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978-1-107-01695-8 - Business in the Age of Extremes: Essays in Modern German and Austrian Economic History

Edited by Hartmut Berghoff, Jürgen Kocka and Dieter Ziegler

Excerpt

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Introduction: Business in the Age of Extremes in Central Europe

Hartmut Berghoff, Jürgen Kocka, and Dieter Ziegler

The term “Age of Extremes” was coined in 1994 by Eric Hobsbawm to characterize the “short twentieth century,” the period from the beginning of World War I to the dissolution of the Soviet Union.¹ This epoch, according to Hobsbawm, was marked above all by the failure of the great ideologies. Nationalism, capitalism, and socialism did not fulfill their far-reaching promises; indeed, they caused indescribable harm and suffering. In stark contrast to the “long nineteenth century” between the French Revolution and World War I, which offered many reasons for optimism, the future awaiting the world after the Age of Extremes is, Hobsbawm expects, dark: “If humanity is to have a recognizable future, it cannot be by prolonging the past or the present. If we try to build the third millennium on that basis, we shall fail. And the price of failure, that is to say, the alternative to a changed society, is darkness.”²

This volume explores the impact of the great ideologies nationalism, capitalism, and socialism on the realm of economics during the Age of Extremes. It concentrates on Central Europe from the early twentieth century to about 1950 – on the “Age of Catastrophe” that, in Hobsbawm’s periodization, was followed by the “Golden Age” of 1950–1975 and the “landslide” of 1975–1991. This volume examines the role that businesspeople and enterprises played in Germany’s and Austria’s paths to the great catastrophes of the first half of the twentieth century. Did business leaders and firms bear, as is often claimed, direct or indeed major responsibility for the unleashing of both world wars, the failure of democracy in the interwar period, and the rise of National Socialism and its apocalyptic crimes against humanity?

This volume takes stock of the very active and highly controversial research on these questions in recent decades. Based on new archival studies, the essays collected here ask how the business community became involved in the political process and what consequences that involvement had. Conversely, how did political intervention and the imperatives of ideology change the conditions of doing business? How did Germany’s political and economic systems interact and influence one another? Did that interaction contribute to the German catastrophes of the twentieth century? To what extent were businesspeople and firms involved in the Holocaust? Did they help directly or indirectly in carrying it out? Did they

¹ Eric Hobsbawm, *The Age of Extremes: The Short Twentieth Century, 1914–1991* (London, 1994).

² Ibid, 584–85.

profit from it? Or did an all-powerful dictatorship leave them no room for independent action?

How did the business community come to grips with socialism as the alternative system to capitalism, whose right to exist, after all, socialism denied? Despite their ideological rivalry, advocates of free enterprise and socialists were able to compromise and even collaborate on occasion. The most notable instance was probably Germany's Revolution of 1918–1919, when the business community and the socialist trade unions formed a temporary alliance during the transition from monarchy to democracy. But as soon as the threat of nationalization had receded, the business community withdrew from the “social compromise” that had been fundamental to the founding of the Weimar Republic and thereby added to the political burdens on the fragile democracy.

These central questions of modern German history were the focal point of the work of Gerald D. Feldman (1937–2007). This volume is dedicated to his memory, and its contents reflect the broad scope of his contributions to the historiography on twentieth-century Germany and Austria.³

Gerald Feldman, long affiliated with the University of California, Berkeley, was for some forty years one of the outstanding specialists on the social and economic history of Central Europe. Several of his monographs were awarded prizes, and many remain standard works in the field. Feldman first dealt with the relationship between labor, management, and the state in Germany during World War I.⁴ Proceeding more or less in chronological order, he then turned to the decisive phases of the “Age of Catastrophes.” The conversion of the war economy, the demobilization, and the new political order after 1918 were the subject of a coauthored study published in 1985.⁵ Feldman's seminal book on the German inflation of the early 1920s followed in 1993.⁶ Because Feldman was convinced of the importance of individuals' decisions and actions in historical processes, figures who lived through the upheavals of the twentieth century and left their mark on their times occupy a central place in his writings. This approach is clearest in his biography of Hugo Stinnes, the “King of the Ruhr” and “Inflation King” who personified the tensions in German political and economic life during the first quarter of

