A Prussian Socialism? Wichard von Moellendorff and the Dilemmas of Economic Planning in Germany, 1918–19

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In the wake of Germany’s military defeat in 1918, social and economic programs that previously could have been left to academicians or party theoreticians suddenly acquired a new urgency and immediacy. One of the more interesting—and controversial—of these was an ambitious proposal by the engineer Wichard von Moellendorff, who served in 1918 and 1919 as Under State Secretary in the Reich Economics Office (later the Economics Ministry), to redesign the entire edifice of the German economy through the implementation of a system of economic “collectivism” or “planning” (Gemeinwirtschaft or Planwirtschaft). With the assistance of his superiors, the right-wing Social Democrats August Müller and Rudolf Wissell, Moellendorff endeavored to institutionalize his plans in the months after the November Revolution, until a negative cabinet decision in July 1919 precipitated his resignation.

Perhaps because his efforts were abortive, Moellendorff’s ideas remain incompletely understood, and his program—which he viewed as an effort to achieve collectivism through the transcendence of class conflict—has always been rather difficult to evaluate and categorize. One contemporary critic suggested in 1919, for example, that Moellendorff’s plans clearly constituted a step “toward Communism, toward Bolshevism,” while on the other hand the modern historian David Felix argues that “although the idiom of Moellendorff’s thought was socialist, the essence

This article is a revised version of portions of chap. iii of my dissertation, “Social Politics and Social Reform in Germany, 1890–1933: Rudolf Wissell and the Free Trade Union Movement” (Ph.D. diss., Stanford University, 1974). I would especially like to thank Gerald D. Feldman, who read an earlier draft of the article, for his helpful comments and suggestions.
was corporative, quite in the manner of Mussolini’s fascist state.”

However, Ralph H. Bowen lauds Moellendorff’s “imaginative cameralism” and notes his indebtedness to the ideas of Fichte and Freiherr vom Stein; moreover, Klemens von Klemperer maintains that Moellendorff and his onetime mentor Walther Rathenau “were the finest spokesmen for a German version of Tory democracy,” while still other scholars emphasize the technocratic-utopian or “humanistic-romantic” strains in his program. In any case, as Friedrich Zunkel observes, Moellendorff’s work has “not yet been satisfactorily appraised.”

This paper will be a tentative effort in that direction. Specifically, it will attempt to locate the Gemeinwirtschaft proposals of 1919 within the context of the larger debate on Germany’s economic future at the end of the First World War. It will try to show how, building upon both the positive and negative features of the German war economy, Moellendorff and his supporters tried to steer a new economic course, opting neither for the revolutionary proposals of the socialist left, nor for the rather thoughtless improvisations of the Social Democratic Party, nor for the restoration of a free-market economy. It will also attempt to demonstrate that, for all his manifest shortcomings—errors in human judgment, an amazing lack of political tact, an overemphasis on organization for organization’s sake, and a curious tendency to combine radical utopianism with a withering cultural pessimism—Moellendorff was not simply a visionary with a wrong vision. In many important respects he correctly understood the “organizing” characteristics of modern capitalism and accurately sensed the imperatives of the coming “corporatist” age after the First World War; and as a conservative


4. Thus I am agreeing with Professor Charles S. Maier’s contention that one of the main characteristics of the 1920s was a “restoration” or “recasting” of bourgeois Europe, and that one of the hallmarks of this was the emergence of what, for heuristic purposes, he has somewhat reluctantly called “corporatist pluralism” with corporatism defined as
Prussian he boldly sought to revitalize those aspects of Preussentum that he cherished most highly and accommodate them to the realities of a rapidly changing technological society. Moreover, in a government whose leaders were frequently characterized by a lack of daring or innovative insights, it was, as Gerald Feldman puts it, Moellendorff "who continued to provide the most imaginative organizational ideas for the postwar regime." There were few other high-ranking figures in German public life in those months who sought so assiduously to restructure the foundations of Germany's economic life. Finally, given the uncertain commitment of most leading Social Democrats to substantive economic reforms of any sort, the collapse of Moellendorff's experiment in July 1919 presaged the triumph of those restorative forces that hoped for a return to free-market conditions. As Feldman has also noted, Moellendorff's defeat was symptomatic of the larger "defeat throughout the Western world of those governmental, technocratic, and popular forces which had expected that the wartime machinery and regulations governing economic and social policy would be adapted to the needs of reconstruction and postwar management of economy and society." And so, despite his failure to implement his vision, the efforts of Moellendorff and his supporters in 1918-19 warrant more detailed scrutiny than they have sometimes received.

The Gemeinwirtschaft program of 1918-19 was deeply rooted in the German war economy and in Moellendorff's own direct experiences as a characteristic of a political economy in which consensus was sought "less through the occasional approval of a mass public than through continued bargaining among organized interests. . . Consensus became hostage to the cooperation of each major interest." Maier also emphasizes such contributory factors as "the integration of organized labor into a bargaining system supervised by the state" and the decline during the First World War "of the distinction between private and public sectors." Charles S. Maier, Recasting Bourgeois Europe: Stabilization in France, Germany, and Italy in the Decade after World War I (Princeton, 1975), pp. 9-11; see also his article "Strukturen kapitalistischer Stabilität in den zwanziger Jahren: Errungenschaften und Defekte," in Organisierter Kapitalismus: Vor- aussetzungen und Anfänge, ed. Heinrich August Winkler (Göttingen, 1974), pp. 195-213, as well as the stimulating discussion in Philippe C. Schmitter, "Still the Century of Corporatism?" Review of Politics 36, no. 1 (Jan. 1974): 85-131.

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an official who from the very beginning of the conflict was intimately concerned with economic policy. Born in 1881 into an old Prussian family, Moellendorff was a mechanical engineer by training. Before the war he had worked for the Allgemeine Elektrizitäts-Gesellschaft (AEG), the great electrotechnical firm founded by Emil Rathenau. Here he had become closely acquainted with Emil’s son Walther, and here too he had developed an abiding interest in the problem of industrial organization and its relationship to Germany’s economic, social, and cultural future. Like Walther Rathenau, Moellendorff was highly critical of the character of German capitalism and of the “mechanization” of contemporary society; and also like Rathenau, Moellendorff hoped to “overcome mechanization through a spiritualization of the economy” (durch eine Ökonomie, die die Wirtschaft beseelen sollte). But on the whole, Moellendorff’s ideas were rather less metaphysical than Rathenau’s. As an engineer, he believed that applied technology could solve most of Germany’s problems, and indeed by 1913 he had become a convinced advocate of the scientific-management schemes concocted by the American engineer Frederick Winslow Taylor.

When the war broke out in 1914, Moellendorff became one of the wartime economy’s most committed and inventive architects. He played a major role in creating the famous War Raw Materials Division (Kriegsrohstoffabteilung, or KRA) in 1914, and two years later he took the lead in developing the economic mobilization efforts called for in the Hin-


denburg Program. At first an assistant in the KRA in charge of statistical preparations and the division of chemicals, Moellendorff later held several other important economic advisory posts as well.

