Some forty years ago, Franz Neumann, though writing at a time hardly conducive to a generous reading of the political possibilities of the late Weimar Republic, observed that there had been several political alternatives to fascism, not just a socialist alternative. Much of the debate that has sought either to indict or exonerate capitalism (or capitalists) has taken the collapse of the bourgeois republic rather too much for granted. Similarly, the study of the political development and social origins of modern state forms has allowed the importance (and horror) of fascism as a "final outcome" to do considerable injury to the actual political possibilities of Weimar Germany. Finally, although recent discussion of organized capitalism and corporatism has cast valuable light on economic transformations during a period that included the Weimar era, the polyvalence of the political is frequently short-changed.  

In the following I will examine the different ways in which the social dominance of the various fractions of the capitalist elite might have been expressed politically within the political framework of the Weimar Republic: how the dominant fractions could have organized their own interests, incorporated or repressed the interests of at least some of the subordinate classes, and achieved some balance of those interests as a neutral, national interest. The inability of the dominant classes to organize their own interests posed a crucial stumbling block to winning mass support, while the limited mass support available became an intolerable burden on the accumulation process. As a result, stability
was tenuous and expensive. Since the resulting breakdown was a state crisis, we begin with an examination of the relationship of the state to the economy and society.

**State and Economy**

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—and in a sense comprehending all others: it underwrites and maintains the principal social and economic relationships of its society. In a capitalist and industrial society such as Weimar Germany, the state provides cohesion for economic, political, and cultural processes and relations. Yet capitalism's economic relations are relatively independent of its political ones. Production in capitalism, in comparison to feudalism, for example, does not rely on political mechanisms to be set in motion. Thus, political relations can develop separately from economic relations, and the state in capitalist society may be relatively autonomous. In the parliamentary democratic 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. But 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, that is, 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 systemic disunity among capitalists. Similarly, it is through the state that the dominated social classes are disorganized, that is, 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 Marxist expectation that the (increasingly) social nature of production in industrial capitalism would by itself engender 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 must stand at a distance from individual capitalists; it must not allow itself to become the creature 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 ruling bloc in an autonomous fashion. 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 expensive welfarist policies 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 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, an approach followed almost as closely by conservative governments as by social democratic ones.

Although this interdependence was not yet fully the situation in Weimar Germany, there were 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 when the state was called on to do more in the economic realm. Heinrich Brüning, with his limited, largely negative intervention, had trouble maintaining—and Franz von Papen and General Kurt von Schleicher, with their more active intervention, had trouble establishing—political legitimacy through mass loyalty partly because their economic interventions were unsuccessful. The failures of their policies were not primarily due to any inherent lack of wisdom in the content of the policies. Indeed, some of the von 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 within the bloc of ruling classes were largely responsible for the ineffectiveness of government policy, and it was only once these were resolved that a coherent state policy was possible. So long as the ruling bloc itself lacked clear and organizing leadership its members could not rise above the level of sauvé qui peut.

That Germany was furthest down the road of organized capitalism did not alter the need for leadership within the social and economic
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.

An indicator of the advanced role of the state is the percentage of the gross national product (GNP) devoted to public, state expenditures. Thus, in the United States 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 practices and the form of society. Germany would be home to organized precapitalism, organized capitalism, and organized socialism.

Care must be taken 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 (and generally do 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 Weimar capitalist class. Describing this autonomy as "relative" is, therefore, not enough. 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 within the ruling bloc. 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 different voters, and a qualitatively different mass loyalty emerged to replace the rather tenuous loyalty enjoyed by the republic.

The autonomy of the state is conditioned by the ways in which the economic realm is dependent on state activity. Broadly conceived we can locate five areas of such state activity. (1) The state guarantees the organizational and legal principles of the capitalist system (e.g., the inviolableness of contracts and freedom of labor). (2) It establishes and constructs some of the material preconditions for production that are for the benefit of all economic actors but beyond the reach of any one of them (e.g., infrastructure and other external economies such as railroads and canals). 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) The state occasionally and regularly participates and intervenes in the course of economic activity and growth, to secure growth and avoid and remedy crises (e.g., government contracts—especially military, fiscal, and monetary policies—and tariffs). Growing concentration and inflexibility (cartels, monopolies) render commodity production and exchange increasingly incapable of regulating themselves. (4) The state regulates conflicts between capital and labor so as to avoid constant social crises (mediation and even compulsory arbitration have been accepted by capital). Generally capital shares an interest in keeping these conflicts within limits so as to facilitate the final area of state activity. (5) The state maintains the legitimacy of, and mass loyalty to, the social system as a whole (e.g., 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 state's successful execution of these activities brings to it increased legitimacy. Legitimation is, therefore, both an activity of the state and an outcome of its activities. The growth of the role of the state is part of a three-stage historical development: organization of the market to relieve the pressure of competition faced by individual capitalists (monopolies, self-financing); the institutionalization of technological progress to relieve the threat of crises faced by the economy as a whole (research and development, investment outlets); and state regulation of the entire system to relieve the pressure of social, political, and economic tensions.

What the state needs in order to execute these activities limits the
possible range of its action and policy outputs. 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 capital was essential for a number of reasons. As Müller, Brüning, von Papen, and Schleicher all discovered, the state can only make offers or set limits in a process in which the owners of the means of production dispose of them as they see fit. Too much state pressure can precipitate investment and employers' strikes, a loss of cooperation, or a "crisis of confidence," thereby exacerbating the crisis instead of mitigating it. In order to be able to stabilize the economy the state needs mass support, which is forthcoming only when demonstrable economic successes are at hand; 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 achieve mass support in part because of the constraints placed upon it by the results of a 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 of economic data and other information. 14 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, receipts from business remain particularly vulnerable; the growth of the economy as a whole presents itself as the only way out. 15 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, with the onset of the depression the Weimar state became increasingly dependent on die Wirtschaft. The ideological hegemony of the bourgeoisie and its logic of accumulation limits the range of possible state policies by successfully characterizing some of them as "utopian." 16 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 that encourage such expectation. 17 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 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. It was in this context that the results of the predepression conflicts and decisions over the distribution of state 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 pass increased state costs completely on to 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 functions of facilitating private accumulation and guaranteeing mass legitimacy could not be reconciled.  

This outline of state/economy relations under conditions of capitalist crisis merits elaboration. In a series of essays and lectures, Knut Borchardt has offered an analysis of the specific structure and core problems of the Weimar political economy very much like that presented here and throughout my own work. In an important sense this is highly ironic, for although Professor Borchardt is generally understood as making a conservative argument, few scholars have made the central point as clearly as he has: in capitalist democracies capital rules, and it is its logic that enjoys hegemony.  

At the core of the “Borchardt thesis” lies the argument that political alternatives after 1930 were heavily constrained by economic necessity: in particular, Chancellor Brüning could do little to save the Weimar system because organized labor’s wage and social policy victories had paralyzed German capitalism. A strong labor movement extracted wage increases in excess of productivity growth, thereby squeezing profits, discouraging investment, and antagonizing capital. The entrepreneurial class could then only welcome the growth of a reserve army of the unemployed in order to weaken the bargaining position of labor and strengthen its own. To argue this is to say, in effect, that the vehement objections of Weimar capitalists to high and “political” wages were rationally founded, whatever the ideological functions of such objections. Weimar, in other words, suffered from an economic crisis that was, in good measure, a profit crisis engendered by a militant reformist labor movement. This circumstance left republican and socialist politicians with little room for maneuver, facilitated the growth of right radicalism, and eventually encouraged the migration of parts of business into the right-radical camp. For Borchardt, as for the analysis here, the system suffered from a structural problem that went well beyond the pressure of reparations and high interest rates.  