³ In October 2008, almost one year after Gerald Feldman's death, a commemorative program was held in Berlin. In the presence of his widow, Norma von Ragenfeld-Feldman, some three hundred guests honored the memory of this remarkable individual. Jürgen Kocka paid tribute to Feldman's scholarly work; his speech is included in the appendix of this volume. Personal recollections followed from Urte Kocka, a longtime friend of the Feldmans; Barbara Eggenkämper, the director of the Allianz AG archive; and Edith Sheffer, his last doctoral student at Berkeley. The memorial program was followed by a one-day scholarly symposium that dealt with the four most important areas of Feldman's research. A selection of the papers presented at the symposium was published in German in 2010. Hartmut Berghoff, Jürgen Kocka, and Dieter Ziegler, eds., *Wirtschaft im Zeitalter der Extreme. Beiträge zur Unternehmensgeschichte Deutschlands und Österreichs im Gedenken an Gerald Feldman* (Munich, 2010). Most of the essays from that volume and two additional essays are presented in this collection.

⁴ Gerald D. Feldman, *Army, Industry and Labor in Germany 1914–1918* (Princeton, 1966).

⁵ Gerald D. Feldman and Irmgard Steinisch, *Industrie und Gewerkschaften 1918–1924: Die überforderte Zentralarbeitsgemeinschaft* (Stuttgart, 1985).

⁶ Gerald D. Feldman, *The Great Disorder: Politics, Economics, and Society in the German Inflation, 1914–1924* (Oxford, 1993).

the twentieth century.⁷ It is also evident in his major monographs dealing with the late years of the Weimar Republic and the Third Reich, which were not expressly conceived as biographies. His section of *The Deutsche Bank 1870–1995*, which focuses on the Weimar Republic and thus addresses the banking crisis of 1931, is also a history of Deutsche Bank's board chairman, Oscar Wassermann, and his most important rival, Jakob Goldschmidt of the Darmstädter und Nationalbank (Danat-Bank), Deutsche Bank's most potent competitor at the time.⁸ In this work, Feldman clearly shows the weaknesses of Germany's "organized capitalism." Alongside structural causes, the inability – or, better, the unwillingness – of the main actors to cooperate helps explain the drama of the crisis, the almost complete collapse of the German banking system.⁹ Feldman's history of Germany's largest insurance firm, Allianz, is in large part a collective biography of its senior management during the Third Reich.¹⁰ He demonstrates clearly in this case study how businesspeople acted under the conditions of dictatorship. Wanting to maintain their room for maneuver in conducting business, they responded to incentives that at times involved them deeply in the Nazi regime's crimes. Feldman shows that the latent threat of force was not the sole or, indeed, primary factor influencing the actions of businesspeople. In his capacity as head of the industry association Reichsgruppe Versicherung, for example, Allianz board member Eduard Hilgard was prepared to risk conflict with the regime at a politically critical moment. During a November 1938 meeting chaired by Hermann Göring on the question of whether the insurance industry would pay the Reich for damage done during the *Kristallnacht* pogrom – that German Jews would receive no compensation for their losses was entirely noncontroversial – Hilgard demanded that the insurance industry be freed of all duties of payment.¹¹

Feldman likewise placed tremendous importance on individual actors in his last major work, his study of the two largest Viennese banks, Creditanstalt-Bankverein and the Länderbank Wien, during the Nazi era.¹² That applies less in his treatment

⁷ Gerald D. Feldman, *Hugo Stinnes: Biographie eines Industriellen 1870–1924* (Munich, 1998).

⁸ Gerald D. Feldman, "The Deutsche Bank 1913–1933," in Lothar Gall, G. Feldman, Harold James, Carl-Ludwig Holtferich, and Hans E. Büschgen, eds., *The Deutsche Bank 1870–1995* (London, 1995).

⁹ See also Gerald D. Feldman, "Jakob Goldschmidt, the History of the Banking Crisis of 1931, and the Problem of Freedom of Manoeuvre in the Weimar Economy," in Christoph Buchheim, Michael Hutter, and Harold James, eds., *Zerrissene Zwischenkriegszeit: Wirtschaftshistorische Beiträge. Knut Borchardt zum 65. Geburtstag* (Baden-Baden, 1994), 307–28.

