

NEWSLETTER

This newsletter is compiled for the information and use of persons directly and indirectly associated with or interested in the project "Inflation and Reconstruction in Germany and Europe 1914-1924". In addition to providing current news on the progress of the project and its activities, it seeks to provide useful information of general interest to those doing research in the field either in the form of discussions concerning the use and evaluation of sources or in the form of listings of sources and recent publications. The newsletter is not meant to serve as a vehicle for formal articles, and we welcome short comments, statements and information from those who receive it as well as inquiries about research problems whose general dissemination through the newsletter might prove useful. For those who find it convenient, the questionnaire sent with this newsletter can be employed for such purposes. Hopefully, the material which follows will inspire such cooperation, and we thank those who did take the trouble to answer our inquiries.

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- I. The Workshop on Inflation and Reconstruction in Germany and Europe, 1914-1924, held under the auspices of the Institute of International Studies of the University of California, Berkeley, July 26-August 6, 1982.
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The workshop had as its purpose the presentation and discussion of the findings of the project during the first three years of its operation. It was held in Berkeley with the object of capitalizing on the international and interdisciplinary character of the project by taking advantage of the persons and resources available in the United States. In addition to the fifty persons officially invited to participate, faculty and students as well as other interested persons from the Bay Area also attended the meetings. The Workshop was coordinated by Mrs. Karin J. MacHardy of the Berkeley History Department and Institute of International Studies with the assistance of Mrs. Madeline Hurd and the staff of the Institute.

The chief work of the Workshop was done in the five sections into which it was organized and the plenary sessions which met to discuss the work of each of the sections. In addition to these, however, there were a number of public plenary sessions in addition to the opening session at which Prof. Carl Rosberg, Director of the Institute of International Studies; Professor William Bouwsma, Chairman of the History Department at Berkeley; Dr. Werner Boder of the Volkswagen Foundation; and Professor Gerald D. Feldman of the Berkeley History Department and Project Steering Committee welcomed the participants and introduced the Workshop.

The public plenary sessions were:

July 26: Problems of the German Inflation

Charles Kindleberger: A Structural Analysis of the German Inflation

Carl-Ludwig Holtfrerich: Some Remarks on Monetary Theory and Research on the German Inflation

July 28: A panel discussion on "Contemporary Problems of Inflation and Historical Experience" was held under the chairmanship of Professor Wolfram Fischer of the Free University of Berlin. Participating were: Professor Albert Fishlow (Economics, Yale and Berkeley), Professor Charles Kindleberger (Economics, MIT), Professor Charles Maier (History, Harvard) Professor Thomas Sargent (Economics, University of Minnesota). Over 400 people attended the discussion.

August 2: Comparison of the Reconstruction Periods After the First and Second World Wars

Charles Maier: The Role of Inflation in Reconstruction After the Two World Wars

Commentators: Werner Abelshauser, (Economic History, Bochum)

Peter Gourevitch (Political Science, U.C. San Diego)

In addition to the sessions, the participants also had the opportunity to visit the Hoover Institution and Stanford University and to see a showing of Carl Grune's film, Die Straße (1923) courtesy of the Goethe Institute of San Francisco. Receptions were given by Professor Robert Middlekauf, Provost of the University of California, Berkeley; the Project Steering Committee; and Consul General and Mrs. Lothar Schuenke of the German Federal Republic.

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Each of the five sections had a designated rapporteur whose task it was to summarize the papers and section discussions for the plenary session devoted to his or her respective section. In addition, they have been kind enough to provide summaries of the papers and/or main issues of debate for this Newsletter. There follows a section by section listing of the papers presented and the reports on the sections and plenary meetings.

SECTION 1: Macro- and Microeconomic Problems of Inflation and Reconstruction

Chair: Carl-Ludwig Holtfrerich
Rapporteur: Gerald Merkin

- Gerald Merkin: German Finance of the First World War and its Consequences
The German Economy 1914-1924
- Claus-Dieter Krohn: Geldtheorien und Inflationsanalyse in Deutschland 1914-1924
- Deiter Lindenlaub: Eine entscheidungstheoretische Erklärung inflationsfördernden Unternehmerverhaltens (1919-1923)
- Marcello de Cecco: The Vicious-Virtuous Cycles: The First Debate (Bresciani-Turroni/Helfferich)
- Thomas J. Sargent: The Ends of Four Big Inflations
Stopping Moderate Inflations: The Methods of Poincaré and Thatcher
- Steven B. Webb: The Supply of Money in the German Inflation, 1919-1923: Some Models in a Horserace
Money Demand and Expectations in the German Hyperinflation: A Survey of the Models
- Hans-Jürgen Jaksch: An Econometric model of the Reparations Conflict

The papers presented dealt theoretically with different aspects of the German and related inflations. Seven papers were presented, and there was one oral presentation (Jaksch). Three papers dealt with comparative inflationary experiences in the 1920's and the recent past; and one paper and the oral presentation were concerned with econometric models of the elements in the German inflation period. The papers are reported in the order presented above.

SUMMARY OF PAPER BY G. MERKIN

A central aim of the paper was a discussion of the impact on the German economy of expenditure by the Central Government, Federal and local governments, private firms and other agencies. The paper also discussed the finance of activities outside Germany.

The paper began with an examination of the sources of Central Government Finance. The intention was to finance the war by means of long-term public loans, with taxation playing a minor role. The method used was to borrow short-term from the Central Bank and from private sources on the security of Treasury Bills, with the intention of consolidating this debt regularly by selling long-term securities to the public. The system worked reasonably well until nineteen sixteen, but in the second half of the war increased expenditure was accompanied

by a decline in long-term borrowing compensated only to some extent by short-term borrowing, with the result that in 1918 the net government deficit amounted to 22.1 %. Thus neither long-term nor short-term borrowing taken together was sufficient to prevent an extensive use of money creation to cover government expenditure.

Next in importance as regards the financing of war expenditure were the commercial banks, which financed the activities of industry and trade. Their new customers, however, as compared with pre-war, were the State, whose Treasury Bills they held in increased amounts, and the federal and local authorities. These activities of the commercial banks, like those of the government, were reflected in the increase in the money supply in the form of bank deposits. However, private bank deposits increased more slowly than high powered money, a fact which reflected the predominant role of the government and of the loan banks in total war expenditure.

Other sources of an increase in the German money supply lay in the expenditure abroad carried out by German private and public agencies, both in neutral countries and in territories occupied by the German armies. Germany's passive trade balance with the neutral countries led to the accumulation there of considerable quantities of bank notes and bank deposits. Similarly, German expenditure in the occupied territories also led to the transfer abroad of substantial portions of the German money supply.

The total increase in the money supply during the war (high powered money and bank deposits) amounted to 56,724 million marks, of which, at the end of the war 18,367 million marks were held abroad.

After deducting the portion of the German money supply held abroad from the total increase in the money supply, and thus obtaining the domestic money supply, comparison of the relationship between changes in the domestic money supply, real output, nominal income and the income velocity of circulation (demand for money) enabled the following conclusion to be drawn. In spite of the six-fold increase in high powered money, and the three-fold increase in bank deposits, the domestic price level no more than doubled. This was due to two factors: firstly, the fact that one quarter of the increase in the German money supply ended up outside the German economy in foreign hands, and secondly, the fact that large quantities of notes and bank deposits were hoarded in Germany, in the conviction that their expenditure must await the end of the war.

SUMMARY OF PAPER BY C.-D. KROHN

The paper considers monetary theory and practice before, during and after the war.

At the outbreak of war there existed no general theory of monetary economics. Money, considered separately from other economic spheres, was regarded only as a neutral veil for the exchange of goods, without effect on the real economy. There was no clarity about the nature of money, although both metallists and nominalists agreed that money was constituted by the State. The quantity theory as such was rejected. Only with Schumpeter's essay of 1917 did a realistic monetary theory appear, with a monetary analysis of the circular flow and the non-separation of the "money side" and the "goods side" of the economy. But that contribution had no effect until after the war.

During the war, the end of convertibility was an apparent confirmation of nominalism, which became the dominant monetary theory, and in its German form became a propaganda instrument against the British "gold hegemony". The problem of unlimited money creation was for long not recognised. The emphasis lay on a mainly self-sufficient war economy tied to the slogan "The Money Stays at Home" (i.e. was not lost abroad by borrowing). The cause of the price rise was conceived as due only to the shortage of goods, and not to excessive money creation.

The Balance of Payments Theory of inflation (called by Bresciani-Turroni specifically "The German Theory" as opposed to the Anglo-Saxon quantity theory) was a theory of political justification. The increase in the note circulation was regarded as a necessity during the war, but after the defeat the Balance of Payments theory was used in order to oppose reparations.

The quantity theory of inflation was supported by relatively few economists, who saw the causes of the inflation as the opposite to those put forward by the Balance of Payments theorists. But the quantity theory was also unsuitable, since in the form of the Purchasing Power Parity Theory it assumed proportional changes in the quantity of money and the price level.

After 1918, the monetary theorists showed their basic political bias to an even greater extent. The conservative- and liberal-oriented economists saw their monetary frameworks endangered by the parliamentary system which now included the representatives of the workers, and considered that the weak financial position of the State reflected the incapacity for government of the dominant masses. It was thought necessary to repudiate the demands of the new parliamentary system for State intervention and for the redistribution of income. They also rejected the possibilities of using the new system of taxation for the latter purposes by emphasising that the new taxes must be eliminated if they were not to act as disincentives to private economic agents.

The possibilities of recovery for the economy were seen only from the goods side and in exports, while at the same time there was recommended a reduction in domestic consumption.

On the consequences of inflation there was little clarity or unity. There was agreement that it would stimulate the economy at the cost of private holders of wealth in the form of money and of the receivers of money incomes. These negative effects were tolerated, since it was thought that the effects were borne mainly by the relatively weak middle class.

SUMMARY OF PAPER BY D. LINDENLAUB

The aim of the paper was to answer, in terms of decision theory, the question of how far individual social groups supported or tried to prevent inflation.

Asking the question: had firms an interest in inflation, Lindenlaub answers in the negative. Firms stood for the stabilisation of the mark both at home and abroad. They were opposed to the uncertainty of price calculation, to the difficulty of obtaining credits, and to the inability to pass on in selling prices the increased prices of raw materials.

Lindenlaub then asks why the desire for price stability was not sufficient for price-stabilising measures to be adopted. He explains the behaviour of firms in terms of two hypotheses discussed by decision theory: the "prisoner's dilemma" hypothesis, and the "free rider" hypothesis. The former assumes that an agent will make no contribution of his own if he expects no contribution from other economic agents; and the latter hypothesis assumes that the agent will make no contribution if the lack of it will hardly be noticed. The conclusion here then is that stabilisation policies will be supported only if the low dependence on action by the individual agent and the sacrifices which would have to be made if stabilisation is supported are compensated by special factors such as special payments, solidarity behaviour or force.

In addition to such factors, Lindenlaub considers as important the views held by firms on the causes of inflation. Here the dominant views were balance of payments views, as against the quantity theory. The passive balance of payments was seen as due to reparations payments and the import surplus, regarded as responsible for the fall in the exchange rate and the subsequent rise in import prices, factors which they did not think that they were able to influence.

