Chapter One

THE STATE AND CLASSES:
THEORY AND THE WEIMAR CASE

1. State and Economy in Weimar

The functions of the state vary from society to society, but every state, except one on the brink of collapse, performs one function above all others—i.e., in a sense comprehending all others as well: it underwrites and maintains the principal social and economic relationships of that society. In a capitalist and industrial society such as Weimar Germany, the state functions as the factor of cohesion for economic, political, and cultural processes and relations. Yet, capitalism's economic relations are relatively independent of its political ones, even in a country with an activist state tradition like Prussia-Germany. Production, in capitalism, in comparison to feudalism, for example, does not rely on political mechanisms in order to be set in motion. Thus, political relations can develop independently of economic relations, and the state in capitalist society may both appear and actually be relatively autonomous.¹ In the parliamentary democratic form of state, formally equal competition increases this autonomy. Within limits determined by the specific status or conjunctures of the economic, ideological, and political realms, state policy output is a product of recognized, rule-bound, institutionalized bargaining where the outcome in any given case cannot be determined beforehand.² How state revenue is to be

¹. Recent debates on "refeudalization" or "repoliticization" are concerned precisely with the question of whether and how economic relations are again dependent on political ones. Both those supporting the theory of "state monopoly capitalism" and those opposing it argue that the state has been drawn directly into the process of economic reproduction. See Claus Offe, Strukturprobleme des kapitalistischen Staates (Frankfurt, 1972), and on its historical development, H.-A. Winkler, ed., Organisierter Kapitalismus (Göttingen, 1974), esp. the contributions by Winkler, Kocka, and Wehler.

². On the limits to this autonomy and indeterminacy, Ralph Miliband, The State in Capitalist Society (London, 1969), esp. chaps. 2, 6. The Marxist analysis presented here of the relationship in capitalism between the state and the economy has recently penetrated liberal scholarship, leading Marxist axioms to appear as liberal revelations; see, for example, Charles Lindblom, Politics and Markets (New York, 1977).
distributed, for example, is such a policy question of indeterminate outcome. Indeed, as we shall observe, this policy question was so fiercely contested in Weimar Germany that conflicts over it resulted in major political and social struggles. This happened because the particular situation in Germany after 1928 converted disputes about the distribution of public revenue into conflicts over the possibility of producing private surplus, and this, as the very essence of capitalist production, could not be called into question. At a minimum, the state in a capitalist society must guarantee that capitalist production can take place and that the social relations of that production are reproduced.

The state is the regulating mechanism for the equilibrium of the entire society. Ultimately, it is through the agency of the state that the dominant social classes are organized, i.e., elevated from the level of their "selfish," individual interests to that of their collective, class interest. Alone, the private and competitive nature of the appropriation of surplus would tend to foster systematic disunity among capitalists, even in an economy where monopolies and cartels were prominent. Similarly, it is through the state that the dominated social classes are disorganized, i.e., kept from the level of their class interests and kept at the level of their interests as individuals, citizens, and members of the nation. The older Marxist expectation that the (increasingly) social nature of production in industrial capitalism would by itself engender or foster working-class unity has not, on the whole, proven correct. To organize the interests of the capitalist class and its allies successfully and to turn these into "national interests," the state and its leaders must stand at a distance from individual capitalists; they must not allow themselves to become the creatures of specific capitalist class members or interests. The crisis of the last years of the Weimar Republic stemmed in large part from the inability of the state to organize the interests of the members of the dominant classes in an autonomous fashion, going beyond partial interests. The Republic was unable to safeguard existing social relations, not because of any revolutionary threat, but rather because of the conflicts and contradictions within the bloc of dominant classes, together with the results of the policy indeterminacy of the preceding years.

It can be argued that since the "Keynesian Revolution" the separation between state and economy has collapsed: civil society and state are joined. The state both reflects and acts upon prevailing social and economic relations. The government bureaucracy is now responsible for the planning, direction, and control of economic undertakings whose costs and technological needs are too much even for large monopolies. The security of private property, of economic growth, and of crisis-free economic performance now require constant intervention by the state. Although this was not yet fully the situation in Weimar Germany, we shall encounter substantial elements of such a development and demands for it. The role of the Prussian/German state in nineteenth-century German industrialization, unprecedented at the time, provided the groundwork for later forms of organized intervention. To the extent that there were government attempts to intervene in and alleviate the economic crisis after 1928, and to the extent that such interventions were expected by the great majority of the population, the economic crisis exacerbated the political crisis. There was increased conflict in the political realm precisely at those points where the state was called upon to do more in the economic realm. Brüning, with his limited, largely negative intervention, had trouble maintaining, and Papen and Schleicher, with their more active intervention, had trouble establishing their political legitimacy through mass loyalty partly because their economic intervention was unsuccessful. The failures of their policies were not primarily due to any inherent lack of wisdom. Indeed, some of the Papen and Schleicher policies were quite promising and were adopted a short time later by the Nazi government. The conflicts of needs, interests, and ideologies among the dominant class factions were largely responsible for the ineffectiveness of government policy, and only once these were resolved was a coherent state policy possible. So long as the economically dominant classes lacked clear and organizing leadership, their members could not rise above the level of sauvet qui peut.


4. A position too close to individual capitalists is at minimum considered "corruption." Engels's remark that "Bonapartism is the religion of the bourgeoisie" must be understood to encompass almost all forms of the bourgeois state, not just the strictly Bonapartist.

5. On this, see Jürgen Habermas, Legitimation Crisis (Boston, 1975), as well as the work by Offe and the somewhat overly instrumentalist work by Joachim Hirsch, Wissenschaftlich-technischer Fortschritt und politisches System (Frankfurt, 1970).

6. A strong argument for the growth of such tendencies is made by Maier, esp. pp. 54ff.

7. There is a vast literature on the role of the Prussian/German state in industrialization; see n. 27, below.

That Germany was furthest down the road of "organized capitalism" did not alter the need for leadership within any bloc of dominant classes. The development of the first constitutive elements of this system only increased the saliency of state/economy interaction. H.-J. Puhle enumerates those elements which developed even before World War I:

the increased taxing prerogatives of the state, the growth of public works and services and insurance, the bureaucratization and organizational tendencies of large industry, especially the new strategic growth industries (electro-technical, chemical, motor and engineering) and the workers' movement... further that of political and public-oriented pressure groups which contributed decisively to changing the relationship between government, parliament and public thereby lastingly altering both political landscape and style and binding the sectors of the private economy together with each other and with the agents of the state through their intervention in elections, in the press, in parliament and its committees and through the activities of their representatives in regional government and professional organizations.9

An indicator of the advanced role of the state is the percentage of the GNP devoted to public, state expenditures. Thus, in the USA the figures for 1900 and 1929 were 4 percent and 10 percent, respectively; in Germany they were already 16 percent and 30.6 percent. But, the increased interpenetration of state and economy did not "free" state activity from nonpolitical constraints, and it did not relieve the dominant social classes of the need to accomplish an internal ordering crowned by a hegemonic fraction. The patriarchal social commitment of the German bureaucracy augmented the state's autonomy but did not determine the nature and outcome of political practice or the form of society (organized precapitalism, organized capitalism, organized socialism).

Care must be taken in any political analysis to avoid reifying the concepts of autonomy and mass loyalty. While there were moments in late Weimar Germany when the state seemed to be functioning as the instrument of capital as a whole, or even of just one sector of it, there were other times when the state seemed "merely" to be sanctioning and protecting the rules and social relationships of the capitalist order. In these latter instances, the state was probably functioning more independently. Yet it is exceedingly difficult to delineate the social mechanisms that account for one type of functioning or another. The number of contacts between industrial leaders and members of the government or the bureaucracy, for example, did not vary a great deal. Linkages were both constant and institutionalized; there is no evidence of the state's "holding the rifle butt over the heads" of the capitalist class. Describing this autonomy as "relative" is, therefore, not enough. In the following chapters we shall have to analyze very carefully the individual policy formulations, outputs, and outcomes in order to relate the concept of autonomy to the conflicts among the dominant class fractions. Similarly with the concept of mass loyalty: equal votes need not be of equal significance. The percentage of the German electorate that voted for the Nazi party in the autumn of 1932 (33 percent) was not substantially greater than that which voted SPD in 1928 (30 percent). But, these were voters casting their ballots in a different context, and a qualitatively different mass loyalty emerged to replace the rather tenacious loyalty enjoyed by the Republic.