Borchardt portrays the Weimar economy as nonfunctional and un-
tenable ("nicht funktionsfähige") and existing within a barely functional and tenable political system. I believe one can accept his judgment without inferring "anti-labor" conclusions. Borchardt finds a net social product per capita during Weimar that lay well below the long-term trend line (the 1913 level was not reattained until 1928); real net investment per capita (despite the wave of "industrial rationalization") about 12 percent less than in the immediate prewar years; personal consumption levels 16 percent higher and public expenditures 34 percent higher in 1928 than in 1913; and an unprecedentedly high share of national income (nearly 67 percent) going to wages. He links low investment levels to high levels of public borrowing and spending, disproportionately costly wages to a successful wages policy by labor and the state, and slowness in productivity growth to these and other factors. Due to the political strength of labor, high unemployment did not succeed in adjusting wages downward in time, and the rate of exploitation remained inadequate. The "relative powers of the combatants" Marx referred to in *Capital* seemed to weigh in favor of labor.

In other words, the Social Democratic party (SPD) and trade unions succeeded at much of what they had promised to do. Once they experienced defeat and abandoned efforts at revolutionary transformation after 1918–19, the SPD and the German Trade Union Federation (ADGB) militantly and successfully pursued redistributonal struggles. These were often facilitated and even encouraged by political and legal mechanisms, such as binding compulsory arbitration by the state, as well as by elections. By the time of the SPD's successful 1928 election campaign, socialist theorists and representatives of capital alike had come to believe that the weekly wage was a political wage, dependent on the political representation of labor. Incremental social and wage gains lay at the center of labor's strategy—and capital's fears. Indeed, successful social democratic reformism appeared as more of a threat than communist agitation. As we shall see, wage and social-welfare policy became the *sina qua non* of left politics in Weimar. Indeed, to labor's ultimate grief, they were the litmus test applied to all governments—before and after 1932. Labor's approach worked for a while, but once it began to fail, there was no *Spielraum* and no simple escape route: the piper had to be paid. Domestic-oriented and heavy industries, partially on account of their greater labor-intensity and tighter markets, were the first to call the question and demand an end to the Weimar system. With little change in labor's posture, and with worsening world trade protectionism, the export and dynamic industries lost their relative preeminence within German capital and moved closer to the position of their more nationalist and conservative colleagues.
Social democratic scholars in particular respond with great unease to arguments affirming the reality of the "profit squeeze." They fear blaming (productive) labor, fear suggesting a shortage of investments and profits rather than of demand and jobs. Actually, the thesis of labor-induced profit squeezes is not the intellectual property solely of conservatives and neoliberals or the policy property of business. Historically, there has been a left/right confluence on this question. Analyses that stress the profit squeeze have understandably generated a great deal of discomfort among those German scholars who see such arguments as blaming labor for the severity of the depression, the collapse of Weimar, and worse. From the perspective of the present, they seem also to justify the contemporary abuse of labor by Christian Democratic, Thatcherite, and Reagan-Republican governments while suggesting the sterility of any collective or demand-centered recovery strategy. Today, as in Weimar, the question can be asked: Are there not enough jobs for people or not enough profits for investment? And though investment there must be—capital strike and flight notwithstanding—can one assume that private capitalists do it better than socially-oriented public organs? Posed this way, Borchardt's argument appears to be intrinsically anti-labor, redolent of the desire of Weimar capitalists to take advantage of the economic crisis to weaken labor and its organizations and to undermine democracy.

Social-democratic power does not alter the core of capitalism. As we shall see, the Weimar labor movement's search for economic rationality, social justice, and political participation was inevitably and decisively constrained by the privileged status systematically accorded the logic of accumulation. It seems that the best that can be accomplished is the worst that can be done: paralyzing capitalism without being able to transform it. The Weimar SPD and ADGB were highly effective but also terribly vulnerable. Having mistakenly assumed that democracy would overcome capitalism within the new system of capitalist democracy, they were at a complete loss to deal with the system in distress. Having persuaded most of their members that success was to be measured almost uniquely by wage and social welfare gains, the SPD and ADGB had virtually no idea what to do once capitalism ceased producing surplus they could skim. Rather than inferring from profit-squeeze analyses only the possibility of a "right turn" or retreat by labor, is it possible to posit the possibility of a turn away from economism and a politically-oriented turn to the left to escape the crisis? At least one of Borchardt's critics, Holtfrerich, citing arguments of the sort made here, has cautiously suggested something of this sort by stressing the availability, feasibility, and desirability of job-creation and pump-priming programs.
Yet to stress the availability, feasibility, and desirability of job creation and other antideflationary measures is not enough to solve the riddle of state-economy relations in the Weimar capitalist democracy. There was no economic way because there was neither political will nor an alternative political economy. Chancellor Brüning, in his efforts to balance and further various capitalist interests while also retaining the tacit support of labor, could not abandon the imperative of accumulation. At least not unless he, as political entrepreneur, was forced to do so. For that to have happened would have required one of two inducements: either the pressure of a broader worker-salaried employee-popular constituency such as came into being in the 1960s but which was impossible in Weimar, or a rapprochement between the Socialist and Communist movements. Yet socialist complicity in and commitment to the system seems to have been too great to permit any undoing of the fatal decisions of 1918–19 that split the labor movement. And if, somehow, the SPD and German Communist party (KPD) had been able to join forces, the evidence suggests that the leftward pressure thereby exerted would have been directed to toppling Brüning. With that, political warfare would have replaced economic constraints.26

State and Society

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.27 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 make hay while the clouds shone. This, in turn, brought about the political crisis that led to the abandonment of and opposition to parliamentary government. Both capital and labor, but especially the former, now oriented their struggles toward a transformation of the internal organization of the state; their class struggle became political for the first time in a decade. The availability of a new mass base was then secured and a new form of government encouraged. 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 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. 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 carriers of social relations become classes through their activity—through their practice in the political realm. An objective relationship to the means of production, being a carrier of certain social relations, is an insufficient base for a class in capitalism. 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. Unless so organized, wage laborers will appear in this dominant political sphere simply as individuals, as citizens seeking to achieve their selfish interests. Conversely, those in dominant classes will appear as spokespersons 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. This is one meaning of the term hegemony. Thus, to overstate the case somewhat, social relations become historical activity in their political embodiments.

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 Germany, other modes also existed: the family peasant, small commodity, and even feudal modes coexisted with industrial capitalism. The economic, political, and ideological practices of all these partially amalgamated "subsocieties" 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 ruling bloc

The East Elbian Junkers continued to occupy vital positions in the military, civil service, and judiciary and remained an important force within the ruling bloc. Although total agricultural production contrib-
uted 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 context, 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 the state and as a ruling class. Gramsci characterizes 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 agriculture. . . . The Junkers resemble a priestly-military caste, with a virtual monopoly of directive-organisational 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.

In the Weimar period their political monopoly was broken, and they did become increasingly dependent on the liberality of the hegemonic industrial group, 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 lacuna had much to do with the continued parliamentary crises and the fragmentation of the liberal parties; in turn, the Catholic Zentrum and the SPD were aided in their prewar growth precisely by this fragmentation. Bourgeois fragmentation continued throughout the Weimar period. The Gustav Stresemann circle constituted perhaps the only successful, representatively bourgeois political group of the entire era. The bulk of industrialists greeted his death with a sigh of relief, anxious as most were to disavow him. Representatives of the agricultural elite, however, despite their even greater dissatisfaction 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 to constitute an autonomous class or fraction within the ruling bloc dominated by industry.

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 composition of the agricultural and industrial sectors was not symmetrical; 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 adversary posture toward their putative betters. 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. Rather, 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 domestic-
and export-market-oriented industry. The domestic-market-oriented branch consisted mainly of heavy industry, led by iron, steel, and mining interests, especially those of the Ruhr. (Except for brief interludes such as the British coal strike of 1926, Germany's basic heavy industries were not exporters.)