¹⁰ Gerald D. Feldman *Die Allianz und die deutsche Versicherungswirtschaft 1933–1945* (Munich, 2001); idem, *Allianz and the German Insurance Business, 1933–1945* (Cambridge, UK, 2001).

¹¹ See also Gerald D. Feldman, "The Reichskristallnacht and the Insurance Industry: The Politics of Damage Control," in G. Feldman and Wolfgang Seibel, eds., *Networks of Persecution: Business, Bureaucracy and the Organization of the Holocaust* (New York, 2004), 295–317.

¹² Gerald D. Feldman, "Die Creditanstalt-Bankverein in der Zeit des Nationalsozialismus," in Gerald D. Feldman, Oliver Rathkolb, Theodor Venus, and Ulrike Zimmerl, *Österreichische Banken und Sparkassen im Nationalsozialismus und in der Nachkriegszeit*, vol. 1 (Munich, 2006); and G. D. Feldman, "Die Länderbank Wien AG in der Zeit des Nationalsozialismus," in Feldman, Rathkolb, Venus, and Zimmerl, *Österreichische Banken und Sparkassen im Nationalsozialismus und in der Nachkriegszeit*, vol. 2 (Munich, 2006). Feldman's chapters on the Creditanstalt-Bankverein and the Länderbank Wien are being published separately in English under the title *Austrian Banks in the Period of National Socialism* (Cambridge, UK, forthcoming).

of the Länderbank, which can be attributed, however, to the paucity of source material. Feldman is nonetheless able to document the latent conflict, typical of this time, between Germans from the pre-*Anschluß* Reich and Austrian natives with the example of the bank's leadership. In the case of the Creditanstalt-Bankverein, the two individuals at the center of the story – Creditanstalt general director Josef Joham and Hermann Josef Abs, the Deutsche Bank board member responsible for dealings with the Creditanstalt – were able to maneuver masterfully within the limits set by the regime to the benefit of their firms.¹³

Although his studies of Deutsche Bank, Allianz, and the major Viennese banks were commissioned works – in fact, precisely for that reason – Feldman insisted that he have complete, unrestricted access to the firms' archives and that the archives then be opened so that other scholars could scrutinize his findings. He loved working with archival materials and analyzing new sources. He did not use theoretical models as a starting point for his research, preferring instead to let the sources speak for themselves in an almost Rankean sense. Jürgen Kocka, in his contribution to this volume, refers to Feldman's approach as "critical empiricism."

With this approach, he distinguished himself from much of the mainstream research on the relationship between the business community and the Nazi regime during the past forty years. This research has been shaped from the outset by political and ideological debates. Marxist scholars denounced the fascist regimes as subservient to capitalist interests and businessmen's actions as aiding and abetting the Nazi regime. The thesis, very much in line with Marxist materialism, postulated the "rule of the monopolies" or the "primacy of economics" as keys to understanding this phase of German history. Conservative observers and unorthodox Marxists such as Tim Mason, however, argued for the opposite interpretation, for the "primacy of politics." The former did so in order to absolve themselves from any guilt and liability by pointing to their relative weakness vis-à-vis a powerful and ruthless dictatorship. The latter wanted to explain why the majority of workers developed a marked loyalty to the Third Reich although Marxist theory had assigned to them the role of revolutionaries on the other side of the class divide. Along with social bribery and brutal oppression, Mason stressed the increasing political autonomy of the regime. In a famous essay, he wrote, "that both the domestic and foreign policy of the National Socialist government became, from 1936 onward, increasingly independent of the influence of the economic ruling classes, and even in some crucial aspects ran contrary to their collective interests."¹⁴

The debate of the past forty years has centered on these two opposing interpretations and has always reflected the preconceived positions of the scholars participating in it even as new archival findings made increasingly clear that a more nuanced account was needed. Although businessmen were not decisive in bringing down the Weimar Republic and were not in the driver seat from 1933 on, they were by no means disempowered by Germany's new rulers. They

¹³ See also Gerald D. Feldman, "Das Problem der Handlungsspielräume deutscher beziehungsweise österreichischer Finanzgrößen im Nationalsozialismus. Die Bankiers Hermann Josef Abs und Josef Joham," in Jürgen Lilteicher, ed., *Profiteure des NS-Systems? Deutsche Unternehmer und das "Dritte Reich"* (Berlin, 2006), 108–27.