The autonomy of the state is conditioned by the ways in which the economic realm has come to be dependent on state activity. Broadly conceived, we can locate five areas of such state activity: (1) Guarantee of the organizational and legal principles of the capitalist system: such matters as inviolability of contracts, freedom of labor, etc. (2) Establishment and construction of some material preconditions for production (infrastructure and other external economies such as railroads and telecommunications), which are for the benefit of all economic actors but beyond the reach of any one of them. Although this is an old area of activity, the increased dependence of industrial production on technological advance has enlarged the scope of these activities and further socialized the costs of production. (3) Both occasional and regular participation and intervention in the course of economic activity and growth, to secure growth and avoid and remedy crises (government contracts—especially military—fiscal and monetary policies, tariffs). Growing concentration and inflexibility (cartels, monopolies) render commodity production and exchange increasingly incapable of regulating themselves. (4) Regulation of conflicts between capital and labor so as to avoid constant social crises (mediation and even compulsory arbitration have slowly been accepted by capital). Generally, capital shares an interest in keeping these conflicts within limits so as to

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facilitate the final area of state activity. (5) Maintenance of the legitimacy of, and mass loyalty to, the social system as a whole (distributive and social-welfare measures; foreign successes). Whereas activity in the first two areas is undertaken with the full cooperation of representatives of capital, activity in the last three areas is undertaken against the will of some, perhaps even a majority of the representatives of capital. The growth of the state's role is part of a three-stage historical development: organization of the market (monopolies, self-financing) to relieve the pressure of competition faced by individual capitalists; the institutionalization of technological progress (research and development, investment outlets) to relieve the threat of crises faced by the economy as a whole; and state regulation of the entire system to relieve the pressure of social, political, and economic tensions.\(^{12}\)

What the state needs to execute these activities limits both the possible range of state action and policy output. The state needs financial resources, a capacity for technological rationality, an already existing legitimacy or mass loyalty, and the loyalty of the owners of the means of production. The Weimar Republic after 1929 was progressively deprived of these, and its ability to act diminished commensurately. The loyalty of the representatives of capital was essential for a number of reasons. As Müller, Brüning, Papen, and Schleicher all discovered, the state can only make offers or set parameters in a process in which the owners of the means of production dispose of what is theirs as they see it. Too much state (or trade-union) pressure can precipitate investment and employers' strikes, and a loss of cooperation or "crisis of confidence," thereby exacerbating a crisis instead of mitigating it. In order to be able to stabilize the economy, the state needs mass support; this is forthcoming only when demonstrable economic successes are at hand, and to obtain these, cooperation with the private sector is essential. The owners of the means of production abandoned the Weimar Republic in its attempts to stabilize the economy partially because of the constraints that had been placed upon it by the results of parliamentary democracy, where all citizens were entitled to press equal claims. The capacity for technological rationality which the state also requires is limited by the fact that the private sector is frequently the source from which both trained personnel and economic data are drawn.\(^{13}\) The financial needs of the state are met primarily through tax revenue. Although the state may set tax rates that attempt to reflect the interests of all of society, its receipts from business remain particularly vulnerable; the growth of the "economy as a whole" presents itself as the only way out.\(^{14}\)

Political and economic developments may dictate an increased and ongoing state role in the economy. The state may undertake economic planning so as to maintain, implement, replace, or compensate for particular economic processes. Curiously, however, the more the state needs to intervene in the economy, the more dependent it becomes on the owners of the means of production. This is true regardless of whether the need for intervention is episodic or organic; the need may even be purely a function of developments within the economy. Thus, in the German case, with the onset of the Depression the Weimar state became increasingly dependent on die Wirtschaft. The ideological dominance of the propertied limits the range of possible state policies by successfully characterizing some of them as "utopian."\(^{15}\) The growing expectation of improvements in the standard of living also renders the state more dependent on the dominant economic powers. This is ironic since it is generally social democratic parties and governments which encourage such expectations.\(^{16}\) Once such expectations are rooted, they are nearly impossible to reverse democratically, and their costs invariably seem to grow, during both normal and crisis periods. Clearly, such was the case in Weimar Germany. From the time of the last SPD-led government under Hermann Müller on, the state was cast in the role and burdened with the responsibility of economic coordination; it could not possibly succeed, since economic decisions remained the private prerogatives of the industrialists and their leaders, and they refused to cooperate. It was in this context that the results of the prederecession conflicts and decisions over the distribution of revenue came to threaten the very ability to produce and accumulate surplus. Despite the institution of consumption and other regressive taxes, it was impossible to transfer the entire burden of state costs completely onto the shoulders of wage earners and other taxpayers. So long as revenue sources remained domestic, the areas of state activity came into conflict with each other and further weakened the state. The

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12. These points are elaborated upon by Offe, pp. 21-25. See also Habermas, *Legitimation Crisis,* part 2, and his earlier statement in *Toward a Rational Society* (Boston, 1970), chaps. 5, 6.

13. The activities and reports of both the parliamentary Enquete Ausschuss study of the entire economy and the semiacademic Friedrich List Gesellschaft accord with this contention.

14. The identity between "the economy" and the owners of the means of production is even clearer in the German—die Wirtschaft means both. Hilferding's fate as finance minister illustrated these constraints; the issue is discussed in chaps. 5 and 6.


functions of facilitating private accumulation and guaranteeing mass legitimacy could not be reconciled.17

2. State and Society in Weimar

The crisis of the Weimar state was not a social crisis of the sort anticipated by many Communists: a “maturation” of class antagonisms that coincided with the “catastrophic development” of the capitalist economy.18 The Depression was indeed a catastrophe, and class antagonisms of all sorts were rife, but the impetus for the state crisis came from the determination of capitalist groups to use the economic situation to their political advantage. This, in turn, exacerbated political instability and legitimated the abandonment of and opposition to parliamentary government. After 1930, both capital and parts of labor, but especially the former, oriented their struggles toward transforming the internal organization of the state; their class struggle became political for the first time in nearly a decade. In the course of their political struggle, the possibility of a new mass base and different form of state for German capitalism became apparent. The divergent interests of the various capitalist groups were organized anew, and the new form of government could function as the new guarantor of cohesion for unchanged social relations.

What were the bases of these various capitalist groups; how, and under whose leadership were they formed into and maintained as the “historical bloc of ruling classes”? It is an axiom of Marxist analysis that the manner in which surplus value is extracted from the direct producer determines the social relations involved in production and ultimately the relationship of the rulers and the ruled.19 Those involved in production are the carriers of the social relations engendered by the given mode of production. The capitalist mode of production allows for the separation of economic, political, and ideological relations, because surplus is extracted solely within the economic realm, virtually unassisted by political or ideological mechanisms. In capitalism, these car-

riers of social relations become classes through their activity—through their practice in the political realm.20 An objective relationship to the means of production, being a carrier of certain social relations, is insufficient to constitute a class in capitalism.21 As indicated earlier, the state, when functioning coherently, helps organize the owners of the means of production into a class; this same function is performed for wage labor by political parties and, sometimes, unions.22 Unless so organized, wage laborers will appear in this dominant political sphere simply as individuals, as citizens seeking to achieve their selfish interests. Conversely, the dominant classes will appear as spokesmen for the interests of the nation as a whole, and the actualization of their needs through the state will generally be consented to and accepted as legitimate.23 This is one meaning of the term hegemony. Thus, to overstate the case somewhat, social relations become historical activity—to modify Thompson’s phrase, “class happenings”—in their political embodiments.24 But not all conflict between or among classes is class struggle; we should distinguish between “classes in struggle” and literal “class struggle.” In the former, place of insertion or location in the production process is external to any confrontation. Thus, the German Mittelstand, in the decade after 1923, was involved in a struggle with other classes in the society, but this was not a class struggle in the sense in which Marxists most often use that term, despite the fact that the Mittelstand’s demands were political, economic, and ideological.25

No society, including Weimar Germany, is characterized by just one mode of production with its attendant social relations. Although industrial capitalism was by far the dominant mode of production in Weimar

17. O’Connor develops this thesis for contemporary America as the “fiscal crisis,” but in Germany this was only one aspect of the multiple crisis.

18. This catastrophe was the dominant motif in the Comintern’s analysis of western Europe, especially after 1928; once the big Depression came, the revolution would surely follow. This view succeeded in pushing other, more penetrating analyses aside. See Nicos Poulantzas, Fascisme et Dictature (Paris, 1970), pp. 43ff. Remnants of this view occasionally still appear in East German work.


22. This view seems to reject entirely the “class in itself”/“class for itself” dichotomy. The former simply does not exist, since without consciousness, i.e., without politics, there is no constitution as a class; there is simply a shared relationship to the means of production.

23. This is perhaps the litmus test for whether or not a dominant social class is hegemonic, capable of eliciting spontaneous loyalty. Cf. John Cammett, Antonio Gramsci and the Origins of Italian Communism (Stanford, 1967), p. 204.

24. Or, in a different formulation, the uneven development of the different levels of a social formation leads to the overdetermination of its contradictions and their condensation in one of them. Thus, economic contradictions may appear as political ruptures. Cf. Althusser, For Marx, pp. 200-216, 250ff.

Germany, other modes also existed: the family-peasant, small-commodity, and even vestigial-feudal modes coexisted with industrial capitalism. The economic, political, and ideological practices of all of these partially amalgamated "sub societies" constituted the German social formation. A half-century earlier, Marx had remarked on the incompleteness of capitalist development in Germany. Even in the Weimar period, it remained true that Germany suffered, "not only from the development of capitalist production, but also from its incompleteness. Alongside of modern evils, a whole series of inherited evils oppress us, arising from the survival of antiquated modes of production. . . . We suffer not only from the living, but from the dead." These "dead" were to play a crucial role in the resolution of conflicts within the historical bloc of ruling classes.

The East Elbian Junkers continued to occupy vital positions in the military, civil service, and judiciary, and remained an important force not only among rural producers but within the capitalist elite as well. Although total agricultural production contributed under 15 percent to the GNP, and the agricultural portion of the population had slipped to 25 percent by 1925, the agricultural elite continued to enjoy vastly disproportionate influence. Up to 1918, industrial development, despite its rapidity, had taken place within a semi-feudal integument, and the Junkers preserved a political and ideological supremacy greater than that of any other landed group in industrial Europe. They continued as a class in charge of much of the state apparatus and as a ruling class in the Empire. Gramsci characterized them as

the traditional intellectuals of the German industrialists who retained special privileges and a strong consciousness of being an independent social group, based on the fact that they held considerable economic power over the land, . . . The Junkers resemble a priestly-military caste, with a virtual monopoly of directive-organizational functions in political society, but possessing at the same time an economic base of its own and so not exclusively dependent on the liberality of the dominant economic group . . . the Junkers constituted the officer class of a large standing army, which gave them solid organizational cadres favouring the preservation of an esprit de corps and of their political monopoly.28

Of course, in the Weimar period, their political monopoly was broken and, as we shall argue in chapter 4, the big agrarians did become increasingly dependent on the liberalism of industrialists and the state. But per se, the dominant economic group, the bourgeoisie, had never directly ruled in Germany. The earlier political and cultural monopoly of the nobility impeded the development of an extensive and independent bourgeois political personnel. This had much to do with the continued parliamentary crises and fragmentation of the liberal parties; in turn, the Catholic Zentrum and SPD were aided in their prewar growth precisely by that fragmentation, a fragmentation which continued throughout the Weimar period. Stresemann's narrow circle constituted perhaps the only successful, representative bourgeois political group of the entire era. Most industrialists greeted his death with a sigh of relief, anxious as they were to disavow him. Representatives of the agricultural elite, on the other hand, despite being even more unhappy with government policies, continued to fill posts and participate in the state apparatus at all levels down to the very end of the Republic and beyond. Although it had partially merged into the bourgeoisie, the agricultural elite continued as an autonomous class or fraction within the ruling bloc dominated by industry.

