

National Economies

National Economies:

*Volks-Wirtschaft, Racism
and Economy in Europe between
the Wars (1918-1939/45)*

Edited by

Christoph Kreutzmüller, Michael Wildt
and Moshe Zimmermann

Cambridge
Scholars
Publishing



National Economies:
Volks-Wirtschaft, Racism and Economy in Europe between the Wars
(1918-1939/45)

Edited by Christoph Kreutzmüller, Michael Wildt
and Moshe Zimmermann

This book first published 2015

Cambridge Scholars Publishing

Lady Stephenson Library, Newcastle upon Tyne, NE6 2PA, UK

British Library Cataloguing in Publication Data
A catalogue record for this book is available from the British Library

Copyright © 2015 by Christoph Kreutzmüller, Michael Wildt,
Moshe Zimmermann and contributors

All rights for this book reserved. No part of this book may be reproduced,
stored in a retrieval system, or transmitted, in any form or by any means,
electronic, mechanical, photocopying, recording or otherwise, without
the prior permission of the copyright owner.

ISBN (10): 1-4438-7786-7
ISBN (13): 978-1-4438-7786-2

THIS BOOK IS DEDICATED
TO THE MEMORY OF CARL MELCHIOR
(1871-1933)

TABLE OF CONTENTS

Foreword	x
Christoph Kreutzmüller, Michael Wildt and Moshe Zimmermann	
Introduction: The Eruption of Racist Fault Lines in Central European Economy 1918-1933	1
Christoph Kreutzmüller (Berlin)	
The Jew as “Homo Economicus”	
The Usurious Jew: Wilhelm Roscher and the Developmental Role of the Homo Economicus Judaicus.....	18
Jonathan R. Zatlin (Boston)	
Locating Jews in Capitalism: From Ludolf Holst to Werner Sombart	33
Moshe Zimmermann (Jerusalem)	
Economy as Fate: Erich W. Abraham, Kurt Zielenziger, and the Liberal Fallacy of Weimar Jewry	47
Dorothea Hauser (Berlin and Hamburg)	
Anti-Semitism in German and Austrian Economy	
Barmat, Sklarek, Rotter, or: The Fabrication of the “Jewish Economic Scandal” in 1920’s Berlin.....	62
Bjoern Weigel (Berlin)	
The Decline and Destruction of Jewish Entrepreneurship in Breslau and Silesia, 1925-1943	80
Ingo Loose (Berlin)	
The Legal Structure of the Ha’avara (Transfer) Agreement: Design and Operation	97
Adam S. Hofri-Winogradow (Jerusalem)	

Nazi Economic Policy, Middle-Class Protection and the Liquidation of Jewish Businesses 1933-1939	108
Benno Nietzel (Bielefeld)	

Pragmatic Racism and the Streamlining of the Nazi Economy: The Vienna Model, 1938/39	121
Stefan Hördler (Weimar)	

Ethnic Fault Lines in Europe

The Meek Shall not Inherit the Earth: Nationalist Economies, Ethnic Minorities at the League of Nations	138
Carolyn N. Biloft (Atlanta)	

“Is the Armenian a Jew?”	155
Tal Bruttman (Grenoble)	

Racist Parameters in the French Economy 1919-1939/44	167
Marcel Boldorf (Lyon)	

The Impact of Land Reforms on the Constitution of “National Economies” in East Central Europe during the Interwar Period	181
Uwe Müller (Leipzig)	

European Economy and German Diaspora

Economic Nationalism in Romania and its Impact on National Identities 1918-1944	198
Elisabeth Weber (Berlin)	

Ethnic-German Cooperatives in Eastern Europe between the World Wars: The Ideology and Intentions behind an Ethnic Economy	212
Bernd Robionek (Berlin)	

Austria’s Minority in South Tyrol and the Foreign Loan of 1930	229
Nathan Marcus (Saint Petersburg)	

‘Czechization’ versus ‘Germanization’: Creating a National Homogeneous Economy in Czechoslovakia (1918-1945)	239
Jaromír Balcar (Berlin)	

Authors	256
Bibliography	261

FOREWORD

CHRISTOPH KREUTZMÜLLER,
MICHAEL WILDT AND MOSHE ZIMMERMANN

In March 1936, the National Socialist newspaper *Der Angriff* proudly announced that customers all over Berlin could finally rest assured that they could buy only “Aryan Easter eggs”.¹ The paper did not need to explain what made eggs purchased to be eaten on the most important Christian holiday “Aryan”. The readers seemingly understood. There is no record of them finding the announcement laughable. Meanwhile, there were people in Poland who would walk to the next village to buy flour they could have bought in their own village for the same price – but did not, because the miller was German. At what point did people start to ostracize their neighbors economically because they thought they were of a different ethnic group? Who decided who was to be excluded? Where did the fault lines open? Where did the boundaries lie? How were they defined – by law, or by common practice? How much extra time and money were people prepared to spend in order to do ostracize their neighbors? And what did that mean for the economy as such? In short, how did “business in the age of extremes” work?²

Taking these questions as a starting point, this volume sets out to analyze the reciprocal impact of macro-political and economic developments in Europe after World War One. In so doing we aim to reintroduce often neglected economic aspects into the historical analysis. After all, disintegration and collapse of commerce eventually led to, and were in turn a springboard, for racist cleansing, expulsion and mass murder. Against this background, we aim to offer new perspectives on the

¹ Wieder ‘arische’ Ostereier, in: *Der Angriff*, April 11, 1936. Cf. Anne Paltian, Egg wholesale and retail trade Jacobowitz & Co, in: Christoph Kreutzmüller/Kaspar Nürnberg (eds.), *Final Sale. The End of Jewish owned businesses in Nazi Berlin*, Boston, MA 2014, pp. 36-39, here 37.

² Hartmut Berghoff/Jürgen Kocka/Dieter Ziegler (eds.), *Business in the age of extremes. Essays in Modern German and Austrian Economic History*, Cambridge et al. 2013.

racist fault lines that appeared and deepened in the European economy after the end of what was then regarded as the Great War: Jonathan Zatin discusses the representation of the Jews in the theses of the late 19th century German economist Wilhelm Roscher. He argues that Roscher's equation of the Jews with the financial forces of economic development influenced a broad range of economic thinkers such as Werner Sombart and Max Weber and authorized the use of anti-Semitic stereotypes. Sombart's impact is discussed by Moshe Zimmermann. Dorothea Hauser analyses the writings of Erich W. Abraham and Kurt Zielenziger, two noted economic experts and business authors who commented on phenomena of involvement and exclusion in corporate Weimar Germany from a Jewish angle. Her essay will also show that two keywords of the racist mind-set, namely "*Überfremdung*" (foreign infiltration) and "*Lebensfähigkeit*," (viability) first spread in the economic realm, before they became established in the political arena. Bjoern Weigel analyses the sensationalist right-wing media coverage of the court cases of two Jewish businessmen, Barmat and Sklarek, in 1920s Berlin, and explores the political functions of presenting a "Jewish Economic Scandal" in Weimar and early Nazi Germany. Turning from discourse to practice, Ingo Loose outlines the decline and destruction of Jewish economic activities in Breslau and Silesia between 1925 and 1943 and highlights the role played by the published lists of Jewish entrepreneurs and shopkeepers, which first appeared in the late 1920s, in their economic persecution by the Nazis. Adam Hofri-Winogradow describes the genesis and the functioning of the *Haavara* Agreement as a device to allow the emigration of German Jews to Palestine between 1933 and 1938, and discusses its unique character compared to other forms of trust systems. Benno Nietzel analyses the interconnections as well as the differences between the politics of middle-class protection and the destruction of Jewish commercial activity, thus placing the topic in the broader context of social conflict in Nazi society. Stefan Hördler will discuss whether there can be pragmatic racism in economy by looking at the so-called Viennese Model of expropriation.

