffer, the influential state secretary in the Ministry of Finance, believed that businessmen called for state intervention and used cartels to shield themselves from personal risk, and that corporations were increasingly replacing entrepreneurs with managers whose salaries were decoupled from economic success. Yet Schäffer also mused that the war had led to changes that, while "irrational and uncapitalistic per se," recalled the fast-paced times of early capitalism.[17] Heidelberg economist Arthur Salz went so far as to declare that there had never been a pure capitalism. In its constant and unprincipled evolution and its elastic incorporation of even socialist influences lay "this capitalist system's true pièce de résistance."[18] Trying to "master" an entire economic order revealed a misguided "will to power over the facts." This, he contended, overburdened the state with expectations of virtuosity bound to cause disappointment and undermine legitimacy. Government could at most aim to compensate for the irrationalism of economic agents through carefully calibrated state intervention.

This limited concept of political intervention as a mere corrective to the deficiencies caused by self-interested individuals within the peculiar economic order of post-1918 Germany evidently fit into a liberal worldview. But it was also adopted more widely and tacitly by others. Thus, some religious voices drew on a moral critique of the present system to argue for change from within. They upheld the hope for an alternative order while at the same time acknowledging capitalism's resilience. "One should not be naïvely misled into taking these enormous collapses as evidence that capitalism will be unable to withstand the current crisis," warned Catholic social scientist Paul Jostock. "Its end is likely still a long way off." Moral

[16] Moritz J. Bonn, *Das Schicksal des deutschen Kapitalismus*, new ed. (Berlin, 1930), 83.

[17] Hans Schäffer, "Die Problematik der kapitalistischen Gegenwart," in Bernhard Harms, ed., *Kapital und Kapitalismus: Vorlesungen gehalten in der Deutschen Vereinigung für Staatswissenschaftliche Fortbildung*, 2 vols. (Berlin, 1931), 1: 38–52, here 48–9, 38–9 (quotation).

[18] Arthur Salz, "Wirtschaftsstruktur und Kapitalwirtschaft," in Harms, *Kapital und Kapitalismus*, 2: 3–31, here 16, 28–9. See also Alfred Weber, "Wirtschaftsfreiheit und Kapitalpolitik," in Harms, *Kapital und Kapitalismus*, 2: 423–34, here 434, who compared state intervention to pressing the right button on a machine.

pressure and gradual steps toward corporatism were needed in order to avoid both the advent of a socialist planned economy and the "danger of aligning oneself too much with the cultural image and normative order of capitalism."[19] In a similar vein, Oswald von Nell-Breuning, a Jesuit social philosopher, pursued a moderate line between condemning and accepting the capitalist order. He objected to the importance of "wild speculation," the "economic man of violence" who subjected markets to his own will, the impersonal joint-stock company, and "the lack of consumer discipline" stimulating entire "industries of vice." Still, Nell-Breuning did not plead for capitalism to be done away with but called for its transformation through "strict economic ethics" implemented by public administration and the legal system.[20] Both Catholic authors advocated taming the moral corruption and lack of personal responsibility fostered by capitalism through the gradual introduction of authoritarian or corporatist measures. By contrast, Eduard Heimann, a Christian Socialist, foregrounded its repercussions on the working class, which he wished to see counterbalanced by consumer cooperatives and welfare policies. He even argued that the gradual transformation of the economic system would save it from the threat of revolution, thus forcing it to tolerate the imposition of social policies.[21]

Heimann was a card-carrying Social Democrat, and his post-Marxist vision could easily be read as a theorization of the party's political practice. But it was precisely this that constituted a serious problem. For Social Democratic politicians, it was difficult to acknowledge that they could at best transform capitalism gradually from within rather than hope to put an alternative system in its place. After all, their actual reformism was already exposed to severe criticism not just from Communists and socialist splinter groups but also from the party's own left wing. To a considerable extent, Social Democratic debates on economic issues can be read as often rather tortured attempts to cope with this basic paradox. Time and again, capitalism was chided for reinforcing social inequality

[19] Paul Jostock, *Der deutsche Katholizismus und die Überwindung des Kapitalismus: Eine ideengeschichtliche Skizze* (Regensburg, n.d. [1932]), 206, 137.

[20] Oswald von Nell-Breuning SJ, *Die soziale Enzyklika: Erläuterungen zum Weltrundschreiben Papst Pius XI. über die gesellschaftliche Ordnung* (Cologne, 1932), 214, 187, 216, 217. On Nell-Breuning's moderate stance toward capitalism, see Noah Benezra Strote, *Lions and Lambs: Conflict in Weimar and the Creation of Post-Nazi Germany* (New Haven, CT, 2017), 59–65.

[21] Eduard Heimann, *Soziale Theorie des Kapitalismus: Theorie der Sozialpolitik* (Tübingen, 1929), 212.

and creating the dysfunctionalities that in the future would be avoided through careful economic planning. Yet Social Democrats expended much ink reflecting on how to secure its survival in the face of the narrow-mindedness of so many entrepreneurs, by increasing productivity, attracting foreign loans, or campaigning for trade cooperation with France, among other things. The reformist monthly *Sozialistische Monatshefte* even gave credit where credit was due, for instance regarding the reconstruction of northern France by private business after the war: "Capitalism has now taken the initiative. Is our party justified in attacking it precisely because it is on the right track?"[22]

The *Sozialistische Monatshefte* had no ideological problem with viewing government intervention at times as a means to restore the capitalist principle of free competition and at other times as the path to a mixed economy.[23] But this flexibility did not reflect the party line – namely, the commitment to a socialist alternative: "The capitalist economy is the breeding ground where avarice and egoism run riot," asserted the more orthodox *Neue Zeit*, "the insatiable desire for profit that drives people to hunt for wealth without caring whether the masses degenerate in material and spiritual squalor."[24] But what was the "idea of the global market's reincarnation and expansion," advocated in its successor journal *Die Gesellschaft* in 1926, if not a tacit acknowledgment that there was presently no alternative to the capitalist system?[25] To plead, as trade union theorist Fritz Naphtali did, for a political line that would "begin as crisis therapy and develop into a factor in the restructuring of the economic system" amounted to a contorted effort to reconcile economic pragmatism with Social Democracy's cherished transformative ambition.[26]

The depression of the early 1930s threw the contradictions in the party's stance into painfully sharp relief; the reassuring view that

[22] Julius Kaliski, "Ein Schritt auf dem richtigen Weg," *Sozialistische Monatshefte* 28, no. 13 (Sept. 12, 1922): 777–83, here 781. On trade cooperation through tariff reduction, see, for instance, Ludwig Quessel, "Ein Blick in die Zukunft," *Sozialistische Monatshefte* 32, no. 1 (Jan. 1, 1926): 6–11; "Deutschfranzösische Zusammenarbeit," *Sozialistische Monatshefte* 23, no. 6 (June 14, 1926): 362–7.