Moellendorff’s experiences in the war economy markedly influenced his own ideas about the nature of the German “collective economy” that he hoped would emerge from the conflict. Indeed, both Rathenau and Moellendorff viewed the KRA and the war economy as suggestive models for the postwar establishment of a nonliberal industrial economy in Germany. The collective efforts that wartime conditions had induced, the organized compulsion of government agencies, the example of responsible industrial self-government, all seemed to Moellendorff to have created the preconditions for a “conscious national-aristocratic-corporate-socialist orientation as opposed to the antiquated internationalist-parliamentarian-capitalist epoch.” At the same time Moellendorff was keenly aware of the shortcomings of Germany’s economic mobilization efforts, and he hoped that these shortcomings—caused, as he thought, by such things as bureaucratization and interest-group selfishness—could be avoided in the future. His thoughts and proposals along these lines were distilled in a series of pamphlets, memoranda, and


11. “Lebenslauf” (1931), BA: NL Moellendorff, no. 2; Feldman, Army, p. 189. See also Moellendorff’s interesting views on the nitrogen industry as a “case study” of the pitfalls and possibilities of Germany’s wartime organization in his manuscript “Stickstoff als Schulfall,” BA: NL Moellendorff, no. 75, and Schmid, “Moellendorff,” pp. 61-66.


articles that appeared in the later years of the war. Most notable, perhaps, was a little 1916 work called *Deutsche Gemeinwirtschaft*.

Despite its low sales, Moellendorff's booklet attracted considerable attention in high bureaucratic and social circles. In it the author assailed anarchic liberal-capitalist individualism and the "aimless private economy" of the prewar days. The capitalist Germans of that era did not consider themselves to be "members of an organism," and German national values had thus been seriously undermined. Merchants and tradesmen, middlemen who were nonproducers, were largely to blame for this. Indeed, these people had long been Moellendorff's *bêtes noires*, and he had frequently gone to great lengths to contrast their socially destructive lust for profits to the engineer's concern for technical efficiency and social progress. But now the requirements of economic warfare had weakened the corrosive influence of commercial interests. The conflict had summoned forth an unprecedented spirit of self-abnegation, while the Entente's blockade had clearly demonstrated the importance of economic self-reliance. Thus Moellendorff became an advocate of what he later called "relative" economic autarky. Distinguishing between a "core economy" (*Kernwirtschaft*) and a "border economy" (*Randwirtschaft*), he maintained that a healthy economic organism needed to emphasize the former—that is, it had to be internally strong if it were to avoid servitude. This in turn implied a renunciation of self-gratification and conspicuous consumption, but that was actually a blessing:

15. Bowen, *Corporative State*, p. 184n. Bowen notes that the people who read *Deutsche Gemeinwirtschaft* were influential, but in terms of numbers only 3,000 copies were printed, with 1,900 being sold and another 200 distributed free or as review copies. Rathenau's wartime writings, on the other hand, were certainly more widely distributed. Karl Siegismund to Moellendorff, Jul. 10, 1918, BA: NL Moellendorff, no. 5; cf. Schmid, "Moellendorff," p. 143.

16. Wichard von Moellendorff, *Die deutsche Gemeinwirtschaft* (Berlin, 1916), pp. 12–13. "In German Berlin more was happening than in any other European metropolis; more shops, more pubs, more grease and brass, more tempo and ornamentation, more business and cosmopolitanism, and oh! so little German spirit and German morality." Ibid., p. 23.

17. Ibid., pp. 37, 41–45. Moellendorff commented that in the core economy control of enterprises could take the form of import and export monopolies, in his memorandum "Begriff, Wesen und Ausbildung kriegsbereiter deutscher Wirtschaftsformen," Nov. 1, 1916, BA: NL Moellendorff, no. 11; cf. his remarks in the report on "Stickstoff als Beispiel grundsätzlich veränderter Friedenswirtschaft," Feb. 3, 1917, BA: NL Moellendorff, no. 102. Moellendorff later claimed in a letter to the journalist Felix Pinner that as far as he was concerned autarky was not so much a value or goal in itself as a tactical necessity in the context of the war and immediate postwar years. Moellendorff to Pinner, May 9, 1932, BA: NL Moellendorff, no. 5.
"The world economy requires a laboring humanity whose productivity is greater than its needs." Moreover, although wartime compulsions could not be tossed aside immediately once peace had returned, they could not be relied upon indefinitely: "At times of rapid change compulsion is a necessary evil, but even in Germany it will not be a permanent panacea. It is related to order in the same way as caprice to freedom." A German collective economy had to emerge voluntarily through the active will of the German people itself. To achieve this end, Moellendorff called for an extension of industrial "self-government" (Selbstverwaltung) at all levels of the German economy; a "standing economic council" would balance economic autonomy and general social needs.18

Moellendorff viewed his proposals as an outline for a specifically German road to collectivism, and he tried to justify his theories by appealing to German historical precedent.19 He particularly liked to point to Fichte's "closed corporate state," Freiherr vom Stein's self-government schemes, and Bismarck's abortive "People's Economic Council" plans of 1880–81 as predecessors of his own ideas.20 Bismarck had intended the council to be a corporatively organized advisory body that would provide expert information and suggestions on pending economic legislation. But the Reichstag had reacted negatively to this proposal, and so it had come to naught.21 Nevertheless, the idea had struck a responsive chord among many Germans, especially those who believed that "objective" economic problems could be better handled by a "non-political," corporative body than by a political parliament.

Moellendorff had avoided openly committing himself to specific policy proposals in his 1916 pamphlet, but in subsequent years he prepared a number of memoranda and manuscripts in which he began to flesh out his views. Among other things, his schemes included plans for the development of a kind of supreme economic council "according to the

ideas of Stein or Bismarck" as well as recommendations for the creation of "local groups" or councils at lower, regional levels of the economy.²² Moellendorff presented a number of these ideas to a larger public in a 1918 article published in Georg Bernhard’s *Vossische Zeitung*, a newspaper sympathetic to many of Moellendorff’s notions.

In his article Moellendorff referred approvingly to the English publicist Ernest J. P. Benn, who in a 1917 work had called for the creation of a quasi-corporative hierarchy of "trade councils," to be composed equally of representatives of trade unions, trade associations, and public servants.²³ After describing Benn’s proposals, Moellendorff again suggested that such ideas were deeply rooted in the German tradition. As organs of economic self-government, such economic councils would allow the German economy to escape the suffocating embrace of a bureaucracy "ossified in agencies and parliaments." He went on to outline a six-point action program for Germany: economic chambers (*Wirtschaftskammern*) of all types, including chambers of labor, should be organized into provincial or local economic councils to act as responsible organs of regional economic regulation; "expert economic councils" (*Sachwirtschaftsräte*) would be organized to advise Reich authorities in matters of macroeconomic policy; a Reich Economic Council (*Reichswirtschaftsrat*), to consist of around ninety members (two-thirds chosen by lower-level councils and one-third by the State Secretary of the Reich Economics Office), would give expert advice and suggestions on all matters of economic policy; members of lower-level councils would be selected by participating economic interest associations; each would select a directorate that would function like a corporate board of directors; and regular replacement of council members would be prescribed by law.²⁴

Moellendorff’s suggestions appeared in September 1918, and in subsequent weeks he spoke with a greater than usual sense of urgency. It had become obvious to him that the war was almost over. But although the German national economy was “mortally threatened,” German


politicians had still eschewed the delineation of concrete postwar goals. The country could only retain its economic sovereignty through "national economic autarky." This end had eluded the Germans during the war, but perhaps it could be attained in peace. Moellendorff further suggested that Woodrow Wilson's self-determination concept must by definition be extended to include the right of national economic self-determination. If not, the League and the prospects for future world peace were both doomed.25 Thus the economic transition period would in many ways be more critical, for Germany and the world, than the war itself. Accordingly, Moellendorff attempted to enlist the support of semipublic and private agencies for his ideas.26 And he finally received his opportunity to put them to the test a week after the Armistice when August Müller, the Social Democratic State Secretary of the Reich Economics Office, asked Moellendorff to become his Under State Secretary.