Starting the chapter on racist fault lines in Europe, Carolyn Biltott analyses the League of Nation's handling of economically related petitions by ethnic minorities during the rise of economic nationalism between 1920 and 1933. She argues that double standards underpinned the League's efforts against economic discrimination. Marcel Boldorf explores anti-Semitic and racist arguments in the proposals on economic reform by French proto-fascist movements in the interwar period. In addition, Tal Bruttman traces the development of prejudicial equations of Jews and Armenians in early 20th century France and gives an account of the

attitude of French civil servants under the Vichy regime and their willingness to subsume Armenians under anti-Jewish law. Uwe Müller gives an account of the land reforms in Eastern Central Europe after the First World War and discusses their role in the economic nationalist agenda of hitherto underprivileged ethnic groups in the new nation states.

In the last chapter, Elisabeth Weber looks at the German diaspora and European economy and analyses administrative efforts to nationalise the Romanian economy between 1918 and 1944. She argues that these measures inadvertently strengthened ethnic nationalism among the German minority, which evolved from a nationalist to a racist identity during National Socialism. Bernd Robionek gives an overview of the development of ethnic-German cooperatives in Eastern Europe between the World Wars and analyses their political and economic role within German national revisionist policies. Nathan Marcus shows how Austrian economic interests led to the abandonment of the German-speaking minority in South Tyrol to Italy in the late 1920s, and discusses this as an example of direct arbitration without recourse to the League of Nations. Finally, Jaromir Balcar outlines both German and Czech economic nationalist programmes in Czechoslovakia between 1918 and 1945. He explains their limited success and relates it to the implementation of the exclusionary policy against the Czechoslovakian Jews.

We would like to thank all the authors who have submitted new and intriguing analysis of a difficult subject, Jane Paulick and Adina Stern (both Berlin) for their invaluable help preparing the manuscripts for publication and Matthias Schmidt (Jerusalem) for steering this project through difficult times. We also owe a debt of gratitude to Esther von Richthoven (Göttingen), the Einstein Foundation (Berlin) and the Richard Koebner Minerva Center for German History at the Hebrew University of Jerusalem, which supported the publication with funds from the German Federal Ministry of Education and Research, through the generosity of The Minerva Foundation (Munich) and, of course, all the participants and helping hands for making possible the conference on National Economies in Jerusalem that prepared the ground for this book. Special thanks go to Noah Benninga (Jerusalem) for his thoughtful conference report and to Ludolf Herbst (Berlin), for his invaluable input in our discussion.

As political boycotts and economic ostracization are still urgent problems today, we hope that this volume might serve as a warning against the revival of racism in their economic realm. Perhaps one day we will be able to measure the grade (and danger) of racism in daily life by measuring the extra effort someone is prepared to take in order not to *deal* with someone else.

INTRODUCTION: THE ERUPTION OF RACIST FAULT LINES IN CENTRAL EUROPEAN ECONOMY 1918-1933

CHRISTOPH KREUTZMÜLLER

The *homo economicus* is but a frail concept. People are not always rational. They do not follow the rules of the market and thoroughly analyze supply and demand. The power of advertising campaigns highlights the limits of reason in the economy. And while Adam Smith is certainly right in pointing out in *The Theory of Moral Sentiments*, that “how selfish so ever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary”,¹ the opposite is also true: Men and women are seemingly prone to derive happiness from rendering misery to others. The frequently invoked market forces do not always get it right, either. All too often, it seems, the invisible hand of the market is caught in the pockets of fashionable (or uniform) trousers bought at too high a cost. Just as economic models are often based on preconceptions or even prejudices, so too are patterns of economic behavior.² If it is in the interest of individuals as well as of states to exchange goods and services, why is trade sometimes stopped and economic war waged instead?

In World War I the liberal global economic system, based on principles of free trade and most favored nation treatment and negotiated in gold parities, collapsed for good.³ “The long duration of the war, the enormous

¹ Adam Smith, *The Theory of Moral Sentiments*, London 1853, p. 3.

² Tomas Sedlacek, *Economics of Good and Evil: The Quest for Economic Meaning from Gilgamesh to Wall Street*, Oxford 2011.

³ Charles Feinstein/Peter Temin/Gianni Toniolo, *The European Economy between the Wars*, Oxford 1997; Charles P. Kindleberger, *A Financial History of Western Europe*, London; Boston, MA; Sydney 1984, pp. 287-401; cf. T. Balderston, *Economics and Politics in the Weimar Republic*, Cambridge 2002; Jochen Streb/Tamás Vonyó, *Historical Economics of Wars in the 20th Century*, in: *Economic History Yearbook* 55/2 (2014), pp. 9-15.

calamity caused by it, makes its liquidation all the more difficult”, sighed private banker Max Warburg, who had been part of the German delegation in Paris in 1919.⁴ Like many others, Warburg hoped that peace would bring a return of economic reason, but the treaties signed in the suburbs of Paris brought about the opposite. The carving-up of the Austro-Hungarian and the Ottoman Empire entailed the disruption of whole economic districts, trade routes and commercial connections. Since the principle of self-determination of the people, introduced by US President Woodrow Wilson, did not really fit in with this complex reality on the ground and was employed somewhat arbitrarily, new minorities were created within the new national states in Eastern and South Eastern Europe.

At the same time the notion of “the nation” became more and more charged, violent and exclusionary, paving the way for mass expulsion and mass murder.⁵ Even while peace negotiations were underway in Paris, for example, pogroms were taking place in Ukraine. Although existing minorities included Albanians, Bulgarians, Croats, Germans, Greeks, Hungarians, Poles, Romanians, Serbians, Turks and Ukrainians, it was Jews who most often became pawns in the bargain for national unity. Despite the League of Nations’ efforts, as portrayed by Carolyn Biltoft in this volume, the process of nation-building also went hand in hand with economic revision and ostracism. While fears of subversive “inner enemies” grew stronger, the (new) nation states did not only start jealously guarding their borders, but also increasingly sought to reserve trade, industry, and agriculture for certain sections of the population. Isolating minorities was seen as a way of purifying economies and making them truly national – a *Volkswirtschaft* in the strict sense of the word. Exclusion was effectuated by violent and by bureaucratic means and often caused considerable damage to the commonwealth and the economy as such. This is what the concept of “national economies” aims at: It takes the idea of “economic nationalism” one step further and thinks of nationalist and racist convictions and practices as – at times – prevailing factors in the economy.⁶ However, as they often go hand in hand, it is difficult to

⁴ Max Warburg, Jahresbericht 1919, in: Foundation Warburg Archive, Hamburg (SWA), Firmengeschichte, Jahresberichte 1918-1922. All translations by the author.