Thus, viewed strictly in terms of their percentage contribution to the GNP or portion of the population, representatives of the agricultural sector ought to have been little more than junior allies or supporters of a ruling bloc. However, even after World War I the agricultural elite of estate owners continued to occupy vital positions in both political and civil society; all reaches of the military and civil service, for example, continued to bear their mark. An additional factor was at least equally important in preserving the status of the rural elite as members of the ruling bloc: the agricultural and industrial sectors were not of symmetrical composition; the relationship of the peasant majority to the large landowners was very different from that of the worker majority toward the factory owners. Even when organized, peasants, unlike unionized workers, did not generally adopt an adversarial posture to-

27. There exists a substantial literature on the subject: e.g., Thorstein Veblen, Imperial Germany and the Industrial Revolution (New York, 1939); Hans-Ulrich Wörner, Bismarck und der deutsche Imperialismus (Cologne, 1969), and Krisenherde des Kaisersreichs (Göttingen, 1970); Helmut Plessner, Die verspätete Nation (Stuttgart, 1959); Joseph Chappam, The Economic Development of France and Germany (Cambridge, 1936); W. O. Henderson, The State and the Industrial Revolution in Prussia (Liverpool, 1958); Helmut Böhme, Deutschlands Weg zur Grossmacht (Cologne, 1966).

ward their putative better. Peasants simply did not hate the big estate owners the way workers hated the Herren of industry. The resolution of the economic and political conflicts between grain-growing estate owners and the body of dairy- and livestock-producing peasants enabled *Landwirtschaft* to appear as a solid front and buttressed the position of the agricultural elite both vis-à-vis industry and in society generally. In the final two years of the Republic, this solid front began to dissolve; many non-Catholic peasants voted for the Nazis, yet even this did not signify abandonment of the agricultural elite's core interests. Toward the end of the Republic, an attempt to reconcile estate-owner and peasant interests through the “Green Front” occurred, with demands crystallizing around autarky. Not only socialists but also important industrial and commercial groups tried unsuccessfully to exploit rural cleavages and break this agricultural front, which even in the 1920s operated to retard capitalist development.

The dominant element within the unity of dominant classes, what we can call the hegemonic class or fraction, did not remain the same throughout the Weimar years. Viewed politically, largely cartelized and domestic-oriented heavy industry vied for hegemony with generally less cartelized dynamic and export industry. These two fractions of industrial capital entertained similar but far from identical interests. Their relations to their commercial, financial, and agricultural partners also varied, and rivalries between and among these fractions were always present.

Thanks to the cheap debt-retirement, bankruptcies, and lowered real wages resulting from the inflation and Ruhr occupation, most of German industry was able, with the assistance of American capital, to rebuild, modernize, and expand capacity quickly after 1923. An already cartelized industrial sector became even further dominated by grand monopolies and cartels. Both the labor unions and the workers' parties were demoralized by a series of defeats between 1919 and 1923, and the election results of 1924 embodied the new “economy-friendly” state of affairs. What various branches of German industry chose to do, or could do, with their plants was conditioned by a number of factors. Conflicts arose out of the divergent production desiderata, trade, and political needs of the various branches of German industry. The first central cleavage during these years was between export- and domestic-market-oriented industry. The former group, including among others the machine, electro-technical, chemical, and textile industries, was generally interested in low prices for basic industrial goods. (Except for brief interludes like the British coal strike of 1926, Germany's basic, heavy industries were not substantial exporters.) Exporters favored a “pacific” expansion through most-favored-nation trade treaties, which came at the expense of domestic heavy industry and especially agriculture, together with the Stresemann foreign policy of international reconciliation and reintegration. So long as these industries enjoyed international preeminence, wage and social costs incurred through a policy of class cooperation and competition were, for them at least, not crucially significant. A quite different orientation characterized the older Ruhr industries at the heart of the domestic market branch. These wanted high prices and low costs. High costs and overcapacity made pacific expansion difficult and, after 1925, the quotas allotted Germany by the international iron cartel (IRG) proved unsatisfactory. Only an expanded domestic market could absorb this sector's production at high prices. Almost all production and ownership units here were large and cartelized, and the burden of wages constituted a much greater share of total costs. The growing and prosperous export industries accepted high protective tariffs for domestic primary industry, so long as they received refunds from the primary producers equal to the difference between world and domestic prices for those quantities subsequently exported. A series of shaky agreements, the AVI accords, laid the basis for a reassertion of the dominance of the domestic-market-oriented industries, but severe conflicts persisted throughout the Weimar years.

Other cleavages involved capital composition and ideology, factors that also contributed to divergent attitudes toward labor and toward agriculture. Within the League of German Industry (RDI), power was wrested after 1930 by the heavy-industry conservatives from the dynamic-export liberals who had held it since about 1925. The processing and smaller finishing industries then buckled under the menacing of heavy industry's vertical cartels and a political campaign against the system of export rebates. Beginning in the late twenties, mining and steel organizations threatened to withdraw from the RDI and from other organs whose policies they deemed insufficiently conservative or overly attentive to export and parliamentary constraints. Industrial circles began to plan a trade strategy that abandoned the pacific market of northern and western Europe and overseas in favor of the “imperial” market of eastern and southern Europe. The relatively virgin markets of the east were presented simultaneously as an inducement to export circles and as a threat to agriculture to encourage their lining up behind heavy industry. The prospects of renewed profitability were thus ultimately tied to a changed social and political system at home and an imperial policy in central Europe presented as autarky.

Relations between the representatives of industry and agriculture did not follow any smooth pattern during the Weimar years. Although the industrial elite was in a position to set both the tone and the agenda for
capitalists during the entire period, its willingness to make sacrifices on behalf of its rural partner varied. Viewed from the perspective of general economic policy, agriculture was increasingly shortchanged between 1924 and 1929. The year 1925 marked the beginning of a trend characterized by trade treaties unfavorable to agriculture, growing agricultural imports, disadvantaged access to capital, widening price scissors, and then, by 1928, the onset of the agricultural depression. Since the home market for heavy industry enjoyed only a brief spurt, agriculture was left, until the end of the stabilization, as the only serious proponent of a semiautarkic “domestic market” strategy. Agriculture did share industry’s desire to lower the “costs of production,” particularly wages and social-welfare measures. With the growing struggle over this issue inside the last bourgeois/working-class coalition government (1928–30), relations between agrarian and industrial leaders improved. As was the case before World War I, organizations representing heavy industry moved toward the policies advocated by agriculture, while more dynamic and successful export industry groups called upon agriculture to make itself more efficient, cut costs, and help itself. Even socialists were no more critical of German agriculture and its elite than were the spokesmen for the dynamic industries, such as machine building, electronics, and chemicals.

Once the Depression deepened, attempts simply to balance the needs of both agriculture and export industry broke down, and a more unified, coherent strategy became necessary. Because of their relative strength, ministerial support, and even international cartelization, industrialists generally espoused a fairly direct laissez faire view of the state’s role. Almost all divergences from that norm were, according to industry, a result of unwarranted and ruinous socialist influence. A weak Landwirtschaft, on the other hand, having traditionally supplied the military and bureaucracy with leading personnel, was much more willing to experiment, on the assumption that it could sabotage or overturn any undesired consequences of state intervention in the economy, while standing to profit from most such intervention. Despite routine denunciations of the “coercive” economy of the war period, the agricultural elite was even tempted by reformist SPD proposals to establish government grain and import monopolies intended to guarantee prices. Such proposals, together with agriculture’s seemingly endless calls for “nonproductive” subventions, increased disarray among the historical partners. As the Depression worsened, organized cooperation between agriculture and industry seemed to break down. Only the increased salience of other, more fundamental cleavages prevented a complete rupture between these longtime allies and members of Germany’s historical ruling bloc.

The content and course of these intraagricultural, intraindustrial, and agrarian-industrial conflicts will be analyzed in succeeding chapters, both at the economic-corporate level represented, for example, by interest-group organizations and at the level of politics and the state. Each class fraction attempted to make its own economic interests into political interests and to present those as the common interests of the classes and fractions in a bloc. In the Weimar context, each was charged with the primary responsibility for “getting us off the current socialist road and enabling industry to speak in the name of the economy and the nation, not just capitalism.”

30. Poulantzas, Political Power, pp. 239, 283.
33. Correspondence between the central leadership and local and occupational representatives of the DDP, DVP, DNVP and other bourgeois parties documents this trend which is discussed in chap. 6.
only did they suffer more from the inflation, but for them the costs of bourgeois collaboration with social democracy were not offset by any redeeming benefits. Initially, they had nowhere else to go, but once the movement to the Nazi party began, it became a stampede. Losers in the inflation and unable to penetrate the system of industry-labor collaboration, the Mittelstand could be mobilized politically against it. Further support for the old ruling bloc was provided by the bulk of the peasantry. These supporters obtained little materially in exchange for their support. Certain half-truths propagated by rural, antisyndicalist ideology shored up their support: an identity of interests shared by all agriculturalists, big and small alike, and a fear of antiproperty, urban Reds. Although peasant support was retained within the range of older bourgeois parties until 1930, it too seemed to disappear overnight (amongst Protestants, at any rate) as soon as an uncompromising advocate presented itself. Once the Republic appeared to announce itself to the peasantry only with the tax collector, it announced itself to the Republic with the “Emperor.”