In his new position Moellendorff enjoyed considerable freedom of action. The Council of People's Commissars (Rat der Volksbeauftragten) —established as a provisional executive following the Kaiser's abdication—initially functioned as a sort of general supervisory body, and so no single member was responsible for a specific policy area. Thus the individual State Secretaries of the various Reich offices retained considerable administrative autonomy; and this in turn contributed to the atmosphere of disunity and indecisiveness that characterized the Commissars' government. The resignations of most of the old imperial State Secretaries had vaulted new individuals into high state office, and many of these individuals used the bureaucratic resources of their respective offices to pursue their own political ends. This was particularly fateful in the field of economic and social policy, where decision making was not coordinated in a single office but rather was divided among several jurisdictions: the Office for Economic Demobilization, especially created to supervise the economic transition period; the Reich Food Office; the new Labor Office; the Reich Treasury Office, supervised by Eugen Schiffer, a committed economic liberal and firm opponent of most forms of economic compulsion; and the Reich Economics Office, where

on November 14 August Müller, former Under State Secretary, replaced Baron von Stein as permanent State Secretary. Moreover, other Reich agencies, notably the Foreign Office, shared a vested interest in economic problems. Thus it was not surprising that in a time of upheaval and rapid political change various offices became mouthpieces for divergent conceptions regarding Germany’s future economic and social order. Notable among these were Schiffer’s Treasury Office, the bailiwick of liberal fundamentalism, and the Economics Office, where Moellendorff, August Müller, and later Rudolf Wissell became spokesmen for a deliberate and thorough program of “economic collectivism.”

On the surface, it may seem odd that a Social Democrat should have chosen an aristocratic non-Socialist (Moellendorff never joined a political party) with corporative-technocratic views as his chief policy-making assistant. But there was a current of opinion within Majority Socialist and Free Trade Union circles which was amenable to the “collectivist” ideas that both Moellendorff and Rathenau had adumbrated during the war. Moreover, Müller was a man who loathed disorder and poor organization as much as Moellendorff, and like Moellendorff he believed that social change should proceed at a measured pace; and he too remained categorically opposed to the calls for quick “socialization,” whether in the form of simple nationalization or through the vehicle of a revolutionary “council” system (Rätesystem) that emanated from various left-wing circles after November 1918. To Müller such ideas represented a recipe for disaster. It had always been assumed that the transition to socialism would occur in a period of economic abun-
dance. Now, however, Germany was teetering on the brink of economic collapse. War industries had to be reconverted to peacetime pursuits; returning soldiers had to be reintegrated into economic life with a minimum of social disruption; the continuing Entente blockade severely curtailed Germany's ability to pursue a normal commercial life; and for months the nature of Allied territorial and reparations demands remained a matter of speculation. Moreover, worker productivity had dropped sharply, and so the output of German factories remained below normal for many months. Consequently, Müller maintained that to embark on social-revolutionary experiments at such a time might be suicidal. Germany could not yet dispense with the expertise of her traditional economic elites. Thus the manager had to be reintegrated into the economic mainstream so that social productivity could be increased as quickly as possible. The main task of any genuine socialization was to convert "the present capitalist entrepreneur into a socially responsible agent of the collectivity."30

Müller's ideas were not unique in the Social Democratic party, and indeed they corresponded fairly well to the explanations that the Free Trade Union leaders had used to justify the Stinnes-Legien agreement of November 15, 1918. Prominent Social Democratic leaders warned against overhasty economic experimentation and urged a return to "labor peace." As Friedrich Ebert remarked on December 10, 1918: "Work is the religion of socialism; work we must with all our might and all our ability if we are not to be ruined, if we are not to sink to the status of a beggar nation."31 Moreover, the Majority Social Democrats in the government were generally of the opinion that fundamental change could not take place by executive fiat but had to be approved by a democratically elected National Assembly; with this reasoning they justified their tactics of delay and improvisation.32 Nevertheless, pressures for a thoroughgoing social and economic transformation were genuinely popular and could not be ignored. So the government announced on November 21 that a special "Socialization Commission" would advise the government on the proper form and nature of socialization.

But while the new Socialization Commission began its work after December 1918, the Reich Economics Office pushed forward with its own ambitious “collectivist” projects.

Moellendorff first prepared a series of written proposals and on November 30 discussed his ideas with the government. Alluding to the dangers of economic disorder, he suggested that an “economic functional association” (Wirtschaftszweckverband) be created for every branch of German industry. These associations were similar to the “economic councils” that Moellendorff had proposed during the war. They were to be corporatively organized (with worker, employer, and consumer representation) and function autonomously by establishing production quotas, allocating raw materials, and regulating foreign trade—much as the KRA’s war corporations had done. The stimulation of productivity was considered to be the functional associations’ most immediate and urgent task. Accordingly, Moellendorff proposed that a Reich Fund of some five billion marks be established to encourage wage-price stability and function as a sort of proto-Keynesian “pump primer”: factories that cooperated with government policies would be awarded government funds and contracts.33

In subsequent weeks Moellendorff worked hard to develop in detail the schemes he had outlined to the government.34 An Economics Office report of December 30 sharply criticized the prerevolutionary bureaucratic apparatus and proclaimed that Germany faced two pressing economic tasks: the restoration of productivity, “which need not have anything to do with the restoration of earlier, private modes of production”; and the stimulation of the domestic economy through the establishment of a rationally controlled foreign trade.35

In memoranda dated January 4, 1919, the Economics Office again defended these views: one report on "practical socialization" maintained that the two greatest challenges to genuine socialization came from economic liberalism on the one hand and Bolshevist tendencies on the other. It was impossible for Germany to return to a prewar free market economy, but it was also wrong to presume that immediate socialization (i.e., expropriation and nationalization) could resolve Germany's economic woes. Property relations as such were not important. More important were the implementation of rational production techniques, the guarantee of just wages and work incentives, and foreign trade controls. This was very much in Germany's tested trade union tradition, which had emphasized the importance of gradual economic improvements and intensified industrial output. So was the notion that the whole economy, rather than just its individual parts, should be purposefully and systematically rearranged: "The economic influence of the workers and broad masses of consumers does not so much belong in the factory as in the central organs of a systematically constructed economic body." Thus the Economics Office suggested that a hierarchy of "self-governing bodies" be formed from the ranks of the "working population." At the top would be Moellendorff's Reich Economics Council, organized on both a regional and an industrial branch (fachlich) basis; the economic functional associations would serve as "tax corporations" to influence import-export policy and price formation.36

Throughout January and early February 1919 the Economics Office continued to release new legislative proposals and also embarked on an abusive and protracted conflict with the Socialization Commission, which had recommended that all the Reich's mineral resources and mines be declared public property. In contrast to this, the Economics Office sketched out a legislative package between January 14 and 20 which suggested that the Reich's energy resources, including electricity, be organized along the collectivist lines that Moellendorff had endorsed (e.g., with a hierarchy of "electricity committees" to be capped by a "Reich Electricity Council").37 Moellendorff also continued his per-