[23] Max Schippel, "Die Wirtschaftsprogramme der Industrie und der Arbeiter," *Sozialistische Monatshefte* 32, no. 1 (Jan. 11, 1926): 12–16; Walther Pahl, "Rundschau öffentliches Leben: Staatssozialismus," *Sozialistische Monatshefte* 32, no. 3 (Mar. 8, 1926): 169–74.

[24] Franz Laufkötter, "Der Wirtschaftssozialismus und seine drei Grundformen," *Neue Zeit: Wochenschrift der Deutschen Sozialdemokratie* 40 2 no. 5 (Apr. 28, 1922): 98–105, here 100.

[25] Wladimir Woytinsky, "Die Weltmarktentwicklung," *Die Gesellschaft: Internationale Revue für Sozialismus und Politik* 3, no. 1 (1926): 29–67, here 67.

[26] Fritz Naphtali, "Probleme der Krise," *Die Gesellschaft* 3, no. 7 (1926): 111–23, here 123.

"organized capitalism" was gradually creating a planned economy and hence laying the groundwork for a future shift toward socialism lost its plausibility. At the party conference in Leipzig in the spring of 1931, Fritz Tarnow's opening speech predictably blamed capitalism for having colluded with militarism before and during the war and subsequently failed to make good use of productivity gains and the available funds for investment. Instead, the leading trade unionist argued, business had formed cartels and trusts that had largely eliminated the price mechanism and created overcapacities. Having caused mass unemployment, employers now proceeded to lower wages, thereby reducing purchasing power and undermining capitalism's very basis. The delegates repeatedly applauded Tarnow's speech, all the more since he complemented the sober analysis with occasional jibes against whining businessmen, overpaid corporate managers, and ossified economic thinking. But what caused quite a stir was his frank admission that Social Democrats were standing "beside the sick bed of capitalism." "We are, it seems to me, condemned to be both the doctor who seriously wants to cure the patient while nonetheless continuing to feel like heirs who want to get their hands on the capitalist system's entire legacy sooner rather than later."[27]

Tarnow wanted to have it both ways, but he clearly leaned toward the doctor's perspective, prompted by the social consequences of economic depression: "When the patient struggles for breath, the masses outside go hungry." In other words, a wholesale breakdown as imagined by the Communists would have disastrous consequences for the working class as well as democracy. Consequently, Social Democrats needed to give capitalism the means to recover. Capital flight needed to be prevented and foreign loans secured through diplomatic compromises. Work creation schemes, an expansion of the municipal economy, and a reduction of the workweek promised to counterbalance the depression.[28] Several of Tarnow's fellow delegates strongly objected to his reformist reaction to the crisis. Instead, they advocated exploiting the tendencies toward a breakdown lest the party risk losing mass support. Otherwise, the initiative threatened to remain with the opposite camp: "Since the outbreak of the economic crisis, capitalism has shown the most remarkable activity

[27] *Sozialdemokratischer Parteitag in Leipzig 1931 vom 31. Mai bis 5. Juni im Volkshaus* (Berlin, n.d.), 45. On the party conference and its reception, see Heinrich August Winkler, *Der Weg in die Katastrophe: Arbeiter und Arbeiterbewegung in der Weimarer Republic 1930 bis 1933* (Berlin, 1987), 324–37, albeit without much attention to the capitalism debate.

[28] *Sozialdemokratischer Parteitag in Leipzig*, 46, 48.

while the masses simply have to put up with ... the crisis," lamented one speaker. "We have to show the masses a way out of the contradictions in which we have entrapped ourselves." But Tarnow's critics were caught between their desire "to put capitalism's sick body out of its misery as quickly as possible" and their reluctance to usher in the transformation themselves: "The breakdown will be brought about by capitalism itself."[29]

This brief *parcours* through Weimar's political landscape has demonstrated that capitalism, certainly in the peculiar shape it had assumed since 1918, was widely criticized. But the degree of agency ascribed to it differed. Capitalism often appeared severely weakened, liable to be coaxed into concessions, or in need of therapy and even life support. Then again, it was depicted as a formidable opponent, active to the point of crushing subjects or corrupting them through immoral incentives. Consequently, it was deemed sufficiently strong to constrain the realm of human action. Even the Communists, after their disastrous experiences during the immediate postwar period, were no longer preparing for the violent overthrow of the system. Carefully calibrated government intervention and gradual transformation, by contrast, were the results of acknowledging both the structural limitations of politics and the potential cost of dismantling an entire economic order. However, these measures were difficult to defend given the prevailing critique of capitalism, especially during the depression years. Acting from within capitalist society was likewise hard to defend – although widespread, this phenomenon had a limited intellectual pedigree, as we see in the next section.

1.2 CAPITALISM'S TACIT PROMISE AND FLEXIBLE JUSTIFICATION

Weimar Germany exhibited a wide range of economic activity. Investing money, managing a company, setting up a business, or selling a product to customers were hardly specific to that period and country, but they did, in this case, take place within a peculiar context. All these types of activity were marked by a need to react to scarce resources and drastic shifts, requiring unusual flexibility even by the standards of a capitalist economy. At the same time, they were widely deemed either suspicious or trivial in a cultural atmosphere replete with moral critique, appeals to idealism, and invocations of willpower. Against this backdrop capitalist agency was

[29] *Sozialdemokratischer Parteitag in Leipzig*, 60 (Franz Petrich), 73 (Paul Kirstein), 57 (Otto Jenssen).

itself a difficult sell. In the predominant discourse it was either attributed to foreign influences or repackaged as a nationalist pursuit – both of which often stretched credulity. But capitalist agency was also tacitly defended and in some quarters its ambivalence was recognized.