There are two ways of looking at coalition politics, both actual and potential, in the Weimar period. The first is in terms of the social classes or forces represented by various political parties; the second is in terms of the political parties and electoral coalitions themselves. We will examine first the actual and potential class blocs and then the electoral results. Several blocs or coalitions of classes were formed (or were possible) during the Weimar years. These blocs were unstable and shifting. In addition, at different moments, different fractions of a bloc were in a position to set the tone and agenda for a bloc as a whole. Economic and political bonds brought and kept bloc partners together; economic and political conflicts kept various bloc possibilities from forming and tore others asunder. In conceptualizing coalitions or blocs we are faced with a dual task: on the one hand, analysis of class blocs as formed from “the bottom up” and involving group intentions, class situations, tensions, and consciousness at the base; on the other hand, analysis of more tangible power blocs as formed from “the top down” and consisting of organized political activity and interventions, of parties, alliances, policy formation, leadership organizations, etc. It is primarily in terms of the latter that the coherence and strength of blocs can be evaluated. During the Weimar Republic certain policy issues, decisions, and nondecisions were particularly critical and, as our later analysis will demonstrate, blocs formed and dissolved around issues of social policy (Sozialpolitik), trade policy (Handelspolitik), reparations and foreign policy (Reparationspolitik broadly conceived), distribution of the national wealth (and burden), democratization (in both the public and private spheres), and the balance between private accumulation and social legitimation. Thus, government coalitions, cooperation and conflict among corporate interest organizations and unions, patterns of social, trade, and fiscal legislation, the policies of state bureaucracies, the public agenda as enunciated by various ideological apparatuses, and the articulation of the tasks at hand by the spokesmen for classes, unions, and parties all help provide the basis for a partially inductive determination of the class coalitions constituting a bloc.

Schematically, for Weimar Germany we can map several blocs composed or rural and urban, dominant and dominated classes. Through these power blocs, the economic sphere, where individuals appear as the carriers of determinate social relations, shaped the political sphere, in which members of all classes appear as equal citizens with equal claims. It was largely through state activity that intrabloc conflicts were mediated and the interests of a bloc as a whole pursued. Although some of the respective blocs here are labelled with dates, these dates only indicate the ascendancy, sometimes tacit or de facto, of one or another coalition, not necessarily a formalized shift. The formal goal of the bourgeoisie remained unitary bourgeois rule, and the form of state might depend on what type of mass base was available for that rule. In figures 1–5, we posit five such class blocs. In each schema the hegemonic class or fraction, i.e., the dominant element within the unity of classes, is represented in capital letters, and ties represented by solid lines are stronger than those represented by dashed lines. In the bloc formation of figure 1, the estate owners and heavy industry together were hegemonic. Their relationship was mediated on the terrain of the state with the estate owners providing cadres for the semiautonomous military and bureaucratic elite. Export industry, consisting of the more dynamic, new processing industries, was also part of the bloc; it was linked directly to heavy industry. Family peasants too were part of this arrangement, although they profited less from their membership. They were linked to the estate owners. Finally, the petite bourgeoisie was an ally of this bloc, profiting as it did from the bloc’s social protectionism.


36. Rudolf Heberle, From Democracy to Nazism (Baton Rouge, 1945), details the entire process for Schleswig-Holstein. Though by no means any longer a “sack of potatoes,” Marx’s characterization remained partially applicable: They are “incapable of enforcing their class interest in their own name.” Their representative must at the same time appear as their master, as an authority . . . power that protects them against the other classes and sends them rain and sunshine from above.” Marx, The 18th Brumaire of Louis Bonaparte (New York, 1963), p. 124. The “announcement” metaphor appears in the same text.
and antisocialism as, for example, the Reichsdeutscher Mittelstandsverband signified. Other groups must be considered as having been in opposition.

In the bloc formation of figure 2, heavy industry was hegemonic. Export industry was allied to heavy industry in this bloc as well, but it demurred from some of the bloc’s economic policies. Again, family peasants were linked via the estate owners. The petite bourgeoisie was lost to the bloc because of the effects of the inflation, and other groups were in opposition.

In the bloc formation represented by figure 3, export industry was hegemonic. Linked to it in the bloc were the organized proletariat (including rural labor), insofar as it was represented by the SPD and affiliated unions, and salaried employees. An expansive economy, liberal social legislation, and a shared foreign policy permitted interclass cooperation. Heavy industry, although still within the bloc, had much in the realm of social and economic policy to be dissatisfied with. Estate owners and family peasants were distinct losers in this arrangement, while the petite bourgeoisie became increasingly homeless.

A bloc formation such as in figure 4 would have removed the “pernicious” influence of both the “feudal” estate owners and socialist working class. It failed to emerge because the liberal industrialists could not split the peasants from the estate owners and overestimated the republican potential of the petite bourgeoisie. The progressive aspects of the bloc would have linked salaried employees to export industry, while the conservative ones would have linked the petite bourgeoisie to heavy industry.

The short-lived bloc formation shown in figure 5 was like the “Sammlung Bloc” except for the important fact that it lacked any base of mass support. After over a decade of republican government, it was impossible to stabilize a government that enjoyed no mass support. Further, the agricultural elite was far more dependent on heavy industry than it had been in the prewar bloc. Tables 1 and 2 introduce the political parties, electoral results and party coalitions of the Weimar period.

Broadly speaking, we can say that the parties drew their primary electoral support from the following major groups: KPD—working class and unemployed; SPD—working class, urban and rural, and some middle class; DDP—liberal industry, urban commercial groups, intellectuals, and initially some family peasants; Zentrum—Catholics of all classes, especially workers and peasants; DVP—urban middle class, “white collar” groups, mainline industry, and haute bourgeoisie; Wirtschaftspartei—urban petite bourgeoisie; CNBLP—as per its name; DNVP—various urban middle classes, military and rural elites, and Protestant peasants; NSDAP—urban and rural Mittelstand, especially Protestant, some from all other groups. The key electoral contribution of the NSDAP consisted of uniting on the basis of an authoritarian populism the various Mittelstand groups (petit bourgeois, peasant, “white collar”) who were or had become homeless in the course of economic and political changes and whose economic existence provided no basis for unity. By and large, the vote that shifted most between 1920 and 1932 was that of the Mittelstand. 37

37. The importance of the Mittelstand in German society and the ability of the Nazis to organize these economically diverse strata on the basis of a relatively coherent ideological appeal, permit us two generalizations about such crisis situations: (1) the more separated a social sector from the dominant relations of production, the more diffuse are its “objective” interests and consequently less developed its “class instincts”; this has the consequence that the evolution and resolution of the crisis will take place, so far as it is concerned, on the ideological level; (2) the more central the role of this sector in the society as a whole, the more crucial the role of ideologies in the final resolution of the general social crisis. See Laclau, p. 104.
The dotted lines in table 1 indicate the division of the party arena into left, center, and right—according to the policy behavior of the parties, not necessarily according to the intentions of their electoral supporters. The weakness and near disappearance of the "middle" is, of course, the classic story of Weimar Germany. The second classic story is the inability of the left to unite. Consequently, the third classic story is about the instability of cabinets and coalitions. Table 2 examines the vote totals of the three fields and of coalitions other than those actually formed.

Socialist-bourgeois collaboration under socialist leadership (sociest/bourg) was rendered impossible once the Zentrum backed away from the SPD and moved to the right. Socialist-bourgeois collaboration under bourgeois leadership (sociest/bourg) was rendered impossible by the shrinkage of the DDP and DVP and by the latter's move to the right. Before 1924 and the defeat of the working class, the DVP was not prepared to be part of a "bourgeois-rural" arrangement; after 1924, this proved the weakest alignment. "Right bourgeois" coalitions were the goal of organized capitalist interests, but the fractiousness of the splinter parties and of the DNVP left them frustrated. Electorally, the most viable possibility remained the socialist/bourgeois, the Grand Coalition. In principle, the SPD remained willing, but once the economic crisis set in, as it did after 1929, the economic costs it exacted proved intolerable. After 1930, no parliamentary government was possible that excluded both SPD and NSDAP; ultimately, both the SPD and parliamentary government itself were rejected.

The political interests of classes are generally represented through parties, and it is through the practice of the parties that struggles among the classes may take place.\(^38\) It was characteristic of the last years of the Weimar state that, except for the workers, classes became detached from their parties, which ceased to be viewed as effective representations of class interests. This break in the link between representatives and represented weakened parliament after 1930 and presaged the movement toward what could be called "parliamentary idiocy." Concomitant with this was the relative increase in the power of the military, the bureaucracy, and private-interest groups.\(^39\) This did not occur against the will of the dominant classes, nor did it indicate a diminution of their power.\(^40\) German industry had, after all, been socially dominant for decades without much of a direct presence on the political scene or direct management of the state apparatus.\(^41\) The Weimar constitution

\[^{38}\] It is possible to maintain that elections, i.e., party competitions, are a democratic form of class struggle without going so far as to say that it is through parties primarily that class struggle takes place; see Stein Rokkan and S. M. Lipsky, *Party Systems and Voter Alignments* (Chicago, 1962).


\[^{40}\] The correspondence between Dingeldey, chairman of the DVP, and Paul Reusch, head of the Ruhr industrialists' union, demonstrates this clearly, and these problems will be investigated in chap. 6.