36. "Denkschrift zur Frage der praktischen Sozialisierung" (Jan. 4, 1919) and "Denkschrift zur Neuregelung der Reichsbehörden" (Jan. 4, 1919), both in BA: NL Moellendorff, no. 152. See also Honhart, "Revolution," p. 94, and Biechele, "Kampf," p. 79.
sonal efforts to win converts for his ideas. At a public meeting in early February, for example, he noted again that his proposals, though collectivist, would avoid the bureaucratic pitfalls of wartime compulsion by encouraging the maximum degree of self-government and group-based self-determination. His views were perhaps best expressed in an unpublished memorandum that he wrote at the same time:

The Reich Economics Office is moving away from the polizeilich, regimented forms of the old war economy, dominated as it was by military and civil bureaucratic interest, to a peacetime economy that is organized in a self-regulating and self-responsible way; that is, to an economic pyramid which only at its summit concerns itself with the foreign and domestic, financial and social policies of the Reich, but which, however, at its base and at its intermediate levels itself is the bearer of the concept of the Reich [Reichsgedanken], through its own strength and according to its own principles. The establishment of a Reich Economic Council, with both a regional and an industrial branch [fachlich] substructure, cannot be delayed any longer. If employees and employers move together to deepen the mutuality of their rights and duties to the point of an alliance, then a visible expression of this deed is needed.

But in the winter months of early 1919 there was little open enthusiasm for a “visible expression of this deed,” or for any other of the Economics Office’s ideas. The Socialization Commission remained opposed to these notions, as did most Independent Social Democrats, Majority Social Democrats, and economic liberals too. The government was itself diverted by the pressure of day-to-day administration in the wake of the resignation of its Independent Social Democratic members in late December 1918 and the Spartacist rising of January 1919; moreover, the government was in any case not in a position to undertake fundamental economic, social, or political reforms, given the moderation of its members and their determination to hold elections and hand over authority to a popularly elected National Assembly. Elections did take place on January 19, and the new Assembly thereupon convened at Weimar on February 6, with a parliamentary coalition government formed a week later by the Social Democrat Philipp Scheidemann. The old Reich offices now became parliamentary Reich ministries; although


August Müller was not retained, another veteran Social Democrat and trade union functionary, Rudolf Wissell, was named to take over the Economics Ministry. But as before, authority in economic policy was widely dispersed among several competing ministries, and this resulted in considerable interagency squabbling during the months thereafter. Moreover, the composition of this particular cabinet represented a blow to those who were proponents of rapid socialization or of wartime economic controls, for Finance Minister Eugen Schiffer and Minister without Portfolio (later Treasury Minister) Georg Goethein, both members of the Democratic Party, were warm supporters of prewar economic liberalism.40 The struggle over the Reich’s economic policies was about to take a new turn. The weeks before February 1919 had witnessed the frustration of the Socialization Commission’s proposals to recast the economy; and now the stage was set for a confrontation between the forces of liberalism and the advocates of economic planning in the Economics Ministry.

Rudolf Wissell’s appointment as Economics Minister came as something of a surprise; but discontent with Müller had been rife, especially in the pro-SPD Free Trade Unions, and so Wissell, a trade union official and the former provisional government’s social-policy expert, turned out to be his replacement. Moellendorff remained Under State Secretary.41 Again he found himself working with a Social Democrat; but the new minister was also receptive to Moellendorff’s collectivist vision. Wissell (1869–1962) was himself an economic autodidact. A metalworker by trade, he had worked his way up in the hierarchy of party and trade union. He had been a fervent supporter of reformist socialism and of the Free Trade Unions’ policy of cooperation with the Wilhelmian system during the war, and his loyalty was rewarded when he became a member of the cabinet at the end of December 1918. There was much in Wissell’s ideological background that made him especially receptive to Moellendorff’s ideas. For example, he had long been associated with the journal Sozialistische Monatshefte, many of whose contributors advocated a gradualist, conciliatory, and patriotic socialism.

Wissell in particular shared Moellendorff’s dislike of economic inefficiency as well as Moellendorff’s idealistic notions concerning the moral necessity of work and social austerity, the importance of increased economic production, and the transcendence of class conflict through class cooperation. Thus, the new minister immediately assured Moellendorff of his cooperation, noting that “our views in the economic area do not significantly differ and that no essential barriers are standing in the way of the mutually beneficial work that I desire so much.”

Wissell and Moellendorff had to tread carefully at first. Since Scheidemann’s government included parties with considerably divergent views on economic policy, to take a decisive stand for one policy or the other might threaten the coalition with breakup at a time when domestic turmoil and sensitive negotiations with the Entente demanded a maximum of stability. The three coalition parties varied considerably in their responses to Moellendorff’s “collectivism.” The Catholic Center Party was not completely disinclined to give it a sympathetic hearing. Wissell’s Social Democratic colleagues were for the most part devoid of any innovative economic ideas in 1919, although many (perhaps most) tended to regard Moellendorff’s views with considerable suspicion; after all, Moellendorff did not propose to address the question of property ownership. The principal objection to economic collectivism came from the third coalition party, the Democratic Party (DDP). Although some of its supporters were also friendly to Moellendorff—most notably Georg Bernhard of the Vossische Zeitung—economic liberals controlled a majority of the DDP’s National Assembly seats; and with the outspoken liberals Schiffer and Gothein in the cabinet, the Democrats had clearly rejected a policy of economic dirigisme in Germany. Their views were ultimately irreconcilable with the Economics Ministry’s projects; a showdown could not be delayed indefinitely.

Despite the vagueness of the Scheidemann government’s economic proposals and soothing assurances from Wissell that he did not intend to undertake major economic experiments, the Economics Ministry in fact moved quickly to achieve some of the collectivist goals that Moellendorff had outlined and that Wissell now enthusiastically espoused. Widespread labor disturbances in February and March provided an impetus for new “socialization” proposals that the Economics Ministry

presented to the National Assembly. A ministry spokesman told a press conference on February 27 that the strikes could not be stopped "with police or military measures." Something positive had to be done to respond to the outcry from German labor: "A powerful craving for organization is currently dominating the entire working class." But the great majority of workers still had no clear conception of the most desirable sort of economic organization. The ministry hoped that it could direct labor's yearnings into creative channels. At the beginning of March, the government announced that it would proceed forthwith with socialization. Shortly thereafter, Wissell introduced two socialization measures to the National Assembly. Both clearly bore Moellendorff's imprint.

The first government bill, a "Draft of a Socialization Law," was rather generally phrased and contained three basic parts: every German was admonished to do his part for the collectivity; the Reich should supervise certain key industries in order to facilitate the creation of a collective economy; and legislation would provide for the collective regulation of the Reich's energy resources. The second bill, a "Draft of a Law on the Regulation of the Coal Industry," was considerably more specific and was designed as a model for the future regulation of other industries. A "Reich Coal Council" (Reichskohlenrat) would supervise the coal industry. The various groups involved in the industry (workers, owners, and consumers, for example) would be represented in this body. Moreover, regional branch associations would be capped by a Reich Coal Association (Reichskohlenverband), which would function as a compulsory cartel, rather like an old war corporation (subject to the regulation of the Reich and the Coal Council). A fifty-member Council of Experts would supervise the implementation of the law; fifteen members would represent workers, and fifteen would come from employers' ranks. The Reich was to designate the other twenty members.