Since the period of inflation investing money was tainted by its association with speculation. In the early 1920s many Germans adapted to the new conditions and tried to make money quickly by buying and selling goods, real estate, stocks, or foreign currency. Yet it was far easier to blame this phenomenon on immoral materialists, often drawing on antisemitic stereotypes and hostility to the metropolis Berlin, than to acknowledge just how widespread such practices were.[30] In the years between stabilization and depression the lack of domestic investment became a frequent concern since it increased the economy's dependence on foreign loans. This was doubtless due to middle-class Germans' scarce means after losing their savings to inflation. Still, pro-business voices such as the daily *Berliner Börsen-Zeitung* wished for more activity on a stock market depicted as "sluggish," even inert. Due to the "passivity of the domestic capitalist public," the more dubious phenomenon of "professional speculation" remained predominant, leaving the economy without sufficient funds.[31] However, the line between legitimate and illegitimate investment remained blurry and contested. When the Ponzi scheme set up by corrupt Berlin entrepreneur Paul Bergmann (often known by his birth name, Sally Bergmann) came under investigation in 1928, it emerged that those who had purchased his worthless bills of exchange and recommended them to others were mainly noblemen and senior civil servants.[32] The Social Democratic daily *Vorwärts* gleefully pointed out that those who constantly preached about the immorality of the times had fallen prey to their own materialism. By contrast, the *Berliner Nachtausgabe*, a conservative evening paper, showed understanding for those who had hoped to improve their lot through unrealistic interest rates, while taking care to distinguish between work, the healthy basis of the capitalist economy, and the "mass craze" of speculation.[33]

Other forms of economic agency were problematic because they ran counter to vigorously defended notions of cultural continuity and

[30] Martin H. Geyer, *Verkehrte Welt. Revolution, Inflation und Moderne: München 1914–1924* (Göttingen, 1998), 243–56, 265–77.

[31] "Lustlose Börsen: Wieder leichter Geldstand," *Berliner Börsen-Zeitung*, Feb. 12, 1928.

[32] See various statements and reports in Landesarchiv Berlin, A Rep. 358–01, no. 2068.

[33] "Bergmanns Kunden! Adel und Hochbureaukratie," *Vorwärts*, Feb. 5, 1928; "Die Tragödie der Einfalt," *Berliner Nachtausgabe*, Feb. 1, 1928 (copy in Landesarchiv Berlin, A Rep. 358–01, no. 2068, vol. 4).

homogeneity. Publishing tabloids or pulp fiction, much like running a kiosk, a railway bookshop, or a commercial lending library, exploited the huge demand for accessible reading material. In so doing, these forms of profit-seeking threatened to undermine the cherished ideal of *Bildung* (education, especially the formation of a person's knowledge, taste, and character), which all sorts of organizations strove to convey to the lower classes. The same goes for film producers and owners of movie theaters who, moreover, adapted to regionally differentiated preferences to the detriment of Germany's cultural unity. Publicity experts secured a growing number of lucrative commissions, but their poster campaigns attracted the ire of activists for *Heimatschutz*, the visual protection of German identity. Notwithstanding their dubious image, they proudly presented themselves as American-style admen with considerable influence over consumers, whom they imagined as passive and feminine. Ironically, they were later faced with competition from American advertising agencies, which began to enter the German market with their more systematic and comprehensive approach.[34]

Antisemitic invectives against speculators and the admen's self-confident Americanism attest to the difficulty of imagining that Germans could be capitalist agents. Yet some strands of Weimar culture recognized this and even suggested that it might not be a bad thing. Novels set in the crisis-ridden present around 1930 portrayed victims of a merciless economic logic and contrasted their despair with the mean behavior of businessmen, line managers, or real estate agents. But they also featured characters who daringly exploited commercial opportunities, acquired new skills, or cultivated relations with influential people – all the while remaining capable of decency and generosity.[35] Berlin's liberal tabloid press described similarly flexible activities. Reports on a former window cleaner who opened a café, a singer who sold insurance, and a guide who offered a tour of the "world city in crisis" addressed an individualistic readership in need of advice on how to cope in a depressed economy. And

[34] Gideon Reuveni, *Reading Germany: Literature and Consumer Culture in Germany before 1933* (New York, 2005); Corey Ross, *Media and the Making of Modern Germany: Mass Communications, Society, and Politics from the Empire to the Third Reich* (Oxford, 2008), 156–62; Alexander Schug, "Wegbereiter der modernen Absatzwerbung in Deutschland: Advertising Agencies und die Amerikanisierung der deutschen Werbebranche in der Zwischenkriegszeit," *WerkstattGeschichte* 34 (2003): 29–52.

[35] Moritz Föllmer, "Kapitalismus und Geschlecht in Zeitromanen um 1930," in Martin Baumeister, Moritz Föllmer, and Philipp Müller, eds., *Die Kunst der Geschichte: Historiographie, Ästhetik, Erzählung* (Göttingen, 2009), 349–71.

this readership was by no means exclusively male. Tabloid newspapers explained how some women entered fields such as fashion advice or interior design, whereas others competed with men by working as artisans or private investigators.[36] Unorthodox voices on the left, far more negative about the prospects of life under capitalism, as one would expect, still showed empathy with those who struggled with it – not just industrial workers or the unemployed but also the fortune-tellers, small shop owners, and street vendors around the Alexanderplatz in Berlin.[37]

Such modest forms of economic agency received precious little theoretical recognition. Focused as they were on the nation-state in its international context and on large firms, economists paid scant attention to unorthodox forms of self-employment. This said, liberals' aforementioned critique of state interventionism reflected a belief in the aggregation of "squillions of individual decisions and economic actions" through the price mechanism.[38] Walter Eucken denied that entrepreneurialism had become unimportant, even in times of monopolistic cartels and bureaucratic concentration. In the machine, food, and textile industries, the Freiburg economist argued, adaptability and flexibility remained crucial to the success of a business. There was no evidence that these forces of innovation were absent in the Germany of his time; to flourish, they just needed a suitable political framework rather than the interventionism that the "masses" misguidedly demanded.[39] In a similar vein, Alfred Müller-Armack built his theory of capitalism around the notions of dynamism and historicity, which, he contended, were independent of whether companies were controlled by individual entrepreneurs. According to the Cologne economist, open-endedness and adaptability made for the resilience of this economic order, which was sooner or later bound to result in a revival of the "sphere of individual initiative and responsibility."[40] These liberal economists, who would go on to become two of the architects of the theoretical basis for West Germany's Social Market

[36] Moritz Föllmer, *Individuality and Modernity in Berlin: Self and Society from Weimar to the Wall* (Cambridge, 2013), 48–9, 51–3.