¹⁴ Tim Mason, "Der Primat der Politik – Politik und Wissenschaft im Nationalsozialismus," *Das Argument* 41 (1966): 473–94; here, 474.

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participated in the reconfiguration of the German state, especially when business interests were directly concerned. Effective lobbying was still possible, albeit by employing new methods and rhetoric. The business community, including many foreign corporations, entered into a kind of partnership with National Socialism, with varying degrees of conviction, initiative, and common interests, but also in other cases with reluctance, and even coercion. Some businessmen did become “willing partners” of the regime and profited directly from its crimes, while others could not continue to operate as they had before 1933 or fell victim to the regime.¹⁵

Feldman distrusted overarching theses about the Nazi era from the onset of his work on the period. He stuck to detailed analysis of historical events and concentrated on individual actors because he understood that history is not made by collective abstractions. His books have, consequently, challenged sweeping verdicts on “business” or “capitalism” while compelling scholars to take the complexity and the contingency of historical phenomena seriously.

The contributors to this collection follow Feldman in eschewing all-encompassing explanations and generalizations. The collection opens with a biographical essay by Gerhard A. Ritter on Albert Ballin, the director general of HAPAG, the world’s largest shipping line in 1914. Ballin’s career typifies the close connection between politics and business in Imperial Germany and in the international shipping industry generally. Ballin’s career stands as an illustration of how closely intertwined individual lives and changes in political systems could be. Ballin, a Jew of humble origins who had risen to a leading position in the shipping industry, enjoyed an unlikely but very close friendship with Kaiser Wilhelm II. He committed suicide on November 9, 1918, the day of the kaiser’s abdication and the proclamation of the republic.

Ritter’s essay demonstrates how sensitive to political interference the international shipping industry had become. Competing nations wanted to control the movement of emigrants across their borders and favored their own harbors and shipping companies. Using his political connections to promote the company’s interests, Ballin played a decisive role in the expansion of HAPAG and its participation in international pool agreements. In marked contrast to many other German entrepreneurs, Ballin was not an enthusiastic supporter of war in 1914, realizing that it would tear apart international trade networks. Soon after the outbreak of hostilities, HAPAG’s normal business operations broke down completely. Ballin successfully lobbied for legislation that provided for governmental compensation to shipping companies for their war-related losses. That legislation enabled Ballin’s successor to rebuild HAPAG after the war. An attempt at a hostile takeover

¹⁵ For a very useful survey of this research, see Norbert Frei and Tim Schanetzky, eds., *Unternehmen im Nationalsozialismus. Zur Historisierung einer Forschungskonjunktur* (Göttingen, 2010). On the debate between the “primacy of politics” and the “primacy of economics” in the Nazi era, see most recently Peter Hayes, “Corporate Freedom of Action in Nazi Germany,” *Bulletin of the German Historical Institute* 45 (Fall 2009): 29–42; and Christoph Buchheim and Jonas Scherner, “Corporate Freedom of Action in Nazi Germany: A Response to Peter Hayes,” *ibid.*: 43–50, as well as the literature cited there. See also Hartmut Berghoff and Berti Kolbow, “Konsumgütermarketing im Rüstungsboom. Wachstumsstrategien der IG-Farben-Sparte Agfa, 1933–1945,” *Zeitschrift für Unternehmensgeschichte* 55 (2010): 129–60.

by Hugo Stinnes, who was determined to expand his gigantic business empire, was fought off with the help of an American group led by the banker Averell Harriman. The life of Alfred Ballin exemplifies the tensions between nationalism, capitalism, and, after 1918, the threat of socialism. It also shows that doing business in Imperial Germany could be a highly politicized undertaking.

Werner Plumpe's essay on the prominent industrialist Carl Duisberg sheds new light on the way in which employers and trade unions in the chemical industry reached basic agreement on economic and social issues when, after Germany's defeat, the industry's survival seemed to be in question. It also shows how this agreement had been made possible by the shared experience of the war and how it became a central element in the creation of the Central Working Group of Industrial and Commercial Employers and Employees (Zentralarbeitsgemeinschaft der industriellen und gewerblichen Arbeitgeber und Arbeitnehmer Deutschlands, or ZAG) in 1918. This initiative, through which management and labor sought to jointly coordinate social and economic policy, became an important instrument for checking the revolution and promoting a new form of social partnership. Although that partnership did not survive for long in the Weimar Republic, its potential was realized in the Federal Republic of Germany.