While they felt that they were unable to prevent inflation firms also took certain decisions which promoted inflation. These decisions were: willingly undertaking reparations in kind, paid for by government-created money; withdrawing foreign exchange from the foreign exchange market rather than handing over foreign exchange to the Reichsbank when requested to do so for stabilisation purposes. In this respect firms promoted inflation rather than stabilisation because of their low assessment of their own ability to influence stabilisation unless other firms joined in. However, the desire of State for foreign exchange was not wholly rejected by firms.

In addition firms promoted inflation by raising prices when their costs rose, particularly after the autumn of 1921. These price-raising measures (sliding-scale prices) were viewed with grave disquiet in industry, but the decisions to undertake them reflected the position of the "prisoner's dilemma" - mistrust of the motives of other firms. Moreover, firms pressed the Reichsbank to discount commercial bills from mid-1922, as a response to the increase in prices. For the same reason they themselves created uncovered emergency money (Notgeld).

Lindenlaub concludes that the behaviour of firms in 1919-1923 can be explained very satisfactorily by the use of decision theory on the basis of the two hypotheses mentioned. This is true not only as regards the measures which promoted inflation but also as regards those which promoted the stabilisation of prices.

SUMMARY OF THE PAPER BY M. DE CECCO

This paper compares the contemporary discussion of causal relationships within the inflationary process in the 1920's and the 1970's, stressing the similarity of the discussion in the two periods. In particular, the paper is concerned with conformities and divergencies of opinion about the direction of causality in inflations, about the degree of interdependence between the quantity of money and the exchange rate, - and, as the title suggests, about the "viciousness" or "virtuousness" of the circles assumed to be generated in the process.

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The first half of the paper deals with developments in the 1970's. On the one hand it is argued that the external depreciation of a currency aggravates the internal inflation rate while on the other it is accepted that internal inflation aggravates the exchange rate, so that causal relations can run in both directions, and tend to be self-reinforcing. The influence is particularly strong in open economies with large trading sectors, and in economies where wages respond promptly to changes in the consumer price level. The impact is stronger, the smaller the country and the more open it is.

Some writers concern themselves with the impact of a fall in the exchange rate on the domestic rate of inflation inasmuch as the increase in the price of imported goods has spillover effects on import-competing goods. The argument can also be used in the opposite case to show the generation of virtuous circles.

The latter argument can be extended to take in expectations about the behaviour of governments and central banks, for example the intention to control inflation can be expected to have a direct effect on both domestic prices and the rate of exchange. Thus appreciation of the exchange rate reinforces anti-inflation policies.

The short-term trade-off between inflation and unemployment is also linked with this kind of reasoning. An expansion of monetary policy will cause the exchange rate to fall and to fall faster, thus raising the domestic price of imports. Here economists are emphasising the inflation-augmented Phillips curve. A vicious circle is produced if one assumes that the government continually tries to make use of the trade-off.

Finally, two points are suggested in the same connection. Firstly, the vicious and virtuous circle processes are extended by including the wage-price spiral. Secondly, it is emphasised that the cumulative process can occur only if an expansionary (or restrictive) monetary policy accommodates (or restricts) wage claims and price rises.

The second half of the paper deals with the inter-war period after 1918, and takes as representative of the vicious-virtuous circle approach the views of Karl Helfferich and that of Costantino Bresciani-Turroni.

Helfferich regards the increase in the note circulation not as a cause but as an effect of the fall in the exchange rate and of the rise in wages and prices, and postulates the following chain of causation: the passive balance of payments, largely due to reparations, causes the fall in the exchange rate; the resulting rise in the prices of imports leads to a general rise in domestic prices and increases the budget deficit; the price rise in turn leads to serious shortage of money which is accommodated by an increase in the money supply. Any refusal to respond to the increased demand for money would have led, thought Helfferich, to a serious crisis. Helfferich rejects the quantity theory explanation of inflation by arguing that the increase in the note circulation did not precede the rise in prices but followed it slowly.

The counter-argument of Bresciani-Turroni stated that the budget deficit was the cause both of the increase in domestic prices and of the increase in the exchange rate. Only after the summer of 1922 was there a reaction of the exchange rate on the State budget. Before that period, the increase in the demand for foreign goods and the payment of reparations cannot explain the fall in the exchange rate.

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Bresciani-Turroni distinguishes three phases of the inflation, with a different relationship between the external and the internal value of the mark:

1. In the War period there was not much difference between the external and internal level.
2. After the armistice, the external value fell well below the internal value. The conclusion is that the incessant issues of paper money acted first on the exchanges and afterwards on internal prices. Later, as a result of price rises, firstly the velocity of circulation increased, and secondly new money came into internal circulation, causing once more a fall in the exchange rate and a rise in internal prices.
3. Later, the adaptation of domestic prices to the exchange rate tends to become automatic, although in the last analysis it is the increase in the quantity of money which is decisive for the continuation of the inflation.

SUMMARY OF THE TWO PAPERS BY T.J. SARGENT

In his first paper Sargent states that there are two views which explain persistent inflation in recent years:

1. (a) Inflation has a self-sustaining momentum the cost of eradicating which is prohibitively high, or
(b) there is an underlying rate of inflation which responds slowly to monetary and fiscal measures, and which would cause substantial reductions in output and employment.
2. An alternative rational expectations view states that people expect high rates of inflation precisely because governments' monetary and fiscal policies warrant that expectation, i.e. the apparent self-sustaining momentum is actually due to the government's persistent large deficits. The implication of this is that inflation can be stopped more quickly than is currently thought. This is not easy, and requires an abrupt change in the government's policy regime as regards the setting of deficits.

The paper describes four historical experiences, believed consistent with the rational expectations view, in Austria, Hungary, Germany and Poland, where in each case hyperinflation was stopped abruptly. They had many features in common - persistent budget deficits, a deliberate fiscal and monetary policy to end hyperinflation, the immediate stabilisation of the price level and the rate of exchange, a rapid rise in the supply of high-powered money after the end of the inflation.

Hyperinflation was in each case ended by restoring convertibility with the dollar, equivalent to a return to the gold standard. This implied, Sargent emphasises, that thenceforth the governments concerned issued notes and other debts backed by the commitment to levy taxes sufficient to back such debts, i.e. by means of an appropriate budget policy. In this connection, Sargent emphasises that recent work in economics has established the principle that a change in a government regime will stimulate private economic agents to change their rules for choosing economic targets.

Sargent then describes the events in the four countries. All the countries

1. faced new national borders and trade barriers which cut them off from food sources;
2. faced a large unemployment problem;
3. had to make large expenditures on food relief;
4. except for Poland, faced large reparations claims.

In consequence they all ran large deficits, financed to a great extent by selling Treasury Bills to the Central Bank in return for money creation. As a result there were rapid price increases and falls in the exchange rate, leading to a flight from the national currency into stable foreign currencies, and further increases prices and falls in the exchange rate.

In all four cases the currency was abruptly stabilised, even though the note issues of the central bank continued to grow rapidly. In the case of Austria and Hungary, the stabilisation was achieved by the intervention of the League of Nations, which provided conditions for an international loan, and laid down a plan for fiscal and monetary reconstruction by establishing a new central bank, by the government agreeing to cease running large budget deficits, and by the government binding itself not to finance deficits by means of advances from the central bank. The two governments proceeded to carry out all the conditions required by the League, and, instead of being backed mainly by Treasury Bills, the liabilities of the Central Banks became backed by gold, foreign currency assets and commercial paper. The League of Nations also reduced and clarified their reparations commitments.

Poland achieved her stabilisation in 1924 without foreign loans or intervention, but as in Austria and Hungary the government committed itself to a balanced budget and to a new central bank which ceased to make loans to the government. Although the note circulation continued to rise, it rapidly became effectively backed by gold, foreign exchange and private commercial paper.

In Germany the stabilisation was also achieved by her own efforts. It was accompanied by a "currency reform" which had only an important psychological effect. More important was the creation of a new central bank, with limits on the total issuable note circulation; government borrowing from the central bank was stopped, and the budget was balanced by a series of deliberate efforts to raise taxes and eliminate expenditures.

Thus the essential measures to end hyperinflation in all four countries were:

1. The creation of an independent central bank committed to refuse the government's demands for credit;
2. A simultaneous alteration in the fiscal policy regime.

In his second paper, Sargent compared two experiences of moderate inflation - the French inflation of the 1920's which was stabilised in 1926 by Poincaré, and the attempt 1979 by Mrs. Thatcher to stabilise the inflation in Britain.

In 1926, Poincaré used measures similar to those discussed in the previous paper to stabilise the French franc. The causes of the inflation and of the depreciation of the franc abroad were recognised as being the persistent government deficits and the consequent

pressure to monetise the government debt. It was therefore also realised that to stabilise the franc it was necessary to increase taxes, reduce government expenditure and limit the amount of government debt monetised by the Bank of France.

Poincaré advocated a balanced budget and the return to gold, and, when assumed control of the government in 1926, the franc recovered and the inflation stopped. Poincaré proceeded to balance the budget, and the monetised debt in the Bank of France was replaced by gold, foreign exchange and commercial bills, as French citizens repatriated their exported capital.

Since 1979, when the Thatcher government took office, real GNP has declined, industrial production has fallen and the unemployment rate had risen to 10% in March 1981. Inflation receded sharply and the £ rose vis-a-vis the dollar. Interest rates rose to a very high level.

The Thatcher experience is interpreted by Sargent from the standpoint of rational expectations macroeconomics. The hallmark of Thatcher's strategy, Sargent considers, is gradualism - the UK government did not propose an abrupt change in its strategies. Its policy was a gradual reduction in the money supply, a gradual reduction in the real volume of government expenditure, a reduction in the Public Sector Borrowing Requirement, increases in consumption taxes and the removal of exchange controls.

The reduction in the money supply was recommended in spite of very large planned budget deficits. However, excess public spending was larger than expected, and the money supply grew in excess of targets.

The rational expectations viewpoint is that deficits must be balanced by prospective government surpluses in the future, depending on the government's willingness to tax highly enough. In that sense, Sargent indicates, control of the growth in the money supply is similar to the gold standard rule - both permit the government to run deficits, but there must be a prospect of eventual surpluses. Controlled growth of the money supply is not compatible with a more or less permanent deficit.

This raises the question of the credibility of the UK plan for a controlled rate of monetary growth while at the same time projecting deficits for a number of years. Sargent compares with this the substantial extent of sales by the UK government of non-indexed long-term debt. A government intent on eradicating inflation should finance its debt by issuing indexed government bonds, thus isolating itself from an increase in the real value of the burden of debt once inflation is lowered. This has not been done in the UK to any substantial extent.

Sargent then considers the outcome of the plan at the time the paper was written (March 1981). Both sterling M3 and the Public Sector Borrowing Requirement had exceeded their targets by considerable amounts, leading to large deficits. Before considering the deficits in detail, however, Sargent emphasises the following principles of government finance.