After 1925 and certainly by 1927 heavy industry was burdened with substantial overcapacity, and it suffered from unsatisfactory shares in various international cartels (such as the International Raw Steel Community). In the prewar period income from German ferrous metals production was one quarter of the world total; by early 1929 it was down to one eighth. 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, by contrast, 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. Heavy industry was thus more hostile toward the gains of the organized working class in the realm of wages, hours, social-welfare legislation, and labor relations. Of all industries, mining had the highest percentage of total costs devoted to labor and social insurance. Despite increased production, its 1927 profit rate was only 4 percent; the iron-producing industry's an even lower 2.8 percent.

The other fraction of industry was export industry: the dynamic, technologically more advanced, and prosperous sector of industry. It was led by the machine, electric, and chemical industries but included a broad range of producers (including, somewhat anomalously, textiles) as well as commercial interests. Profit rates in this sector were sometimes more than triple those in heavy industry. In contrast to overcapacity in heavy industry, the net value of industrial exports nearly doubled between 1925 and 1929. By the latter date, nearly 35 percent of industrial production was for export. This dynamic fraction was behind the most-favored-nation trade treaties negotiated with a host of countries after 1925, and it supported Stresemann's foreign policy of international reintegration enthusiastically. Its primary markets lay in the developed countries of the west and north. Wage labor constituted a smaller share of total costs in these industries (lowest of all in chemicals) while contributing more of what the industrialists themselves called "added value." These industries were more prepared to work together with organized labor while regularly opposing the demands of organized agriculture.

By contrast, the internal-market strategy and greater opposition to
the organized working class by heavy industry helped this fraction forge and maintain links to the agricultural sector and the policies it proposed. Lowering production costs was a central refrain for them both, as were protection of the borderlands and revision of Versailles.

Relations between the representatives of industry and agriculture did not follow any smooth pattern during the Weimar years, however. 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. With the growing struggle over “costs of production” inside the last bourgeois/working-class coalition government (1928–30). However, 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 on 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 these dynamic industries.) If we use influence within the all-encompassing League of German Industry (RDI) as an indicator, we can conclude that heavy domestic industry was ascendant over other industries until 1925 and again after 1930. Patterns of trade and social legislation recommended by industry as a whole and the policies of the state bureaucracy reflected this predominance (although 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 1920s, 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.

Each hegemonic fraction attempted to make its own economic interests into political interests and to represent the common interests of the classes and fractions in the 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.” Taken as a whole, however, these classes were the power bloc in Weimar Germany.

The Mittelstand and the peasantry

Allied to the power bloc politically, albeit not wholeheartedly, and opposed to it economically, was the Mittelstand. Composed of shopkeepers and commodity producers on one hand and salaried employees on the other, each constituting just under 20 percent of the population, the alliance proved frustrating for the Mittelstand. While the salaried employees found themselves profiting economically from a massive bourgeois-social-democratic collaboration (1924–29) in the realm of employee rights and Sozialpolitik, they found the value of their political patronage declining and withdrew their support from the bourgeois parties when the bourgeois parties hardened their positions on Sozialpolitik. At the same time, their self-consciously separate status prevented them from moving left.

The shopkeepers and commodity producers defected even earlier. Not only did they suffer more from the inflation, but the costs of the 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 ruling bloc was provided by the bulk of the peasantry. Unlike the “allies,” these “supporters” of the ruling bloc obtained little in exchange for their support. Certain half-truths propagated by ruling-bloc-ideology shored up this 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 (among 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, the peasantry announced itself to the republic with the “Emperor.”

Class and Coalition Politics

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. Let us 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, and so on. 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 analysis below 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 spokespeople 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 com-
posed of 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 labeled with dates, these dates
only indicate the ascendance, sometimes tacit or de facto, of one or
another coalition, not necessarily a formalized shift. The formal goal of
the bourgeoisie remained united bourgeois rule, and the form of state
might depend on what type of mass base was available for that rule.

In Tables 1–5, we posit five such class blocs. In each schema the
hegemonic class or fraction, that is 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 shown in Table 1, the estate owners and heavy
industry together were hegemonic. Their relationship was mediated on
the terrain of the state. Export industry, consisting of the more dy-
namic, new processing industries, was also part of the bloc; it was
linked directly to heavy industry. Family peasants too were part of
the bloc, although they profited less from their membership. They were
linked to the estate owners. Finally, the petty bourgeoisie was an ally of
this bloc, profiting as it did from the bloc's social protectionism and
antisocialism. Other groups must be considered as having been in
opposition.

In the bloc formation shown in Table 2, heavy industry was
Table 2
Antisocialist Right Bourgeois Bloc: 1922–24:
Rolling Back the Revolution

<table>
<thead>
<tr>
<th>estate owners</th>
<th>heavy industry</th>
</tr>
</thead>
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<tr>
<td>family peasants</td>
<td>export industry</td>
</tr>
<tr>
<td>rural labor</td>
<td>petty bourgeoisie</td>
</tr>
<tr>
<td></td>
<td>salaried employees</td>
</tr>
<tr>
<td></td>
<td>proletariat</td>
</tr>
</tbody>
</table>

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 petty bourgeoisie was lost to the bloc because of the effects of inflation, and other groups were in opposition. This bloc made use of inflation, French occupation of the Ruhr, and aborted communist uprisings to revoke the eight-hour day, lower real wages, and wipe out its debt. By 1924, however, currency stabilization, the massive influx of American capital, and the lifting of trade restrictions led to a realignment.

In the bloc formation shown in Table 3, export industry was hegemonic. Linked to it in the bloc were the organized proletariat (including rural labor) and salaried employees. An expansive economy and liberal social legislation permitted interclass cooperation. Heavy industry, although still within the bloc, had much in the realm of social and economic policy over which to be dissatisfied. Estate owners and family peasants were distinct losers in this arrangement. The petty bourgeoisie became increasingly homeless, as was demonstrated by its accelerating desertion of the primary bourgeois parties. Bloc 3 demonstrated that it was possible for a fraction of the dominant classes to abandon other fractions to a significant extent in favor of a more thoroughgoing collaboration with the organized working class. 47

Aware of the high costs of the class compromise coalition, prominent figures in export industry and some progressives in heavy industry attempted to form a bloc enjoying mass support but not dependent on the organized working class. Had they succeeded, the bloc would have looked like that shown in Table 4. This bloc formation 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 petty bourgeoisie. The progressive aspects of the bloc would have linked salaried employees to export industry while the conservative ones would have linked the petty bourgeoisie to heavy industry. 48

With the end of cooperation with the working class, the failure to build a liberal bourgeois bloc, and the loss of peasant support, the dominant classes by 1932 found themselves in the position of the bloc shown in Table 5. This short-lived bloc formation 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 that it had been in the prewar bloc.

Tables 6 and 7 introduce the political parties, electoral results, and party coalitions of the Weimar period. Very schematically, we can say that the parties drew their primary electoral support from the following
groups: the German Communist party (KPD) from the working class, and the unemployed; the Social Democratic party (SPD) from the working class, urban and rural, and to some extent the middle class; the German Democratic party (DDP) from liberal industry, urban commercial groups, intellectuals, and initially family peasants; the Catholic Center party (Zentrum) from Catholics of all classes, especially workers and peasants; the German People's party (DVP) from urban middle class, “white-collar” groups, mainline industry, and upper bourgeoisie; Economic Party of the Middle Class (Wirtschaftspartei from urban petty bourgeoisie; the Christian National Peasants and Rural People's party (CNBLP), as its name implies; the German National People's party (DNVP) from various urban middle classes, military and rural elites, and Protestant peasants; the National Socialist German Workers party (NSDAP) from 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 (petty bourgeois, peasant, rentier, 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.