[37] Ibid., 85, 88–9; Graf Alexander Stenbock-Fermor, *Deutschland von unten: Reise durch die proletarische Provinz* (Stuttgart, 1931), 144–5. See also, of course, Alfred Döblin's 1929 novel *Berlin Alexanderplatz*.

[38] Wilhelm Röpke, *Krise und Konjunktur* (Leipzig, 1932), 51.

[39] Walter Eucken, "Staatliche Strukturwandlungen und die Krisis des Kapitalismus," *Weltwirtschaftliches Archiv* 36 (1932): 297–321, here 299, 301, 314. See also Röpke, *Krise*, 103–4.

[40] Alfred Müller-Armack, *Entwicklungsgesetze des Kapitalismus: Ökonomische, geschichtstheoretische und soziologische Studien zur modernen Wirtschaftsverfassung* (Berlin, 1932), 127.

Economy, were thus more sanguine than other liberals about the present significance and future prospects of capitalist agency.

Big businessmen, who sought public recognition for reasons of prestige and power, faced both criticism for their deviation from liberal ideals and the predictable ire of anticapitalists. Hence, they were reluctant to present themselves as capitalist agents. Insofar as some explicitly defended a positive view of capitalism, they tended to depict it as a past state, while claiming that the present economic order no longer allowed for much entrepreneurial initiative. "What we have had for the past twelve years," Rudolf Blohm, co-owner of an important Hamburg shipbuilding company and avowed conservative, declared in 1931, "is not capitalism but an intermediate condition made intolerable by the state's half-measures and steps toward a planned economy."[41] Much as they liked to complain, however, industrialists were themselves drivers of change, managing corporations and networking with fellow businessmen and government representatives, often beyond Germany's borders. But this was a difficult profile to own up to given the predominant ideal of the forceful entrepreneurial personality embedded in a strong nation – hence big business's knack for foregrounding larger-than-life figures such as Hugo Stinnes, Gustav Krupp zu Bohlen und Halbach, and Paul Reusch.

When interviewing Reusch during the depression, American journalist Hubert Renfro Knickerbocker expressed a certain astonishment that this confident ruler of a vast industrial empire so insistently spoke the language of national despair.[42] Other observers were less restrained: Austrian economist Ludwig von Mises pointed out that the frequently used notion of a *Wirtschaftsführer* (economic leader) made no sense in a capitalist context. Social Democrats poured scorn on business's contradictory way of simultaneously deploring and requesting government intervention. Communists ranted at the figure of the capitalist who purported to work "not, God forbid, for his own profit but for 'the German people,' or 'Christianity,' or 'European civilization.'"[43] These criticisms reveal

[41] *Stenographische Berichte über die Sitzungen der Bürgerschaft zu Hamburg im Jahre 1931* 444 (May 20, 1931).

[42] Knickerbocker, *German Crisis*, 147–50.

[43] Ludwig von Mises, "Die Legende vom Versagen des Kapitalismus," in Siegfried von Kardorff, Hans Schäffer, Goetz Briefs, and Hans Kroner, eds., *Der internationale Kapitalismus und die Krise: Festschrift für Julius Wolf zum 20. April 1932* (Stuttgart, 1932), 23–9, here 27; Herman Kranold, "Nach dem Youngplan," *Sozialistische Monatshefte* 36 (Jan. 20, 1930): 9–17, here 13; Stenbock-Fermor, *Deutschland von unten*, 115.

a broad irritation with German industrialists' way of understanding and presenting themselves.

Industrialists' self-understanding and public presentation revolved around powerful discursive connections between the individual and the nation. The rhetoric of their speeches, pamphlets, and interest group journals combined bourgeois values stemming from the nineteenth century with a modernist ambition to embody progress. Confronted with revolutionary uprisings and, in the west of Germany, the French and Belgian occupation, industrialists deplored "strife," "disorder," and "sickness." To return to the quintessentially German work ethic and entrepreneurial initiative, as before 1918, was the path to regenerating the *Volk* (people or nation) and restoring its unity.[44] Within this crisis discourse the emphasis soon shifted back from self-victimization to self-confidence. By the mid-1920s industrialists were reclaiming their agency for the common good of the nation; both needed "new room to live and develop freely."[45] The trend toward forming trusts and cartels did not, their representatives argued, undermine the "independent industrial and entrepreneurial personality."[46] On the contrary, the strength of the individual entrepreneur would form the basis for Germany's recovery – if that strength were liberated from constant government interventions and reparation payments. As one factory owner insisted: "We're going to show how things will start looking up again, once we're freed from our shackles."[47]

These quotations also show how crucial gender identities were for working around the discursive problem of capitalist agency. To assert themselves as "personalities" endowed with inner autonomy and strong (but chained) bodies was industrialists' way of countering the contention that they were no longer relevant to an impersonal economy.[48] Their opposite pole was the antisemitic image of the "speculator" with his sly masculinity and knack for

[44] Moritz Föllmer, *Die Verteidigung der bürgerlichen Nation: Industrielle und hohe Beamte in Deutschland und Frankreich* (Göttingen, 2002), 199–204, 256–8; Moritz Föllmer, "Der 'kranke Volkskörper': Industrielle, hohe Beamte und der Diskurs der Regeneration in der Weimarer Republik," *Geschichte und Gesellschaft* 27 (2001): 41–76, here 44–5, 48–9, 53–6.

[45] Föllmer, "Volkskörper," 58–66. Quotation: *10 Jahre Wirtschaftliche Vereinigung der Unternehmerverbände Abt. Baden 1920–1930* (n.d., n.p.), 5.

[46] Carl Duisberg, "Die Verbundenheit der Wirtschaft," *Kölnische Zeitung*, Dec. 20, 1929, reprinted in Duisberg, *Abhandlungen, Vorträge und Reden aus den Jahren 1922–1933* (Berlin, 1933), 326.

[47] Speech by the Barmen factory owner Mittelsten-Scheid, *Mitteilungen des Vereins zur Wahrung der gemeinsamen wirtschaftlichen Interessen in Rheinland und Westfalen*, 1931, no. 1, 17.