A pure current account expenditure (on a service or perishable good) gives rise to no government-owned asset producing values in the future, whereas a pure capital account expenditure is the purchase of a durable asset giving command over a future stream of returns via user charges, i.e. government debt issued on capital account is self-liquidating. On the other hand, current account deficits are not self-liquidating, as is stated by classical doctrines of public

finance. Under an inconvertible currency regime, a current account deficit is inflationary to the extent that private economic agents believe the government will finance it by monetisation (in contrast to a gold standard regime where the government is pledged to back its debt by means of current or future taxation).

Keynsian ideas since World War II have, however, abandoned classical budgeting policy and recent public finance in the UK has not been sensitive to the current account/capital account distinction - capital formation has stagnated or fallen, as under both Thatcher and previous Labour governments economies have fallen on public sector investment items.

Sargent concludes his second paper by stating that there is little reason to be optimistic about a plan for gradual monetary restraint which is simultaneously soft on the government deficit. Deficits unaccompanied by prospective surpluses promote doubts about whether restraint must be sacrificed to finance the deficit, as well as inducing high costs in terms of the depression of industry.

SUMMARY OF PAPER BY S.B. WEBB

The paper seeks to evaluate comparatively several models of the money supply in the German inflation in an attempt to resolve the issue of what determined the money supply in that period.

Three groups of models are considered:

1. Time series models, considering the money supply as a function only of past values of itself;
2. Models which make the money supply a function of past prices;
3. A model in which the money supply depends on the total outstanding debt - the difference between expenditure and taxes (a fiscal model).

The models are evaluated for prediction in two basic ways:

1. How well does the model explain the recent past ?
2. How well does the model forecast the future ?

Webb begins by testing four time series models. The first two are Autogressive Integrated Moving Average models (ARIMA). The third time series model assumes that the growth of the money supply in one month equals a constant plus a weighted average of money growth in the two preceding months. The fourth time series model is the adaptive-regressive model proposed by Mussa. This model assumes that the monetary authorities have a long run but not fixed target rate of money growth, and this target would be modified by an adaptive process according to errors in the previous period's growth.

Webb's fifth model is one where the money growth rate is a linear function of last period's inflation rate.

His sixth and final model is a fiscal model of the money supply. This is based on the assumption that the money supply is proportional to the outstanding government debt. The basic model adopted by Webb assumes that the Reichsbank sets the rate of discount at which it would discount whatever amount of Treasury Bills (or later commercial bills) which the public did not wish to hold at that rate. This interpretation of the behaviour of the Reichsbank is supported by the evidence.

However, the purpose of the fiscal model is not only to represent the money supply as a function of accumulated debt, but also to model the accumulation of debt as a function of prices and shifts in real tax receipts and expenditures. The model therefore takes account of this in two additional equations. Moreover, forecasting with the fiscal model requires the addition of equations to endogenise the price level.

The goodness of fit for the different models is summarised by Webb in a series of tables as follows:

1. In terms of well-fitting estimates the second ARIMA model is the consistent winner in all the periods examined.
2. The fiscal model runs last as regards fit (fifth) until the last two periods, when it runs fourth and then first, i.e. significantly worse than the ARIMA until the fourth period.
3. In forecasting, however, the fiscal model does better. It is best twice (in the second and fifth periods).

In summary, Webb concludes that with the fiscal model one could do a respectable job of explaining the past money supply process and the best job of predicting the money supply by assuming that the Reichsbank responded passively to the forces that determined the growth of the government's debt and the public's willingness to hold it. This justifies the emphasis placed by contemporaries and historians on the need for tax reforms, control of government expenditure and public confidence in the government.

SUMMARY OF THE ORAL PRESENTATION BY H.-J. JAKSCH

The presentation was of an econometric model in which there are two opponents:

1. The German Government.
2. The Allies.

The objective of the Allies is to obtain the maximum amount of reparations in a given period of time. Alternative strategies possible are the "Briand" strategy and the "Poincaré" strategy.

The objective of the German Government is to work out alternative strategies or regimes for reducing the payment of reparations to the minimum.

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SECTION 2: Economic and Sociopolitical Decision-making and the Influence of Inflation and Reconstruction on the Political System

Chair: Peter-Christian Witt
Rapporteur: Thomas C. Childers

David E. Barclay: The Insider as Outsider: Rudolf Wissel's Critique of Social Democratic Economic Policies, 1919-1920

William Carl Mathews: The Continuity of Social Democratic Economic Policy, 1919-1920: The Bauer-Schmidt Policy

Gabriele Sperl: Übergangswirtschaft in Bayern 1918/19

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- Wolfgang Kuban/ Richard Tilly: Local Government Finances and Savings Banks in Westphalia 1900 -1930
- Robert G. Moeller: Peasants, Politics and Pressure Groups in War and Inflation: A Study of the Rhineland and Westphalia, 1914-1924
- German Peasants in War and Inflation: Elements of Continuity and Change, 1914-1923
- Michael L. Hughes: Private Equity, Social Inequity: German Inflation, German Judges, German Jurisprudence, 1914-1924
- Thomas Childers: Inflation and Stabilization: The Elections of 1924
- Larry E. Jones: Democracy and Liberalism in the German Inflation: The Crisis of a Political Movement, 1918-1924
- German Liberalism and the Crisis of the Parliamentary Center, 1920-1922
- Bernd-Jürgen Wendt: Vom Interventionsstaat zum Industrieparlament. Ordnungspolitische Konzepte im Übergang von der Kriegs- zur Friedenswirtschaft in England nach dem Ersten Weltkrieg

From our sessions a number of common problems, issues, and themes emerged which shaped our discussions and threw into vivid relief some important lines of unity within the papers. The following will not be a precis of the papers but an outline of the broad areas of debate on those issues, a comment on some conclusions, and a designation of our points of disagreement. A surprising degree of unanimity crystalized on major issues. One central point of agreement was that the chronological and thematic focus of our work had to extend beyond the inflation; that, in fact, we were dealing with a set of long term problems that had their origins in the Kriegswirtschaft, in its economic and social demands on various levels of government, on various social groups and on the political structure. Those problems, vastly exacerbated by the loss of the war, by the revolution, and by the international situation, then shaped the decision-making environment of the postwar period in inflation. Similarly, we agreed, though our emphasis certainly differed, that the costs of inflation cannot be adequately measured unless the analysis extends into the difficult process of stabilization. Thus, our discussions ranged across the entire period, from 1914 to 1924, falling with almost equal emphasis on the Kriegswirtschaft, Übergangswirtschaft, inflation, hyperinflation, and stabilization.

Within that chronological framework, three major sets of issues occupied our attention. First, we considered government decisions at the Reich, Land, and municipal levels, focusing on four basic questions: How were decisions made? Under what set of circumstances: Under what influences? and With what objectives? Second, we dealt with the social impact of the wartime economy, the inflation and stabilization? What weight should be given to subjective perceptions of loss and what to "objective reality?" Third, we turned to political reaction. Here we treated three additional problems. How did the inflation-stabilization crisis affect the German party system? What impact did these interrelated economic crises have on voting behavior? Finally, we attempted to determine how one isolates the impact of these factors.

Government Decisions. Two papers dealt with problems of decision-making at the Reich level. Barclay examined Social Democratic policy options proposed by Rudolf Wissell, who was Reich Economics Minister. He argued that Wissell's tenure represented "a bold effort" to introduce in Germany a full scale system of macroeconomic planning based on an elaborate structure of "industrial self-government," and that the oft-repeated charge of "Konzeptionslosigkeit" within the SPD on economic matters is unjust. Wissell proposed the creation of a quasi-corporatist Reich Economic Council where internal conflicts could be ironed out within a series of regional structures. This would represent the first step toward socialization in the distant future. Economic decisions would then be organized in a systematic, planned, and consistent manner. This Planwirtschaft was to Wissell preferable to the ad hoc policies of Robert Schmidt, Reich Food Minister. Matthews, on the other hand, attacked the prevailing view of SPD economic policy as ad hoc. Matthews argued that the main concern of the SPD in the revolution was to solve the pressing food crisis and that "Wissell had chosen to follow principles rather than practicalities in 1919". Schmidt, in contrast, was determined to secure food for the workers and raise production. The political situation largely dictated economic policy, Matthews contended, noting that the need for stability was viewed as essential. Only when the pressing needs of the workers were met, could the government move toward a socialization of the economy.

While Barclay and Matthews dealt with decisions at the Reich level, Sperl's paper focused on conflicts at the Land level during and after war. Sperl traced the evolution of controls in Bavaria, arguing that the exigencies of wartime regulation and planning awakened in elements of the Bavarian government the desire to plan for the post-war economy, specifically, to use the mobilization of resources and the concentration of economic planning brought about by the war to industrialize Bavaria. These planners hoped to maintain Bavarian economic independence and improve its position vis a vis the Reich, to save Arbeitskräfte by providing jobs, and prevent social unrest. During the post-war inflation, this program was continued, as Bavaria sought to win contracts from the Reich government. However, this policy of regulation contributed tremendously to popular resentment against the government and to a serious crisis of legitimacy which continued after the war.

The paper of Tilly and Kuban examines municipal financial policy from 1900 to 1930, analyzing in particular the relationship between municipal spending, the role of savings banks, and national economic developments. For municipal governments, they contend, the balance sheet of the inflation period was mixed. The local governments certainly increased their spending but were also forced to assume new, some onerous responsibilities. Specifically, they argue that while central government borrowing from the Reichsbank should assume the primary role as the cause of inflation, they assert that the failure to develop effective machinery for restraining spending of local governments was a significant ("non-negligible") factor in fueling inflation.

Social Impact. The social impact of these interrelated crises was examined by Moeller in an analysis of the peasantry in the Rhineland and Westphalia. Moeller argues that the Zwangswirtschaft of the war years, its continuation during the inflationary postwar period, and finally the harsh stabilization of 1923-1924 all constituted a reversal of virtually twenty years of relative

prosperity for agriculture. Rather than constituting a backward-looking, regressive economic force, the peasantry had adapted well to the structural changes in the German economy in the pre-war years, only to see their economic fortunes imperiled by the wartime regime and the aftermath in the early Weimar years. Although in some senses an "objective" winner in the inflation, Moeller contends that the peasantry saw itself as the victim of a harsh government policy during the war and victimized by the postwar government's effort to maintain social peace within the cities.

Hughes also deals with the social/political implications of the inflation and stabilization crises by examining the conflicts between personal/class interests of the high judiciary and their public responsibilities during the stabilization period. In particular, he treated the decisions of the judiciary in the thorny revalorization question, arguing that the class interest of the judiciary emerged triumphant in the court settlements of the stabilization period.