A note on the Mittelstand and the rapid demise of the DDP: this was the party founded by the most republican industrialists and staffed by liberal intellectuals. Its early electoral strength indicated not so much a left-liberal impulse on the part of its Mittelstand voters as the assumption that the only way to moderate the socialists would be through friendly opposition. In other words, they thought the socialists would be stronger than they actually were. Once the SPD proved irresolute, offensive opposition was the order of the day. By 1924 many of the 1919 DDP (and 1920 DVP) voters voted DNVP. Not at home there either, many voted Wirtschaftspartei in 1928. This was a vote simultaneously against the working class and against big business. On the Zentrum:
the Catholic party was very flexible, partially because of its mixed yet
guaranteed constituency. After moving leftward during the war it
moved rightward after 1923. From 1918 to 1923 it was allied with the
SPD, from 1924 to 1931 with the middle bourgeois parties; by late
1932 it was prepared to form a government with the Nazis alone.

The dotted lines in Table 6 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/disappearance of the center 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 7 examines the
vote totals of the three fields and of coalitions other than those actually
formed.

Socialist-bourgeois collaboration under socialist leadership was ren-
dered impossible once the Zentrum backed away and moved to the
right. Socialist-bourgeois collaboration under bourgeois leadership 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 “republican bourgeois”
arrangement; after 1924 this was the weakest alignment. “Right bour-
geois” coalitions were the goal of organized capitalist interests, but the
fractiousness of the splinter parties and of the DNVP left them frus-
trated. Electorally, the most viable possibility remained socialist-bour-
geois collaboration under bourgeois leadership; politically 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 the SPD
and the NSDAP. Ultimately, both the SPD and the 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. It was characteristic of the last years
of the Weimar state that, except for the working class, classes became
detached from their parties, which ceased to be viewed as effective
representations of class interests. This break in the link between repre-
sentatives and represented weakened parliament after 1930 and pre-
saged 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.49 This shift did
not occur entirely against the will of the dominant classes, nor did it
indicate a diminution of their power. German industry had, after all,
been socially dominant for decades without much of a direct presence
<table>
<thead>
<tr>
<th>Year</th>
<th>KPD (USPD)</th>
<th>SPD</th>
<th>DDP</th>
<th>Z (+ BVP)</th>
<th>DVP</th>
<th>Bourgeois splinter parties$^a$</th>
<th>DNVP</th>
<th>NSDAP</th>
<th>Voting</th>
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<td>1919$^b$</td>
<td>7.7</td>
<td>37.8</td>
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<td>1.6</td>
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<td>17.3</td>
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<tr>
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<td>21.7$^c$</td>
<td>8.3</td>
<td>18.0</td>
<td>14.0</td>
<td>3.1</td>
<td>14.9</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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<td>6.3</td>
<td>17.3</td>
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<td>7.3</td>
<td>20.4$^a$</td>
<td>3.0</td>
<td>22.3</td>
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<td>5.0</td>
<td>15.2</td>
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<td>13.0</td>
<td>14.3</td>
<td>2.6</td>
<td>25.5</td>
</tr>
<tr>
<td>1930</td>
<td>13.1</td>
<td>24.6$^d$</td>
<td>3.7</td>
<td>14.5</td>
<td>4.6</td>
<td>13.8</td>
<td>7.1</td>
<td>18.3</td>
<td>18.6</td>
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<td>1.1</td>
<td>15.7</td>
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<td>3.0</td>
<td>6.0</td>
<td>37.1</td>
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<td>8.5</td>
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<td>44.2</td>
<td>12.1</td>
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Sources: Bernhard Vogel et al., Wahlen in Deutschland (Berlin, New York, 1971), pp. 296, 297; Heinrich Striefler, Deutsche Wahlen in Bilder und Zahlen (Dusseldorf, 1946), pp. 67, 68; Max Schwarz, MDr (Hanover, 1965), pp. 822, 823; S. M. Lipset, Political Man (Garden City, N.Y.: Doubleday Anchor, 1960), pp. 131–51.

Note: Abbreviations from left to right: KPD = German Communist party; USPD = Independent Social Democratic party (with KPD in 1920); SPD = Social Democratic party of Germany; DDP = German Democratic party; Z = Catholic Center party (Zentrum); BVP = Bavarian affiliate of Z; DVP = German People's party; DNVP = German National People's party; NSDAP = National Socialist German Workers party. Cabinet composition did not mirror electoral results directly; frequently there were cabinets of "personalities," for example in 1922–24 and 1930–32. Altogether there were twenty-two governments. The Z 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.

$^a$Wirtschafts Partei, Christian National Peasants, and Rural People's party (CNBLP), Volkonservativen, and regional splinter parties.

$^b$The government of revolutionary delegates, declared in November 1918, consisted of 3 SPD and 3 USPD members.

$^c$The initial position of the SPD yielded to cabinets strongly influenced by DVP.

$^d$DNVP was sometimes in but mostly out of the government.

$^e$SPD was not in government, but the government depended on SPD toleration.
<table>
<thead>
<tr>
<th>Year</th>
<th>Left</th>
<th>Center</th>
<th>Right</th>
<th>SOCIALIST&lt;sup&gt;a&lt;/sup&gt; bourgeois</th>
<th>Socialist&lt;sup&gt;b&lt;/sup&gt; BOURGEOIS</th>
<th>Republican&lt;sup&gt;c&lt;/sup&gt; bourgeois</th>
<th>Right&lt;sup&gt;d&lt;/sup&gt; bourgeois</th>
<th>Actual coalition</th>
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<td>1919</td>
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<td>38.6</td>
<td>16.3</td>
<td>76.4</td>
<td>80.8</td>
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<td>32.0</td>
<td>48.0</td>
<td>62.0</td>
<td>40.3</td>
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<td>43.4</td>
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<td>38.3</td>
<td>21.5</td>
<td>14.0</td>
<td>41.5</td>
</tr>
</tbody>
</table>


<sup>a</sup>SPD + DDP + Z  
<sup>b</sup>SPD + DDP + Z + DVP  
<sup>c</sup>DDP + Z + DVP  
<sup>d</sup>DVP through DNVP  
<sup>e</sup>See Table 6
on the political scene or direct management of the state apparatus. The Weimar Constitution had attempted to establish parliamentary government as the locus for resolution of social and interest-group conflicts, but so limited and democratic a system would have left too much to be decided by vote counting. The constitution postulated a kind of super pluralism with equilibrium produced by the continuous collision of conflicting interests, almost all of which would have their inputs.

Additionally, the bourgeois parties from the DDP through the DNVP were singularly incapable of unifying the interests of the dominant classes. Prominent industrialists constantly bemoaned the fragmentation (Zersplitterung) and internal conflicts that rendered the bourgeois parties incapable of merging or acting together to dominate the political scene. Of course they were unwilling, once the depression began, to make the kinds of concessions that had enabled Stresemann to act as if such a dominance had been established. The industrialists themselves, however, provided a recalcitrant base for any unified party formation. They rejected political modification of private interests and were "incapable of accepting co-responsibility . . . . for national-political tasks"; they demonstrated irresponsibility and were "incapable of building mass support and providing moral leadership."

Back in 1923 industrialists had demonstrated this same selfishness during the Ruhr occupation and inflation. Their selfishness blocked the "national effort" even when the government was headed by a bourgeois-conservative shipping magnate, Cuno. They had favored militant national resistance only to discipline organized labor and then colluded with the French to ameliorate their economic situation.

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 the 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—and was—riddled with contradictions.

Nevertheless, as far as the dominant classes were concerned, the state played the role of political organizer of the power bloc. Poulantzas asserts, a bit too glibly, that "the state plays this role because the political parties of the bourgeois factions 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."
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 essentially class character. Capitalist groups became increasingly concerned with what James O’Connor calls “the private appropriation of state power for particularistic ends.” Instead of being populated by citizens, 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, to resolve the contradictions within the bloc of dominant classes. 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—both, of course, “in the interests of the nation.”