[48] See, for instance, Werner Sombart, "Entfaltung des modernen Kapitalismus," in Harms, *Kapital und Kapitalismus*, 1: 85–104, here 89–90.

exploiting good-hearted German virtue. Carving out a legitimate space for capitalist agency in such an adverse cultural context required flexibility – embracing Americanness, as in the case of the confident admen, or transcending established notions of middle-class respectability and female domesticity, as in some contemporary novels and the back pages of Berlin's liberal tabloid press. Having said this, the depression of the early 1930s could be overcome neither through capitalist activity nor through anticapitalist activism – hence the widespread expectation that government should act decisively to solve an all-encompassing crisis.

1.3 CAPITALIST CONSTRAINTS, GOVERNMENT INTERVENTION, AND THE POWER OF WILL

Could the German government exert a positive influence on the dynamics of capitalism, and if so, how? This question was intensely debated throughout the Weimar Republic and assumed an increasingly aporetic character in its final years. The Grand Coalition, formed in late June 1928, set out to pursue a wide range of economic policies reflecting its heterogeneous composition. It intended to reduce tariff boundaries, control monopolistic organizations, and check how the indispensable foreign loans were being used; to democratize the economy, rationalize agriculture, and support small businesses.[49] However, the government was faced with high public expectations, insistent lobby groups, and the semi-internal pressure from the president of the Reichsbank, Hjalmar Schacht. Time and again, Schacht painted a gloomy picture of the German economy due to the fragile mix of scarce domestic funds for investment and the huge public and private demand for capital. Since foreign loans were liable to be withdrawn abruptly and their importance made it impossible to lower the overly high base interest rate, Schacht argued, drastic budget cuts at all levels of government were the only right path to take.[50]

Several ministers retorted that a disastrous downturn was unlikely given how complex and internationally entangled the German economy was, and that severe cuts were "only possible on the basis of an enabling

[49] Chancellor Hermann Müller on June 29, 1928, in Martin Vogt, ed., *Akten der Reichskanzlei: Das Kabinett Müller II, 28. Juni 1928 bis 27. März 1930* (Boppard, 1970), 5–6.

[50] See his reports of July 19, 1928, Nov. 9, 1928, and Feb. 7, 1929, in Vogt, *Akten der Reichskanzlei*, 35–44, 203–11, 417–23.

act or other dictatorial measures concealing a political iron fist."[51] Schacht's opponents were aware that realizing their own objectives was only possible if the economy functioned reasonably well within a continuously favorable international climate. This is why members of government pleaded for the acceptance of the Young Plan, which restructured the payment of reparations. However, they struggled to make heard their argument that the room for maneuver was very limited. The campaign to vote against the Young Plan in a referendum was predicated on the assumption that a categorically different kind of political agency was possible. It contended that signing the treaty would render the efforts of "German men," who since 1924 had restored the "sovereignty of German finances and the German economy," null and void and would lead to an "enslavement of the German people."[52] When Schacht chose to resign from his office and openly attack a plan that he himself had negotiated, he deliberately fostered the impression that, as his successor aptly put it, "the German people have hitherto been governed by fools and cheats."[53]

This was the climate in which the two administrations led by Heinrich Brüning, a widely respected politician from the Catholic Center Party, had to cope with the onslaught of a depression. Even when the expectation of forcefulness was articulated with the best intentions – for instance, when the Duchy of Mecklenburg-Schwerin's minister of finance implored the Reich chancellor to act "like a ruthless dictator" lest "a radical *Führer* from the right or the left" appear – it put the government under undue pressure.[54] Its room for maneuver was even more constrained than that of the preceding Grand Coalition given the dire economic situation combined with a press that demanded decisive steps while triggering panicky reactions when such steps were actually taken.[55] Brüning's austerity stance had its inner logic but was so unpopular that interventions in

[51] Hermann Dietrich on May 2, 1929, in Vogt, *Akten der Reichskanzlei*, 626; Joseph Wirth on May 1, 1929, in Vogt, *Akten der Reichskanzlei*, 618.

[52] "Entwurf eines Aufrufs gegen das Volksbegehren zum Young-Plan," Oct. 10, 1929, in Vogt, *Akten der Reichskanzlei,* 1032–4.

[53] Reichsbank president Hans Luther on March 27, 1931, in Tilman Koops, ed., *Akten der Reichskanzlei: Die Kabinette Brüning I und II. 30 März 1930 bis 10. Oktober 1931. 10. Oktober 1931 bis 1. Juni 1932* (Boppard, 1982–90), 994. On Schacht's rather idiosyncratic turn see Christopher Kopper, *Hjalmar Schacht: Aufstieg und Fall von Hitlers mächtigstem Bankier* (Munich, 2010), 162–84.

[54] Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 1469 (letter of July 30, 1931).

[55] Minister of Labor Adam Stegerwald on May 7, 1931, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 1055; Chancellor Heinrich Brüning on Sept. 18, 1931, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 1701.

a now crisis-ridden capitalist order could not be dismissed out of hand. Cabinet members discussed all sorts of options, ultimately tending to conclude that these had severe disadvantages or were even likely to backfire. To impose the mixing of wheat with domestic rye would damage noodle factories and bakeries in addition to being impossible to enforce with any consistency. To support export industries would stimulate attempts to coax the government into subsidizing individual deals with foreign business partners. But to restore free competition was also problematic since dismantling the Rhenish-Westphalian Coal Syndicate risked causing a series of bankruptcies that could easily spiral out of control.[56]

The two projects that exemplified the Brüning government's shift to the right – namely, the array of subsidies to East Elbian agriculture known as *Osthilfe* and the abortive attempt to conclude a customs union with Austria – were no exception in immediately raising thorny issues. If farmers received protection from bankruptcy, would this not affect the willingness of private investors to grant them loans?[57] And was it really wise to abolish tariffs with Austria? After all, it was pointed out, that country's market was much smaller than Germany's, and its shrewd bureaucrats would likely exploit the opportunities provided by arbitration. Moreover, there was a risk that the southeastern European countries, which the German government was simultaneously trying to woo, would demand the same market access Austria enjoyed.[58]

Any attempts at regaining the initiative were severely hampered by the banking crisis, which began on May 11, 1931, in Austria.[59] It then spread to Germany, dramatically exposing the frailty of its banking sector. The members of the government initially reassured themselves that they could not act as "mentors of the private economy," which would instead have to

[56] Representatives of the Center Party on Apr. 8, 1930, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 38; Minister of Finance Paul Moldenhauer on May 19, 1930, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 139; State Secretary of Economy Ernst Trendelenburg on May 29, 1931, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 1135–6.