The two bills came up for consideration in the National Assembly in

45. Wissell to Carl Legien, Mar. 4, 1919, BA: NL Wissell, II/18/1856.
March and after considerable debate were approved and went into effect on March 23.\(^{47}\) As Hans Schieck has noted in his excellent study of the period, the two socialization bills represented the most substantial triumph that the collectivists in the Economics Ministry enjoyed.\(^{48}\) By boldly seizing the initiative when large parts of the economy had been disrupted by massive strikes and bloody civil disorders, the Economics Ministry had temporarily become the driving force in the struggle to reshape Germany’s economic life. Passage of the bills also represented a particularly sharp setback for the already crippled Socialization Commission. Its plans for socialization through the expropriation of selected capitalist owners had been thwarted; and, after becoming embroiled in further competency disputes with the Economics Ministry, the commission resigned in April 1919.\(^ {49}\) Buoyed by these successes, the Economics Ministry that same month successfully introduced a bill to organize Germany’s potash industry along lines similar to the coal industry.\(^ {50}\) The Economics Ministry hoped that it could also tackle the electrical power industry in the near future.\(^ {51}\)

Such government measures, while successes for the Reich Economics Ministry, nevertheless smacked considerably of wartime dirigisme; and, as the ministry pointed out repeatedly, a “collective economy” could not be imposed from above. It was contingent upon the notion of “self-governing bodies” that were to be organized from the bottom up and in a spirit of social cooperation rather than social compliance. Accordingly, the Economics Ministry exerted itself to encourage as many branches of industry as possible to form such organizations voluntarily.

\(^{47}\) For Wissell’s National Assembly speech defending the two bills, see Rudolf Wissell, *Praktische Wirtschaftspolitik: Unterlagen zur Beurteilung einer fünfmontlichen Wirtschaftsführung* (Berlin, 1919), pp. 28–40.


\(^{49}\) See the correspondence between Wissell and the Socialization Commission in Internationaal Instituut voor Sociale Geschiedenis, Amsterdam: NL Karl Kautsky, G 13/22, 12, 23, 4–5, 10, as well as the discussion of these matters in Honhart, “Revolution,” pp. 146–48.


\(^{51}\) “Entwurf eines Gesetzes über die Regelung der Elektrizitäts-Wirtschaft” (Apr. 30, 1919), BA: NL Moellendorff, no. 156.
A Prussian Socialism?

The self-governing bodies that the Economics Ministry envisaged were supposed to function as technical coordinators and market regulatory boards; and they were to play a crucial role as overseers of foreign trade. Thus many of the first such bodies were to function in effect as import-export agencies. In an April 1919 report, the ministry discussed a plan that called for the “decentralization of the authority of the Reich Commissar for Imports and Exports” and the transferral of many of his functions to “branch-based Export Control Bureaus” (fachlich gegliederte Aussenhandelsstellen) which would include representatives of workers’ groups, producers, commercial interests, and consumers. Moellendorff argued that these bureaus would be “decentralized” bodies; they would advise the Reich Commissar for Imports and Exports on general legislative matters, and in addition they could set quotas on quantities of imports and exports. Through this mechanism, Moellendorff seems to have hoped, the institutions of gemeinwirtschaftlich self-government could be introduced in a way that was simultaneously indirect and far-reaching. It was indirect in that it constituted a kind of “end-run” that would permit the Economics Ministry gradually to introduce its organizational notions, but without having to face the political consequences of attempting full-scale economic reorganization; it was far-reaching in that the ministry hoped that such “agencies of self-government” would be “set up in all important branches of the economy.” The April report noted that separate bureaus were already planned for the iron and metal, stone and earth, paper, wood products, textile, leather, oil and fat, tobacco, glue and rubber, chemical, mineral oil, agricultural, “colonial wares” (coffee, tea, and so on), and coal industries.

Within a few months, more detailed plans were developed for the establishment of full-blown self-governing bodies in several branches of the economy. On April 8, the Economics Ministry announced plans for a Reich Committee for the Paper Industry. A draft bill to this effect was discussed at cabinet meetings on May 12 and 24 and was then submitted (over Gothein’s objection) to the National Assembly’s Committee of


States for debate and amendment. Similar projects were underway in the chemical industry. On June 5 the Economics Ministry founded a tentative Nitrogen Fertilizer Committee—composed of representatives of management, labor, agriculture, and commerce—and assigned it the task of regulating the fertilizer industry “especially in respect to the establishment of prices, delivery conditions, agricultural quotas, import and export controls, and propaganda.” The committee held a preliminary meeting on June 18 and constituted itself formally on June 30. The ministry was pleased with this progress, and announced in its June activities report that it was devoting its “special attention” to the dismantling of remaining war corporations and their transformation into self-governing bodies.

The industrial community viewed the Wissell-Moellendorff projects with concern; but its attitude, though profoundly skeptical, was not entirely negative. To be sure, many industrialists felt that the Economics Ministry was developing “complicated edifices according to theoretical designs simply for the sake of construction and building”—an obvious reference to the engineer Moellendorff—“and that little consideration has been paid to the question of what is supposed to come of all that.” Moellendorff himself defended the policies of the Reich Economics Ministry and tried to gain industrial support for its programs at various gatherings of business leaders in the spring of 1919. On May 15, for example, he addressed a meeting of iron industrialists at the Economics Ministry’s offices, and as usual he tried to point out that his ministry was not interested in radical experiments and did not intend to “throw overboard” existing institutions: “We should not create new


organisms unnecessarily. It is much more important to bind together ‘organs organically.’” After Moellendorff further detailed his plans, the industrialists responded with considerable skepticism and not a little anxiety. They were particularly concerned, as one of them put it, that “here we have an attempt to organize the iron industry—production, acquisition of raw materials, management, market regulation—according to great unitary points of view. That is a particularly immense task, and one that has never been resolved.” Moellendorff and his assistant, Baron von Buttler of the Economics Ministry’s Iron Section, attempted to defend their point of view by emphasizing their determination to consult with business leaders about their wishes and suggestions, by noting that they were not intending to eliminate private enterprise, and by pointing out that their efforts were thoroughly compatible with “the notion of the Arbeitsgemeinschaft” (that body created as a consequence of the Stinnes-Legien agreement of November 1918 and composed jointly of workers’ and employers’ representatives). But Jakob Reichert, business manager of the Association of German Iron and Steel Industrialists, heatedly rejected the latter contention, and most businessmen at the meeting seem to have been both irritated and worried by the fuzziness of the Economics Ministry’s proposals.

Moellendorff encountered a somewhat friendlier reception when he appeared at a June 12 meeting of the Reich Association of German Industry (a powerful peak association of industrial leaders that had been