⁵ Norman Naimark, Introduction, in: *ibid.* (ed.), *Fires of Hatred: Ethnic Cleansing in Twentieth Century Europe*, Cambridge; London 2001, pp. 1-16. Cf. Zygmund Bauman, *Modernity and the Holocaust*, Ithaca, NY 1989, pp. 61-64.

⁶ Cf. Anders E. B. Blomqvist, *Economic Nationalizing in the Ethnic Borderlands of Hungary and Romania*, Stockholm 2014, pp. 24-30; Jan Kofman, *Economic Nationalism and Development: Central and Eastern Europe between the World*

identify the dividing line between nationalism and racism. For the purpose of this book, the United Nations 1965 *International Convention on the Elimination of All Forms of Racial Discrimination* might serve as a guideline. In it, racism is defined as “any distinction, exclusion, restriction or preference based on race, colour, descent, or national or ethnic origin that has the purpose or effect of nullifying or impairing the recognition, enjoyment or exercise, on an equal footing, of human rights and fundamental freedoms in the political, economic, social, cultural or any other field of public life”.⁷

The consequences of this, the eruption of racist fault lines in the economy is the question pursued here. This essay prepares the ground for the sixteen articles collected in this volume. The impact of nationalizing economies could be felt all over Europe – including in Great Britain, the homeland of liberal economy.⁸ Even though Belgium and France certainly suffered more damage in the war; while Austria and Hungary were afflicted more in its aftermath,⁹ special attention is paid to Germany. The reason is threefold. Germany had been “a central support [...] for the rest of the European system” before the World War I and was hard hit by the “economic consequences of peace”.¹⁰ The impact of national economy can be seen particularly clearly with regard to Germany, with the country arguably taking the most extreme approach in squeezing one minority – the Jews – completely out of its economy before setting the world ablaze again. But (non-Jewish) Germans were not only perpetrators. Germans were a huge minority all over Eastern Europe – a fact that German policymakers tried to instrumentalise. The focus lies on developments prior to 1933 since they paved the way for developments to come and show particularly clearly how closely connected economic warfare, national economies and racist fault lines were – all over Europe.

Wars, Boulder, CO 1997; Antoine Pécoud, What is Ethnic in an Ethnic Economy?, in: *International Review of Sociology* 20/1 (March 2010), pp. 59-76.

⁷ International Convention on the Elimination of All Forms of Racial Discrimination, <http://www.ohchr.org/EN/ProfessionalInterest/Pages/CERD.aspx>

⁸ Robert Winder, *Bloody Foreigners: The Story of Immigration to Britain*, London 2004, pp. 226-273. Cf. Derek H. Aldcroft, *The Inter-War Economy: Britain 1919-1939*, London 1970.

⁹ John Maynard Keynes, *The Economic Consequences of the Peace*, London 1920, p. 233.

¹⁰ Keynes, *Consequences*, pp. 14 f. Cf. Adam Tooze, *The Wages of Destruction: The Making and Breaking of the Nazi Economy*, London 2007, pp. 69-75.

Economic Warfare

In 1913 the German sociologist and economist Werner Sombart, whose study *Die Juden und die Wirtschaft* (The Jews in Economy) had further laid the groundwork for an anti-Semitic tendency to view Jews as a peculiar group within the German economy, analysed the paradoxical relationship between war and capitalism. Warfare, he argued, did not only delay and destroy economic relations, but also brought about economic development.¹¹ Yet, Sombart thought of war and economy as separate entities and hardly addressed at all the fact that elements of warfare are embedded in economy and vice versa. This is clearly reflected in the semantics of economy: Markets are conquered and competitors eliminated. When mobile warfare turned into trench fighting and battles turned into wars of attrition, it became apparent that fighting did not only need large arsenals but also resources. Hence, it was assumed that industrial and agrarian production and not necessarily soldiers would eventually win wars.¹² The lesson was learned: “In the fight for freedom and living space that was forced upon us by England”, one German economist who had fought in World War I wrote in 1939, “the German economy is a weapon, too”.¹³ Of course, the Germans were not alone in realizing the necessities of “total mobilization”.¹⁴ As a matter of fact, awareness of the economic consequences of war had informed the peace negotiations after World War I. Along with thirteen other points, US President Woodrow Wilson’s plan proposed the “removal, so far as possible, of all economic barriers and the establishment of equality of trade conditions among all nations consenting to peace”. This was thus eventually thwarted in Paris. The results of the peace negotiations were such that one of its frustrated participants, John Maynard Keynes, moaned about “trained European diplomatists” as “an

¹¹ Werner Sombart, *Krieg und Kapitalismus*, Munich; Leipzig 1913, p. 6. Cf. Moshe Zimmermann’s essay in this volume; Christoph Kreutzmüller/Jonathan Zatlin, *Die Juden und das Wirtschaftsleben* (Werner Sombart 1911), in: *Handbuch des Antisemitismus. Judenfeindschaft in Geschichte und Gegenwart*, vol. 6, Berlin; Boston, MA 2013, pp. 332-334.

¹² Ludolf Herbst, *Der Totale Krieg und die Ordnung der Wirtschaft. Die Kriegswirtschaft im Spannungsfeld von Politik, Ideologie und Propaganda 1939-1945*, Stuttgart 1982, pp. 35 f.

¹³ Cf. Josef Winschuh, *Gerüstete Wirtschaft*, Berlin 1939. Notabene Winschuh had been MP for the German Democratic Party (DDP) from 1930 to 1932.