Drawing on new sources, Plumpe shows in detail how Duisberg swiftly adjusted to the political situation after Germany's defeat and the dissolution of the monarchy. He understood that capitalism could no longer be defended and maintained *against* the opposition of the labor unions and the Social Democratic Party. He thus became a staunch supporter of interclass cooperation for reasons of pragmatism and was willing to concede influence to the unions in exchange for their support against a socialist revolution. Duisberg was one of the few German businessmen who supported the new republic against its many enemies. His example makes clear that German businessmen had a choice of alternatives as they positioned themselves in the new political situation after the war. If most remained skeptical of or hostile to the new parliamentary democracy and welfare state of the Weimar Republic, Duisberg stands as evidence that such attitudes were not inevitable or a foregone conclusion within the business community.

Austria was at least as severely affected as Germany by the defeat and the peace terms imposed in 1919. The Habsburg Empire was broken up, and all that remained as "German Austria" was the little alpine republic with an outsized capital. There was almost unanimous agreement in the immediate postwar years that this rump Austria could not survive on its own. Joining Germany, as most of the country's German speakers wanted, was ruled out, however, by the peace treaty. If the victorious powers wanted to prevent Austria's union with Germany for political reasons, they had to assume responsibility for its survival as an independent state. They were hardly in a position to do so, however, because of their own economic difficulties. Moreover, some of them, such as Italy, had political reasons for keeping Austria weak. Only the United States and the neutral states were in a position to help Austria, which could not come close to meeting its food and energy needs on its own, establish itself as a viable state. The neutral states, however, only allowed themselves to become involved in the Austrian reconstruction process through the League of Nations, which was viewed by the United States with the greatest mistrust.

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In his contribution to this volume, Philip Cottrell describes in detail how Montagu Norman, the governor of the Bank of England, attempted to recruit private banks and other governments to help shore up Austrian government finances. Using the example of the first initiatives to consolidate the finances of the Austrian state, Cottrell describes a fundamental dilemma in these years. Despite the establishment of the League of Nations and other international organizations, members of the world community were not yet prepared to subordinate their own short-term interests to long-term solutions beneficial to all states involved. In the short term, Austria paid the high price of accelerating inflation for the failure of Norman's initiative. In the intermediate term, however, all nations concerned suffered the consequences a few years later when the international community, hobbled by lingering mistrust, found itself incapable of confronting the much greater challenge of the Great Depression.

The causes of that crisis and the dramatic form it took in Central Europe are the focus of Harold James's essay. Like many recent scholars who have considered the subject, James sees the German and Austrian bank crisis of 1931 as the result of a pincer movement of the currency crisis (exacerbated by the system of fixed exchange rates under the gold standard) and the liquidity crisis of a banking sector weakened by inflation and overextended. After the currency stabilization, it became very clear that the capital and credit needs of German and Austrian businesses were vast owing to the investment standstill of the inflation years. At the same time, the two countries' banks were weak and, by prewar banking industry standards, nowhere close to being able to cover those credit needs. Many banks therefore took on irresponsibly high risks.

The extent to which these structural failures could work hand in hand with individual failure is illustrated in Peter Eigner's study of the Austria's Boden-Credit-Anstalt and its president, Rudolf Sieghart. The Boden-Credit-Anstalt collapsed in 1929 and was taken over by the Creditanstalt, which was ignorant of the actual dimensions of the firm's difficulties. The Creditanstalt was thus extremely ill prepared for the coming crisis. It is no surprise that, as in 1873, trouble in Austria was a preview of crisis in Germany. Eigner examines the structural causes of the Boden-Credit-Anstalt collapse in detail along with the actions by Sieghart that contributed to it. Sieghart had risen from a modest background into the ranks of Vienna's highly conservative banking elite. His distinctive style of doing business was legendary or, indeed, infamous. For a while, it appeared as if the Bodencreditanstalt could pursue expansion and continue to pay comparatively high dividends. Capital was scarce, and the credit needs of Austrian business large. As long as Sieghart's bank could provide loans for numerous big projects, everything seemed to be just fine – not least as a result of Sieghart's lobbying, bribery, and manipulation of the press to maintain appearances. In fact, however, Sieghart's strategy depleted the bank's resources. As the dimensions of the bank's overextension became obvious in the run-up to the Great Depression, Sieghart became a scapegoat for a business policy that the Bodencreditanstalt was by no means alone in following during the 1920s.