57. The minutes of this meeting are reprinted in Feldman and Homburg, Industrie und Inflation, pp. 210–17; see also the discussion in Feldman, Iron and Steel, pp. 105–8. Among Moellendorff’s most embittered industrial critics were iron wares industrialists in the Elberfeld area, who reacted with extreme hostility to the Economics Ministry’s efforts in May and June to establish an Export Control Sub-Bureau there. See ibid., p. 107; see also the harshly polemical tone of the speeches reproduced in Verband zur Wahrung der gemeinsamen Interessen der deutschen Kleineisen- und Waffen-Industrie, Sitz Elberfeld, Bericht über die Verhandlungen der deutschen Kleineisen- und Waffen-Industrie zwecks Zusammenschluss der gesamten Kleineisen- und Waffen-Industrie und über die Stellungnahme zu den Plänen des Reichswirtschaftsministeriums über die Planwirtschaft und die Gründung einer Ausserhandelsnbehnstelle in Elberfeld (Elberfeld, n.d. [1919]; copy in Institut der deutschen Wirtschaft, Cologne: Sammlung Oskar Funcke, Kasten 1). On the other hand, Moellendorff could count on a rather friendly reception from leaders of the highly organized chemical industry, such as Julius Bueb of the Badische Anilin- und Soda-Fabrik (who had known him during the war) or Franz Oppenheim of Agfa. Carl Duisberg of Bayer, however, was less enthusiastic, noting that Moellendorff “was far too theoretical and kept his head in the clouds too much.” Bueb to Duisberg, Feb. 6, 1919; Oppenheim to Duisberg, Feb. 15, 1919; and Duisberg to Oppenheim, Feb. 19, 1919, all in Bayer-Archiv, Leverkusen: Autographensammlung Carl Duisberg.
formed in April of that year.\textsuperscript{58} Despite Moellendorff’s usual overblown language, the speech went over reasonably well. Many industrialists were of the opinion that the creation of so many self-governing bodies had presented the industrial community a \textit{fait accompli}. Therefore they might just as well go along, as the Saxon industrial spokesman Rudolf Schneider put it, “with caution and misgivings, accepting the good things that this route can surely offer us”; and Hans Kraemer, director of a large printing syndicate and a firm supporter of worker-employer cooperation, lauded the program’s positive aspects.\textsuperscript{59} As late as July, shortly before Wissell’s resignation, Kraemer informed Moellendorff that the Reich Association’s Presidium had approved the establishment of self-governing bodies throughout German industry and had created an advisory commission for that purpose.\textsuperscript{60} As Gerald Feldman has pointed out, however, the industrial community won a significant advantage for itself by seeming to cooperate with the Economics Ministry. For example, in April 1919 a German Steel Federation (\textit{Deutscher Stahlbund}) was reconstituted; because it included trade union representatives in discussions of pricing policy, it seemed that iron and steel industrialists were organizing themselves along lines that Moellendorff favored. In fact, Feldman observes, the Steel Federation “constituted a shrewd and effective means of countering the entire program of the Reich Economics Ministry . . . Thanks to its clever policy of temporizing with its business, labor and governmental opponents and critics, the steel producers managed to ward off both socialization and control through a planned economy.”\textsuperscript{61} In other words, whether Moellendorff could ever have counted upon genuine cooperation from Germany’s industrialists is questionable at best.

While Moellendorff attempted in his months in office to make the Economics Ministry’s proposals palatable to the industrial community,
Wissell tried to achieve similar ends with his old colleagues in the labor movement. During the Assembly debates on the socialization bills Wissell had stressed again and again that his program constituted a “practical” path to socialism. And despite the Independent Social Democrats’ outspoken hostility to his actions and ideas, he tried to convince his present and erstwhile comrades that his ministry had also developed a practical scheme for the implementation of a workable “council system.” At the Second Congress of Workers’ and Soldiers’ Councils in Berlin in April 1919, Wissell tried to justify his ministry’s own ideas about the council system. To be sure, he had generally shared his Free Trade Union colleagues’ distrust of councils, especially if they promised to be radical or if they threatened to undermine existing working-class institutions. But this did not mean that he was necessarily averse to the notion of economic councils organized like the wartime “workers’ committees.” Consequently, in his address to the congress Wissell criticized the other proposals that had been introduced there and instead outlined his own, which he praised as “clear, simple, concise.”

Unfortunately, this was not the case. In fact the Economics Ministry’s scheme was horrendously complicated. It called for a dual hierarchy of economic councils to be organized on both a regional and an industrial branch basis. Regional “district workers’ councils” would elect a Reich Workers’ Council, which would send representatives to a Reich Economic Council; regionally organized employers’ groups would do likewise. Moreover, “district economic councils” would also be formed from the workers’ and employers’ groups. On an industrial-branch level, “branch associations” (Fachverbände) composed of trade unionists would elect a “Branch Workers’ Council” (Facharbeiterrat), which in turn would send representatives to the Reich Economic Council; parallel employers’ organizations would do the same, sending representatives to a “Branch Employers’ Council” (Fachunternehmerrat), with delegates from that body going to the Reich Economic Council. Again, associations of workers and employers would be organized at the industrial level, along the lines of the Stinnes-Legien Arbeitsgemeinschaftspolitik. At the summit of this edifice stood the Reich Economic Council, which would include not only regional and professional delegates but also...

representatives of commercial and consumer interests. The Reich Economic Council would not function as a wholly independent economic parliament. To be sure, the various councils were supposed to administer the collective economy in a manner similar to that outlined in the socialization laws. But the Reich Economic Council itself was supposed to function as a large economic advisory board.63

The Economics Ministry's sketch of a fully developed council system based on Moellendorff's collectivist principles was full of unresolved contradictions. The most glaring difficulty concerned the practical achievement of industrial self-government. The Wissell-Moellendorff idea was so cumbersome and schematic that it seemed hard to imagine that it could be sustained without a huge corps of bureaucrats and supervisory agencies: the exact opposite of the "debureaucratization" that the ministry hoped to achieve. Wissell's speech itself found little approval at the congress; and another resolution, backed by the SPD, was adopted instead.64

Despite the Economics Ministry's continuous efforts to explain its position to labor and industry, its programs encountered increasingly stiff opposition after its initial successes in March and April. This resistance came from several directions, but among the collectivists' most determined opponents were representatives of German commerce and Wissell's DDP cabinet colleagues. Moreover, even the Social Democratic cabinet members viewed his schemes with extreme skepticism if not outright hostility; and Wissell's rather clumsy handling of this problem, as well as his failure to gain his party's support for his ideas, portended a most unpropitious end for his efforts.

Wissell and Moellendorff had been quarreling with their colleagues in other ministries for some months, most notably with the Social Democrat Robert Schmidt in the Food Ministry and the economic liberals Gothein, in the Treasury Ministry, and Bernhard Dernburg, Schiffer's successor in the Finance Ministry. The quarrels between the Economics Ministry on the one hand and Schmidt, Gothein, and Dernburg on the other centered on the matter of import-export controls and the respective authorities of the various ministries in economic affairs, and finally they became personality conflicts as well. The opposition from the Democratic ministers, both committed free traders, was not unusual. Schmidt, on the other hand, was a loyal Social Democrat and an advo-

63. II. Kongress, pp. 180–86.
64. Ibid., pp. 221–22; see also Maier, Recasting Bourgeois Europe, p. 143.
cate of gradual socialization. But in his function as Food Minister he was of the opinion that import-export controls should be lifted as much as possible to allow food to enter the country. Otherwise, he maintained, high productivity and labor peace could not be restored. The upshot of all this was the formation, at cabinet meetings on May 5 and 6, of a “Dictatorial Economic Committee” at the suggestion of Gothein and Dernburg; its members included Schmidt, Gothein, and Wissell. Its ostensible function was to coordinate interagency policy, but its effect was to hand the advocates of free trade the power to impose their wishes over Wissell’s objections. Wissell first threatened to resign, but then he decided instead to lay before the cabinet a detailed economic memorandum and a program that summarized and elaborated his ministry’s basic goals. Wissell and Moellendorff wanted the decision to fall soon; but the matter was delayed until the conclusion of the Versailles peace negotiations.