**Weimar Stability: Labor-Capital Cooperation**

No parliamentary-democratic state system can maintain itself without a mass base. Between 1924 and 1930 the German working class, organized primarily in the SPD, provided a substantial part of this base. The divisions and conflicts within and among the non-working-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. After 1924, a steady flow of foreign capital facilitated business
and industrial expansion. The necessity of governing with labor was recognized by leading industrialists as early as 1924, although initially they meant the Catholic workers organized in the Zentrum. By 1926, a 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 undesirable, even impossible. In a development that furthered this reorientation, Stresemann had been victorious in 1924 over the rightist, pro-DNVP wing of the DVP. Some steel magnates and other dissidents migrated to the DNVP, while Stresemann found a new source of support in the white-collar employee wing of the party. Stresemann argued that further counter-revolution would strengthen rather than weaken the left and would drive the Catholic Zentrum back in a social-populist direction.

Industrialists and workers each found the other necessary for social stability; their cooperation was mediated, albeit asymmetrically, by the state. Some elements of the dominant bloc objected from the outset, but their opposition was stilled both by apparent economic prosperity and the political stability engendered by cooperation. Some elements of the working class also objected, 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. Such a description, however, fails to appreciate the role of the state and its apparatus in organizing the dominant classes. Maier 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 the state organs. As a statement about some kind of neutral or corporate state and a social equilibrium, it is false. There is nothing neutral or classless about organized capitalism.

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 pro-
duction represented 8 percent of world production compared with 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 attained its prewar volume of industrial production; an increase of 3.5 percent in the following year made Germany the world's number-two industrial power. 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 masses and to accede to some of their demands. Between 1925 and 1930 export industry engaged in this kind of Giolittian arrangement in the name of "quality production and expanded trade and consumption." Heavy industry too went along with this, or, more accurately, most of heavy industry went along at best half-heartedly. For organized agriculture, dependent on tariff protection, such an arrangement was intolerable. It had never really recovered and was almost immediately the victim of a price-scissors trend. The agricultural sector became compressed both as consumer and as 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 8).

For the mass of industrial workers and their political (SPD) and economic (ADGB) organs 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 central joint working groups (Zentrale 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 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, 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; and third, that as institutions they were strong enough to
Table 8
Price Indices 1924–33
(1913 = 100)

<table>
<thead>
<tr>
<th></th>
<th>Agricultural prices</th>
<th>Industrial prices</th>
<th>Cost of raw materials</th>
<th>Cost of living</th>
<th>Nominal wages</th>
<th>Real hourly wage rates</th>
<th>Real weekly wage earnings</th>
<th>Level of industrial production</th>
</tr>
</thead>
<tbody>
<tr>
<td>1924</td>
<td>128</td>
<td>137</td>
<td>136</td>
<td>131</td>
<td>91</td>
<td>84</td>
<td>70</td>
<td>77</td>
</tr>
<tr>
<td>1925</td>
<td>132</td>
<td>157</td>
<td>133</td>
<td>142</td>
<td>123</td>
<td>100</td>
<td>87</td>
<td>92</td>
</tr>
<tr>
<td>1926</td>
<td>132</td>
<td>150</td>
<td>130</td>
<td>142</td>
<td>128</td>
<td>105</td>
<td>90</td>
<td>87</td>
</tr>
<tr>
<td>1927</td>
<td>138</td>
<td>148</td>
<td>132</td>
<td>148</td>
<td>145</td>
<td>110</td>
<td>97</td>
<td>110</td>
</tr>
<tr>
<td>1928</td>
<td>132</td>
<td>159</td>
<td>134</td>
<td>152</td>
<td>164</td>
<td>117</td>
<td>108</td>
<td>113</td>
</tr>
<tr>
<td>1929</td>
<td>126</td>
<td>157</td>
<td>132</td>
<td>154</td>
<td>169</td>
<td>123</td>
<td>110</td>
<td>114</td>
</tr>
<tr>
<td>1930</td>
<td>107</td>
<td>154</td>
<td>120</td>
<td>148</td>
<td>155</td>
<td>126</td>
<td>105</td>
<td>99</td>
</tr>
<tr>
<td>1931</td>
<td>89</td>
<td>142</td>
<td>108</td>
<td>136</td>
<td>137</td>
<td>127</td>
<td>100</td>
<td>82</td>
</tr>
<tr>
<td>1932</td>
<td>77</td>
<td>118</td>
<td>88</td>
<td>121</td>
<td>113</td>
<td>122</td>
<td>94</td>
<td>66</td>
</tr>
<tr>
<td>1933</td>
<td>84</td>
<td>111</td>
<td>88</td>
<td>118</td>
<td>115</td>
<td>121</td>
<td>98</td>
<td>74</td>
</tr>
</tbody>
</table>


Note: Hourly wages tended to be the form of payment for industrial workers, weekly earnings for white collar employees. A reduced work week is also indicated.
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 1924 the position of the SPD and the working class as underpinnings of the Weimar state appeared to be permanent. Even bourgeois parliamentary governments, such as those that governed from 1924 to 1928, had to respect and make significant concessions to the working class.

An expansive economy, international reconciliation, sweeping social legislation (typified by the unemployment insurance law of 1927 and the acceptance of binding, compulsory arbitration of labor disputes through the Labor Ministry), and vastly increased state welfare expenditures were all part of this collaboration. In a sense, industrialist August Weber was correct when he told fellow members of the RDI that the “whole so-called revolution has become a pure wage movement.” Labor abandoned its political struggle while, within limits, its economic struggle was incorporated.

The promises of the Weimar Constitution appeared to be bearing fruit: 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 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 also to immobility within both the SPD and ADGB and, ultimately, impotence and despair.

Bourgeois–working-class collaboration during the period of recovery stabilized the dominance of the former by at once rewarding and depoliticizing the latter. Playing by the rules of the game tended to make the SPD a normal, interest-aggregating Volkspartei: Sigmund Neumann has suggested that up to 1930, 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. Although they retained a more violent tenor and archaic vocabulary, communist-led actions in this period were not much different. The SPD was simply more forthright in 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. Neither was the repression rather than cooptation of rowdy KPD May Day demonstrations; the SPD would not mobilize forces for change. Finally, in the same line were the toleration of Brüning’s nonparliamentary semidictatorship, the support of the reactionary, senile Hindenburg against Hitler for the presidency in 1932, the holding back of the socialist Reichsbanner militia, and the politics of the “lesser evil” right up to the final weeks of the Republic.

The bourgeois classes and their political representatives were not 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 foresee in general 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, selfish rather than 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 allies and supporters of Germany’s social elites 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 1924 had created the conditions for a popular class state, that is, 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. The cooperation of the bourgeois classes and their various interest groups, however, 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, DNVP) shifted to the right, as did the politics of the Catholic Zentrum, they all remained vulnerable to fissures and splits. Despite the absence of the SPD from the government between 1924 and 1928, 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, 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 DNVP 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 DNVP participated in the bourgeois government only on two occasions between 1924 and 1928.

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 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 SPD and union support. The latter, in turn, was conditioned primarily by the bourgeoisie's ability to pay the bill.

The state bureaucracy

The state bureaucracy supplemented parliament and the parties as an arena of class collaboration. Many working-class economic victories, both nationally 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 served an analogous function in promoting the interests of the industrial classes. It reflected the splits in the industrial camp, however, especially that between export-oriented, small and new industries and domestic-oriented heavy industry. 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 (RDI). A similar situation existed in the Finance Ministry, although there more democratic commercial and banking interests dominated.

In their capacity as ministerial bureaucrats and politicians, these individuals often adopted a certain far-sightedness and autonomy 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 petty-bourgeois members of the bureaucracy did not behave differently because of their different origins. It is in this sense, too, that the Junkers had functioned as the intellectuals for the dominant industrialists. The relative autonomy enjoyed by the bureaucracy existed as a function of its role 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 among the dominant class fractions and between them and the working class on the political scene as a whole. The less obvious the dominance of any particular capitalist fraction, the greater the impact of the bureaucracy and of the executive.