[57] Minister of the Economy Hermann Dietrich on May 6, 1930, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 99. On the difficulty of stimulating private investment in the East Elbian regions see also Minister without Portfolio Gottfried Treviranus to Chancellor Brüning, Aug. 29, 1931, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 1638.

[58] State Secretary Trendelenburg on March 16, 1931, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 954, and May 12, 1931, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 1069.

[59] For a recent account focusing on political history, see Tobias Straumann, *1931: Debt, Crisis, and the Rise of Hitler* (Oxford, 2019).

take responsibility for its own mistakes.[60] But the belief that the present problems should be solved "from within the capitalist economy itself" could not be upheld. The textile concern Norddeutsche Wollkämmerei und Kammgarnspinnerei ("Nordwolle") had received such massive loans based on fraudulent accounting that its bankruptcy jeopardized international creditors' confidence in the entire German economy.[61] Very soon, cabinet members felt compelled to decide how many banks were on the brink of collapse and therefore in need of government guarantees, even when the criminal activities of individual entrepreneurs would have made them liable to prosecution.[62] The German banking sector had neither prepared for a crisis nor shown solidarity, Chancellor Brüning fumed, but the government had to remain silent about such severe errors "so as not to unsettle credit." Instead of assigning blame where it belonged, Brüning was forced to listen to the US ambassador reading out a telegram from President Herbert Hoover, who admonished the government to confront its difficulties "with energy, prudence, and optimism," thus improving the economic climate within two to three weeks.[63]

During the last round in the perennial debate on the government's "constraints and room for maneuver," Roman Köster pointedly remarked that Heinrich Brüning has always been a difficult man to like, but this does not mean there was a clear alternative to his approach to the depression.[64] While this is plausible, the clarity of the chancellor's approach also seems

[60] State Secretary Trendelenburg (quotation) and Chancellor Brüning on May 28, 1931, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 1130.

[61] State Secretary Trendelenburg (quotation) on June 20, 1931, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 1229; Reichsbank President Hans Luther on July 1, 1931, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 1267; State Secretary Trendelenburg on July 4, 1931, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 1281.

[62] State Secretary Trendelenburg on July 4, 1931, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 1281; Chancellor Brüning on July 11, 1931, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 1328; Minister of Work Stegerwald on July 15, 1931, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 1366; State Secretary of Finances Hans Schäffer on July 27, 1931, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 1428.

[63] Chancellor Brüning on Sept. 5, 1931, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 1656; meeting on July 29, 1931, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 1453.

[64] Roman Köster, "Keine Zwangslagen? Anmerkungen zu einer neuen Debatte über die deutsche Wirtschaftspolitik in der Grossen Depression," *Vierteljahreshefte für Zeitgeschichte* 63 (2015): 241–57, here 248. See the classic article by Knut Borchardt, "Constraints and Room for Manoeuvre in the Great Depression the Early Thirties:

doubtful. Reading through the minutes of his two cabinets' meetings, one is struck by the disjuncture between the pressure to take bold policy initiatives, reform bad states of affairs, and arrive at a "unification of economic policy" on the one hand and occasional admissions of sheer helplessness on the other.[65] The chancellor mused that up to 10 million Germans might have to emigrate seeing that there was "no possibility for quick action." He also told industry representatives that the government "was forced to enter economic territory to an unprecedented extent because the economy had been built on sand. This sand had begun to move. It was difficult to contain these movements."[66] Brüning's drive finally to do away with reparations in the winter and spring of 1931/32 needs to be interpreted more as an attempt to take the bull by the horns and realign himself with nationalist opinion than as the master plan he retrospectively designed in order to defend his record.[67]

In any case, the chancellor's efforts to maneuver through quicksand could not live up to the expectation to solve the conundrum of an economic and political crisis through decisive leadership. With their reluctance to intervene in the economy and then their improvised measures against the banking crisis, his administrations fell short of the ubiquitous calls for manly action. While moderate politicians and Social Democratic theorists despaired over capitalism's simultaneous dysfunction and ineluctability, right-wing authors suggested that the solution came down to willpower. Werner Sombart insisted that the future of the economy lay "at the discretion of humans with a free will." Neither muddling through nor returning to a golden age of free trade were viable options, the prominent sociologist contended, only the autarky of a *Volksgemeinschaft* (national community) driven by either an "individual will" or a "collective will." Sombart's view was praised by one

Towards a Revision of the Received Historical Picture," in Borchardt, *Perspectives on Modern German Economic History and Policy* (Cambridge, 1991), 143–60.

[65] State Secretary Trendelenburg on July 12, 1930, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 296.

[66] Chancellor Brüning on Oct. 2, 1931, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 1793; Sept. 18, 1931, in Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 1701.

[67] See William L. Patch Jr., *Heinrich Brüning and the Dissolution of the Weimar Republic* (Cambridge, 1998), 11, 150–1, 213–20, 256–8, 323, in contrast to the assumption in Jan-Otmar Hesse, Roman Köster, and Werner Plumpe, *Die Grosse Depression: Die Weltwirtschaftskrise 1929–1939* (Frankfurt, 2014), 71, that the chancellor was "led by the goal of shaking off the reparation regime and creating the conditions for a return to the monarchy."

reviewer for bringing "human sovereignty" back into economic thinking.[68]

More radically, Nazi economic discourse kept hammering home the idea that the dictates to which "high finance" subjected the German people via the reparation payments were unbearable and that all it took to escape such slavery was unswerving resistance.[69] Only "a firm and sensible financial policy offensive driven by strong, responsible decision-making and willpower," proclaimed the Nazi Party newspaper, the *Völkischer Beobachter*, "is able to subdue fate in the final hour." The Nazis felt vindicated in their antisemitic belief that international finance and social democracy were "brothers united under Judah's banner" when leading Social Democrats acknowledged that the party was acting as a doctor working to prevent capitalism's death.[70]

Yet the Nazis also took care to exempt key tenets of the capitalist order from damnation. They joined businessmen uneasy about National Socialism in cherishing entrepreneurial initiative. "Recognition of the *Führer* principle and the value of the distinctive personality," clarified the *Völkischer Beobachter*, "calls for the idea of achievement and the rule of selection to be applied to the entirety of economic life."[71] The Berlin party organ adjusted to the realities of the depression and supported its readers' efforts to muddle through by offering practical advice on how to reclaim taxes or apply for a job.[72] The Nazis' mix of frontal attacks on capitalism and attempts to win over many of those with a material or cultural stake in it was thus highly appealing for its unconditional emphasis on human agency.[73] When Adolf Hitler addressed an initially

[68] Werner Sombart, *Die Zukunft des Kapitalismus* (Berlin, 1932), 5, 41, 45. Ernst Wilhelm Eschmann, cited in Friedrich Lenger, *Werner Sombart 1863–1941: Eine Biographie* (Munich, 1994), 356.