Political Repercussions. Jones concentrated his focus on the development of the liberal parties in the immediate postwar period, contending that while the Mittelstand may not have been destroyed by the inflation, as is so often asserted, the conflicts produced by these years greatly intensified the interest articulation by the various components of the liberal parties' constituencies. That greater interest articulation and the conflicts it produced led to a gradual dissolution of the liberal electorate, making a liberal response to the complex problems of inflation exceedingly difficult. That disintegration continued after the inflation, proceeding rapidly in the period of stabilization. Childers, dealing with the electoral impact of the inflation, concurred with Jones assessment, noting that the harsh stabilization of late 1923 and early 1924 may have been more corrosive to parliamentary democracy than the inflation itself. Childers argued that the inflation and stabilization crises created the emergence of the social coalition that would form the bases of the National Socialist constituency. That coalition was seen first in the plethora of small special interest or single issue parties of the "Golden Twenites," collecting almost one third of the middle class electorate by 1928. Indeed, by 1928 the Weimar party system was facing a serious crisis of legitimacy even before the Great Depression. That crisis of legitimacy was also confronted by Wendt in his analysis of corporatism in Great Britain and Germany. Wendt argued that corporatist solutions were not seriously attempted in Great Britain because the existing governmental system was capable of dealing with divisive interest conflicts. In Germany, on the other hand, where a crisis of legitimacy characterized the Weimar state from the outset, interest conflict could not be absorbed within the existing socio-political framework and therefore other mechanisms were necessary for their resolution.

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SECTION 3: Inflation and Reconstruction from an
International and Comparative Perspective

Chair: Gerald D. Feldman
Rapporteur: Jon Jacobson

Jonathan Bloomfield: Surviving in a Harsh World: Trade and Inflation
in the Czechoslovak and Austrian Republics,
1918-1926

Newsletter 4/5-16

- Elizabeth A. Boross: The Effect of Inflation of the 1920s on the Hungarian Manufacturing Industry: Capital Accumulation in Large Enterprises 1914-1924
- Fritz Weber: Investitionen der bayerischen Vereinsbank und Hypothekenbank in österreichischen Länderbanken
- Hans-Otto Schötz: Der britisch-französische Gegensatz in der Deutschlandpolitik am Beispiel des Versuchs der Gründung einer rheinländischen Notenbank am Jahreswechsel 1923/24
- Jon Jacobson: The Reparations Settlement of 1924:
A Working Paper

Strategies of French Foreign Policy After World War I

Is there a New International History of the 1920's
- William C. McNeil: Could Germany Pay? Another Look at the Reparations Problem of the 1920's
- Frank Costigliola: The Dilemmas of 'Gradual Revolution'. American Political, Economic, and Cultural Relations with Europe

Inflation following the first world war was an international phenomenon and not merely a German occurrence. As we all know, it happened in Austria, Hungary, Germany, and France. To understand the international sources of inflation, the transmission of inflation from one country to another, the impact of inflation on international relations, and the international prerequisites for stabilization was the task of section three of this workshop--Inflation and Reconstruction from an International and Comparative Perspective.

The papers of Jonathan Bloomfield--"Surviving a Harsh World: Trade and Inflation in the Czechoslovak and Austrian Republics, 1918-1926"--and of Elizabeth Boross, "The Effect of the Inflation of the 1920's on the Hungarian Manufacturing Industry: Capital Accumulation in Large Enterprises 1914-1924"--offered the basis for a comparative perspective on the national political economies of the successor states to the Habsburg Monarchy. Two critical issues emerged. First, what were the mechanisms by which inflation encouraged or discouraged capital accumulation? Why was Hungarian government policy much more favorable to the accumulation of assets in latent reserves than was the case in Germany? What capital accumulation strategies are rational in inflation and what strategies are rational in stabilization, and what is the optimum point at which to shift from one to the other? Secondly, how were trade patterns affected by the territorial settlements of 1919 and by the commercial provisions of the peace treaties, and what was the impact of inflation on the trade policies of each state?

Fritz Weber's paper--"Investitionen der bayerischen Vereinsbank und Hypothekenbank in Österreichischen Länderbanken"--examined the variety of political and economic motives for the establishment by Bavarian banks of branch banks in adjacent Austrian territories which then speculated on the Austrian Kroner. The Austrians desired capital to develop water power and timber resources,

preferred Bavarian sources as a way of emancipating themselves from the financial domination of "Red Vienna", and saw the import of German capital as a first step toward political Anschluss. Likewise the Bavarians wished to develop financial autonomy vis-à-vis Berlin. Financially, the Bavarian banks were motivated both by inflationary expectations, speculation on foreign currency, and by a desire to emulate Berlin's pre-war policies of investment abroad. The latter would seem to have been the predominant motive.

The paper of Hans-Otto Schötz, "Der britisch-französische Gegensatz in der Deutschlandpolitik am Beispiel des Versuchs der Gründung einer rheinländischen Notenbank am Jahreswechsel 1923/24", provoked considerable discussion regarding the consistency and tenacity of French designs on the Rhineland. It was argued that the Rhenish bank was the culmination of a clear-sighted, long-term attempt to achieve French economic domination of the Rhineland which would then lead to political separation, an attempt which was defeated only by British opposition. The opposition to this view emphasized the diversity and flexibility of French Rhineland policies, the evolutionary and improvisational character of Poincaré's objectives, and the especially desperate situation of late 1923--the Rhenish demand for credit at a time when the MICUM contracts were terminating and stabilization was approaching.

Discussion of Jon Jacobson's papers--"Is There a New International History of the 1920s?", "Strategies of French Foreign Policy after World War I", and "The Reparation Settlement of 1924" centered on two major issues. First, what is the significance of the settlement of 1924? On the one hand German currency was stabilized, French ambitions were abandoned, and the issue of who would pay for the war was resolved. On the other hand, the solutions of 1924 were not the solutions, either for Germany or for Europe, as the history of subsequent decades was to show. The second point of discussion concerned the present state of the question regarding the reparation issue. If it is argued that French reparations demands were rational and moderate and that American war debt policy was constrained by various factors, then the alternative is to blame England for the failure to achieve stabilization of international payments prior to 1924 unless a systemic solution could be found. This impasse was, of course, manifest at the time. France and Germany had a common problem, how to distribute internationally the costs of the war but were locked into mutual antagonism which prevented a united front and a constructive policy toward the United States. The French believed they deserved precedence in any reparation settlement while the Germans wished to delay all settlements until granted equality of rights. Debtors and creditors saw themselves locked into a zero sum game, imprisoned in a no growth world. Whoever paid, it was believed, would gain nothing in return. Whoever received payment would gain irrevocably whatever was given up.

William McNeil's paper--"Could Germany Pay? Another look at the Reparations problem of the 1920s"--explored the two strategies considered in Berlin after 1924 for the payment of reparations without loans. The best known of these looked forward to a Dawes transfer crisis demonstrating Germany's inability to pay resulting in downward revision or cancellation. The other strategy was more compatible with the fulfillment of the Dawes Plan and called for balanced budgets and the transfer of reparations out of budgetary surpluses. The consequences of this, deflation and depression, were demonstrated during the years 1925/1926. The social-economic costs of the second strategy were unemployment in the range of 20-25%.

As a result policy makers in Berlin, wishing to avoid either alternative, pursued what became the Young Plan in order to stabilize reparations, war debts, loans, budget, and employment.

In reply it was argued that this model tests only Germany's ability to pay reparations in the short run. Using a longer term and more global model, German capacity could have been expanded through economic growth, with taxation of the surplus to transfer payments, and through expansion of the cycle of the flow of capital and goods to include not only Germany, the reparation creditors, and the United States, but also less developed countries. Why were the growth and export patterns which came to characterize the economy of the Federal Republic after World War II not achieved in Weimar?

Frank Costigliola's paper--"The Dilemmas of 'Gradual Revolution': American Political, Economic, and Cultural Relations with Europe"--facilitated further discussion of the transatlantic political economy of the 1920s and of American financial-economic foreign policy in particular. Both the coherence and rationality of American policy as formulated in the years 1921-1924 and the contradictory results after 1926 were emphasized. On one side, it was stated that American policy makers expected prolonged peaceful change with sufficient time to work out solutions. On the other side, it was argued that the American stabilization policy of getting Europe back on gold only restricted credit and growth. The alternative was the policy pursued by the United States after World War II--no gold standard and creeping inflation, stimulating growth and employment and reducing the real burden of reparations. This policy was precluded, it was argued, in conclusion, by the moralism of American policy and by the desire to prescribe for Europe and for Germany in particular fiscal, monetary, and social policies which seemed to have brought prosperity to the United States.

Behind the entire discussion loomed the relationship between inflation and international, especially intergovernmental, payments. In brief and schematic form, the issue might be presented as follows: What was the impact of inflation on German capacity to pay, and on the politics of reparation payment within Berlin? What would have been the financial impact of a real transfer of values on German stability--financial and political--and upon the economies of the creditor states? And finally, what was the relation between financial stabilization in Germany and the achievement of reparation settlement?

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SECTION 4: The Effects of Inflation and Reconstruction upon Social Groups, Occupations and Territorial Entities

Chair: Gerhard A. Ritter

Rapporteur: Irmgard Steinisch

Craig Patton: Labor Relations and Labor Protest in the German Chemical Industry, April 1917-November 1918

Heidrun Homburg: Konkurrenz, Organisation und Macht: Die Organisation der Interessen (aus der Dissertation, Arbeitsmarkt und Organisation: Arbeitsmarktstruktur, Gewerkschaften und Unternehmen in der Berliner Metallindustrie, 1890-1933

- Rudolf Tschirbs: Tarifpolitik im Ruhrbergbau 1918-1933
- Irmgard Steinisch: Auswirkungen inflationärer Wirtschaftsentwicklung auf die soziale Lage der Arbeiterschaft und die staatliche Sozialpolitik
- Andreas Kunz: Accelerated Inflation, Interest Politics, and the Intensification of Social Conflict: Civil Servants, the Labor Movement, and the State in 1921
- Merith Niehuss: Soziale Schichtung und die Lage der Arbeiter 1910-1925, dargestellt am Beispiel von Augsburg und Linz
- Robert Scholz: Lohn und Beschäftigung als Indikatoren für die soziale Lage der Arbeiterschaft in der Inflation

Section 4 was very fortunate insofar as the papers presented commonly addressed a whole range of issues and problems pertaining to the impact of inflation on divergent or, as it were most often, opposing social groups. Therefore, the decision was to present the discussion of Section 4 topically rather than to summarize the presented papers individually.

One major problem which manifested itself from the start which most of the other sections had to confront, too, was the impossible task of limiting the investigation to the inflation period. Changes and developments brought about by the war situation were found to be inseparately linked to the problems of the inflation period and had to be evaluated also in the face of the later development after the stabilization crisis of 1923/24. This methodological necessity becomes immediately obvious when questions as to the changes in the make-up of the work force, the organizational strength of employees and employers are addressed which again are the major investigative handles for explaining the quantitative as well as the qualitative aspects of social protest during the war, revolution, inflation and stabilization periods.

Generally, and already quite well known, the impact of the war lead to drastic structural changes in the work-forces of industry thereby accelerating trends already existing before the war. Whereas male workers in the prime of their life went to the front, young workers and women filled their places in industry. This was even true for those branches of industry such as steel and coal where female labor was non-existing before the war. In his work on the chemical industry, Craig Patton, however, pointed to the importance of the different stages of this process. At least up to the passing of the Auxiliary Service Law (Hilfsdienstgesetz) at the end of 1916, he observed in contrast to the common assumption heretofore, a general ageing of the male workforce with the older experienced workers holding key positions in the production processes. This development was slowly reversed with the increasing importance of the chemical industry for the war effort, nevertheless, the necessary plant expansion insured a strong position especially for skilled workers from the metal trades.