The ministry’s memorandum had already been drafted and its substance was known to the other Social Democratic ministers; official copies were distributed to the remaining ministers and to the Reich Chancellery on May 13. Moellendorff was obviously the main author; the memorandum recapitulated a number of the arguments he had been advancing for years. It again outlined the enormous economic difficulties that Germany faced, warned that the public was becoming increasingly dissatisfied with half-measures and parliamentary compromises, and cautioned that both socialism and democracy were threatened by “wild anarchist experiments” among the unhappy masses. This popular confusion was due to Social Democratic confusion about the proper meaning and attainment of such fuzzy goals as “socialization” or “expropriation.” The memorandum thus called for “socialist inclined circles” to rethink the foundations of modern socialism and endow it with a “more programmatic form.” The Economics Ministry felt that its own program was the best: “The Reich Economics Ministry has quite intentionally attempted to carry out its own concept of socialism by describing it with the not yet outworn term ‘economic collectivism.’

67. Schulze, ed., Kabinett Scheidemann, p. 272n. The memorandum and economic program can be found ibid., pp. 272–89; both documents, as well as various legislative guidelines attached to them, are also reprinted in Wissell, Praktische Wirtschaftspolitik, pp. 97–123.
By that is understood an economy that is planned and socially controlled for the common good." And to achieve these aims, an eight-point action program, which summarized a number of the Wissell-Moellendorff proposals, was appended to the memorandum. For the first time, the Economics Ministry used the term “controlled economic planning” (gebundene Planwirtschaft) to describe its program. In addition, it included four sets of guidelines as elaborations of its eight-point program: “Guidelines for a Law on German Collective Economy,” which proposed that industrially organized “economic leagues” (Wirtschaftsbünde) be organized parallel to regionally based councils; and three guidelines concerning a Reich Property Bank, a Reich Fund, and the ministry’s proposed “Law on Labor Peace.”

Robert Schmidt quickly fired off a counter-memorandum denouncing the Wissell-Moellendorff scheme with considerable energy. Among other things, Schmidt argued (from a somewhat more “orthodox” Social Democratic standpoint than Wissell) that the Economics Ministry’s plans were not really socialist, that they deviated significantly from the SPD’s Erfurt Program of 1891. Schmidt claimed that a socialization of selected “ripe” industries (that is, those industries that lent themselves to nationalization through their monopoly-like tendencies) would be truer to the traditional viewpoints of the Social Democratic Party. Implicit in Schmidt’s criticism was the notion that caution and improvisation were the order of the day, that conditions were not right for drastic experimentation. In any case, this whole interministerial debate became a matter of public discussion when the Vossische Zeitung published portions of the Economics Ministry’s memorandum on May 24; the entire text appeared in Bernhard’s journal Plutus in June. Although Bernhard himself was sympathetic to the Economics Ministry’s leaked proposals, the memorandum’s release provoked a torrent of criticism from less friendly circles.

Even those commentators who were inclined to be receptive to many

of Moellendorff’s ideas emphasized the extraordinary complexity of the whole thing; but certainly the bitterest criticism came from commercial circles, Moellendorff’s old bugbears. Commercial leaders had always been highly suspicious of those who wanted to restrict and control their activities, and after the war they advocated a quick return to free-market conditions. Some commercial spokesmen, such as Ludwig Roselius, a prominent importer and founder of the Kaffee-Hag concern in Bremen, had already conducted an extensive public campaign against the retention of foreign trade controls and Moellendorff’s “economy of compulsion.” According to Roselius, such an economy would lead to continued economic warfare with the Entente and would result in the further impoverishment of the Reich. With the release of the Economics Ministry’s program, an even larger outcry arose from the trading community. Curt Köhler, a leader of the commercially oriented Hansa-Bund, summarized their point of view in a June 20 letter addressed to the entire cabinet: “According to our information the Reich Economics Ministry seems to be conducting economic policy on its own. . . . We would like to call your attention to the fact that since the publication of the memorandum strenuous objections have arisen from numerous groups, even from those that previously had perhaps not totally rejected the Economics Ministry’s individual plans.” These criticisms were echoed in similar missives and petitions from Chambers of Commerce and other interest groups throughout the country.


73. Roselius, Gegen die Zwangswirtschaft.

74. Curt Köhler to Reich Cabinet, June 20, 1919, BA: R 43 I/1146: 168–69. See also the complaints of the Hansa-Bund in BA: R 43 I/1189: 18, as well as the numerous letters to the Reich government from various local chambers of commerce and similar organizations in BA: R 43 I/1146. Some important leaders of the chemical industry—who, as was already noted, tended to give Moellendorff a friendly hearing—were highly critical of the behavior both of the Hansa-Bund and of the economic liberals in the Scheidemann cabinet. For example, Rudolf Frank of the Association for the Maintenance of the Interests of the Chemical Industry of Germany (Verein zur Wahrung der Interessen der chemischen Industrie Deutschlands) noted in early June that “If the Hansa-Bund would work against Herr Moellendorff and criticize him objectively, it would be perfectly entitled to do so. But to attack an opponent in such an unbelievably purely personal, malicious, and unfair way. . . . is simply crude.” Frank went on to denounce Dernburg and Goethein, “who work entirely in the interest of commerce against industry.” Frank to Carl Duisberg, June 8, 1919, Bayer-Archiv, Leverkusen: Autographensammlung Carl Duisberg.
It had thus become obvious that a decision on the Economics Ministry’s ideas would soon have to be reached. In mid-June Wissell appealed for his party’s support at the Social Democratic congress in Weimar. In exceptionally passionate terms the Economics Minister assailed the Scheidemann government’s performance. A revolution had come to Germany, he said, but so far it had been frustrated: “Basically we have governed according to the old forms of our public life. We have not been able to influence the revolution in such a way that Germany might seem filled with a new spirit. The inner essence of German culture and our social life seem little changed. And frequently not for the better. (Lively agreement) ... I believe that history will pass a hard and bitter judgment on the National Assembly and on us in the government.”

He then went on to argue for his program by suggesting that it represented the only logical, evolutionary path to a socialist society in Germany. Robert Schmidt and Minister without Portfolio Eduard David both took sharp exception to Wissell’s remarks; but the congress registered its modest approval for some of Wissell’s ideas when it adopted Adolf Braun’s resolution calling for more concrete measures to introduce a “collective economy” in Germany. Moreover, his forthrightness received praise from some of his comrades. Still, the party congress’s decision by no means constituted a clearcut victory for Wissell. Many Social Democrats remained hostile to his schemes; and his SPD cabinet colleagues were still unremittingly opposed to his efforts. Wissell could not afford to wait much longer. Thus he hoped that he could


77. Albert Baumeister, a prominent unionist, wrote to Wissell on June 17: “Your speech at the party congress has evoked lively and agreeable comment among our comrades, and it will long remain the subject of spirited discussion” (BA: NL Wissell, II/16/1119). The historian Arthur Rosenberg later noted that in his Weimar speech Wissell “saw very clearly the state of affairs in Germany at that time.” Arthur Rosenberg, A History of the German Republic, trans. Ian F. D. Morrow and L. Marie Sieveking (London, 1936), p. 126.
lay his plans on the table when a new government was formed on June 21.