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 Zentrum) and socialist governments (as in Prussia) added republican personnel to all the previously antirepublican organs of state and civil society: schools, police, chambers of commerce, judiciary, church. They did not, however, 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.

Crisis and the End of Stability

The bourgeois governments of 1924–28, under several DVP and Catholic chancellors, were able to compromise and maneuver as much
as they did only at the expense of the parties that 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. Collaboration did not create consensus, and the centrality of the middle parties masked the decline and splitting of their constituencies. The political crisis became increasingly acute after 1928, before the economic crisis had really set in. No member or fraction of the dominant bloc was capable of imposing its direction on the other members of the bloc, either through parliament or other organs of the state. The minimal ideological unity Stresemann was able to impose dissolved even before his death in October 1929.

The bloc, 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 and social and foreign policies had demonstrated considerable inconsistency and instability, after 1928 incapacitation became more frequent. As the political crisis deepened and the locus of decision-making narrowed from parliament to cabinet to presidential circles, the expression of dominant bloc interests actually became more fragmented. Despite the government's increased emergency powers, it was faced with increased bourgeois disunity.

The SPD electoral victory of 1928 and the Young Plan for reparations revisions set off the brewing political crisis. Fascism reappeared as a mass party and as a possible political alternative through which the interests of the dominant bloc might be represented less directly but more effectively than they had been. The internal political crisis of the dominant bloc and its 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 opposition had not been its policy. Despite an initially very strong position in the cabinet and parliament in 1928, the SPD program consisted only of the same elements as before: defense of the daily interests of the organized working class within the capitalist system and continuation of Stresemann's foreign policy. The SPD was, therefore, 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 bloc were slim.86

The political crisis was fueled by the onset of a fiscal crisis following 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 Rudolf Hilferding as finance minister and his replacement by the DVP and I. G. Farben representative, Paul Moldenhauer. Reichsbank president Hjalmar Schacht, representing another, still more anti-SPD faction of the dominant bloc, 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, and it was over this issue that the Grand Coalition (bloc 3) stretching from the SPD to the DVP collapsed.

With almost 3 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.87 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. 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, Stresemann had managed to coerce minimal dominant bloc unity in its favor.88 With his death, anti-social-collaborationist forces were no longer to be restrained, and the conflicts within the dominant bloc could no longer be held in check.

Industrialists had all along complained of high "political wage rates," but with the onset of the depression the costs of maintaining mass legitimacy through the working class became "excessive." Under the pressure of the heavy-industry fraction, the RDI at its 1929 meetings issued a blistering attack on the policies of the labor-export coalition. Entitled "Recovery or Collapse," it became industry's manifesto for rolling back the gains of organized labor, those obtained both in the workplace and in parliament. Beyond that, however, this and other similar initiatives were part of a campaign by heavy industry (supported by organized agriculture) to remove the dynamic-export fraction from its hegemonic position. These initiatives gained momentum—due both
to political developments and to the decline of international trade—and, at the 1931 RDI convention, spokespeople for the dynamic fraction were either ousted from their leadership positions or eased into retirement.

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 a fragmented dominant bloc. Key sectors of capital, including mining, iron and steel, and the whole of agriculture, were in the midst of profitability crises even before the full brunt of the international depression was felt. Partially opposed to these sectors, however, was a prosperous export sector consisting mainly of new industries—ones that had a greater interest in the fulfillment of reparations and a lesser interest in the repression of labor. Some 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 preferred low food costs and high industrial prices, agriculture preferred just the reverse. Whereas both industrial sectors were operating well below capacity and looked favorably on foreign expansion, pacific or otherwise, agriculture was overproducing 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 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 the bloc.

Between mid-1930 and the end of 1932 three successive semi- and nonparliamentary governments failed to unify, transcend, or subsume the interests of the dominant fractions while securing for themselves a mass base. Was there no bourgeois political force to organize the political unity of the dominant economic fractions out of the diversity of their economic interests? Was no political unity possible and no mass political support available within the Republic—despite the single-mindedness of elite anti-socialism? Were the maintenance of capitalist economic relations and political democracy so antithetical in this conjuncture that undermining of the Republic was a self-evident necessity for the dominant classes?
Heinrich Brüning, a leader of the Catholic Zentrum party, became chancellor following the collapse of the Grand Coalition in March 1930. He ruled without a parliamentary majority through the semiconstitutional mechanism of presidential decree. The Brüning regime functioned as a surrogate for the bourgeois parties, which had, by this time, lost nearly their entire electoral backing. They had become simple transmission belts for economic interests; under pressure from their industrial backers they had become creatures of “industrial egotism lacking any social concern.” A fully inverse relationship had developed between industry’s direct influence in a party and that party’s electoral viability: the bourgeois parties were now capital’s own, and they proved useless. The first year of Brüning’s regime was, nevertheless, tolerated by the SPD, which could have toppled him. He attempted to implement a program bridging the differences among the three dominant fractions, and his economic policies were characterized by brutal deflationary budget-balancing and belt-tightening. Brüning’s modest efforts to force the estate owners to modernize, give up their huge subventions, or face massive peasant resettlement (land reform) led them to conspire with President Hindenburg’s camarilla, and Brüning was abandoned. In fact, however, the heavy-industry fraction had already turned against him because he had not cut himself off entirely from the pressure of organized labor, Catholic and socialist. The dynamic-export fraction of industry, on the other hand, was prepared to continue supporting him, but it was no longer setting the tone or agenda for the dominant classes as a whole.

Brüning was succeeded in May 1932 by a cabinet of barons headed by Franz von Papen. Papen’s government was heralded as being fully authoritarian and national, but throughout its six-month tenure it lacked any base of mass support and failed to unify the interests of the dominant fractions. It catered almost exclusively to the protectionist and autarkic strivings of the rural elite and heavy industry while failing to integrate the Nazi party as a junior member of the government. Papen was even less able than Brüning to harmonize the interests of the three dominant fractions, although he was certainly more energetic and effective in his repression of the SPD and unions. Because he incurred the wrath of the dynamic-export fraction and failed to split and enlist part of the Nazi party, Papen was replaced in early December 1932 by General von Schleicher.

Schleicher’s failings were a mirror image of his predecessor’s: if Papen erred on the side of estate owners, deflation, domestic-oriented heavy industry, autarky, and failure to seek a mass base, then Schleicher and his left-Keynesian minister for “Work Creation” erred grievously on the side of opposition to the rural elite, inflation, the
export industries, and too much dickering with the Nazi "left" and the unions. His public-works program was not unlike that proposed by some union spokespeople. Although both fractions of industry were opposed to an inflation, the prospects of a policy shift in favor of the dynamic-export industries came as a rude shock to those in heavy industry and agriculture who had previously brought about a shift in their own favor. Conflicts rather than joint interest had come to the fore among the dominant fractions. Finally, Schleicher's efforts raised the spectre of state socialism and a possible repartimentarization of political life, even in military dress. The prospect of a dirigist social dictatorship supported by Nazi and union anticapitalist masses was too much to bear: the reentry of the unions into the corridors of power threatened what had been the primary political accomplishment of the previous year and a half, namely, their exclusion.