¹⁴ Ernst Jünger, *Krieg und Krieger*, Berlin 1930, p. 14. Cf. Wilhelm Hasenack, *Zum Geleit*, in: Willy Lück, *Monetäre Unabhängigkeit. Untersuchung der Vorschläge von J. M. Keynes für unabhängige nationale Währungssysteme*, Leipzig 1939, p. 4.

unequalled instrument for obstruction and delay”¹⁵ and foresaw “European civil war” as “a normal or at least a recurrent state of affairs for the future”.¹⁶ “Neuilly”, “Saint Germain”, “Sèvres”, “Trianon” and “Versailles” soon became battle cries for the dissatisfied – including a new generation of young men who wanted to win the war their fathers had lost.¹⁷

For those who accepted Carl von Clausewitz’ famous paradigm of war as the continuation of politics with other means, it was only a small step to consider economy as the continuation of war with other means. Economy got “caught in an inextricable barbed wire entanglement of trade restrictions”¹⁸ and economic warfare – *Wirtschaftskrieg* – became the slogan of the time. Apart from tax and customs barriers as well as bureaucratic harassment, embargos, blockades and boycotts were its weapons.¹⁹ There was an Austrian boycott of Hungary, a Chinese boycott of Japan, Shanghai, Hong Kong and Great Britain, the Yugoslav boycott of Italy, a Swiss and British boycott of the Soviet Union and, of course, the French boycott of Germany as well as Gandhi’s call for a boycott of all foreign cloths.²⁰ Between 1918 and 1934 the liberal German newspaper *Vossische Zeitung* reported more than a thousand times on “boycott” – and more than 150 times in its headlines.²¹ Looking back at the developments in the previous twenty years, the liberal Dutch paper *Algemeen Handelsblad* complained in 1934 that “the economic balance has been destroyed”.²² Referring to Oswald Spengler’s famous dictum, the newspaper then stated that the “armed peace has not succeeded in recreating a sphere of international trust and will to reconstruction that alone can save the west from decline”.²³

¹⁵ Keynes, *Consequences*, p. 242.

¹⁶ *Ibid.*, 31. Cf. Margaret Macmillan, *Peacemakers: The Paris Conference of 1919 and its Attempt to End War*, London 2001; Manfred F. Boemeke/Gerald D. Feldman/Elisabeth Glaser (eds.), *The Treaty of Versailles: A Reassessment after 75 Years*, Washington, DC 1998.

¹⁷ Cf. Michael Wildt, *Die Generation des Unbedingten. Das Führungskorps des Reichssicherheitshauptamtes*, Hamburg 2002.

¹⁸ Ferdinand Fried (Friedrich Zimmermann), *Die Zukunft des Welthandels*, Munich 1942, p. 10.

¹⁹ Gerhart Runte, *Boykott und Kollektiv-Boykott im Völkerrecht*, Emsdetten 1935, p. 6; *Rechtsfrieden gegen Gewaltfrieden*, in: *Vossische Zeitung*, May 28, 1919.

²⁰ Runte, *Boykott*, pp. 8-17.

²¹ Cf. *Vossische Zeitung*, January 1, 1918 – March 30, 1934. The same paper mentioned “strike” 6,426 times – 1,357 times in a headline.

²² *Twintig jaar na 1914*, in: *Algemeen Handelsblad*, July 31, 1934.

²³ *Ibid.*

In 1914 Germany's "phenomenal rise to the rank of an industrial world power [...] ended [...] in sudden catastrophe", Gustav Stolper, founder of the German economic weekly *Der Deutsche Volkswirt* [The German National Economist], remarked in 1940 from his US exile.²⁴ Germany did not only suffer from a blockade during the "Great War" but was, even after the armistice, exempted from most favoured nation treatment by Great Britain and France. In Versailles the country lost important territories and resources and was burdened by heavy reparations.²⁵ The policy the former Entente states pursued was, as one of the hundreds of pamphlets against "Versailles" had it, "worthy of a Shylock".²⁶ Only a few in Germany understood that the decision-makers of the former Entente States were at odds, too, and that they were under serious pressure since they had amassed enormous war debts. The US did not only insist on the payment of their war credits, but also withdrew from the League of Nations and from the principle of free trade in the early 1920s.²⁷ In a desperate move Great Britain and France seized private property and companies to help pay reparations. This was a move that had – as Keynes commented – "no precedent in any peace treaty of recent history".²⁸ Britain's *Trading with the Enemy Act* stipulated that for the first five years after the Treaty of Versailles, companies and entrepreneurs from the Central Powers could not do business via Britain – one of Germany's most important trading partners before 1914.²⁹ This hampered commerce in many ways. German Banks could, for example, not openly take part in the international consortium that set up the *International Acceptance Bank* in 1921 to further "the reconstruction of Europe" via acceptance facilities, even though the company was registered in the United States.³⁰ It was not

²⁴ Gustav Stolper, *The German Economy: 1870 to the present*, London 1967 (London 1940), p. 53. The *Deutsche Volkswirt GmbH* was taken over by Hjalmar Schacht in July 1933. Cf. Database Jewish Businesses in Berlin: www2.hu-berlin.de/djgb.

²⁵ *Der Wirtschaftskampf*, in: *Vossische Zeitung*, August 6, 1918.

²⁶ Leo Horwitz, *Endkampf um die Reparation. Zur Krise des politischen Schuldensystems*, Leipzig 1931, p. 14. On the use of "Shylock" in France see: Hauser, *Economy as Fate*, in this volume.

²⁷ Peter Clemens, *Prosperity, Depression and the New Deal: The USA 1890-1954*, London 2008, pp. 54-58.

²⁸ Keynes, *Consequences*, p. 65.

²⁹ Christoph Kreutzmüller, *Händler und Handlungsgehilfen. Der Finanzplatz Amsterdam und die deutschen Großbanken 1919-1945*, Stuttgart 2004, p. 24.

³⁰ Letter M.M. Warburg & Co to N. M. Rothschild & Sons, July 7, 1920, in: SWA, A 15001 (International Acceptance Bank Inc., New York, 1. Mappe). Cf. Eric

until 1924 that German and British banks could officially cooperate again in setting up the *Internationale Bank* or the *Internationale Credit Compagnie*. Still, these enterprises were not set up in London but in Amsterdam. This move showed how much the traditional commercial routes and networks had been damaged in the ten years after the outbreak of the war. London had partly lost its function as “the nerve centre of the international economy”.³¹ The Netherlands, which had been neutral in the First World War, had developed into a safe haven for German trade and commerce. The city of Amsterdam had become Germany’s new (off shore) financial centre offering shelter from both seizure and inflation, which gained a destructive momentum after Belgium and French troops occupied the Ruhr area in 1923, in order to enforce the delivery of goods as negotiated in Versailles.³²

While the occupation of one of the industrial heartlands of Germany led to the “Ruhrkampf”, violence, and economic standstill in the West (and eventually to a serious decline of steel production in France), border wars with and in re-established Poland as well as the Baltic States cut all trade and commerce in the East. German investors suffered from the nationalization of the economy in the Soviet Union and had to write off their large pre-war investments there. Colonial companies like the *Diamanten-Regie Deutsche Kolonial-Gesellschaft* or the *Kolonialgesellschaft West-Afrika mbH* went into liquidation and had to be struck off the commercial register.³³ In May 1923 the esteemed economic bulletin *Die Wirtschaftskurve* [The Economic Chart] declared that due to the “state of conflict” German exports had “shrunk to a minimum”.³⁴ A few weeks later most stock exchanges in Europe simply stopped trading the rapidly dissolving Mark³⁵ while some

Rosenbaum/A. J. Sherman, M. M. Warburg & Co., 1798-1938, Merchant bankers of Hamburg, London 1979, pp. 126 f.

³¹ Aldcroft, *Inter-War Economy*, p. 243.