What impact did these changes have on the organization and economic strength of the workers and how did they determine the nature of labor protest? According to the findings of Patton - although wages fell during 1914 to 1916 - the skilled workers did much better than their unskilled counterparts so that wage differentials

started narrowing only after the passing of the auxiliary Service Law and were rapidly eroded only after the war during the inflation. Furthermore, the skilled older workers with long work experience in the industry became the spearhead of labor protest and organized union strength during the war and after. However, as Patton pointed out, after the war the younger workers increasingly played the leading role in protest and strike action. He explained this development in terms of growing estrangement between the union leaders and the rank and file.

His observation lead to the broader consideration of the question what conditions were conducive for the workers to organize. First of all, given the fact that the unions before the war had not gained any considerable foothold in big industry, e.g., in the chemical industry, in the steel industry or in the large plants of the metal-working industry, it was generally recognized that the Auxiliary Service Law provided the vehicle for unionization of these industries. Nevertheless, the dominance of unskilled and semiskilled labor in these industries remained a barrier to unionization, now made even more difficult by the large numbers of women workers. Although the latter groups joined the unions increasingly during the last two years of the war the organizational break-through only came during the revolution when all classes of labor joined the unions in large numbers. In order to explain the previous reluctance or willingness of the various workers' groups to join the unions, Heidrun Homburg's model of relative bargaining power in the labor market which she developed for the Berlin metal-working industry proved most helpful. For example, the relative reluctance of women workers or highly skilled but also highly specialized steel workers can be explained in terms of their relative weak position in the labor market, by reasons of too many sellers as in the case of women, or limited access as in the case of the steel workers. In addition, the structural organization, how the workforce was recruited as well as certain paternalistic firm traditions were seen to play an important role.

How the improved bargaining position of labor by way of the phenomenal increase in organizational strength during the revolution fared in the time of inflation and stabilization constituted the second major area of investigation. Here, the fact was noted, that on the one hand workers joined the unions in masses in 1919/1920 when on the other hand wild strikes and spontaneous labor protest increased at the same time. To distinguish clearly between radical action because of dissatisfaction with the workplace and working conditions versus radical political action seemed to provide an answer to this contradictory development which was found to be best investigated in terms of regional political traditions, specific problems in certain industries as e.g. the socialization question in the coal mining industry and the uprootedness or local integration of the workforce. Nevertheless, the fact remains that after 1920 union membership began to fall off resulting in a mass exodus in 1923/24. Since unskilled labor contributed in disproportionately large numbers to this exodus, the integrative force of the unions during the revolution proved to be largely temporary. Mass unemployment and the weak financial position of the unions at the end of hyperinflation were seen as important contributory reasons for this major setback although the main causes might be more intimately linked to the inflationary developments and the terms of stabilization. After all through the levelling of wage differentials during the

inflation the lower skilled and lower paid workers bettered their wage position vis-à-vis the skilled workers decisively and probably gained most e.g. in the case of steel; the chemical industry and the day workers in the mining industry from the introduction of the Eight Hour Day. The terms of stabilization at the end of 1923 pegged as they were to pre-war conditions hit this class of labor hardest insofar as marked wage-differentials and pre-war hours were re-introduced, thus eliminating largely the relative positional gains of lower class labor during the inflation.

Why the fact that unions after 1923 once again as before the war represented first and foremost the skilled male workers severely undercut union strength was more clearly demonstrated in the case of the Berlin metal industries by Heidrun Homburg. Since the rationalization movement in industry after 1924 undermined the strong position of skilled workers, the bargaining strength of the Berlin metal workers' union grew comparatively weaker than before the war, whereas the organizational strength on the part of the employers increased materially during the war and inflation and was largely maintained in the later 20s. The result was that the metal workers' union found itself incapable of forcing through a collective bargaining agreement despite the existing legal protection of such agreements and despite the vehicle of compulsory state legislation.

However, the protection of organized labor by means of the political system proved to be an obstacle which heavy industry in its desire for a complete rollback of labor's gains, could not overcome despite their overwhelming economic and political organizational strength vis-à-vis the unions and despite their central importance at the end of the Ruhr occupation. Besides adding to heavy industry's dissatisfaction with the Weimar Republic, the politically enforced restraint led to what Rudolf Tschirbs termed an irrational component in economic behavior directed by the hostility to organized labor. Whereas his thesis was the result of a close analysis of the rationalization movements in the coal mining industry, its impact on the labor market and its high cost to the German consumer and German society at large, Irmgard Steinisch's paper on the struggle over the Eight Hour Day in the American and German steel industries seems to suggest similar behavior on the part of German industry. Considering the small fraction labor costs contribute to the manufacture of steel and considering the terms of the successful change over to the Eight Hour Day in the American steel industry, the obstinate defense of the Twelve Hour Day by the German steel industry can hardly be explained solely by economic necessity. Of course, the inflation further obscured the already foggy productivity question in deciding the pros and cons of the Eight Hour Day versus the Twelve Hour Day and the generally disastrous economic situation at the end of 1923 made the return to the Twelve Hour Day look like a viable and logical solution to existing economic problems. However, as Tschirbs demonstrates for the coal mining industry as well the social and economic strategies of heavy industry were largely oriented along the lines of a return to pre-war conditions which, as Steinisch argues as well, subjected economic reasoning frequently to the social and political goals to be achieved.

During the inflation and stabilization periods, however, not only industry, but the state itself, became increasingly interested in keeping down and reducing social and labor costs in the public sector. Andreas Kunz in his work on the "öffentlichen Angestellten und Beamten" feels that the state itself by 1921 took the lead in attempting to lengthen hours once again. Furthermore, he demonstrates how quickly "Angestellte und Beamte" during war and inflation moved

towards organization in order to protect their interests. He especially points out how the method of granting flat rate wage increases (Teuerungszuschläge) pegged to the inflation rate and adjusted according to local conditions levelled the income and social status of the upper and lower strata of the Beamten and Angestellten, increased the tension between these groups as well as between urban and rural areas. On the whole, his findings suggest that through organizational strength, last not least through the method of forming coalitions between the various social groups the Angestellten und Beamten proved quite successful in fencing off the inroads in living standard war and inflation threatened to impose on them. However, as in the case of industrial labor, with the advent of stabilization not only were the pre-war wage differentials dividing the various strata of Beamte und Angestellte re-introduced, but also the burden of stabilization was placed most heavily on the shoulders of the Angestellten rather than the Beamten. Furthermore, the relative unity of organizational strength of the public employees during the inflation gave way again to the re-emergence of manifold interest group politics on the lines of professional and social standing.

As Andreas Kunz indicated somewhat for the public sector, war and inflation might have spelled temporarily greater upward social mobility. This finding is one of key substance to the study of Merith Niehuss on the social situation of labor in Augsburg and Linz between 1914 and 1925. Taking a social stratification model developed for the Federal Republic of Germany today she applies it to a random sample of 2000 individuals identified by means of addressbooks for the year 1925. Tracing her sample back to 1922 and 1914 she was able to measure quantitatively outward emigration, intercity mobility as well as social mobility. That the working classes in Augsburg on the whole fared better than in Linz she attributes to the higher economic growth rate of Augsburg. Addressing herself to the question of the social situation of labor during the inflation she pointed to the methodological problems of measuring real wages.

This task, however, was taken on fully by Robert Scholz who by the method of what one might term "direkte Quellenkritik" took issue with the view of Abelshauser and Holtfrerich depicting the workers as winners of the inflation. Starting from his investigation of the social conditions of labor in Berlin during war and inflation, he rejects the intertemporal comparison of pre-war and post-war conditions wholesale because of its inherent methodological weakness. He especially pointed to the problems of measuring unemployment and how to construct a meaningful comparative index for measuring living costs. Addressing himself directly to Abelshauser's real wage statistics he pointed to dissimilar local conditions and the frequent changes in the construction of the official living cost statistics during the inflation period, thus providing only a very rudimentary or at times even misleading indicator for the actual living conditions of labor. His main critique, however, centered on the fact that Holtfrerich as well as Abelshauser tend at times to suggest on the basis of the relative gains of workers vis-à-vis other social groups that the social conditions of the workers had materially improved by way of inflation. What emerged from the rather heated debate was the general insight to clearly distinguish between different methodological approaches. Analyzing the distribution effects of the inflation can only measure the relative gains of the dependently employed classes vis-à-vis other social groups or in terms of their share in the national growth product. Nothing can be inferred, though, in regard to the actual social situation of labor unless one analyzes closely such matters as

the quality, quantity and costs of food supply, clothing, housing, working conditions etc. All papers in this section seemed to be in general agreement that judging from this perspective there was no evidence at all suggesting that one could safely advance the workers to the more favorable position of winners of the inflation, especially if the year 1923 is taken into account.

Furthermore, the point was raised how the studies evaluating the relative gains of workers by way of distribution of the national income account for misallocations in capital investment sharply accentuating already existing economic problems and leading to the claims that industry during the Weimar Republic was overburdened with social costs. As Rudolf Tschirbs, Prof. Mommsen and Irmgard Steinisch pointed out in the case of German heavy industry, the burden of fixed capital costs in the late 20's based on perhaps misdirected rationalization and false market expectation might prove to have been a far heavier burden on German industry and society than the much discussed social costs. However, to confuse the subject even further, Herr Weber reminded everyone that what might be termed irrational economic behavior in the context of the national economy might make perfect sense from the standpoint of profit maximization of individual firms. Nevertheless, it seems to be obvious if social costs are discussed in macroeconomic terms that one has to squarely face the question that after all macroeconomic conditions are largely the outcome of economic and political bargaining strength. And here one has to concede the fact that at least heavy industry succeeded pretty well by way of its cartel structure to place the costs of overcapitalization and non-market oriented economic policies on the shoulders not only of the workers but on German society at large.

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SECTION 5: The Cultural and Psychological Reception of
Inflation and its Consequences

Chair: Gerald D. Feldman

Rapporteur: Frank Trommler

- Anton Kaes: Die ökonomische Dimension der Literatur: Zum Strukturwandel der Institution Literatur in der Inflationszeit (1918/1923)
- Frank Trommler: Inflation, Modernisierung und die Krise der literarischen Intelligenz
- Jost Hermand: Revolution und Restauration. Thesen zur politischen und ästhetischen Funktion der Kunst-Ismen nach 1918 und nach 1945
- Jürgen von Krüdener: Zur Sozialpsychologie der deutschen Hyperinflation 1922/23

Section 5 featured three working papers on the impact of inflation on the cultural sphere and one paper on social-psychological aspects of the inflation, especially by the hyper-inflation of 1922/23. All the papers point to the necessity of going beyond the inflation period in order to reach a more comprehensive assessment of its impact on German society. The broad participation and lively discussions confirmed the need for more comprehensive perspectives, particularly on

the stabilization period, as the papers of Thomas Childers and Larry Jones indicate in the area of party politics and elections, and the depression years around 1930 when German society's feeling was often summarized by the statement: "We have experienced the chaos already twice, in war and inflation, now it's enough!"