After the failures of the previous two years it was the political fear inspired by Schleicher's program that was central and that led finally to the appointment of Hitler on January 30, 1933. Papen's program, this time with a mass base and a more imperialist tone, appeared to be the least common denominator for the three dominant fractions. The question remaining was how to reconcile the interests of an autarkic rural elite with the interests of the export-oriented dynamic industries. A program for forming cartels in agricultural production and for guaranteeing prices without altering property relations would satisfy the demands of the estate owners. A program of holding down the costs of production while increasing public spending, especially on armaments, would go some way toward satisfying heavy industry. A vigorous program of trade expansion, especially in middle and southeastern Europe—imperialism—could open avenues for export industry without setting it against either the rural elite or heavy industry. Residual notions of laissez-faire entrepreneurship would have to give way to state guidance; ideological homage to the Mittelstand would be honored, after some early confusion, mostly in the breach; and a republic that could only infrequently muster a majority in its favor, but that was nevertheless divisive and costly, would have to be abandoned. Initially, given an improvement in the international economic situation, "only" the peasantry, the working class, and Germany's neighbors would have to pay.

After 1929 Germany witnessed a continuous narrowing of the locus of decision-making and decision-makers. 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 *völkisch* (populist radicalism) and had come to look upon it with 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 that had been lacking since 1930.

But what was the NSDAP to be called on to do? 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.

The manner in which classes had been organized and inserted into the political struggle up to 1930 led first to success in isolating the economic struggles of the dominated classes from their political struggle and then to the defeat of both facets. But the political unity of the dominant classes was not successfully molded out of the diversity and isolation of their economic struggles.91 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 a
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 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.92

Thus the rollback of working-class gains, a solution to the fractional struggles inside the dominant bloc, and some settlement with the supporting classes outside the center of the capitalist mode of production (peasants, petty bourgeoisie) were all on the agenda.93 No one of these tasks required a fascist or imperialist solution; perhaps even all three in their ensemble did not. But the concrete conjuncture and manner in which these tasks appeared heightened such a possibility. As we have seen, the dominant bloc eventually “decided” for fascism, although there may have been other ways out of the economic, political, and social crisis that too would not have violated the fundamental interests of its members.94

Notes
This essay is an expanded version of an article of the same title published in Politics & Society 7, no. 3 (1977):229–66. I wish to thank Butterworth Publishers for its permission to reprint it here. The perspective and positions adopted in this essay have, for the most part, been further substantiated by the rich body of work that has appeared over the past decade. Apart from a number of footnote references and one significant exception, I have not attempted to integrate that literature here. The exception is Knut Borchardt’s discussion of economic depression, accumulation problems, and democratic decay, a discussion that has not appeared in English and whose significance for the issues examined here is so great that addressing it has become essential.

For an overview of some of the recent Weimar-Nazi literature—both that which, in the spirit of recent times, is manifestly apologetic as far as economic elites are concerned, as well as more reliable work—see my Introduction to the Second Edition of The Collapse of the Weimar Republic: Political Economy and Crisis (New York: Holmes & Meier, 1986), pp. xv–xli as well as other contributions to this volume.


2. Recent debates on “refeudalization” or “repoliticization” concern themselves precisely with the question of whether or 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: Suhrkamp, 1972), and, on its historical development, H. A. Winkler, ed., Organisierter Kapitalismus: Vorahsetzungen und Anfänge (Gottingen: Vandenhoeck & Ruprecht, 1974), esp. the contributions by Winkler, Kocka, and Wehler.


5. A position too close to individual capitalists is at minimum considered corruption. Engels’ 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.


8. There is a vast literature on the role of the Prussian-German state in industrialization; see note 35.

9. Herman Müller was the head of the Grand Coalition and the last SPD chancellor, in office from June 1928 to March 1930. Heinrich Brüning was a leader of the Catholic Zentrum party and chancellor of the first “government by emergency decree” from March 1930 through April 1932. Baron Franz von Papen headed the avowedly authoritarian government of April–November 1932; General Kurt von Schleicher was chancellor in December 1932 and January 1933, immediately before Hitler’s appointment. I shall discuss their policies toward the end of this essay.


13. These points are elaborated upon by Offe, *Strukturprobleme des kapitalistischen Staates*, pp. 21–25.

14. The activities and reports of both the parliamentary Enquête Ausschuss study of the entire economy and the semiacademic Friedrich List Gesellschaft verify rather than contradict this contention.

15. The identity between the economy and the owners of the means of production is even clearer in the German: *die Wirtschaft* means both.


18. O’Connor (*Fiscal Crisis*) develops this thesis for the fiscal crisis of contemporary America, but in Germany this was only one aspect of the multiple crisis. For Germany, the benefits of imperialism appeared only after 1932.


20. The identity of the economy is clearly stated here. See below.

21. The identity of the economy is clearly stated here. See below.

22. The identity of the economy is clearly stated here. See below.

23. The identity of the economy is clearly stated here. See below.

24. The identity of the economy is clearly stated here. See below.

25. The identity of the economy is clearly stated here. See below.


21. The Borchardt theses have now witnessed a great deal of debate. See, Claus-Dieter Krohn, “Ökonomische Zwangslagen” und das Scheitern der Weimarer Republik,” Geschichte und Gesellschaft 8(1982):415–26, Carl-Ludwig Holtfrerich, “Zu hohe Löhne in der Weimarer Republik?” Geschichte und Gesellschaft 10(1984):122–41, Holtfrerich, “Alternativen zu Brünings Wirtschaftspolitik in der Weltwirtschaftskrise,” Historische Zeitschrift 235(1982):605–31. Much of what became Borchardt’s argument “for” Brüning was presciently criticized by Gerhard Schulz, “Reparationen und Krisenprobleme nach dem Wahlsieg der NSDAP 1930,” VSWG 67(1980):200–22. Concretely, Holtfrerich, argues the following, “Zu hohe Löhne,” pp. 137–40: Between 1907 and 1925 the number of salaried employees and officials doubled while the number of wage workers remained constant (from 10.3 to 17.3 percent and 54.9 to 49.2 percent of the labor force, respectively), and this accounted for much of the apparent increase in wages. In other words, increases went to unproductive labor. Further, increased shares of the national wealth distributed to labor tended to come not from industry but from agriculture, the petite bourgeoisie, and especially rentiers. This also marked a shift in wealth from investing strata to consuming strata, thereby disproportionately raising consumption but reducing savings and forcing up interest rates. For Holtfrerich, the proper approach to recovery would have begun by encouraging or inducing investment through mechanisms such as employee savings and investment funds. In the end, Holtfrerich’s recommendation is remarkably like those being put forward in Sweden during the current crisis and those I have myself adumbrated; see my “Labor’s Way: The Successes and Limits of Socialist Politics in Germany,” International Labor and Working Class History 28 (1985):1–24.


23. Krohn is particularly adamant on the neo-liberal message of Borchardt’s argument—delivered in a context where big businessmen themselves were “authoritarian capitalists” and real market capitalism no longer existed. For his part, Krohn (pp. 418ff.) stresses overcapacity, the rapidity of capital intensification, and weak demand in the
Weimar economy along with protectionist policies abroad. In addition, he emphasizes that a goodly portion of public expenditure subsidized the private sector; Weimar state activity countered the economy's weaknesses rather than aggravating them.


25. Thus Holtfrerich, “Alternativen,” p. 627, citing the discussion in chapter 3, section 6 of *Collapse*, writes, “Abraham has clearly demonstrated that industrial opposition, for example to the work creation measures proposed by the ADGB was directed not so much at the measures themselves as at the organizations of the ‘class enemy’ and at the political system which had secured workers such broad social and political rights.” In “Zu hohe Löhne,” p. 141 he makes reference to efforts aimed at “democratization of the economy.” For an extension of the discussion of “economic democracy” begun in *Collapse*, see my “Labor’s Way,” pp. 7–18.

26. Not a very enticing prospect at the time, but it is difficult to imagine anything worse than the ultimate outcome.

27. This catastrophism 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 and ultimately produced the fatal logic of “the worse, the better.” Cf. Nicos Poulantzas, *Fascisme et dictature* (Paris: Maspero, 1970), pp. 43ff.