³² Johannes Houwink ten Cate, *Amsterdam als Finanzplatz Deutschlands (1919-1932)*, in: Gerald D. Feldman/Carl Holtfrerich et al. (eds.), *Konsequenzen der Inflation, Consequences of Inflation*, Berlin 1989, pp. 149-179, p. 165; Kreutzmüller, Händler, pp. 41-52.

³³ Central Commercial Register Supplement of the German State Gazette (*Zentralhandelsregisterbeilage des Deutscher Reichsanzeiger und Preußischer Staatsanzeigers*), February 2, 1933 resp. October 27, 1932.

³⁴ Emil Kahn, *Die Wirtschaftskurve mit Indexzahlen der Frankfurter Zeitung* 2 (1923), p. 3.

³⁵ *Wirtschaftskurve* 4 (November 1923) p. 67.

German economists already heard the “death rattle of our national economy”.³⁶

Of course, there were still some who tried to keep up the old standards of international co-operation. Even at the height of inflation, the young German economist Wilhelm Röpke – who would later become one of the fathers of the social market theory – was convinced that the “present state of global economy will not last” and “reason will prevail”.³⁷ Röpke was confident that “the most favoured nation principle, the corner stone of free trade”, would be honoured again in the not too distant future.³⁸ When the inflation, the “Great Disorder” brilliantly analysed by Gerald D. Feldman, was over, co-operation indeed seemed to gain the upper hand.³⁹ Yet with the German currency restored, reparations continued to be a “disruption of global economy”.⁴⁰ It was obvious that Germany would only be able to meet the reparations claims if exports were rapidly increased. Another member of the German peace delegation, Carl Melchior, told Walter Rathenau two years before his assassination by right wing radicals: “Large claims would invariably either stay on paper or lead to dumping”.⁴¹ The Dawes Plan allowed extra breathing time and pumped fresh money into the economy in 1924, but in the longer term made Germany dependent on foreign loans.⁴² When US investors started withdrawing their assets from Germany after the crash of Black Thursday on October 24, 1929 the German banking system collapsed. Following the bust of one of the largest banks, the *Darmstädter- und Nationalbank*, on July 13, 1931 there was a run on all other banks, forcing them to suspend payments. The German government declared a moratorium on all short-term foreign debts and introduced a strict transfer regime. The *Reichsmark*, introduced only eight

³⁶ Ernst Schultze, *Not und Verschwendung. Untersuchungen über das deutsche Wirtschaftsschicksal*, Leipzig 1923, p. 7.

³⁷ Wilhelm Röpke, *Die internationale Handelspolitik nach dem Kriege*, Jena 1923, p. 66. On Röpke see: Götz Aly, *Volk ohne Mitte. Die Deutschen zwischen Freiheitsangst und Kollektivismus*, Frankfurt/Main 2015.

³⁸ Röpke, *Handelspolitik*, p. 49.

³⁹ Gerald D. Feldman, *The Great Disorder: Politics, Economics, and Society in the German Inflation, 1914-1924*, Oxford 1997.

⁴⁰ Röpke, *Handelspolitik*, p. 23.

⁴¹ Letter Carl Melchior to Walter Rathenau, July 23, 1920, in: SWA, F-10166, *Jahresberichte 1919-1920*.

⁴² Dorothea Hauser, *Geld und Moral*, in: John Maynard Keynes, *Krieg und Frieden. Die wirtschaftlichen Folgen des Vertrags von Versailles*, Berlin 2006, pp. 7-33.

years earlier, had stopped being a convertible international currency.⁴³ Facing crisis, governments all over the world tried to protect their national economies by extending their trade barriers. Great Britain as well as the United States gave up the gold parities and effectively devaluated the Pound and the Dollar respectively in a bid to protect their industries. This made matters worse and contributed to what was to become the Great Depression. In retrospect Erich Neumann, who as a secretary of state of the Pleinpotentiary for the Fours Years Plan took part in the Wannsee Conference, stated that the “effects of the crisis-blockade were no less destructive than the blockade of the [First, CK] World War”.⁴⁴ *Die Wirtschaftskurve* was arguing that the global economy was in a “state of convulsion”.⁴⁵ In 1933 US President Theodor Roosevelt complained about the “present drift [...] towards economic nationalism”.⁴⁶ A short time later Germany suspended the payment of long-term investments and in 1934 started subsidizing exports by using book profits gained from buying up devaluated German bonds.⁴⁷

In Germany many did not believe that the global economy as such had a future. In his influential study *Das Ende des Kapitalismus* [The End of Capitalism], published in 1929, Friedrich Zimmermann analysed the “dissolution of the global economy” and foresaw a complete sell-off of the German economy. For Germans there would be “no cigars and coffee anymore, only cold sweat and no mercy”.⁴⁸ Developments seemed to confirm this notion. Although the German Minister for Economics “rejected autarky” in September 1932, stating that the “bonds with global

⁴³ Johannes Bähr/Bernd Rudolph, 1931 Finanzkrisen 2008, Munich; Zurich 2011; Feinstein et al., *Economy*, pp. 108-110; Harold James, *Deutschland in der Weltwirtschaftskrise 1924-1936*, Stuttgart 1988, pp. 298-309; Karl Erich Born, *Die deutsche Bankenkrise 1931. Finanzen und Politik*, Munich 1967. Cf. Note on the emergency act of the transfer, July 22, 1931, in: SWA, Devisenverordnung nach der Banken Krisis July 13, 1931, Notizen.

⁴⁴ Manuscript of a speech by Neumann, April 29, 1941, Federal Archive (BArch), R 26/I, 6.

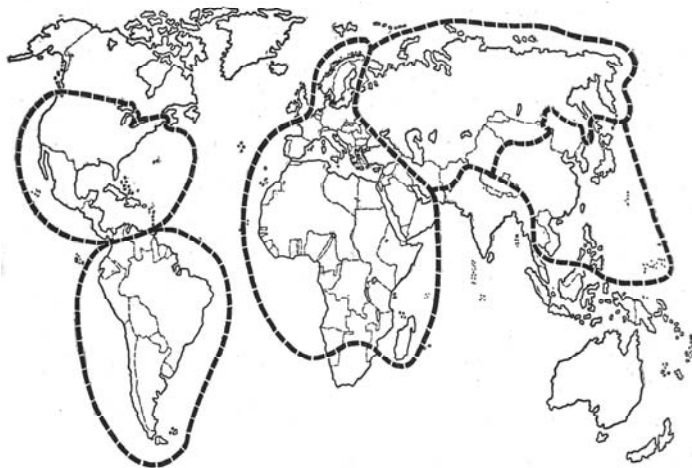
⁴⁵ Ernst Trip, *Der Außenhandel*, in: *Die Wirtschaftskurve mit Indexzahlen der Frankfurter Zeitung* 2 (1931), pp. 235-237, p. 237.

⁴⁶ William E. Dodd/Martha Dodd (eds.), *Ambassador Dodd's Diary, 1933-1938*, New York, NY 1941, p. 6.