[69] Gottfried Feder, "Betrachtungen zum Youngplan," *Nationalsozialistische Monatshefte* 1, no. 6 (Sept. 1930): 249–62, here 257, 252.

[70] "Die schleichende Transferkrise," *Völkischer Beobachter: Kampfblatt der nationalsozialistischen Bewegung Grossdeutschlands*, Jan. 10, 1931; "Unternehmertum und Youngrevision," *Völkischer Beobachter*, Feb. 10, 1931; "Propagandareden für den Kapitalismus auf dem sozialdemokratischen Parteitag," *Völkischer Beobachter*, June 5, 1931.

[71] "Die Privatinitiative," *Völkischer Beobachter*, Feb. 14, 1931.

[72] "Arbeit und Geld," *Der Angriff*, Jan. 30, 1930; "Ratschläge eines Fachmannes: Was soll ein Bewerbungsschreiben enthalten," *Der Angriff*, May 2, 1931.

[73] This is a different interpretation from the one given in Claus-Christian Szejnmann's "Nazi Economic Thought and Rhetoric during the Weimar Republic: Capitalism and Its Discontents," *Politics, Religion & Ideology* 14 (2013): 355–76, which stresses that the Nazis tapped into an anticapitalist consensus.

skeptical audience at the Industrie-Club in Düsseldorf in late January 1932, he sought common ground by breaking "with the view that our fate is conditional on the world as it is" in favor of an emphasis on "human effort" and, most importantly, "outstanding achievements by individuals in all areas of life."[74]

Even the Social Democrats grudgingly came to acknowledge the effectiveness of Nazi economic discourse. They were initially caught between claiming that its competitor party's supposed anticapitalism lacked any theoretical and political substance and recognizing that its followers were "caught up in anticapitalist activity."[75] Social Democrats even hoped to benefit from the division the movement had created within the formerly procapitalist camp. The lower classes would, it was argued, soon come to the realization "that national socialist ideas are bound to remain forever in the realms of wishful thinking and that a successful fight against capital ... can only be waged from a socialist perspective."[76] Serious doubts notwithstanding, the Marxist belief that being determines consciousness was upheld and led some Social Democrats to expect their own party to become capitalism's heir by profiting from Nazism's destructive energy.

This prospect, of course, was shattered in early 1933. Yet many observers remained convinced that the Third Reich would fail to deliver on its promises due to the structural limitations imposed by capitalism. Such a failure would have vindicated Brüning's prediction, in a letter he had sent to Hitler on January 22, 1932, that his extreme-right challenger would likewise be confronted "with the aforementioned economic facts and would have to continue along the path onto which these facts have forced my administration."[77] However, to a considerable extent, Hitler did manage to create alternative facts. His regime drastically redirected the economy toward the preparation of war. In accordance with its needs, it simultaneously limited the capitalist order – for instance, with regard to the stock market and foreign exchange – and harnessed the corporate

[74] Christian Hartmann, ed., *Hitler: Reden, Schriften, Anordnungen. Februar 1925 bis Januar 1933*, 7 vols. (Munich, 1992–2003), vol. 4, part 3, 77–110, 75, 79.

[75] Walter Pahl, "Der Run zum Nationalsozialismus," *Sozialistische Monatshefte* 1, no. 6 (September 1930): 864–72, here 867.

[76] Alfred Braunthal, "Die ökonomischen Wurzeln des nationalsozialistischen Wirtschaftsprogramms," *Die Gesellschaft* 7, no. 12 (1930): 486–99, here 489. See also *Sozialdemokratischer Parteitag in Leipzig*, 68–9 (Hans Ziegler, Breslau), 95–6 (Rudolf Hilferding).

[77] Koops, *Akten der Reichskanzlei: Kabinette Brüning*, 2217.

structures and entrepreneurial initiative this order offered. In many cases the scope of economic agency expanded after 1933.

Adam Tooze stresses that even Hitler's regime could not transcend the structural limitations of the German economy – namely, its twin dependence on imports to bring in commodities and on exports to earn much-needed foreign currency. But he also explains how these limitations were hidden from the public through complicated arrangements paired with dictatorial secrecy.[78] Notwithstanding periodic dissatisfaction, Germans had reason to believe that the Nazis with their emphasis on willpower were right after all. The press provided one-sided coverage of the Third Reich's economic successes and ample room for its ideological insistence "that the economy is not an unalterable fate, but that everything depends on the spirit and will with which it is infused."[79] Pre-1933 trends such as rationalization continued, but they were no longer matters of controversial debate. Instead, they appeared as part of the "struggle for liberation" or, somewhat less hyperbolically, as a way to make domestic labor more comfortable in the interests of German housewives.[80] Readers uneasy with the regime's emphasis on the collective good were reassured that the Third Reich cherished personalities rather than aiming to subject human life to rigid norms.[81]

While capitalist agency thus retained an important presence in all but name, it was ridded of ambiguities, a process in which antisemitism was paramount. Newspaper stories told of Jews acting as fraudulent salesmen or exploitative bar owners. Classifieds advertised a business's "Aryan" credentials or a position for an "Aryan gentleman."[82] Sometimes directly, at other times indirectly, the minority was thus excluded from the realm of legitimate economic behavior, even existence. Boycotts of Jewish owners of shops or companies and the drive for the "Aryanization" of their businesses implemented this principle with devastating consequences for their targets. Conversely, the most ruthless exploitation of any

[78] Adam Tooze, *The Wages of Destruction: The Making and Breaking of the Nazi Economy* (London, 2006), 35–325.