In their contribution to this volume, Jeffrey Fear and Daniel Wadhvani compare the banking systems of Germany and the United States, concentrating on the two countries' savings banks. Scholars have generally emphasized the pronounced

differences separating the German and American “varieties of capitalism” and overlooked or underestimated the connections between them and the commonalities they share. The similarities stemmed from a variety of factors: personal contacts among the transnational banking elite, awareness on both sides of the Atlantic of the very similar debates going on in each country on the problems arising from industrial modernization, the rise of giant companies, and widespread public mistrust of big banks in both countries.

One response to these parallel challenges was the emergence of saving banks in Germany and the United States as locally embedded alternatives to big banks. They were supposed to serve small and medium-sized firms along with less affluent individuals, and they were initially limited to a narrow range of banking activities. From a similar starting point in the nineteenth and early twentieth centuries, German and U.S. savings banks followed remarkably different paths of development. Populist hostility to big banks and big business was strong in both countries. In Germany, this populism resulted in an extension of savings banks’ functions and powers. They eventually came to perform many of the same functions as universal banks, and collectively they wielded considerable financial power and political influence. Their American counterparts, meanwhile, remained narrowly local in focus and stagnated. The crucial period of divergence, Fear and Wadhvani argue, came in the 1920s as German savings banks developed a politically influential lobbying organization and increasingly cohesive business network. Similar starting points and challenges resulted in very different outcomes that clearly reflected the strong belief in market forces in the United States and the strong distrust of them in Germany.

The essays in the second part of this book analyze the mix of anticapitalist, socialist, and extreme nationalist ideas that emerged in the late years of the Weimar Republic. As the contribution by Dieter Ziegler shows, National Socialist economic policy departed markedly from the party’s pre-1933 platform. Above all, the Nazis dropped much of their anticapitalistic rhetoric for the sake of pragmatism. Ziegler rejects the argument that the Nazis established a “command economy” that largely eliminated market mechanisms and calls attention to more recent research that demonstrates the lack of guiding principles behind the Nazis’ often-contradictory economic policies. Although the regime’s overall aim was to concentrate resources on archiving territorial expansion and securing its rule within Germany, there was a certain flexibility and eclecticism in its choice of means toward those ends.

Ziegler contends that the Nazis thus did not have a coherent economic model to offer as an alternative to the mixed economy of the Weimar Republic. There were many points of continuity between the Weimar and Nazi economic systems, not least the central role played by private industry. The Nazis even reprivatized the big banks that had been nationalized in 1932. Initiative on the part of business, the profit motive, and competition remained fundamental pillars of the National Socialist economy even though the state increasingly intervened in economic life to advance its rearmament plans.

The priority given rearmament led at times to conflicts between the state and the private sector, but their interests also often overlapped. The regime learned from experience that nothing was as effective an incentive as the profit motive. Firms

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thus continued to enjoy considerable room for maneuver and strong negotiating positions. Nor, it should be added, did the business community always favor free-market policies. In the case of heavy industry, the main goal of the employers' associations was to maintain control of the established cartels. In the coal mining industry, producers of brown and black coal competed sharply against one another, but they also knew how to join forces to use industry lobbying associations as an instrument to protect their common interests. Many aspects of the Nazi regime's economic system thus stood in the tradition of Germany's "coordinated market economy." The regime absolutely could not permit the incapacitation of private businesses because the military mobilization it sought could not be undertaken without – or, indeed, in opposition to – them.

Reinhard Rürup reaches a very similar conclusion in his survey of the Nazi-era policies of the two major sponsors of scientific and scholarly research, the Kaiser-Wilhelm-Gesellschaft and the Deutsche Forschungsgemeinschaft. These institutions, too, successfully used incentives to steer research in the directions the regime wanted. The country's leading scientists and scholars were all too glad to go along the regime's new programs and to carry out work that was indispensable to its goals. They participated, for example, in research programs tied to the regime's autarky policies, its search for substitutes for imported products and raw materials that would be in short supply during wartime. They also participated in research that could be carried out only with serious violations of ethical norms. The regime did not need to use force. Even racist sociological and medical research projects with the declared goal of killing people or legitimizing their murder had no problems enlisting qualified researchers eager to take advantage of the opportunities on offer. Reservations about participating in such research were as uncommon as protests against the organizations' self-initiated *Gleichschaltung* – their "synchronization" with National Socialist policies and principles – and *Entjudung* ("de-Jewing") of their staffs in the early period of Nazi rule.