⁴⁷ Christoph Kreutzmüller, *Final Sale in Berlin: The Destruction of Jewish Commercial Activity 1930-1945*, New York, NY; Oxford 2015, p. 63.

⁴⁸ Ferdinand Fried (Friedrich Zimmermann), *Das Ende des Kapitalismus*, Jena 1931, p. 211. Cf. Avraham Barkai, *Das Wirtschaftssystem des Nationalsozialismus. Ideologie, Theorie, Politik 1933-1945*, Frankfurt/Main 1988, p. 66.

economy were too tight to be cut”,⁴⁹ by the mid-1930s Zimmermann took it for granted that the free market order had collapsed for good. Global economy would be replaced by a *Grossraumwirtschaft*, a large scale economic area in which there were but five or six – as we would put it today – global players, self-sustaining commercial centres dominating a large hinterland.⁵⁰



The global economy according to *Die Zukunft des Welthandels*. Its author used it to illustrate how far the “British Empire had been squeezed into a peripheral position”.⁵¹

From economy to economising people was but a small step and the racist concept of a *Grossraum* was laid out in the *Generalplan Ost*. For Hitler, who neither understood nor talked much about economy, it was clear that economic growth relied on conquest. In *Mein Kampf* he maintained that “all this gossip about peaceful economic pervasion of the world probably was the greatest rubbish that has been promoted to a guiding principle of politics”.⁵² However, the idea of a large-scale economic area resonated again in the plan for a European Union, devised by Ludwig Erhard, among

⁴⁹ Warmbold lehnt Autarkie ab, in: *Vossische Zeitung*, September 23, 1932.

⁵⁰ Zimmermann, *Zukunft*, p. 7.

⁵¹ Zimmermann, *Zukunft*, p. 36.

⁵² Adolf Hitler, *Mein Kampf*, München 1938 (München 1926), p. 149.

others, in 1943 – when it had become all too evident that Germany would not win the war.⁵³

Towards National Economies – *Volkswirtschaft*

The deadlock of the global economy and the political tensions in and after the Great War had major repercussions for Europe's domestic economies. As Keynes had predicted, the call for "vengeance" followed the deliberate "impoverishment of Central Europe".⁵⁴ The reparation issue undisputedly helped the radicals destroy the first German Republic.⁵⁵ Max Warburg, who had declined the offer to become finance minister in 1919 arguing that "the Germans would never ever put up with a Jewish finance minister",⁵⁶ stated in retrospect that "the antagonism of mentalities that in the end led to National-Socialism" had been felt even at the Spa Conference in 1920, when the reparation sum was specified.⁵⁷ Recession and inflation prepared the ground for a boom of racism in the middle of the highly diversified, industrialised country, rooted – as Jonathan Zatin and Moshe Zimmermann show in their essays in this volume – in well-established racist notions.

In 1919/20 hunger riots took place all over Germany, in the course of which Jewish shops were frequently plundered.⁵⁸ On February 28, 1921 the *New York Times* reported that Berlin had witnessed the first "pogrom in its history".⁵⁹ Jews from Eastern Europe were the main targets of the growing anti-Semitism. In 1915 German military authorities had started recruiting Jews in occupied Russia to work in German factories. Even though German troops maintained they would be liberating them from tsarist oppression, according to contemporary estimates only 20,000 to

⁵³ Herbst, Krieg. As a matter of fact, Keynes had already envisioned a "free trade union of Europe": Cf. Keynes, *Consequences*, p. 249.

⁵⁴ Keynes, *Consequences*, p. 251.

⁵⁵ Niall Ferguson, *The Balance of Payment Questions*, in: Boemeke/Feldman/Glaser, *The Treaty of Versailles*, pp. 401-440. Cf. Albrecht Ritschl, *Deutschlands Krise und Konjunktur 1924-1934. Binnenkonjunktur, Auslandsverschuldung und Reparationsproblem zwischen Dawes-Plan und Transfersperre*, Berlin 2002, pp. 240 f.

⁵⁶ Max Warburg, *Aus meinen Aufzeichnungen*, New York, NY 1952, p. 64.

⁵⁷ *Ibid.*, p. 91.

⁵⁸ Ahlheim, *Deutsche*, pp. 157-159.

⁵⁹ Students organize first Berlin pogrom, in: *New York Times*, February 28, 1921.

30,000 Jews came to work in Germany as “contract workers”.⁶⁰ After the End of the Great War, about 50,000 to 60,000 Jews fled to and sometimes via Germany to escape violence and pogroms and Berlin became – for a short time – an emigrant metropolis.⁶¹ Even though relatively small in numbers, the arrival of the *Ostjuden* caused widespread fears of an inundation that were fuelled by anti-Semitic propaganda, which exaggerated the numbers.⁶² Put under severe pressure by public opinion, the *Prussian State Office* (Staatsministerium), led by a Social Democrat, contemplated sending these “unwelcome aliens”, who were “notoriously unemployed” and could not be deported back to Poland or Russia, into concentration camps. One potential site was Ohrdruf, where in late 1944 a sub-camp of Buchenwald was eventually set up.⁶³ Even the liberal *Vossische Zeitung* agreed in February 1920 that “one probably cannot avoid alien concentration camps” for Jews from the East.⁶⁴ Supported by the city council – which after all had to pay unemployment benefits – the reduced German army undertook manhunts in Berlin a month later, expelling Jews from the East out of the city limits.⁶⁵ In June 1921 the President of the *Reich Emigration Office* publicly stated in the Reichstag that the *Ostjuden* were taking up the country’s desperately needed workplaces.⁶⁶ For Jews who intended to stay in Germany, work became a prerequisite for a residence permit. The Prussian Authorities responsible for immigration accordingly put the newly founded *Jewish Worker Relief Office* (Arbeiterfürsorgeamt) and not the Jewish Community as such in charge of handling the residence permits.⁶⁷ However, work was difficult to find in post-war Berlin. While the Great War’s surviving soldiers returned to their former workplaces, the important weapon-industry – that had employed more than 600,000 in the city in 1918 – was forced to a grinding

⁶⁰ Die Einwanderung von Ostjuden, in: *Vossische Zeitung*, August 19, 1919. Cf. Anne-Christin Saß, *Berliner Luftmenschen. Osteuropäisch-jüdische Migranten in der Weimarer Republik*, Göttingen 2012, p. 63.

⁶¹ Monika Schmidt, *Hackescher Markt: The Inner City and Marginalisation*, in: Moritz van Dülmen/Wolfgang Kühnelt/Bjoern Weigel (eds.), *Diversity Destroyed: Berlin 1933-1938-1945*, Berlin 2013, pp. 230-231; Gertrud Pickhahn/Verena Dohrn (eds.), *Berlin Transit. Jüdische Migranten aus Osteuropa in den 1920er Jahren*, Berlin; Göttingen 2012.

⁶² Schultze, *Not*, pp. 653-656.