TABLE 1

Percentage of the Vote Obtained by the Parties and Coalitions Formed

<table>
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<tr>
<th></th>
<th>KPD (USPD)</th>
<th>SPD</th>
<th>DDP</th>
<th>Z( + BVP)</th>
<th>DVP</th>
<th>Bourgeoisie</th>
<th>DNVP</th>
<th>NSDAP</th>
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<tr>
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<td>21.7</td>
<td>8.3</td>
<td>18.0</td>
<td>14.0</td>
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<td>21.6</td>
<td></td>
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<td>5.8</td>
<td>16.7</td>
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<td>8.2</td>
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<td>6.6</td>
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</tr>
<tr>
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<tr>
<td>1932 II</td>
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<td>.9</td>
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<td>.8</td>
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<td>1.5</td>
<td>7.9</td>
<td>44.2</td>
<td>12.1</td>
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Note: Cabinet composition did not mirror electoral results directly; frequently, there were cabinets of “personalities,” e.g., 1922–24, 1930–32. Altogether there were twenty-two governments. The Zentrum was nearly always the fulcrum; after 1924 its right wing tended to dominate. From 1923 to 1930, the DVP enjoyed disproportionate influence. Prosperity and Stresemann’s program for reintegrating Germany internationally were essentially responsible for bringing the DVP into the ranks of the “middle parties”; this lasted only as long as they did.

*Wirtschaftspartei, CNBPLV, Volkskonservativen, and regional splinter parties.

+The government of revolutionary delegates declared in November 1918 consisted of 3 SPD and 3 USPD members.

+Initial position of SPD yielded to cabinets strongly influenced by DVP.

+DNVP was sometimes in but mostly out of the government.

+SPD was not in the government, but it depended on SPD toleration.
Ruhr occupation and inflation. Their selfishness blocked the national effort even when the government was headed by the bourgeois-conservative shipping magnate Wilhelm Cuno. They had favored militant national resistance only to discipline organized labor and then colluded with the French to ameliorate their economic situations.  

The contradictory relations among the fractions of the bourgeoisie disabled its own political parties and augmented both the role of the state as the cohesive factor for any bloc of dominant classes and the bourgeoisie's Bonapartist tendencies. Conflicts over political leadership within the industrial bourgeoisie worsened with the start of the agricultural depression in 1928 and became even more acute with the onset of the industrial depression. These conflicts seemed to immobilize not only the parties but also the state itself; state intervention appeared to be riddled with contradictions. Because of his dependence on both agrarian and SPD toleration, Brüning, for example, was unable to pursue a consistent state policy. Nevertheless, representatives of the dominant classes expected the state to act as the political organizer of their interests. Poullantzas asserts that “the state plays this role because the political parties of the bourgeois fractions are unable to play an autonomous organizational role. . . . The state's role emerges as the factor of political unity of the power bloc under the protection of the hegemonic fraction and as organizer of the latter’s interests.” As the bourgeois parties declined, they took on the role of transmission belts, virtually carrying messages from private interest and pressure groups to the state. In turn, the state moved from a parliamentary to a ministerial to a presidential form, each stage being marked by a narrowing of those circles to which the state was responsive. (In 1930, parliament disposed of ninety-eight laws, while five were enacted by emergency decree. By 1932, five were enacted by parliament, and sixty-six by decree.) The weakening of the bourgeois parties further exposed their already evident class character. Capitalist groups became increasingly concerned with what James O’Connor calls “the private appropriation of state

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**Table 2**

<table>
<thead>
<tr>
<th>Year</th>
<th>Left</th>
<th>Center</th>
<th>Right</th>
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<tr>
<td>1923</td>
<td>37.7</td>
<td>20.9</td>
<td>21.5</td>
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</tbody>
</table>

Sources: See Table 1, *Die Parteiensysteme der Weimarer Republik*. 1865, pp. 64-66; *Political Power*, p. 299. One may easily quarrel with Poullantzas's contention that the state “plays the role of organizer” of the power bloc, rather than simply providing the terrain. It is by no means self-evident that this was the case in Weimar Germany—either before or during 1923. It is more useful to understand the state as the condensation of existing social relations. We shall also have occasion to question his contention that there is no parcelization, that power is always unitary under the hegemonic fraction. This latter argument leads to a hidden form of “state-monopoly capitalism”—a view that is not borne out by our analysis. See Anson Rabinbach, “Poullantzas and the Problem of Fascism,” *New German Critique*, no. 8 (Spring 1976):157-70. Rabinbach's critique of structuralist Marxism is quite trenchant.

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power for particularistic ends."\(^{47}\) Instead of appearing as class-based but popular, the parties became transparent class representatives. Only the Catholic Zentrum and later the Nazis escaped this fate. The consequence of this "demystification" was further loss of support, especially from the Mittelstand. Ultimately, however, the Weimar state was unable, in any of its forms, either to resolve the contradictions within the bloc of dominant classes or the conflicting claims to leadership of it. Before it could do so, the victories won by the working class had to be reversed, and the struggle for hegemony within the dominant bloc had to be resolved, its general interest being distilled from an agglomeration of particular interests; both, of course, "in the interests of the nation."


No parliamentary-democratic state can maintain itself without a mass base. Between 1924 and 1930, the German working class, organized primarily in the SPD and trade unions, provided a substantial part of this base. The divisions and conflicts within and among nonworking-class strata were such that governing without working-class participation would have been undesirable even had it been possible. Having accepted the rules of the republican game, it was impossible to deny the strength of the working-class party, which shared adherence to those rules. Indeed, the working class's commitment to those rules was greater than that of any other class. It was after 1923, however, that the policy indeterminacy built into those rules became acceptable to the dominant classes. The defeat of the revolutionary-working-class impulse had been completed by 1923: local Communist uprisings had been suppressed; previous concessions in the realm of wages and hours had been reversed in the context of the Ruhr occupation; the inflation facilitated liquidation of industrial debts; the SPD had rid itself of most of its revolutionaries; völkisch radicalism had subsided; radical tax laws were being rewritten, and their author, Matthias Erzberger, had been killed. And, after 1924, a steady flow of foreign capital facilitated business and industrial rationalization and expansion.\(^{48}\) Meanwhile, the burial of the socialization committees set up in 1919,\(^ {49}\) the rebuilding of an essentially unreformed military, and the concentration of government power in the ministries—changes sometimes abetted by the SPD—ate away at what the socialists persisted in calling "the achievements of the Revolution." Germany's democrats proved unable to restructure substantially the civil service, judiciary, or the entire ideological structure inherited from the Empire.

It was therefore possible after 1924 for representatives of the dominant classes to accept the necessity of governing with labor, something recognized by leading industrialists as early as 1924, although initially they meant the Catholic workers organized in the Zentrum. By 1926, one such leading industrialist, Paul Silverberg, could tell the annual convention of the League of German Industry (RDI) that government without organized labor (i.e., the SPD) was impossible and undesirable. In a development that furthered this reorientation, Stresemann had been victorious in 1924 over the rightist, pro-DNVP wing of the DVP,\(^ {50}\) Steel magnate Albert Vögler and other disidents gravitated to the DNVP, while Stresemann found a new source of support in the white-collar-employee wing of his party.\(^ {51}\) Stresemann argued that further counterrevolution would strengthen rather than weaken the Left and would drive the Catholic Zentrum back in that direction.

Industrialists and workers each found the other necessary for social stability; their cooperation was mediated, albeit asymmetrically, by the state.\(^ {52}\) Some elements in industry and agriculture objected from the outset, but their opposition was stifled both by apparent economic prosperity and the political stability engendered by cooperation.

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47. O'Connor, p. 9.
48. The flow of foreign capital was immense. By 1930, a total of 27 billion Marks had been borrowed. The exact figures differ by source; cf. Charles Bettelheim, _L'Economie allemande sous le nazisme_ (Paris, 1971), 1:22–24. On the expansion and overexpansion of the industrial structure and plant, Robert Brady, _The Rationalization Movement in German Industry_ (Berkeley, 1933). We shall return to both of these issues.
49. See Maier, pp. 138–45, 158–64.
50. Paul Silverberg's remarks to the convention of the Reichsverband der Deutschen Industrie (RDI) in Dresden, September 1926. His remarks were not universally accepted; in fact, he came in for considerable criticism, but his general line prevailed, even without the ZAG. Maier, p. 443, discusses the 1924 defection of Vögler and others in the "National Liberal" caucus who wanted to drive the counterrevolution still further. Adam Stegerwald, head of the Catholic unions and later labor minister (1930–32), greeted Silverberg's remarks by announcing gleefully that "Industry is holding its hand out to Labor"; cited in the Pressearchiv of the Reichslandbund/ZSA, series 148/8/21. Organized agriculture was not pleased with the pronouncement of either, and RLB newspapers attacked Silverberg's pronounce ment as did the KPD's _Rote Fahne_ of 14 Sept. 1926, which spoke of a "Silverberg-Severing alliance," p. 26.
52. The middle Weimar years were not the first time that industry and labor had worked together for their mutual benefit, though now without the ZAG. Gerald Feldman describes a joint triumph of heavy industry and labor during the first years of World War I, _Army, Industry and Labor in Germany, 1914–1918_ (Princeton, 1966), pp. 140–248. On the capitalist (Rathenau), unionist (Legen), and statist (Mocellin) corporatist models and agreements reached during the war, see Friedrich Zunkel, _Industrie und Staatssozialismus_ (Düsseldorf, 1974), esp. pp. 172–200.
elements of the working class also object, but even the bulk of the KPD recognized that a period of "capitalist stabilization" had begun after the thorough defeats of October 1923 and German acceptance of the Dawes Plan in April 1924. Charles Maier employs the somewhat anodyne concept of "corporatist equilibrium" to describe the post-1924 stability, failing to appreciate the role of the state and its apparatus in organizing the dominant classes. He writes, "What permitted stability after 1924 was a shift in the focal point of decision making. Fragmented parliamentary majorities yielded to ministerial bureaucracies... where interest-group representatives could more easily work out social burdens and rewards. This displacement permitted a new compromise: a corporatist equilibrium in which private interests assumed the tasks that parliamentary coalitions found difficult." As a statement about the consequences of the fragmentation of the bourgeois parties, this is correct, although there was nothing new in the German bourgeoisie's reliance on state organs. As a statement about some kind of neutral or corporatist state and a social equilibrium, it is false. There was nothing neutral or classless about the Weimar state.