A lively discussion dealt with the difficulty of defining culture and mass culture, two terms which played an important political role in the Weimar Republic. Due to the lack of democratic traditions and discussions, many Germans took to 'culture' - as a concept involving the highest moral values of society - as a means of political expression. Thus, the terms 'culture', 'cultural decline', 'mass culture' and Kulturkrise assumed crucial significance for the general attitude towards the new republic. The inflation intensified the abhorrence of the commercial aspects of modern art and remained a symbol of the decay of cultural values in Germany.

Closely connected with the aforementioned is the declining status of the intelligentsia (Intelligenz). After having enjoyed a somewhat sheltered status in the Wilhelminian Reich, the intelligentsia experienced impoverishment and tried to reassure its position in society as an interpreter of the concept of culture as part of the political process.

The papers by Kaes, Trommler, and Hermand share the view that 'elitist' culture changed to 'mass culture' in close correspondence with the waning of the kulturelle Trägerschicht, the Bildungsbürgertum in the early Twenties. They disagree on the impact of inflation on this development and on the evaluation of 'mass culture'.

Kaes presents the most comprehensive look into the social foundations of cultural production during inflation. Three aspects are especially noteworthy:

1. Inflation caused a condition under which the writers had to reevaluate their function and the function of art in society.
2. Inflation accelerated the devaluation of art and literature (Entauratisierung) and the development of mass culture, entertainment industry, and the interest in the occult.
3. The increasing aesthetic insecurity lead to essayistic and documentary forms of literature.

General criticism focussed on two questions:

1. Whether this development is a general one after World War I and cannot just be connected with the inflation.
2. Whether one can equate the devaluation of money with the devaluation of cultural and aesthetic norms and values (= if one value system collapses, the others are in trouble).

Trommler, pursuing the aesthetic changes in the Twenties (from Expressionism to Neue Sachlichkeit), puts much more weight on the stabilization period. His thesis: inflation causes impoverishment but delays the overdue confrontation of artists and writers with the new mass society and its desinterest in art. The feeling of a real crisis is not fully formulated until after the inflation. Not until the years 1924/26, the groundwork is being layed for a new perception of literature and arts in modern society (Neue Sachlichkeit) which results in a new period of an urbane and politically minded Zeitliteratur in 1927/30.

General criticism concerned especially the neglect of differentiating between left and right tendencies in the intelligentsia. Furthermore, the positive evaluation of mass culture and Neue Sachlichkeit was being challenged.

Hermund places the achievements of Expressionism, especially its programs of a revolution in arts and politics, much higher than the following trend toward Neue Sachlichkeit and mass culture, both of which he sees too closely connected with the recovery of capitalism. His main focus is on a comparison of the two periods of reconstruction after World War I and World War II. While the first reconstruction period initiated considerable cultural innovation, the second was a period of restauration and conservative reaction.

General criticism centered on Hermund's methodology and the sweeping statements about culture.

Von Kruedener's paper confirms, in short, the general view that inflation affected particularly the middle classes. His social psychological approach is based on official reports and private correspondence as well as literary works. His data come from statistics on (overseas) emigration, criminality, suicide rates and other phenomena.

The discussion focussed on the question whether this methodological approach, as elaborate as it is, does indeed suffice. Four points were raised:

1. Kruedener's efforts to isolate the hyper-inflation met with considerable opposition. Several factors seem to be underrated, especially the political developments 1923/24.
2. The extent and use of the empirical data base drew criticism. There seemed to be no doubt about the difficulty of arriving at results but the question remained - as in the case of Kaes - whether his data do sufficiently focus on the inflation. At the same time it was suggested that he leaves out a considerable amount of well accessible documents on the Sittengeschichte of the inflation.
3. The conclusions about the psychological consequences of inflation remain somewhat vague: the experience of Normenzerfall can produce moralische Verhärtung as well as moralische Enthemmung. Which one prevailed?
4. Concurrently, the conclusion that the inflation strengthened the political right and prepared the path for Hitler, seems too quick, almost an exculpation of the middle classes.

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II. Other Conferences and Symposia

1. The German-Italian Colloquium in Trent on "Der Übergang von der Kriegs- zur Friedenswirtschaft in Italien und Deutschland nach dem Ersten Weltkrieg", which was held on December 9-12, 1981 and was sponsored by the Italian-German Historical Institute in Trent and the Institut für Europäische Geschichte in Mainz is one of the latter's activities in connection with the Volkswagen sponsored project on "Die Interdependenz politischer und wirtschaftlicher Entwicklung in der Innen- und Außenpolitik des Versailler Staatesystems 1919-1939", will lead to two publications. The papers (see Newsletter No. 3, pp. 13-14) will be published in Italian in the 1983 issue of the Annali dell' Istituto Storico Italo-

Germanico in Trento and in German in a volume to be published late this year or early next year in the Mainz Institute series published by the Franz Steiner Verlag.

2. Some of the papers given at the conference on "Die Demobilisierung in Deutschland, Großbritannien und Frankreich nach dem Ersten Weltkrieg und ihre sozialen Auswirkungen" at the German Historical Institute in London from May 21 to 23, 1981 (see Newsletter No. 2, pp. 13-14) will be published in Heft 2 of the 1983 issue of Geschichte und Gesellschaft.
3. A seminar sponsored by the Banco di Roma was held at Harvard University on October 23-24, 1981 on "Banks and Industry in the Interwar Period: Economic and International Aspects in Some Western Countries". Among the papers given were those of Gerd Hardach on "Banking and Industry in Germany in the Interwar Period 1919-1939" and Rudolf Nötzel on "Money, Banking and Industry in Interwar Austria and Hungary".
4. Preceding the Berkeley Workshop, a German-American Symposium on "The United States and European Recovery after Two World Wars" was held at Berkeley from July 21 to July 23, 1982. The Symposium was sponsored by the Volkswagen Foundation and held under the auspices of the Institute of International Studies at the University of California at Berkeley. It is part of a series of five German-American symposia being organized under the direction of Prof. Erich Angermann of the University of Cologne. The symposium, which had among its activities a luncheon in honor of the then Chancellor Helmut Schmidt, discussed the following papers:
 - Richard Löwenthal (Free University of Berlin), "American-European Interaction after Two World Wars and its Impact on Germany"
 - Charles S. Maier (Harvard), "Reconstruction and the Transformation of Representation after the Two World Wars"
 - Peter Krüger (Marburg), "The American Impact on German Constitutional Reconstruction after the Two World Wars"
 - Werner Abelshauser (Bochum), "The Role of the United States in West German Economic Recovery"
 - Hans-Jürgen Schröder (Gießen), "Socialization as a Problem of American Policy Towards Germany, 1945-1948"
 - John H. Backer (Washington, D.C.), "American Stabilization Concepts for Europe after the Second World War"
 - Wolfgang Krieger (Bundeswehr Hochschule, Munich) "Was General Clay a Revisionist? Strategic Aspects of the United States Occupation of Germany in View of European Recovery"
 - Frank C. Costigliola (University of Rhode Island), "Managing German Power: A Look at America's European Policy, 1924-1932 and 1961-1963."
 - William C. McNeil (Barnard College), "American Capital and the German Economy: Lessons from the Second Experience, 1925-1929"

5. International Congress of Economic Historians held in Budapest, August 16-21, 1982

A "C" Section was held on "Inflation in Europe After the First World War". It was organized by Gerald D. Feldman and chaired by Knut Borchardt. The following papers were given:

Zbigniew Landau and Jerzy Tomaszewski, "Some Questions Connected with the Inflation in Poland, 1918-1923"

Gerald D. Feldman, "The Fate of Social Insurance in the German Inflation"

Carl-Ludwig Holtfrerich, "Zollschutz des deutschen Marktes in der deutschen Inflationszeit"

Alice Teichova, "Inflationary Adaptation in Austria and the Successor States"

Peter-Christian Witt, "Investitionsverhalten der öffentlichen Unternehmungen: Reichsbahn und Reichspost"

6. A Symposium will be held on June 6-9, 1983 at the Bavarian Academy of Sciences in connection with Prof. Gerald D. Feldman's year at the Historisches Kolleg in Munich on "Die Nachwirkungen der Inflation auf die deutsche Geschichte, 1924-1933". After an opening lecture by Feldman on "Bayern und Sachsen in der Hyperinflation, 1922/23", the following papers will be discussed:

Thomas C. Childers, "The German Inflation and the Development of Special Interest Parties, 1924-1928"

Larry Jones, "Liberal Party Efforts to Recover from the Inflation, 1924-1930"

Peter Krüger, "Die Auswirkung der Inflation auf die deutsche Außenpolitik"

Clemens Wurm, "Frankreich, die Reparationen und die interalliierten Schulden in den 20er Jahren"

Stephen A. Schuker, "American 'Reparations' to Germany, 1924-1933"

Peter-Christian Witt, "Die Auswirkungen der Inflationen auf die Finanzpolitik, 1924-1935"

Jürgen Reulecke, "Die Auswirkungen der Inflation auf die städtischen Finanzen"

Heidrun Homburg, "Die Neuordnung des Marktes nach der Inflation: Probleme und Widerstände am Beispiel der Zusammenschlußprojekte von AEG und Siemens 1924-1933"

Theodor Balderston, "Links between Inflation and Depression. German Capital and Labor Markets 1924-1931"

Carl-Ludwig Holtfrerich, "Auswirkungen der Inflation auf die Struktur des deutschen Kreditgewerbes"

Harold James, "Did the Reichsbank draw the Right Conclusions from the Great Inflation?"

Gerhard Schulz, "Inflationstrauma, Finanzpolitik und Krisenbekämpfung in den Jahren der Wirtschaftskrise, 1930-1933"

Knut Borchardt, "Das Gewicht der Inflationsangst in den wirtschaftspolitischen Entscheidungsprozessen während der Weltwirtschaftskrise"

III. Plans for the December 1983 Conference

The concluding meeting of the project "Inflation and Reconstruction in Germany and Europe, 1914-1924" will be held in collaboration with its sister project on "Die Interdependenz politischer und wirtschaftlicher Entwicklung in der Innen- und Außenpolitik des Versailler Staatensystems 1919-1939". Both projects are supported by the Volkswagen Foundation, and the two projects have been collaborating in various ways for the past three years. The idea of holding a joint final meeting has been strongly supported by the Volkswagen Foundation, and final plans for such a conference were made in a meeting of the Steering Committee with the director of the Mainz Institute, Prof. Dr. Karl Otmar Freiherr von Aretin and Frau Dr. Heilwig Schomerus in Munich on November 19, 1982. The conference is scheduled to be held at the Historische Kommission zu Berlin on December 15-17, and an effort is being made to invite all those whose work has been supported by the Inflation and Reconstruction project insofar as the budget will allow.

Five sessions are planned with the following themes:

1. Kommunalpolitik und Arbeiterschaft in der Inflation
2. Arbeiterschaft und Sozialpolitik in internationalem Vergleich
3. Inflation und Rekonstruktion in Südosteuropa
4. Unternehmensstrategien
5. Kapitalbewegungen

IV. Project Publication Plans and Recently Completed Work

1. Essay Series: The first volume of the project essay series appeared in July 1982 under the title "Die deutsche Inflation Eine Zwischenbilanz / The German Inflation. A Preliminary Balance" (Berlin and New York, de Gruyter, 1982). The second volume of the projected four volumes has gone to press and will appear in late 1983 or early 1984 under the title: "Die Erfahrung der Inflation / The Experience of Inflation". Editors of both volumes: Gerald D. Feldman, Carl-Ludwig Holtfrerich, Gerhard A. Ritter, Peter-Christian Witt.