The Scheidemann government had broken up over the issue of whether Germany would sign the peace treaty of Versailles before the deadline established in an Entente ultimatum. The cabinet resigned on June 20, and a new government was formed by another veteran Social Democrat, Gustav Bauer, in coalition with the Center Party but without the DDP. The Bauer cabinet agreed to the terms of the Versailles Treaty, which was signed on June 28. Wissell and Moellendorff retained their old posts in the Economics Ministry, and Schmidt continued as before in the Food Ministry. In addition, another of Wissell’s old Free Trade Union associates, Alexander Schlicke, became Minister of Labor. Wissell hoped for Schlicke’s assistance in the cabinet, but as it turned out the new minister seemed to be as reluctant to support Planwirtschaft as his other Social Democratic colleagues. Nor, indeed, could Wissell be heartened by the decisions of the Free Trade Union congress at Nuremberg in late June and early July. The two main speakers, the Independent Social Democratic spokesman Rudolf Hilferding and the union bureaucrat Paul Umbreit, both criticized the Wissell-Moellendorff plans, and the congress concluded with only a vague and noncommittal affirmation of the desirability of collectivism.

Thus the situation was not favorable for the Reich Economics Ministry when, on July 8, Wissell presented to the cabinet a draft response to a parliamentary interpellation concerning his economic program. A lively cabinet discussion ensued; every minister save Wissell himself “turned against the program of economic planning and economic collectivism in the sense in which it is being pursued in the Reich Economics Ministry.” This was a crushing defeat, and four days later Wissell and Moellendorff stepped down. In what must have been a bitter pill for the economic collectivists to swallow, Robert Schmidt became the new Economics Minister, while retaining the Food Ministry portfolio; Julius Hirsch replaced Moellendorff as Under State Secretary.

81. BA: R 43 I/1350: 90; Wissell to Ebert, July 12, 1919, BA: NL Wissell, III/20/2851–55.
On July 23, Bauer declared that economic planning of the Wissell-Moellendorff sort would not be undertaken, and he reaffirmed the Social Democrats' support for the gradual socialization of certain "ripe" enterprises. In subsequent months Schmidt and Hirsch moved to end foreign trade controls; thereby they gave the nod to at least a partial restoration of free-market conditions (though the deterioration of the mark in late 1919 forced them to back away from this and establish a new set of Export Control Bureaus). For the most part, despite occasional attempts at what one historian has called "piecemeal socialization," Schmidt continued to conduct economic policy in a random, ad hoc, rather disorganized fashion. The Social Democrats were of the opinion that thoroughgoing nationalization would have to wait until economic conditions were more favorable; but by choosing this approach, as Richard Breitman has noted, "They thereby renounced the possibility of influencing the pace and direction of economic evolution." Thus Wissell remained something of a maverick within his own party, and Planwirtschaft—or, for that matter, any other systematic approach to economic planning—was never again on the agenda.

So Moellendorff's dreams of revitalizing the German economy—and with it German society and German culture—through a quasi-corporative, non-Marxist "collectivism" had been shattered. Very few of his proposals were implemented in subsequent years, and those that had already been initiated during his tenure in the Economics Ministry more or less died on the vine. Though he continued to write actively on behalf of his views, Moellendorff never had another opportunity significantly to influence Germany's economic and social policies. He worked for many years as an advisor to various business firms and government agencies, and died in 1937.

Why had he failed so ignominiously? Given the constellation of political and social forces in Germany in 1919, a full-blown system of economic planning might well have been doomed in any case. Liberal hos-
tility and Social Democratic aversion to detailed economic planning might from the very beginning have ruled out even a partially successful implementation of "collectivist" economic schemes. Nevertheless, the extraordinary tactical and psychological blunders that Wissell and Moellendorff committed contributed significantly to their program's abortive end. Sizable elements of public opinion might conceivably have been won over to some of the program's features. But Wissell and Moellendorff failed in this. Fritz Rathenau (an editor and a distant relative of Walther Rathenau) noted that the Economics Ministry had sought public support for its policies too late; it had usually attempted to present the public and the government with facts accomplis. Moreover, Rathenau pointed out, the ministry had been unwilling to compromise; thus its program had seemed "too uniform, too abstract," despite all that recommended it.86

Fritz Rathenau's contentions represent perhaps the most succinct analysis of the immediate reasons for Moellendorff's failure. In some ways he had been his own worst enemy. He had tried to do too much, too fast. He had unnecessarily annoyed potential allies, most notably his old mentor Walther Rathenau, with whom he became involved in a silly personality quarrel and who subsequently declined to support his ex-colleague's schemes.87 In addition, many German leaders—especially businessmen—were annoyed by the complexity and vagueness of Moellendorff's notions. Moreover, Moellendorff was a prickly person, easily offended, constantly threatening to resign, and with almost no tolerance for the exigencies of party politics and coalition compromises. The Economics Ministry's policies reflected Moellendorff's own intransigence. Wissell had followed his Under State Secretary's lead throughout, and he too was inclined to be both unyielding and self-righteous in defending his views. This only hastened the day of reckoning and defeat.

87. Relations between Walther Rathenau and Moellendorff had been deteriorating for some time prior to 1919 (Burchardt, "Rohstoffbewirtschaftung," p. 189, and Schmid, "Moellendorff," p. 183). Among other things, they differed over who should get credit for the KRA. Then Wissell had criticized Rathenau's views in a National Assembly speech in March, and Rathenau had fired off an angry "open letter" in the Saalezeitung of Apr. 7, to which Moellendorff had replied in the Deutsche Allgemeine Zeitung on Apr. 20 (morning ed.). Documents concerning this affair can be found in BA: R 43 I/2111; it is also described in Albertin, Liberalismus, p. 305n., and Maier, Recasting Bourgeois Europe, p. 159.
For all its shortcomings, and for all its very limited possibilities of success, Wichard von Moellendorff’s experiment in economic planning deserves more attention than it has sometimes received, and its author deserves a more sympathetic hearing. Crude, naive, and schematic as it was, Moellendorff’s program represented one of the first attempts by a committed German conservative to develop a practical response to the changed realities of modern industrial society. More than anything else, he was interested in the preservation, as far as possible, of such “Prussian” values as sacrifice, duty, and honor. His was an attempt to adapt old values to new circumstances. Perhaps he tried to reconcile too much: individual creativity with the organizational requirements of modern technology; “will” and “intuition” with efficiency and “rationalization”; a total planning system with group autonomy and group self-control; Prussia with socialism. And if he tried to reconcile too much, in the end he organized too much.

The Wissell-Moellendorff program was open to several other serious criticisms as well. First, it paid insufficient regard to financial and monetary considerations, neither of which Wissell or Moellendorff understood very well. Second, the scheme postulated the sweet reasonableness and social responsibility of individuals and institutions. Like the British “Guild Socialists,” Wissell and Moellendorff did not satisfactorily consider the problems of conflict resolution and industrial or individual egoism; in Moellendorff’s “collectivist” system, the managers’ technical superiority might work in such a way that they could control economic “self-governing bodies” to the detriment of the consumer in particular and the social collectivity in general. To be sure, Wissell and Moellendorff probably hoped that their self-governing bodies would serve educative as well as economic functions, that they might encourage a spirit of collective discipline—that, in short, they might help mold a new socialist man. Whether such a development would indeed occur seems questionable.88 Third, the “collectivists’” reliance on institutions

derived from the wartime economy appeared to belie their contention that the new economic order would arise with a minimum of compulsion. Just the opposite seemed to be the case, as Hans Schieck has rightly observed: "Psychologically it was not very clever to latch on to the bureaucratic wartime organizations that had become despised and discredited in the eyes of most people." 89

Despite its numerous limitations, however, there can be little doubt that the Wissell-Moellendorff project was a bold and innovative experiment at a time when boldness and innovation were in short supply, at least within the ranks of the traditional labor movement. Moreover, it was one of the first tentative efforts to devise a workable system of "national economic planning" within the framework of neocapitalist relationships. It would not be the last.