Although the economic recovery and prosperity of the years 1924-29 were both borrowed and uneven, they were experienced as a real turnaround, despite consistently high unemployment. There were good reasons for this optimistic view. In 1923, German industrial production represented 8 percent of world production compared to a prewar share of 16 percent; the volume of industrial production in 1923 was only 55 percent of the 1913 figure. In addition, Germany had lost 75 percent of its iron-ore sources, 31 percent of its blast furnaces, and 23 percent of its other iron and steel facilities in the peace settlement. Yet, by 1927, Germany had reattained its prewar volume of industrial production, and this was increased by 3 percent in the following year, making Germany the world's second industrial power after the United States. In addition, new investment, rationalization, and concentration enabled German industry to attain a level of productivity formerly unique to the United States. Industrial interests could afford to govern with the working class and to accede to some of its demands. Agriculture, on the other hand, never really recovered and was almost immediately the victim of a price-scissors trend. The agricultural sector became compressed both as consumer and producer. Production in 1929, for example, was only 74 percent of the 1913 level, and the agricultural, industrial, and total price indices were skewed accordingly (see table 3). The political consequences of the unevenness of Germany's economic recovery will emerge clearly in the following chapters.

<table>
<thead>
<tr>
<th>Agric. Prices</th>
<th>Indus. Prices</th>
<th>Raw Materials</th>
<th>Cost of Living</th>
<th>Nominal Wages</th>
<th>Real Hour Rates</th>
<th>Real Weekly Earnings</th>
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Sources: Gerhard Bry, Wages in Germany, 1871-1945 (Princeton, 1960), pp. 461-67; ZSA/ Büro des Reichspräsidenten 332/104; Statistisches Jahrbuch für das Deutsche Reich, 1926-33, passim.

Note: Notice the continued high industrial prices and cost of living even when production was down. "Hour rates" tended to be the form of payment for industrial workers, "weekly earnings" for white-collar employees. A reduced work week is also indicated.

For the mass of industrial workers and their political (SPD) and economic organs (ADGB, General Federation of Unions), cooperation offered the possibility of both success and stability. In the course of World War I, the unions had passed from toleration to recognition, and from 1918 to 1924 unions and entrepreneurs had worked together with partially shared and partially divergent goals in the trades and central "joint working committees" (ZAG, Arbeitsgemeinschaften). Once the revolutionary impulse had been defeated, capital and labor formalized their relations through laws and private agreements. A step-by-step system was devised consisting of collective bargaining, mediation, and compulsory arbitration, which institutionalized a certain amount of economic class conflict while simultaneously softening class conflict in

53. See the evaluations and lessons of October by Ruth Fischer for the KPD left and August Thalheimer and H. Brandler for the KPD right in Die Internationale 6, Ergänzungsheft no. 1 (Jan. 1924); parts reprinted in Helmut Gruber, ed., International Communism in the Era of Lenin (Garden City, 1973), pp. 377-83.
54. Maier, p. 353. "Organized capitalism" may be a slightly less opaque concept than corporatism. For a typology of this elusive and too-convenient concept, see Schmitter, pp. 85-131.
55. Ralf Beckenbach, Der Staat im Faschismus (West Berlin, 1974), p. 39. The expansion of American power is indicated by the comparable figures for the USA: America's share of world industrial production rose from 36 to 50 percent, and production in 1923 was 141 percent of the 1913 figure.
56. Brady, passim. Using 1924 as a base year, productivity by 1929 had reached an
general. The unions themselves came to perceive strikes as a means of last resort to be used only when other means failed to yield a compromise. Only secure unions could indulge themselves in such a routinized policy perspective, one based on three important assumptions. First, it was assumed that the unions did indeed enjoy full recognition by the state, the industrialists, and the public as a whole. Second, that through their assumption of “national” tasks and responsibilities, the unions had earned an unassailable, quasi-official or public status. Third, that as institutions they were strong enough to weather even severe economic changes. The extent to which such a policy perspective was durable rather than tenuous was a political question; the answer would depend not primarily on industrial or economic class relations, but rather on political class relations as evidenced in the parties and in the state. After their chastening in 1924, the position of the SPD and the working class as underpinnings of the Weimar state appeared to be permanent, and even all-bourgeois parliamentary governments, such as those that governed from 1924 to 1928, had to respect and make significant concessions to the working class.

The promises of the Weimar Constitution appeared to be bearing fruit. In that constitution, not only were the unions accorded the right to organize (Koalitionsfreiheit), but the results of collective bargaining were recognized as well. The state was declared committed to Sozialpolitik, and according to article 165, capital and labor were to enjoy parity in the determination of economic policy. Despite the obvious and severe setbacks organized labor suffered in the four years following promulgation of the Constitution, the ADGB and SPD alike based their efforts on what it, and the democratic republic it signaled, offered. For Rudolf Hilferding, this was the form of state in which the class opposition of workers could be carried furthest without systematic violence; for Hugo Sinzheimer, the privileged position of the unions provided a favorable basis for the further development of society, nation, and state; while for Ernst Fraenkel, the collective rights of labor represented the positive link between the working class and the Republic. This sense of parity, of labor’s co-responsibility for the social, economic, and political common good (Gemeinwohl) came to be conceptualized as “pluralist democracy,” according to which the democratization of the state could be followed by a democratization of the economy. Thus, it was in 1928, at the height of Weimar’s stability, during the period of cooperation between organized labor and the dynamic export fraction of industry, that the ADGB put forward its program for Wirtschaftsdemokratie, for democratizing the economy. Whether or not such a program was feasible within a capitalist democracy or would have taken Germany “beyond” capitalism is moot. The advent of economic adversity, a shift in the balance of power within industry, and the beginning of a general capitalist offensive together led not only to the abandonment of any hopes for economic democracy, but led also to immobility within both the SPD and ADGB and, ultimately, impotence and despair.

During the period of recovery itself, bourgeois/workclass collaboration stabilized the dominance of the former by at once rewarding and depoliticizing the latter. Playing by the rules of the game made the SPD more of an interest-aggregating Volkspartei—Sigmund Neumann has suggested that at times, 25 percent of SPD members and 40 percent of SPD voters were other than working class. Strikes were invariably about wages and other distribution questions; gone were vague “political demands” and political strikes. Nevertheless, industrialists paid a price for labor’s cooperation in the maintenance of capitalist society. The practice associated with Hilferding’s conception of organized capitalism produced certain distinct material gains for the working class, gains generally achieved through the agency of the state, frequently through the Labor Ministry. Among these substantial gains were binding compulsory arbitration of contract disputes, relatively high and industrywide wage rates, unemployment insurance, a broad range of social-welfare measures, and large public expenditures—the whole spectrum of legislation and policy known as Sozialpolitik. Although the Communists retained a more violent tenor and archaic vocabulary in both parliament and their unions, actions led by them in this period were not much different. The SPD was simply more forthright in

59. Sigmund Neumann, p. 33; Hans Neisser, “Sozialstatistische Analyse des Wahlergebnisses,” Die Arbeit 7 (1930):658. However, as we shall observe in chap. 5, pp. 223ff., 255ff., the SPD retained a militant reformism and class reductionism—or what has been called a Kautskyan ghetto mentality. The SPD could not yet become a real popular alternative or Volkspartei.
60. Cf. Ottip Flechtin, Die KPD in der Weimarer Republik (Frankfurt, 1969), p. 244; see also chap. 5, sec. 3 below.
representing, together with the unions, the day-to-day interests of the working class in a capitalist society. Thus, the major electoral victory of 1928 was in no way interpreted as a mandate for systemic change by either the SPD or the unions. Thus, too, the repression rather than co-option of rowdy KPD May Day demonstrations; the SPD would not mobilize forces for change. And, finally, in the same line, the toleration of Brüning, the support of Hindenburg, the holding back of the Reichsbanner militia, and the politics of the “lesser evil” up to the final weeks of the Republic.

It was not as if the bourgeois classes and their political representatives were unaware of the costs of this collaboration. In a routine and sometimes successful manner, they opposed the “limitless spending” and “stultification of initiative” that were at the heart of SPD programs. What they could not in general foresee was the exact limit of the economy’s ability to absorb popular programs. Hence, their own credibility was damaged, and much of their opposition appeared sporadic and unprincipled, motivated by narrow group interest rather than by concern for the national good. Various conflicts over trade and tariff policy, for example, seemed to underline this selfishness while simultaneously demonstrating how split the dominant classes really were. Important sectors of the Mittelstand came to see themselves as victims of this selfish, weak-kneed policy, and the ranks of the former allies and supporters of the dominant classes were weakened accordingly. The DDP and DVP paid a price in lost support before industry itself concluded that it could no longer afford collaboration.