[79] "Ein Jahr Wirtschaftsumstellung nach der Saarrückgliederung," *Völkischer Beobachter*, Feb. 27, 1936.

[80] "Rationalisierung – eine wirtschaftspolitische Notwendigkeit," *Völkischer Beobachter*, June 14, 1936; "Kraftersparnis bei der Wohnungssäuberung," *Zehlendorfer Anzeiger*, Feb. 22, 1935.

[81] "Normung der Dinge, nicht der Menschen: Reichswirtschaftsminister Funk auf dem Bankett der internationalen Normentagung," *Berliner Lokal-Anzeiger*, July 1, 1938, morning edition.

[82] Föllmer, *Individuality and Modernity*, 119–20.

competitive advantage was now morally justified as long as it took an antisemitic direction. Non-Jewish Germans could acquire a business at a fraction of its value, exploiting its owner's desperate position, sideline a competitor by instigating a boycott, or enter a new branch of industry.[83]

Fraud cases shed further light on how antisemitism was used to justify the dubious activities of those redefining themselves as "Aryans." This is how several Hamburgers who were accused of having tricked their victims into granting them loans without the prospect of repayment argued in court. A woman who had raised money in order to breed aquarium fish claimed that she had been the victim of a Jewish blackmailer; a man who had erected a whole system of import and export companies had allegedly been forced to fend off the attacks of a Jewish consortium.[84] Conversely, a professional usurer tried to disavow his former partner by marshaling several stereotypes at once: he presented himself as a "victim of my own gullibility and good-nature ... which the Jewish legal consultant Rosen skillfully exploited through his knowledge of the law and his cunning ... This, in my view, caused my nobleness of heart and modesty of character to take a backseat."[85] One Dr. Isaak Wohlgemuth struck back, at least rhetorically. Incensed about accusations of fraud when he had only invested funds in the collective interest as treasurer of Hamburg's dental association, he wrote in no uncertain terms what he thought of his former colleagues: "I have no wish to call you colleagues anymore, first because I'm a non-Aryan (thank God) and second you did not exactly treat us, the old committee, in a collegial way."[86]

This section has discussed how in the 1930s, several German governments felt compelled to deal with a crisis-ridden capitalism. The liberal position that state interventions were counterproductive and that the private sector should sort out its own problems soon became untenable in the face of mass unemployment, the banking crisis in the spring of 1931, and, especially, mounting public pressure to intervene forcefully. While

[83] Frank Bajohr, *"Aryanisation" in Hamburg: The Economic Exclusion of Jews and the Confiscation of Their Property in Nazi Germany*, trans. George Wilkes (New York, 2002).

[84] District Court Hamburg, sentence of Nov. 12, 1937, Staatsarchiv Hamburg (hereafter StAH), 213–11, 2253/1938, vol. 1; Lawyer Dr. Drögemüller-Hasse to District Court Hamburg, Feb. 13, 1937; StAH, 213–11, 112/1940.

[85] Ludwig Walsen to District Court Hamburg, Aug. 22, 1935, StAH, 213–11, L 26/1937, vol. 2.

[86] Dr. Isaak Wohlgemuth "to the new powers that be in the pension fund within the Association of Dentists" (an die neuen Machthaber in der Versorgungskasse im Verein der Kassenzahnärzte), June 10, 1933, StAH, 213–11, L 5/1934, vol. 1.

Chancellor Brüning and his ministers struggled to come up with effective policies beyond highly unpopular budget cuts, the Nazis promised to subject putative economic constraints to political willpower and agency. The fact that this remained impossible even under Hitler's dictatorship was hidden behind a rearmament-driven recovery, skillfully narrated success stories, and antisemitic persecution. The tension between capitalism and agency, which had been at the very center of German economic discourse before 1933, appeared to have been resolved.

1.4 CONCLUSION

Public discourse in Weimar Germany was marked by blueprints for radical change, an emphasis on existential decisions, and high expectations of politics – all of which rested on the power of human agency.[87] Capitalism sat oddly with these ambitions. On the one hand, according to most contemporaries, it was socially unjust and morally untenable, therefore in need of transformation. On the other hand, it proved remarkably resilient to outside influence. It possessed its own juggernaut dynamics, even during the depression. Capitalism was widely seen as decadent, deficient, or dysfunctional, but it seemed difficult all the same to usher in its demise – hence a broad if tacit tendency to scale back strong claims to agency. There is no denying the substantial differences between liberal economists' skepticism regarding state involvement; Social Democratic and Catholic admissions that one could only hope to reform capitalism, not replace it anytime soon; endorsements of small-scale entrepreneurialism in some novels and newspapers; the predominant view within the two Brüning administrations that intervention was liable to fail or even backfire; and the Communist shift toward postponing the revolution while remaining committed to its preparation. Yet what united them is the realization that capitalism with both its rigid and fluid structures set narrow limits to what even the most determined subjects could accomplish.

[87] Peter Fritzsche, "Landscape of Danger, Landscape of Design: Crisis and Modernism in Weimar Germany," in Thomas Kniesche and Stephen Brockmann, eds., *Dancing on the Volcano: Essays on the Culture of the Weimar Republic* (Columbia, SC, 1994), 29–46; Rüdiger Graf, "Either-Or: The Narrative of 'Crisis' in Weimar Germany and in Historiography," *Central European History* 43 (2010): 592–615; Thomas Mergel, "High Expectations – Deep Disappointment: Structures of the Public Perception of Politics in the Weimar Republic," in Kathleen Canning, Kerstin Barndt, and Kristin McGuire, eds., *Weimar Publics/Weimar Subjects: Rethinking the Political Culture of Germany in the 1920s* (New York, 2010), 192–210.

The extreme right – the Nazis in particular – drew the opposite consequence from the dilemma that capitalism seemed simultaneously insufferable and ineluctable. They raised claims to agency, drawing on a language of force and willpower. Even their Social Democratic opponents had to concede that this was an immensely attractive vision, notwithstanding its theoretical inconsistency. After 1933 the Nazi assertion that economic structures could be subjected to political will was put to the test. It led to fundamental problems that could only be overcome through future military expansion. However, this did not become apparent before 1938/9 due to the recovery for which the regime credited itself, dictatorial control of public opinion, and new incentives enabling material and symbolic gains, not least at the expense of the Jewish minority. In the Third Reich economic agency was cherished and fostered – but it was redefined, however questionably, as agency beyond capitalism.