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


33. Or, in 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. 200–16, 250ff.


39. Gustav Stresemann was a spokesman for the dynamic and export branches of industry. After 1923 and until his untimely death in October 1929 he led the chief party of industry, the German People's party (DVP). He "forced" his party and recalcitrant industrialists to unite behind his policy of reintegrating Germany into the international economy and concert and cooperating at home with the SPD. He was foreign minister throughout the period and linked trade and social policy together.


43. Correspondence between the central leadership and local and occupational representatives of the DDP, DVP, DNVP, and other bourgeois parties documents this trend.


46. Rudolf Herberle, *From Democracy to Nazism* (Baton Rouge: Louisiana State University Press, 1945) details the entire process for Schleswig-Holstein. Though peasants were by no means any longer a "sack of potatoes," Marx's characterization remained partially correct: "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 and power that protects them against the other classes and sends them rain and sunshine from above." *The 18th Brumaire* (New York: International Publishers, 1963), p. 124. The announcement metaphor is, of course, also from the same text.

47. During the period of the export-labor coalition, organized labor, through the SPD, was more than a support for the power bloc; as junior ally to the dynamic, export fraction it was in the power bloc. The proletariat derived more from the policies of bloc 3 than did heavy industry, which reluctantly accepted the arrangement because exports were booming and certain agreements had been reached with the export branches allowing heavy industry to share the financial profits. After 1928 heavy industry actively sought to break the labor-export coalition. The usage here of the terms "ally" and "supporter" thus differs somewhat from that of Poulantzas.
48. Representatives of export industry waged an intensive propaganda and organizational campaign between 1928 and 1931 designed to split the peasants from the integration/dependence mechanism that bound them to the estate owners. Ultimately they were unsuccessful because their modernization program could not match the benefits peasants obtained from a strategy of a “united rural sector” led by the estate owners in the name of autarky. See Abraham, *Collapse*, chap. 2.


52. Again, the correspondence between various industrialists and the beleagured chairmen of the bourgeois parties is full of this concern. See note 40.

53. This was Sigmund Neumann’s verdict in 1930 already; *Die Parteien der Weimarer Republik* (Stuttgart: W. Kohlhammer, 1965), pp. 24, 54, 96.

54. Rosenberg, *Geschichte der Weimarer Republik*, pp. 178–83; Maier, *Recasting Bourgeois Europe*, pp. 364–73, 402. France occupied the Ruhr when Germany attempted to evade or default on reparations payments. First, German capital successfully whipped up a national fury (which the KPD attempted to outdo!) and used the national crisis to rescind the eight-hour day, lower wages, and accelerate the inflation. Then, after German industry reached private accords with the French, the whole thing was called off. Even bourgeois politicians such as Stresemann and Cuno were surprised by the selfishness of the industrialists.

55. Poulantzas, *Political Power*, p. 299. One may easily quarrel with Poulantzas’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 1932. One can also question his contention that there is no parcelling out of power, that power is always unitary under the hegemonic fraction. This latter argument leads to a hidden form of state monopoly capitalism—a view not borne out by our analysis. See Anson Rabinbach, “Poulantzas and the Problem of Fascism,” *New German Critique* 8 (Spring 1976): 157–70. Rabinbach’s critique of structuralist Marxism is quite trenchant.


58. Paul Silverberg’s remarks to the convention of the League of German Industry (RDI) in Dresden, September 1926. His remarks were not universally accepted; in fact, he came in for considerable criticism, but his line did prevail. Maier, *Recasting Bourgeois Europe*, p. 443, discusses the 1924 defection of Vögler and others from the national-liberal caucus in an attempt 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 Pressarchiv of the Reichslandbund/DZA, series 148, 8:21. Organized agriculture was not pleased with either pronouncement, and agrarian newspapers attacked Silverberg’s pronouncement as did the KPD’s Rote Fahne, 14.9.26, which spoke of a “Silverberg-Severing alliance” (p. 26), that is an alliance between the dynamic fraction of industry and the SPD.


60. The middle Weimar years were not the first time that industry and labor had worked together for their mutual benefit. 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: Princeton University Press, 1966), pp. 150–248.


63. Ralf Beckenbach, *Der Staat im Faschismus* (Westberlin: Verlag für das Studium der Arbeiterbewegung, 1974), p. 39. The expansion of American power is indicated by comparable figures for the United States: America’s share of world industrial production rose from 36 to 50 percent, and production in 1923 was 141 percent of the 1913 figure.

64. Brady, *Rationalization Movement*, p. 347. Using 1924 as a base year, productivity by 1929 had reached an index value of 140.

65. That oft-repeated phrase was first used by the chairman of the Reichsleague of Industry, Ludwig Kastl, at its 1927 convention. It was at about this time that the dynamic and export industries captured the leadership of the organization. There was no shortage of hard-line dissidents, especially in heavy industry.


72. For a summary of these developments, see Larry E. Jones, *The Dying Middle: German Liberalism and the Dissolution of the Weimar System* (Chapel Hill: University of North Carolina Press, 1988).
75. It is instructive that Stresemann’s friend and ally Julius Curtius experienced difficulties heading this ministry that paralleled Stresemann’s own problems with fractious industrialists.
76. Lothar Albertin, "Faktoren eines Arrangements zwischen industriellen und politischem System," in *Industrielles System und politische Entwicklung*, ed. Mommssen, pp. 658–75. The 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.
78. Interesting changes in the composition of the political “agents” or “subelite” from 1880 to 1933 are analyzed by Knight, *German Executive*, esp. pp. vi, 6, 22, 28, 33, and 45.
81. Without speculating as to precisely what it would have meant for the working class to take state power or the strategies and mechanisms involved in doing so, it is nevertheless clear that the SPD was determined to be not only “the doctor at the sickbed of capitalism” but the savior of the bourgeois parliamentary republic as well. For the SPD, not socialism but organized capitalism and, at most, economic democracy were on the agenda; even nostalgic talk of the soviets (Räte) of 1918 was heresy. The SPD might have possessed the capacity to bleed German capitalism dry, but it did not have the capacity to capture its state.
82. Of the five cabinets in office between June 1924 and June 1928, only two received an actual vote of confidence on being presented. Two received a weaker “acceptance vote,” and the fifth earned a mere “acknowledgment.”


88. The Young Plan was drafted by American bankers and government officials to revise the schedule for German reparations payments so as not to force Germany to default. After a grace period, its payments would be lessened but extended till 1987. 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 Rhenish-Westfalian industrialists (*Langnamentverein*), 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.

89. The leaders of the bourgeois parties tried constantly but generally unsuccessfully to balance their concern for the "health of industry and economy" with the "social concern" necessary to win votes. This was clearest in the case of the chief party of industry, the DVP (German People’s party)! A thorough analysis has been undertaken by Lothar Döhn, *Politik und Interesse* (Meisenheim/Glan: Verlag Anton Hain, 1970). On this period in general, see K. D. Bracher, *Die Auflösung der Weimarer Republik*, Part III (Stuttgart: Ring Verlag, 1955).


91. See Poulantzas, *Political Power*, p. 137, for the two functions of the political practice of the dominant classes.

92. Even before the crisis a number of schemes, largely reactionary, 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 headed by former DVP politician, chancellor, and Reichsbank president Luther. Cf. *Die bürgerlichen Parteien*, ed. Fricke, I: 195–200.

93. Postwar blocs had failed to integrate the Mittelstand (small property owners, shopkeepers, small commodity producers, later joined by peasants and some salaried employees and officials), groups enjoying little economic unity but reaggregated and organized politically, outside any of the blocs, by the Nazis. The dominant classes had to reach some kind of settlement with these groups. Despite their age, the two best analyses of the relationship between the fascist mass movements and the capitalist offensive remain Otto Bauer, "Der Faschismus," and Arthur Rosenberg, "Der Faschismus als Massenbewegung," in *Faschismus und Kapitalismus*, ed. Wolfgang Abendroth (Frankfurt: Europäische Verlagsanstalt, 1967), pp. 114–67.