The major bourgeois electoral victory of December 1924 and the reconsolidation of the left vote under the SPD banner created the conditions for a “popular class state,” i.e., a state populated by classes rather than equal citizen-atoms, but nevertheless a state where a bourgeois government seemed to be acting in the interests of all citizens and the nation. Sacrifices of various kinds were demanded of all classes for the good of the nation, but the cooperation of the bourgeois classes and their various interest groups remained tenuous at best. The interests of the dominant classes were not unified, and the links between representatives and represented remained weak. Although the balance within the bourgeois parties (DDP, DVP, DVNP) shifted to the right as did the politics of the Catholic Zentrum, they all remained vulnerable to fissures and splits. Despite the departure of the SPD from the government, the internal coherence of the bourgeois parties was not substantially augmented. Thus, the Zentrum was unable to win the support of its Bavarian sister party for the Zentrum’s own conservative presidential candidate, Wilhelm Marx, against the northern Protestant Hindenburg in 1925. The DDP's ranks continued to shrink even during the period of stability. Stresemann was constantly under fire from those within the DVP who perceived too many of their individual interests being sacrificed. The DVNP was torn between abstentionist-rejectionist and compromise-oriented alternatives, as well as between rural and industrial demands. Despite its second-place finish in the 1924 elections, the DVNP participated in the bourgeois government on only two occasions between 1924 and 1928. The bourgeois parties once again suffered from their Imperial maladies.

Indicative of the bourgeoisie's inability to raise itself from the level of economic-corporate interests to the level of political interests was the continuing growth, even before the Depression, of splinter parties, most of which claimed only to represent specific economic groups. The major bourgeois parties never really succeeded in reconciling the various interests of those who comprised their bases. Consequently, the parliamentary and party format for bourgeois/working-class collaboration remained inadequate for serving capitalist interests, while it simultaneously aggravated existing cleavages within the bourgeois parties. This was neither the first nor the last occasion when bourgeois political stability was dependent on more coherent SPD and union support. The latter, in turn, was conditioned primarily by the bourgeoisie's ability to pay the bill.

The state bureaucracy supplemented parliament and the parties as an arena of class collaboration. Many working-class economic victories, both national and in Prussia, were achieved through the agency of the Labor Ministry. Headed most frequently by members of the labor wing of the Zentrum, this ministry tilted toward labor in arbitrating work and contract disputes. Once the Depression began, it came under constant attack from bourgeois forces. The Labor Ministry was also one of the main sources, along with local government, of the costly social welfare and insurance programs (Sozialpolitik), which assumed tremendous symbolic as well as economic importance. The Economics Ministry

63. Among others, the Economic Party of the Middle Class (Wirtschaftspartei), which claimed to represent small business and the victims of the inflation; the Christian National Peasant and Rural People's Party (CNBLP), representing southern and central peasants, and several others of less importance devoted to, among other things, upward revaluation. Cf. Sigmund Neumann, pp. 64–67, and Martin Schmacher, "Hausbesitz, Mittelstand und Wirtschaftspartei," in Morss, et al., eds., pp. 823–35.
64. Cf. Ludwig Preller, Sozialpolitik in der Weimarer Republik (Stuttgart, 1949), pp. 296–387. We shall discuss Sozialpolitik in substantial detail in chaps. 5 and 6.
served an analogous function in promoting the interests of industry. It, however, reflected the splits in the industrial camp, especially that between export-oriented, small and dynamic industries on the one side and heavy industry oriented toward the domestic market on the other. Major industries and cartels supplied the ministry's leadership and staff, much of which moved back and forth between the ministry and the League of German Industry (BDI). A similar situation existed in the Finance Ministry, although there were more democratic commercial and banking interests dominated. In their capacity as ministerial bureaucrats and politicians, these individuals often adopted a certain farsightedness and autonomy which their friends and colleagues back in the interest-group organizations failed to appreciate. Their class origins did not entirely guide their policy formulation. The aristocratic and petit bourgeois members of the bureaucracy did not behave differently because of their different origins.

The relative autonomy enjoyed by the bureaucracy existed as a function of its character as a specific category within the state. Ostensibly, the bureaucracy represented the needs of the entire nation in a neutral fashion. However, conflicts within the bureaucracy reflected arrangements and conflicts on the political scene as a whole, both among the dominant class fractions and between them and the working class. The less obvious the dominance of any particular capitalist fraction, the greater the impact of the bureaucracy and of the executive on the one hand, and of private-interest groups on the other. The political disorganization of the dominant classes, even during the years of stabilization, rendered the bureaucracy a stronger force in mediating interclass conflicts. Beyond this, Weimar Coalition (SPD, DDP, and Z) and socialist governments (as in Prussia) added "republican" personnel to all the previously "antirepublican" organs of state and society—schools, police, chambers of commerce, judiciary, church, etc. But they did not restructure these organs; nor, in the absence of real state power, could they have been expected to do so. Since the working class's political practice did not aim at taking state power, the structures of the capitalist state remained intact, despite the conflicts over leadership within the dominant classes.

4. Crisis and the End of Stability

The bourgeois governments of 1924–28, under Stresemann, Marx, and Luther, were able to compromise and maneuver as much as they did only at the expense of the parties which constituted the various coalitions. Cabinets and bureaucracies worked out a host of compromises, but party life showed signs of becoming moribund as the transmission of interest-group pressures became an increasingly central activity. Already, formal and real power began to issue from different sources. As during the later Empire, collaboration did not create consensus, and the centrality of the middle parties masked their decline and the splitting of their constituencies. The political crisis became increasingly acute after 1928, before the economic crisis had really set in. No member of the historically dominant bloc was capable of imposing its direction on the others, either through parliament or other organs of the state. The minimal ideological unity that Stresemann was able to impose dissolved even before his death in October 1929. German capitalism, in brief, could not surmount its own internal contradictions.

The political and economic interests of both industry and agriculture were fragmented along several axes, and despite a plethora of organizations and pressure groups, no voice was accepted as guiding. Whereas before 1928 state trade, social, and foreign policies had demonstrated considerable inconsistency and instability, after 1928 incapacitation became a more frequent result of that disunity. As the political crisis deepened and the locus of decision making narrowed from parliament to cabinet to presidential circles, the expression of dominant interests actually became more fragmented. Despite the government's increased emergency powers, it was faced with increased bourgeois disunity.

65. It is instructive that Stresemann's friend and ally, Julius Curtius, experienced difficulties heading this ministry, which paralleled Stresemann's own problems with fractious industrialists.
66. Lothar Alberti, "Faktoren eines Arrangements zwischen industrielem und politischem System," in Mommess, ed., pp. 658–74. O'Connor's argument that the state sector and the monopoly sector grow together (if not fully in tandem), though essentially correct, is less true for Germany than for the USA with its underdeveloped state.
68. Interesting changes in the composition of the political "agents" or "subelite" from 1880 to 1933 are analyzed by Knight, esp. pp. vi, 6,22, 28, 33, 45.
The SPD electoral victory of 1928 and the Young Plan for reparations revision set off the brewing political crisis, in the course of which fascism reappeared as a mass party and as a possible political alternative. It would be an alternative through which the interests of the dominant classes might be represented less directly but more effectively than they had been. The internal political crisis of the dominant classes and their class offensive were intertwined. In some respects, the situation after 1928 was like that of 1923 when the conservative shipping magnate Cuno had been chancellor: a fragmented bourgeoisie concerned solely with its particularistic interests prevented the state from formulating a "national" policy while simultaneously undertaking an offensive against the working class. The SPD was hardly prepared for such a turn of events: the 1.2 million plus increase in votes it received in 1928 over 1924 was not a reward for steadfast opposition to capitalism and bourgeois rule, for such had not been its policy.73 And, despite an initially very strong position in the cabinet and parliament in 1928, the SPD program consisted only of the same elements as before: realization of the daily interests of the organized working class within a capitalist system, and continuation of Stresemann's foreign policy. The SPD was, thus, inadequately prepared for the massive lockouts undertaken by employers in Ruhr heavy industry in the fall of 1928. The substantial electoral losses suffered by the bourgeois parties accrued primarily to the benefit of other splinter, rightist and particularist parties. With prosperity largely mortgaged to American capital through the agency of German finance and industry, the prospects of an SPD government mediating the conflicting needs of the dominant classes were slim.74

The political crisis was fueled by the onset of a fiscal crisis worsened by the collapse of the New York stock market and the subsequent shrinkage of loans. The fiscal crisis served as a pretext for the ouster of Hilferding as finance minister and his replacement by the DVP and IG Farben representative, Paul Moldenhauer. Reichsbank president Hjalmar Schacht, representing another, still more antisocialist constituency, had undermined Hilferding's attempt to restructure government finances in a manner commensurate with the new situation but not entirely at the expense of the working class. Beginning in 1929, unemployment began to rise quickly, an issue that led to the demise of the Grand Coalition, stretching from the SPD to the DVP. With almost three million unemployed by March 1930, the DVP refused to agree to an increase in employers' contributions to the unemployment insurance fund, and the coalition collapsed.75 It was indicative of the SPD's identification with the existing system that it was in no position to ask the working class to accept this setback in the name of a larger struggle.76 Just prior to his death the previous October, Stresemann had barely convinced his DVP delegation to accept a similar compromise on unemployment benefits and taxation. In the face of substantial opposition to the Young Plan,77 Stresemann had managed to coerce minimal middle-party unity in its favor. By the time he died, antisocial-collaborationist forces were no longer to be restrained, and the conflicts among the dominant class fractions could no longer be held in check.

The economic crisis first in agriculture, then in domestic, and finally in export industry, together with the state's fiscal crisis, rendered the costs of social collaboration, reparations fulfillment, and a trade policy based on these two, intolerable for the dominant classes. The contradiction between the necessary costs of collaboration and the imperatives of capital accumulation and reproduction could no longer be accepted by the fragmented dominant class fractions. For its part, a series of economic gains unaccompanied by structural changes in the political sphere left the working class all the more vulnerable to a rollback in both spheres. Although the economic and political aspects of the anti-labor offensive emerged almost simultaneously,78 the political facet was finally of greater significance. The parliamentary system proved weak and indecisive: the fragmentation of interests it encouraged prevented the emergence of a coherent capitalist response to the crisis, while democratic representation assured that the interests of organized labor would continue to be pressed with some success.