⁶³ Konzentrationslager für Ausländer, in: *Vossische Zeitung*, January 4, 1920; Ausländerkonzentrationslager Ohrdruf, in: *Vossische Zeitung*, March 7, 1921.

⁶⁴ Fremden-Konzentrationslager, in: *Vossische Zeitung*, February 18, 1920.

⁶⁵ Ostjudenverhaftungen, in: *Jüdische Rundschau*, March 31, 1920.

⁶⁶ Die Ein- und Auswanderung, in: *Vossische Zeitung*, January 16, 1921.

⁶⁷ Ostjudenverhaftungen, in: *Jüdische Rundschau*, March 31, 1920.

halt by the Versailles treaty.⁶⁸ All contract-workers were also laid off. With civil war raging in the streets of the capital, the Minister for Demobilization foresaw the impending collapse of the German economy in February 1919. The remaining workforce in the metal industry in Berlin even agreed to shorten their working days to four hours to prevent further redundancies.⁶⁹

In 1923 the labour market took another turn for the worse.⁷⁰ As inflation spiralled out of control, many cities witnessed riots in protest at price hikes. This situation, portrayed by Franz Mehring's (in-)famous play *Der Kaufmann von Berlin*, was the breeding ground for the pogrom of November 1923.⁷¹ As structural unemployment remained high in the "Roaring Twenties" the pressure on Jews from Eastern Europe did not ease. This further promoted the age-old trend of self-employment. Looking at the results of the census of 1925, the Jewish statistical expert Heinrich Silbergleit pointed out that nearly half of all the Jews registered in Berlin were self-employed. Amongst the Jews from Eastern Europe this rate was even higher.⁷² In many cases, formal independence went along with self-exploitation, since many of the self-employed worked in the five to six square meters they called home in sweatshop-like production lines. As early as 1925, economic expert Kurt Zielenziger saw in the diminishing size of companies and their shorter lifespan a sure sign of the imminent ruin of the Jewish mid-tiers (Mittelstand).⁷³

Of course, Jews were not the only ones to be ousted from the *Volkswirtschaft*. As Dorothea Hauser points out in her contribution to this volume, the aforementioned Zielenziger frequently reported on the economic problems and the plight of refugees in the German-Polish borderland. In the Polish Embassies in Germany many Polish citizens also complained about violent blockades and unfair treatment. And when the *Galleries Lafayette* planned to open a department store in Berlin in 1928, a

⁶⁸ Christoph Kreutzmüller, *Wirtschaft*, in: *ibid.*/Michael Wildt (eds.), Berlin 1933-1945, Munich 2013, pp. 83-95.

⁶⁹ Die wirtschaftliche Krise Deutschlands, in: *Vossische Zeitung*, February 16, 1919; Kurze Nachrichten, in: *Vossische Zeitung*, April 30, 1919.

⁷⁰ Die wachsende Arbeitslosigkeit, in: *Vossische Zeitung*, October 12, 1923.

⁷¹ Christoph Kreutzmüller, "'Le Marchand de Berlin'. Les commerces juifs à Berlin (1918-1942), in: Laurence Guillon/Heidi Knörzer (eds.), *Berlin et les Juifs. 19e-21e siècles*, Paris 2014, pp. 157-162.

⁷² Schreiben des Arbeitsfürsorgeamts der jüdischen Organisationen Deutschlands an das Polizeiamt Mitte, 16.12.1921, in: RGVA, 505/2/134a. Vgl. Saß, *Luftmenschen*, pp. 94 f.

⁷³ Der Untergang des jüdischen Mittelstandes, in: *CV-Zeitung*, November 13, 1925.

storm of protest ensued. The *Reich Association of German Housewives* implored the Prussian Trade Ministry to block the plan, because the business was French and would only sell French goods that were “produced in low paid monastery work”.⁷⁴ German fears of inundation even left their mark in commercial law. To keep the influence of foreign investors at bay, preferred shares with multiple votes were introduced.⁷⁵ At the same time the Reich secretly subsidized Germans living mainly in Poland – as a pawn for territorial claims, even though the money was low.⁷⁶

With more than six million “on the street” (as the German expression for “unemployed” has it), the situation took yet another turn for the worse in the early 1930s. As a consequence, even more Jews tried to survive economically by becoming – or pretending to be – self-employed.⁷⁷ Yet at the same time, increasing anti-Semitic propaganda made out that this high level of self-employment was evidence of the allegedly overbearing economic might of Jews. The involvement of Jews in economic scandals, as Bjoern Weigel discusses in this volume, was also used as an excuse to call for anti-Jewish action. In the wake of economic depression, amidst constant election campaigns and street fighting, these actions became more and more brutal in the early 1930s. “Country under Terror” the *Vossische Zeitung* headlined, reporting on the blockade practices in North Germany in March 1932. The article concluded that “SA-columns, blacklists, boycott, and terror, are the prelude to the infernal music of the Third Reich”.⁷⁸ On January 12, 1933, the Reich Minister of the Interior complained that political and “weltanschauliche” (i.e. racist) boycotts had reached a scope that posed a serious threat to law and order. He therefore

⁷⁴ Letter by the Reich Association of German Housewives to Prussian Ministry of Trade and Commerce, December 3, 1928, in: Brandenburgisches Landeshauptarchiv, Pr. Br. Rep. 1, 1901.

⁷⁵ Ernst Spiegelberg, Die Notwendigkeit der Schaffung neuer Wertpapiertypen, in: *Bank-Archiv*, April 15, 1924. Cf. Gerald D. Feldman, Foreign Penetration of German Enterprises after the First World War: The Problem of *Überfremdung*, in: Alice Teichova/Maurice Lévy-Leboyer/Helga Nussbaum (eds.), *Historical Studies in International Corporate Business*, Cambridge 1989, pp. 87-110. See also idem, *Great Disorder*, pp. 178-180.

⁷⁶ Ingo Loose, *Kredite für NS-Verbrechen. Die deutschen Kreditinstitute in Polen und die Ausraubung der polnischen und jüdischen Bevölkerung 1939-1945*, Munich 2007, p. 46.

⁷⁷ Kreutzmüller, *Final Sale*, pp. 76-90.

⁷⁸ Land unter Terror, in: *Vossische Zeitung*, March 11, 1932.

asked the police to intervene in all cases and by all means.⁷⁹ Less than three weeks later Hitler became Reich Chancellor and the ardent Nazi Wilhelm Frick the new Reich Minister of the Interior.