The Contents of Volumes I and II are as follows:

VOLUME I:

GELEITWORT zur Schriftenreihe von Otto Büsch
PREFACE to the Series by Otto Büsch

Einführung / Introduction

G.D. FELDMAN / C.-L. HOLTFRERICH / G.A. RITTER / P.-C. WITT:
Inflation und Wiederaufbau in Deutschland und Europa 1914-1924
(Inflation and Reconstruction in Germany and Europe, 1914-1924)

Erster Teil / Part One

Zur ökonomischen und statistischen Analyse
Toward an Economic and Statistical Analysis

GERALD MERKIN: Towards a Theory of the German Inflation:
Some Preliminary Observations
(Zu einer Theorie der deutschen Inflation: Einige vorläufige Bemerkungen)

DIETER LINDENLAUB: Maschinenbauunternehmen in der Inflation 1919-1923: Unternehmenshistorische Überlegungen zu einigen Theorien der Inflationswirkungen und Inflationserklärung

(Machine Building Enterprises in the Inflation, 1919-1923: Considerations from the Perspective of Business History Concerning Some Theories Regarding the Effects of Inflation and the Explanation of Inflation)

HANS JÜRGEN JAKSCH: Ein einfaches ökonometrisches Modell für die deutsche Hyperinflation von 1923

(A Simple Econometric Model of the German Hyperinflation of 1923)

THOMAS TRUMPP: Statistikmaterial zur Wirtschafts- und Sozialgeschichte der deutschen Inflation in Archiven der Bundesrepublik Deutschland

(Statistical Material on the Economic and Social History of the German Inflation in the Archives of the German Federal Republic)

Zweiter Teil / Part Two

Zur deutschen Wirtschaftspolitik und zu den internationalen Wirtschaftsbeziehungen

Toward the Analysis of German Economic Policy and of International Trade

PETER-CHRISTIAN WITT: Staatliche Wirtschaftspolitik in Deutschland 1918-1923: Entwicklung und Zerstörung einer modernen wirtschaftspolitischen Strategie

(Government Economic Policy in Germany, 1918-1923: The Development and Destruction of a Modern Economic Strategy)

GERALD D. FELDMAN: The Political Economy of Germany's Relative Stabilization during the 1920/21-Depression

(Deutsche Wirtschaftspolitik in der relativen Stabilisierung während der Weltwirtschaftskrise 1920/21)

CARL-LUDWIG HOLTFRERICH: Die konjunkturanregenden Wirkungen der deutschen Inflation auf die US-Wirtschaft in der Weltwirtschaftskrise 1920/21

(The Role of the German Inflation in Stimulating the U.S. Economy in the World Economic Crisis of 1920/21)

HANS-JÜRGEN SCHROEDER: Die politische Bedeutung der deutschen Handelspolitik nach dem Ersten Weltkrieg

(The Political Significance of German Trade Policy after the First World War)

Dritter Teil / Part Three

Zu gesellschaftlichen und politischen Auswirkungen

Toward the Study of Social and Political Consequences

ROBERT G. MOELLER: Winners as Losers in the German Inflation: Peasant Protest over the Controlled Economy 1920-1923

("Gewinner" als "Verlierer" in der deutschen Inflation: Bauernproteste gegen die Zwangswirtschaft 1920-1923)

JONATHAN OSMOND: German Peasant Farmers in War and Inflation, 1914-1924: Stability or Stagnation?

(Deutsche Bauern in Krieg und Inflation 1914-1924: Stabilität oder Stagnation?)

RUDOLF TSCHIRBS: Der Ruhrbergbau zwischen Privilegierung und Statusverlust: Lohnpolitik von der Inflation bis zur Rationalisierung (1919-1927)

(The Ruhr Mining Industry between Privilege and Status Loss: Wage Policy from Inflation to Rationalization, 1917-1927)

ANDREAS KUNZ: Verteilungskampf oder Interessenkonsensus? Zur Entwicklung der Realeinkommen von Beamten, Arbeitern und Angestellten in der Inflationszeit 1914-1924

(Distributional Conflict or Consensus of Interests? The Development of the Real Income of Civil Servants, Workers, and White Collar Employees in the Inflation, 1914-1924)

MICHAEL HUGHES: Economic Interest, Social Attitudes, and Creditor Ideology: Popular Responses to Inflation

(Ökonomische Interessen, Sozialverhalten und Gläubigerideologie: Populäre Reaktionen auf die Inflation)

THOMAS CHILDERS: Inflation, Stabilization, and Political Realignment in Germany, 1919-1928

(Inflation, Stabilisierung und politische Neuorientierung in Deutschland 1919-1928)

VOLUME II : DIE ERFAHRUNG DER INFLATION IM INTERNATIONALEN ZUSAMMENHANG UND VERGLEICH

Einführung / Introduction

GERALD D. FELDMAN: Inflation und Wiederaufbau im internationalen Vergleich - Bericht über ein Werkstatt-Gespräch in Berkeley

(Inflation and Reconstruction in International Context - Report on a Workshop in Berkeley)

Erster Teil / Part One

Inflation und Stabilisierung - Erkenntnisse aus historischer Erfahrung
Inflation and Stabilization - Interpretations of Historical Experience

CARL-LUDWIG HOLTFRERICH

Einleitung / Introduction

WILLIAM J. BOUWSMA: Inflation and Reconstruction - an Introduction
(Inflation und Wiederaufbau - Eine Einführung)

CHARLES P. KINDLEBERGER: A Structural View of the German Inflation
(Strukturelle Perspektiven der deutschen Inflation)

THOMAS SARGENT: The End of Four Big Inflations
(Das Ende von vier großen Inflationen)

CHARLES MAIER: Inflation, Stabilization, and Reconstruction in the Wake of the Two World Wars
(Inflation, Stabilisierung und Wiederaufbau im Gefolge von zwei Weltkriegen)

Zweiter Teil / Part Two

Inflation in Mittel- und Osteuropa

Inflation in Central and Eastern Europe

PETER-CHRISTIAN WITT: Einleitung / Introduction

HANS KERNBAUER/FRITZ WEBER: Die Wiener Großbanken in der Zeit der Kriegs- und Nachkriegs-Inflation
(The Viennese Great Banks during the Inflation of War and Post-War Times)

ELIZABETH A. BOROSS: The Role of the State Issuing Bank in the Course of Inflation in Hungary between 1918 and 1924
(Die Rolle der staatlichen Notenbank im Inflationsverlauf in Ungarn zwischen 1918 und 1924)

JONATHAN BLOOMFIELD: Surviving in a Harsh World: Trade and Inflation in the Czechoslovak and Austrian Republics 1918-1926
(Überleben in einer rauen Welt: Handel und Inflation in der Tschechoslowakei und Österreich 1918-1926)

ZBIGNIEW LANDAU/JERZY TOMASCEWSKI: Poland between Inflation and Stabilization 1924-1927
(Polen zwischen Inflation und Stabilisierung 1924-1927)

Dritter Teil / Part Three

Inflation und sozialer Konflikt in internationaler Perspektive
Inflation and Social Conflict in International Perspective

GERHARD A. RITTER: Einleitung / Introduction

CRAIG PATTON: Strikes in the German and British Chemical Industries 1919-1924: The Influence of Inflation and Deflation on Industrial Unrest in Post-War Europe
(Streiks in der deutschen und britischen chemischen Industrie 1919-1924: Der Einfluß von Inflation und Deflation auf industrielle Unruhen im Nachkriegs-Europa)

BERND-JÜRGEN WENDT: Die sozialen Folgen der englischen Wirtschaftskrise 1921/22 am Beispiel des "Engineering Lock-out" im Frühjahr 1922
(The Social Consequences of the English Economic Crisis 1921/22: The Experience of the "Engineering Lock-out" in Spring of 1922)

IRMGARD STEINISCH: Die Auswirkungen inflationärer Wirtschaftsentwicklungen auf die soziale Lage der Arbeiterschaft und die staatliche Sozialpolitik: Ein Vergleich des Arbeitszeitproblems in der deutschen und amerikanischen eisen- und stahlerzeugenden Industrie nach dem I. Weltkrieg
(The Impact of Inflationary Economic Development on the Social Situation of Labor and the Government's Social Policy: A Comparison of Contract Hours Problems in the German and the American Iron and Steel Producing Industries after the First World War)

DIE AUTOREN DES 1. UND 2. BANDES

The Steering Committee intends to work on the editing of Volumes III and IV simultaneously and will have them ready to go to press by the fall of this year so that they can appear late in 1984.

2. Monograph Series: The Steering Committee is pleased to report that the first of the monographs to be published in the series on Inflation and Reconstruction in Germany and Europe, 1914-1924 will be Merith Niehuss', "Arbeiterschaft in Krieg und Inflation. Soziale Schichtung und Lage der Arbeiter in Augsburg und Linz 1910-1925". The publication will be assisted with a grant from the Verwertungsgesellschaft WORT.

The Steering Committee expects to announce contracts for other monographs in the near future.

3. The following studies have recently been completed by participants in the project and are now being revised for publication:

Rudolf Tschirbs (Bochum), "Tarifpolitik im Bergbau 1918-1933"

Irmgard Steinisch (München), "Acht Stunden sind besser als zwölf: Die wirtschafts- und sozialpolitischen Implikationen des Kampfes um die Einführung des achtstündigen Dreischichtsystems in der deutschen und amerikanischen eisen- und stahlerzeugenden Industrie vor und nach dem Ersten Weltkrieg. Eine vergleichende Studie"

Heidrun Homburg (Bielefeld), "Arbeitsmarkt und Organisation. Arbeitsmarktstruktur, Gewerkschaften und Unternehmen in der Berliner Metallindustrie 1890-1933"

William Carl Mathews, "The Social Democrats and the Inflation: Food, Foreign Trade, and the Politics of Stabilization 1914-1920 (University of California at Riverside, 1982)"

Dieter Lindenlaub (Habilschrift, Tübingen), "Geschäftspolitik einiger deutscher Maschinenbauunternehmen, 1919-1935"

Andreas Kunz, "Civil Servants and Politics of Inflation and Stabilization in Germany, 1914-1924"

V. Research Suggestions and Inflation

1. Prof. H.R.C. Wright of McGill University in Montreal, Canada has been working on public views on inflation after the First World War and has completed papers on general aspects of this problem as well as on the North Russian Currency Scheme.