Key sectors of industry, including mining, iron and steel, and the whole of agriculture were in the midst of profit crises even before the full brunt of the international Depression was felt. Partially opposed to these sectors, however, was a prosperous export sector consisting

75. In June 1929, the RDI decided not to take an official stand on the Young Plan. Divisions were very sharp, although much of the leadership and most of the membership favored acceptance. In July, the Rhineland-Westphalian industrialists (Langenauerverein), under the influence of Ruhr heavy industry, resolved to oppose the Young Plan, as did the "Green Front," the latter purporting to represent all of agriculture.
76. The RDI meetings of September and December 1929 and various gatherings of the Langenauerverein inaugurated an economic offensive against Sozialpolitik and the post-1925 compromise with the SPD. The breakdown of the bourgeois/socialist Grand Coalition under the SPD's Hermann Müller, and the end of government by parliamentary majority, took place in March 1930 while, as noted, the debate over whether to accept the Young Plan and how to distribute its costs had begun already in the spring of 1929.
mainly of newer industries—ones that had a greater interest in the fulfillment of reparations and less of an interest in the repression of labor. A few of these industries even subscribed to trade-union ideas about the need for increased mass consumption (Kaufkraft). Heavy industry and agriculture were not altogether in agreement either. Whereas industry valued low food costs and high industrial prices, agriculture’s preferences were for just the reverse. Whereas both industrial sectors were operating well below capacity and looked favorably upon foreign expansion, pacific or otherwise, agriculture was over-producing and tended toward various autarkic formulas. Once the economic crisis began, it became even more difficult to subsume the diverse economic-corporative interests of the various fractions of the former historical bloc into one political interest. The frequency with which representatives of these fractions found it necessary to remind each other of their common opposition to the organized working class bears witness not only to the depth of hostility toward the SPD and KPD but also to the increased salience and depth of conflicts within that bloc.

The manner in which classes had been organized and inserted into the political struggle up to 1930 led to success first in isolating the economic struggle of the working class from its political struggle and then to the defeat of both facets. No longer able to proceed with the dynamic fraction of industry on the basis of economic recovery and international reintegration, the benefits to labor of “pluralist democracy” proved highly fragile. The economic crisis, which became the Great Depression, eroded labor’s wherewithal; unemployment, lower wages, and cutbacks in social insurance programs all undermined trade-union power. After 1930, the representatives of capital first moved away from cooperation with labor and then abandoned previously accepted institutionalized channels for the regulation of conflict in favor of an aggressive strategy of confrontation. Finally, during the terminal crisis of the Republic, the unions and SPD were weakened by their inability to call upon the active energies of their members. Throughout the stable years, both the union and party leaderships had discouraged any real activism among the rank-and-file—partly out of a commitment to the greater efficacy of agreements reached at the top among the leaders of the peak organizations (Spitzenverbände) and partly from fear of mass radicalization that might accrue to the benefit of the Communists. Thus, once Weimar’s pluralist democracy was shaken, the recognition and incorporation that the unions had enjoyed proved of little service, and may even have rendered defense of the working class more difficult.

But within the Weimar framework the political unity of the dominant classes was not successfully molded out of the diversity of their economic struggles. Further, the political support previously tendered by the Mittelstand in exchange for nonsocialist stability evaporated. By 1930, virtually all sections of the dominant bloc agreed that postcrisis Germany must be spared the costliness and unreliability of an ineffective, democratic political structure and profit-devouring social-welfare system. Beyond that, however, there was little clarity: a presidential dictatorship, a military dictatorship, a restructured but suffrage-based republic with vague corporatist overtones, a government with or one without a mass base—all were conceivable, though each would necessitate a different base of legitimacy and a different internal arrangement of the dominant bloc. Industrialists’ impatience with the speed and extent of such a rollback under Brüning’s semiconstitutional regime of 1930–32 contrasted with the ambivalence expressed by the leaderships of the bourgeois parties as they lost their constituencies and saw their party structures dissolve. After 1930, the political front was marked by the growing irrelevance of parliament and its parties. Various attempts to save the disintegrating bourgeois parties by unifying them failed, and the split between representatives and represented was further aggravated. Attempts to govern without an electoral mass base through cabinet and then presidential rule by emergency decree both failed. Tentative attempts in 1932 to weld together a mass base consisting of parts of the Nazi and Zentrum parties proved fruitless. There followed the brief experiments of von Papen’s cabinet of barons representing primarily autarkic agriculture and heavy industry, and then General Schleicher’s cabinet with its Keynesian overtones and search for a mass base. Treaty restrictions on the Reichswehr together with the overrepresentation of the rural elite throughout the army made a straightforward military dictatorship unlikely. Fed up with their own parties’ inability to organize popular support, yet determined not to return to a potentially socialist-domi-

79. Poulantzas, Political Power, p. 137, for an analysis of the two functions of the political practice of the dominant classes.
80. Even before the Depression, a number of largely reactionary schemes for reorganizing the state structure had been entertained by prominent political and economic figures. Almost all intended to alter federal/state relations and the bicameral legislative structure. Among the more prominent was the League for Renewal of the Reich (Bund zur Neuerung des Rechts) headed by the former chancellor, Reichsbank president, and DVP politician, Hans Luther. Cf. Fricke, 1:195–200. Otto Kirchheimer captured the social and political context and significance of these developments in his short 1929 and 1930 essays, “Das Problem der Verfassung,” “Verfassungswirklichkeit und politische Zukunft,” “Artikel 48 und die Wandlungen des Verfassungssystems,” and “Die Verfassungsreform” reprinted in Von der Weimarer Republik zum Faschismus (Frankfurt, 1970), pp. 64–76, 91–112.
nated parliamentary system, industrialist and agrarian support for the Nazis grew throughout 1932. In moving toward this position, the interests of heavy industry and agriculture coalesced—in the name of both a domestic-market strategy and national reassertion. The historical bloc was reunified, albeit tenuously, under the leadership of heavy industry, but the political crisis was not thereby resolved. For whatever replaced the Weimar system had to be radical; it could be no mere restoration of imperial authoritarianism. What followed would have to be a complete alternative to the existing system, not just a new bartering formula. Any new arrangement would have to rest on or at least accept popular mobilization, but only if identification between radical, anti-status quo popular objectives and socialist goals could be prevented and the very relevance of class denied.81

After 1929 Germany witnessed a continuous narrowing of the locus of decision making and decision makers.82 First parliament ceased to participate in making crucial decisions; then the parties themselves became nearly irrelevant, and finally even the cabinet ministers were shut out. Within the corporate-interest organizations such as the RDI, the general-membership assemblies yielded decision-making power to their presidia and then to a few executive leaders. By the end of 1932, crucial decisions were being made by a handful of men in leadership circles, and one can indeed speak of cliques. Although elections occurred with increasing frequency after 1930, their primary effect was to destabilize the situation further. They served also to indicate that a new Mittelstand mass had been aggregated, more on the basis of ideological and political unity than economic. Since 1924, most industrialists and most bourgeois politicians had remained somewhat aloof from Volksch, populist radicalism and had come to look upon it with suspicion and disdain. After 1930, however, this new popular mass and the Nazi party it supported became objects of their intense interest. Once they established that both the party and its mass were (or could become) supporters of social order, various governmental possibilities involving the Nazis became feasible. In the eyes of those professional politicians and economic leaders for whom the NSDAP was an exogenous force and its supporters potential revolutionaries, the preferred strategy was to split the party and enlist its masses. It was only reluctantly that the leading industrial circles became receptive to the idea that the entire NSDAP had to be called upon to take charge of the state and provide that popular base which had been lacking since 1930. But called upon to do what? To assume state power, to be the class in charge of the state for the maintenance of the economic and political order? Would the Nazis constitute a class, or would they merely act as an agent for the capitalist class or for some capitalists? Or were the Nazis simply the only acceptable common denominator for stabilizing the political system and guaranteeing the social system? The leading representatives of the dominant classes thought the Nazis manageable, despite their demands for total power. Industrialists and agrarians do not seem to have feared that, like the mid-nineteenth-century bourgeoisie described by Marx, they were about to “give up the right to rule for the right to make money.” As guarantors of capitalism, as proponents of a strong, imperialist Germany, the Nazis appeared to be the best available possibility.

Thus, the rollback of working-class gains, a solution to the fractional struggle among the dominant class fractions, and some settlement with the supporting classes outside the center of the capitalist mode of production (petite bourgeoisie, peasants, and others among the middle strata) were all on the agenda.83 No one of these tasks required a fascist or imperialist solution; perhaps even all three in their ensemble did not. But the conjuncture and manner in which these tasks appeared in Germany heightened such a possibility. Eventually, the members of the once-dominant bloc “decided” for fascism, although there may have been other ways out of the economic, political, and social crisis that also would not have violated their fundamental interests.84

81. That this was not so simple a matter was demonstrated by subsequent Nazi purges (Strasser, Röhm) and constant internal ideological vigilance and repression through to the very end of the Third Reich; see Laclau, pp. 119ff.
82. Brecher’s work, esp. Die Auflösung der Weimarer Republik (Stuttgart, 1955), provides the most detailed account of this process. Nevertheless, as we shall observe in chap. 6, his characterization of this as part of the development of a “power vacuum,” however suggestive, is also deceptive. The legal political mechanisms of the Republic were certainly undermined and incapacitated, but power hardly disappeared; it was effectively passed into the hands of leading figures in the state executive and private economy whence it was transferred to the Nazis.