What happened next is well known. On March 27 the *Manchester Guardian* argued that “the anti-Semitic outrages of the last few weeks are far more horrible than could have reasonably been imagined at first. Nothing like it has been known in Germany for generations.”⁸⁰ Hitler reacted to such reports by spontaneously deciding on a public campaign against Jews – to be called a “boycott” – to keep his raging storm troopers off the street and to stem their violence for a while.⁸¹ Initially, the newly appointed Minister for Propaganda, Joseph Goebbels, claimed that the blockade of Jewish-owned businesses was aimed to counter a boycott of German goods abroad. It is telling that this narrative was changed a day later, when it was claimed that the measure was taken to counter the unjustified international press reports – the so-called “atrocities propaganda”.⁸² To sell their point of view to the international press, Goebbels had bilingual posters printed in Berlin where most of the international press agencies and newspapers had their German headquarters.⁸³

Even though most historians still refer to the blockade of businesses owned by Jews as a boycott, it most certainly was not. After all, the picketing was often very violent and not a means to protest against economic or political misbehaviour nor push for political changes.⁸⁴ Calling the racist blockade of Jewish-owned shops a “boycott” was a clever PR-trick of Goebbels, who successfully sold the start of the systematic persecution of Jews in Germany to the world in terms of a

⁷⁹ Gegen Boykott, in: *Vossische Zeitung*, January 12, 1933. Letter of the Reich Minister of the Interior to Federal States, December 27, 1932, Federal Archive Berlin (BArch), R 3101, 13859.

⁸⁰ Facts about the Nazi Terror, in: *Manchester Guardian*, March 27, 1933.

⁸¹ Avraham Barkai, From Boycott to Annihilation. The Economic Struggle of German Jews 1933-1943, Hanover, NH; London 1989, p. 21; Cf. Christoph Kreutzmüller, “Augen im Sturm”? Britische und amerikanische Zeitungsberichte über die Judenverfolgung in Berlin 1918-1938, in: *Zeitschrift für Geschichtswissenschaft* 62 (2014), pp. 25-48; Stephanie Seul, “Herr Hitler’s Nazis Hear an Echo of World Opinion”: British and American Press Responses to Nazi Anti-Semitism, September 1930-April 1933, in: *Religion & Ideology* 14 (2013), pp. 412-430.

⁸² Elke Fröhlich (ed.), *Die Tagebücher von Joseph Goebbels, Part I, Aufzeichnungen 1923-1941*, Munich 2005, Vol. 2/III, p. 156.

⁸³ Kreutzmüller, *Final Sale*, pp. 108-110.

⁸⁴ Cf. Christoph Kreutzmüller, *The Blockade of Jewish Owned Businesses in Nazi Germany – A Boycott?* in: David Feldman (ed.), *Boycotts Past and Present*, London 2015.

fairly common measure deployed in normal political struggle. Fortunately for the Nazis, the word “boycott” was on everyone’s lips in the early 1930s. Like so many other words from contemporary discourse adopted by the Nazis, from “Final Solution” to “Aryanization”, “boycott” masks the violence that became part and parcel of the persecution of Jews and the destruction of Jewish commercial activities in Germany. In retrospect Alfred Wiener – the founder father of the famous Wiener Library – rightly pointed out that the “April boycott” 1933 was merely a “boycott of law” and thus “the writing on the wall”.⁸⁵

The blockade on April Fools day, 1933, was the official starting point of the process of the destruction of Jewish commercial activity in Germany analysed by Ingo Loose and Benno Nietzel in this volume. The process was predicated not on economic factors but on racist ones and, as Ludolf Herbst remarked during the conference that shaped this book, of a certain cannibal nature. Suffice to say that even private property – the core of capitalist economy – was a bargaining chip. Heinrich Hunke, according to Harold James the “most influential Nazi economic theorist”,⁸⁶ argued that “National Socialist property law has nothing in common with the unlimited right to property of economic liberalism [...] Today we no longer view property as something individuals can treat according to their every whim, but as a loan that is to be managed at all time in the interest of the ultimate lender, the *Volk*.”⁸⁷ In the end however, only Jews were systematically deprived of their property rights. The ensuing process of the destruction of the economic existence was, as Raul Hilberg pointed out long ago, an integral part of the whole process of the destruction and murder of Jews in Germany and in Europe. The utilitarian – if not economical – approach the Nazis took in this is somehow mirrored in the word “liquidation” – deriving from the field of economics, meaning literally to liquefy ones assets – to cloak their murder.

⁸⁵ Vom Judenboykott zum Boykott des Rechts, in: *Die Zeit*, April 3, 1958.

⁸⁶ Harold James, Die Deutsche Bank und die Diktatur, in: Lothar Gall/Gerald D. Feldman/Harold James/Carl-Ludwig Holtfrerich/Hans E. Büschgen (eds.), *Die Deutsche Bank: 1870-1995*, Munich 1995, pp. 315-408, p. 393.

⁸⁷ Heinrich Hunke, *Grundzüge der deutschen Volks- und Wehrwirtschaft*, Berlin 1943 (Berlin 1938), p. 84.

THE JEW AS “HOMO ECONOMICUS”

THE USURIOUS JEW: WILHELM ROSCHER AND THE DEVELOPMENTAL ROLE OF THE HOMO ECONOMICUS JUDAICUS

JONATHAN ZATLIN

In May 1875, the eminent German economist Wilhelm Roscher published an article entitled “The Status of the Jews in the Middle Ages from the Perspective of Trade Policy,” which appeared first in Italy and shortly thereafter in Germany.¹ The binational publication of Roscher’s article reflected as much his considerable domestic and international reputation as an exponent of the so-called historical method of economic analysis as it did growing Italian interest in alternatives to classical liberal economic theory and in the proliferation of professional organizations with policy-making aspirations in the period immediately after German and Italian unification.² Not only did the *Verein für Sozialpolitik*, which Roscher had

¹ Guglielmo Roscher, La situazione degli Ebrei nel Medio Evo considerata dal punto di vista della generale politica commerciale, in: *Giornale degli Economisti* 1/2 (May 1875), pp. 87-109; Wilhelm Georg Friedrich Roscher, Die Stellung der Juden im Mittelalter, betrachtet vom Standpunkt der allgemeinen Handelspolitik, in: *Zeitschrift für die gesamte Staatswissenschaft* 31 (1875), pp. 503-526, reprinted in: Roscher, *Ansichten der Volkswirtschaft aus dem geschichtlichen Standpunkt*, vol. II, Leipzig; Heidelberg 1878, pp. 321-354.

² Among other things, Roscher is known for devising the historical category “absolutism” to describe the growing power of European monarchs in the early modern period, and introducing the phrase *aufgeklärter Absolutismus*, often translated into English as “enlightened despotism,” to explain the peculiar mixture of reason and authoritarianism that characterized some princes. Wilhelm Roscher, in: *Umriss zur Naturlehre der drei Staatsformen*, in: *Allgemeine Zeitschrift für Geschichte* 7 (1847), pp. 79-88, 322-65, 436-73. For an appraisal of Roscher’s legacy, see Jürgen Backhaus, Introduction: Wilhelm Roscher (1817-1894) - A Centenary Reappraisal, in: *Journal of Economic Studies* 22/3/4/5 (1995), pp. 4-15; Heath Pearson, *Origins of Law and Economics: The Economist’s New Science of Law, 1830-1930*, Cambridge 1997, pp. 23-25. On the Historical School generally, see Heath Pearson, *The German Historical School: What It Was Not, and What It*