2. Herr Kuban writes:

In der "Rundschau für Gemeindebeamte", später "Rundschau für Kommunalbeamte" findet man 1915 ff. Hinweise über Zahlung von Teuerungszulagen bzw. Kriegsbeihilfen an die Staatsbeamten in Preußen, aber auch Daten von einer größeren Zahl von Städten. Letztere könnten für einige Projektteilnehmer von Interesse sein. In der Anlage finden Sie die Inhaltsverzeichnisse Jg. 1915, 1916, 1917 zum dortigen Verbleib. Ein Vergleich mit den Daten aus "Zahlen zur Geldentwertung" zeigt, daß hier eine andere Quelle zur Berechnung der Beamtenbesoldung benutzt sein muß, als die oben zitierten gesetzlichen Anpassungen an die "Kriegsteuerung". ---

Eine weitere interessante Quelle findet man im Reichsarbeitsblatt 15. Jg., 1917, Nr. 2, wiedergedruckt in der Rundschau für Gemeindebeamte, 23. Jg., 1917, S. 145 ff. und S. 228 ff. Es handelt sich um eine "Erhebung des Kriegsausschusses für Konsumenteninteressen über die Lebenshaltung im Kriege", in der mittels Fragebogen eine empirische Untersuchung von Einkommen und Lebenshaltung von 858 Haushalten in etwa 50 deutschen Städten vorgenommen wurde. ---

Ferner macht Herr Kuban auf eine statistische Quelle aufmerksam, die für einige Projektteilnehmer von Interesse sein dürfte:

Emil Müssig, Eisen- und Kohlen-Konjunktoren 1870-1928.

Preisentwicklung in der Montanindustrie. Augsburg 1929/Selbstverlag ---

Für die wichtigsten Erzeugnisse der Eisenindustrie werden monatlich Preisdaten - auch über die Kriegs- und Inflationszeit geliefert. Von 1914-1923 wird eine Gegenüberstellung Papiermark, Goldmark, Berliner Dollarkurs gegeben.

Diese Quelle scheint nur noch in wenigen Bibliotheken zu existieren, ich selber bezog sie aus der Bibliothek des Vereins für die bergbaulichen Interessen, Essen.

3. Herr Trumpp teilt in Ergänzung zum Newsletter No. 2/Dezember 1980, S. 15 mit, daß folgende Benutzungen im Bundesarchiv aus dem Jahre 1981 (Stand 31.12.1981) erwähnenswert sind:

- Gerald D. Feldman, University of California, Department of History, Berkeley, Calif. 94720, USA: Soziale und politische Geschichte der deutschen Inflation 1914-1920
- Ralf Jansen, Friedensplatz 3, 4050 Mönchengladbach: Das Demobilisierungsamt 1918-1919
- Steven B. Webb, 801 Granger Avenue, Ann Arbor, Michigan 48104, USA: Das Geldangebot und die privatwirtschaftlichen Reaktionen darauf in der deutschen Inflation 1919-1923.

Ferner macht er darauf aufmerksam, daß er für seine Publikation "Archivbestände zur Wirtschafts- und Sozialgeschichte der Weimarer Republik, Übersicht über Quellen in Archiven der Bundesrepublik Deutschland, Boppard 1979 (Schriften des Bundesarchivs 29)" nur einen kleinen Teil seiner Materialsammlung berücksichtigen konnte. Diese Materialsammlung enthält u.a. auch Hinweise auf einschlägige Archivbestände und Archivalien zum Thema "Wirtschafts- und Sozialgeschichte der deutschen Inflation (vor allem 1914-1924)", welche in Archiven der Deutschen Demokratischen Republik verwahrt werden, zum Beispiel in:

- Zentrales Staatsarchiv, Abt. Sozialismus und Hist. Abt. I, Berliner Straße 98-101, X15 Potsdam, F. 4041
- Zentrales Staatsarchiv, Hist. Abt. II, Weiße Mauer 48, X42 Merseburg, F. 3088

Zur Vorbereitung von Benutzungen in diesen beiden Archiven kann ein Kontakt mit dem Bundesarchiv, Am Wöllershof 12, 5400 Koblenz, nützlich sein.

4. A dissertation was completed by Dieter Schiffmann on "Arbeit und Konflikt in der Badischen Anilin- und Sodafabrik 1918-1924. Ein Beitrag zur Geschichte der Pfälzischen Arbeiterbewegung"

VI. Recent Publications of General Interest

1. Eduard März, Österreichische Bankpolitik in der Zeit der großen Wende 1913-1923. Am Beispiel der Creditanstalt für Handel und Gewerbe (Wien, 1981)

The title of this book is misleadingly modest. It is a remarkably important study covering most aspects of the Austrian inflation and of great relevance to those working on the German inflation as well.

2. Heinz Habedank, Die Reichsbank in der Weimarer Republik. Zur Rolle der Zentralbank in der Politik des deutschen Imperialismus 1919-1933 (Berlin Ost 1981)

A work of fundamental importance which relies on the Reichsbank papers in Potsdam.

3. Knut Borchardt, Wachstum, Krisen, Handlungsspielräume der Wirtschaftspolitik (Kritische Studien zur Geschichtswissenschaft 50) (Göttingen, 1982)

Includes his essay "Die Erfahrungen mit Inflationen in Deutschland"

4. Agnete von Specht, Politische und wirtschaftliche Hintergründe der deutschen Inflation 1918-1923 (Frankfurt M./Bern, 1982)

The title of this book is misleadingly immodest. It is a very short study that centers around reparations as the source of the inflationary policies pursued by the German government in 1922/23.

5. Franz Kadrnooka, ed., Aufbruch und Untergang Österreichischer Kultur zwischen 1918 und 1938 (Wien, München, Zürich, 1981)
6. Andreas Kunz, "Stand versus Klasse. Beamtenschaft und Gewerkschaften im Konflikt um den Personalabbau 1923/2 ", in Geschichte und Gesellschaft, Vol. 7, No. 1 (1982), S. 55-86
7. T. Balderson, "The Origins of Economic Instability in Germany, 1924-1930. Market Forces versus Economic Policy", Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte, 69, No.4, (1982), pp. 488-514.
- Extremely significant for the aftereffects of the German inflation.
8. Jürgen Reulecke, "Zur städtischen Finanzlage in den Anfangsjahren der Weimarer Republik", Archiv für Kommunalwissenschaften, Vol. 21, No. 2 (1982), pp. 199-219
9. Merith Niehuss, "Arbeitslosigkeit in Augsburg und Linz a.D. 1914 bis 1924", Archiv für Sozialgeschichte, Vol. 22 (1982), pp. 133-158.
10. Robert G. Moeller, "Dimensions of Social Conflict in the Great War: The View from the German Countryside", Central European History, Vol. 14, No. 2 (June 1981), pp. 142-168.
11. Nathan Schmukler and Edward Marcus, eds., Inflation through the Ages: Economic, Social, Psychological and Historical Aspects (New York, 1983).

This lengthy volume containing the papers presented at the Brooklyn College Conference in March 1980 (Newsletter No. 1, pp. 13-14) has the following articles which may be of particular interest here:

James Tobin, "Inflation: Monetary and Structural Causes and Cures"

Paul Beckerman, "Inflation and Inflation Feedback"

David Colander, "Towards a Real Theory of Inflation"

Thomas F. Wilson, "Institutional Change as a Source of Excessive Monetary Expansion"

Y.S. Brenner, "Sources of Inflation: Old and New"

Edward Marcus, "Inflation, the Terms of Trade, and National Income Estimates"

Patricia F. Bowers, "A Theoretical Analysis of the Exchange Process and Inflation"

Robert Cherry, "A Marxist Critique of Natural Unemployment Rate Theories"

Allen Douglas, "Georges Valois and the Franc-or: A Right-Wing Reaction to Inflation"

Nicholas W. Balabkins, "Repressed Inflation and Uncertainty in Postwar Germany"

- Thomas Childers, "Inflation and Electoral Politics in Germany 1919-1929"
- Gerald D. Feldman, "The Historian and the German Inflation"
- Carl L. Holtfrerich, "Political Factors of the German Inflation 1914-1923"
- Bernard Malamud, "John H. Williams on the German Inflation: The International Amplification of Monetary Disturbances"
- Steven B. Webb, "Money Demand and Expectations in the German Hyperinflation: A Survey of the Models"
- Peter-Christian Witt, "Tax Policies, Tax Assessment and Inflation: Toward a Sociology of Public Finances in the German Inflation 1914-1923"
- György Ránki, "Inflation in Post-World War I East Central Europe"
- Ljuben Berov, "Inflation and Deflation Policy in Bulgaria during the Period between World War I and World War II"
- Mugur Isarescu, "Inflation in Romania during the Post-World War I Period"
- Zbigniew Landau, "Inflation in Poland after World War I"
- György Ránki "Inflation in Hungary"
- Alice Teichova, "A Comparative View of the Inflation of the 1920s in Austria and Czechoslovakia"
- Herman Van der Wee, "A Contribution to the Study of Inflation in the Interwar Period"
- George Katona, "The Psychology of Inflation"
- David J. Webber, "The Nature and Components of a Political Theory of Inflation"
- Arthur J. Vidich, "Social and Political Consequences of Inflation and Declining Abundance"
- Edwin Harwood, "Toward a Sociology of Inflation"
12. Hans Gotthard Ehlert, Die wirtschaftliche Zentralbehörde des Deutschen Reiches 1914 bis 1919. Das Problem der "Gemeinwirtschaft in Krieg und Frieden" (Beiträge zur Wirtschafts- und Sozialgeschichte, Bd. 19, Wiesbaden, 1982)
 13. Kurt Gossweiler, Kapital, Reichswehr und NSDAP 1919-1924, (Berlin-Ost, 1982)
 14. Horst J. Bieher, Gewerkschaften in Krieg und Revolution. Arbeiterbewegung, Industrie, Staat und Militär in Deutschland 1914 - 1920, 2 Bd. (Hamburg, 1981)
 15. Erich Wiegand & Wolfgang Zapf, Wandel der Lebensbedingungen in Deutschland. Wohlfahrtsentwicklung seit der Industrialisierung, (Frankfurt/New York, 1982)

VII. Miscellaneous

1. The Project has been the subject of a carefully researched and very fine article by a distinguished journalist, the late Wolfgang Rieger. It appears under the title, "Als das Geld seinen Wert verlor. Inflation und Wiederaufbau in Deutschland und Europa 1914-1924", in "--Gefördert von der Stiftung Volkswagenwerk. 20 Jahre Wissenschaftsförderung. 20 Forschungsbeispiele aus Berlin" (Göttingen, Vandenhoeck & Ruprecht, 1982), pp. 25-33.

2. The following appeared in a column by Leonard Silk in the New York Times, October 13, 1982. It is supplied courtesy of Carl-Ludwig Holtfrerich.

"In 1922, the humorist Robert Benchley published an essay titled 'How to Understand International Finance'. Mr. Benchley observed that, for weeks and weeks, officials had been rushing about holding conferences and having their pictures taken going up and down the steps of buildings. Then, after each conference, the newspapers printed a lot of figures showing how much money was owed by Germany and other countries.

But newspaper readers were confused, so Mr. Benchley offered a simple solution: 'You put down a lot of figures, like this. Any figures will do, so long as you can't read them quickly:

'132,000,000,000 gold marks;
'\$33,000,000,000 on a current-value basis;
'\$21,000,000,000 on reparation account plus 12 1/2 per cent yearly tax on German exports;
'11,000,000,000 goldfish;
'\$1.32 amusement tax.

'Then you add them together and subtract the number you first thought of,' Mr. Benchley said. 'This leaves 11. And the card you hold in your hand is the seven of diamonds. Am I right?'"