Constantin Gosciler examines the European dimensions of the Holocaust. By no means trying to deny the responsibility of "the Germans," he argues that focusing exclusively on the actions of Germans and German institutions does not fully explain the expropriation and physical extermination of the European Jews. He examines three aspects of the Holocaust in particular: the racist utopia of a greater European space under German supremacy, the realization of which presupposed the expropriation and physical elimination of the Jews within that space; the different forms of participation in this process by European societies; and the politics of historical treatment of the Holocaust in Germany and the occupied areas after the war.

German rule over most of the European continent was the precondition for the expropriation and elimination of the European Jews, but that process was unimaginable without the pervasiveness of anti-Semitism in the societies under German control. National Socialist hegemony created the basic conditions for the unrestricted expropriation of the European Jews; individual greed for property owned by Jews made rapid implementation of the Nazis' program possible. This was fundamentally true of all areas under German occupation and the Third Reich's satellite states, variations in practice notwithstanding. National Socialist goals could not be pursued everywhere with the same degree of radicalism because

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established legal norms and regionally specific definitions of who was a Jew could not be completely disregarded. It was precisely this interplay between National Socialist enablement and autochthonous initiatives for enrichment, collective and individual, that made the question of restitution after the war such a thorny problem, for it stood in diametric opposition to the desired restoration of a positive national self-image.

Ingo Köhler analyzes the sale of property, particularly businesses, owned by individuals defined by the Nazi state as Jews to non-Jews in Germany in the period from 1933 to 1938. As anti-Semitism became all pervasive, the authorities stepped up efforts to encourage the transfer of “Jewish property” into the hands of non-Jewish owners and enacted measures that steadily deprived the members of the Jewish minority of their economic, civic, and human rights. A variety of instruments and practices for property transfer had emerged before “compulsory Aryanization” was decreed in 1938. There were many local and regional variations, though, as a result of differences in the degree of anti-Semitic zeal on the part of Nazi functionaries, in the influence wielded by regional authorities, and in the economic interests of prospective purchasers. In the majority of cases of the Aryanization of Jewish-owned firms, Köhler argues, the sales were carried out according to standard legal procedures. Nonetheless, the terms of sale were unmistakably shaped by – and, indeed, contributed to – the process of the economic, political, and social disenfranchisement of the German Jews.

It is sobering to see how smoothly the price mechanism took account of German Jews’ loss of legal protections in setting market values for their property and in redistributing risks and opportunities in market place dealings between Jews and non-Jews. Köhler’s account makes clear that although most sales of Jewish-owned firms formally adhered to commercial law and practice, anti-Semitic persecution and discrimination infused the transactions and led to violations of the standards of decency and fairness crucial to the long-term viability of a market economy. Oppression and ruthless expropriation might have been compatible with the logic of capitalism in the short run, but they ultimately undermined the foundations of the capitalist system in Nazi Germany.

Many businessmen became “silent partners” of the regime. Two such partners are the subject of Johannes Bähr’s contribution. Paul Reusch and Friedrich Flick were leaders of the German iron and steel industry. Both supported authoritarian rule, both opposed the Weimar Republic, and both saw their firms profit enormously from the Nazis’ rearmament program. Reusch and Flick differed markedly, however, in their business philosophies and practices, in personality, and in their stances toward the Nazi state. Reusch was just as hostile to state intervention in private enterprise in the years of the dictatorship as he had been during the Weimar Republic. Flick, by contrast, adjusted swiftly to the demands of the regime and established close relationships with its representatives. As a consequence, Flick’s empire grew faster than did Reusch’s. The two concerns differed with respect to their policies of expansion and Aryanization. Reusch finally had to step down. Bähr persuasively shows that private firms had considerable scope in setting their business strategies during the Nazi dictatorship even if their room for maneuver was limited. It was not necessary for firms to accept all the regime’s demands and