

## Crisis in the Cities: The Collapse of Weimar

Usually, historians view the collapse of the Weimar Republic from the perspective of high politics played out in the 'corridors of power' in Berlin. Less well understood is the process of political disintegration that took place at the local level, and less still, the relationship between the two levels, national and local. In what follows, an outline of the fate of local authorities in the 1920s and early 1930s is presented, linking it to that of the Republic at large.

Before the Republic was established in 1918, the principle governing the relationship between local and central authorities and between the social classes had been that of subordination. From 1918 independent local self-government, enshrined in Article 127 of the new Constitution, and founded on the will of all the people (Article 17), established a major departure in two respects. First, it displaced the traditional local elites who had monopolised local affairs, and second, it gave the new local administrations greater autonomy and leeway in the running of their day to day affairs without the interference from central organs.

The local authorities were assigned an important role in the political physiology of the Republic. They represented the cells of the body-politic, and as such their health would guarantee the stability and growth of the ' fledgling democracy at large and from below. This was underlined in the writings of a member of the Social Democratic Party (SPD) and expert on municipal affairs, Viktor Noack, in his Pocket Book for Local Politicians (1922);

*In the same way the proficient development of the body depends on the health of the individual cells, so the state can only develop successfully if the communes are viable. The greater the measure of freedom which is granted to the communes within the legal framework of the state, the smaller the barriers limiting their activities, so much the better for the state.*

Or, as Oskar Mulert, the chairman of the Association of German Cities, told an audience of mayors and leading personalities, including the chancellor, Dr Marx, in 1927, 'The free commune is the cornerstone of the free state'. This particular vision, however, was not shared universally. As we shall see, it was resisted and continually undermined both by powerful and influential forces in the central government administration and by local business interests.

The period from roughly 1890 to the mid-1930s constitutes a single continuous era in the urban history of Germany. Many of the processes we can observe in the last decade of the nineteenth century find their climax in the early twentieth century. In 1870 the urban population accounted for about 30 per cent of the population, by 1935 it stood at 56 per cent, with 43 per cent living in the larger towns and cities of the Reich. Towns and cities continued to expand in size too as a consequence of incorporations. They grew at over three times the rate of population between 1910 and 1939. This urban growth was matched in the rise of powerful, increasingly interventionist municipal administrations between 1890 and the 1920s. The income from public utilities and enterprise and from municipal-owned property grew steadily. In 1913 it stood at 278 million Reichsmarks, rose by a third by 1925 and nearly doubled by 1930 to reach 752 million Reichsmarks. By the later 1920s, municipal enterprise and utilities had a value in the region of between 7 and 9 billion Reichsmarks, representing approximately 14 to 18 per cent of national income. After the Reich, the local public sector was the largest single employer, with over half a million on municipal pay-rolls. Cologne offers just one good illustration of municipal activity. Under its dynamic lord mayor, Konrad Adenauer, the city built up a public utility empire with a total revenue of 25 million Reichsmarks by 1929, employing around 7 per cent of the dependent labour force.

The growth in responsibilities meant a growth in public expenditure. This was especially the case after the war when

local administrations, many now governed by socialist and progressive liberal coalitions, sought to create a more humane environment and thus fulfil their assigned task of building democracy. Many local administrations had a lot of catching-up to do after ten years of neglect brought about by war. Expenditure was directed towards transforming the physical environment: industrial areas were to be constructed, parks laid out for recreation, publicly-aided housing built, and new, subsidised transport systems evolved. Social programmes were initiated to meet the needs of the less well-off, while hospitals, maternity clinics, public swimming-baths and stadia were erected to improve the health of the population and youth in particular.

The expanding economic role of the communes was matched by an increasing political role of their chief executives. In 1905 the mayors of these growing centres formed a national association, the Deutsche Stadtetag, which represented the interests of municipal authorities at the national level. After 1918 and the emergence of full parliamentary democracy, individual mayors exerted influence at the centre via their political parties. This was particularly the case in the state of Prussia where a coalition of the Social Democratic Party, German Liberal Party and the Catholic Centre Party, enhanced the political influence of lord mayors such as Heinrich Beims (Magdeburg) and Max Brauer (Altona), both members of the SPD, or Ludwig Landmann, the Liberal Democrat lord mayor of Frankfurt am Main, or Konrad Adenauer (Cologne), who was a member of the Centre Party.

Through their activities Weimar's municipal administrators wielded immense economic and political power, thus posing a challenge to conservatives in the Reich bureaucracy and private business interests. It is therefore not with surprise that we hear one impartial American observer note towards the end of the period, that since 1918, 'the whole question of government ownership... is steeped in controversy, and lies at the heart of the fundamental political and economic struggle between socialist and non-socialist groups.'

The political bone of contention revolved around two poles. First, the enshrining of local autonomy in the Constitution removed central government political controls over local administrations. They now functioned as independent corporate bodies. Second, the advent of popular democracy gave the working class the opportunity to influence the political process where it mattered most, at the local level. The political organisations of the working-class movement had already begun to play a more prominent role in the local sphere since 1890. The SPD put up more and more candidates for election to the councils, and registered successes. Between 1909 and 1911 their number doubled. But the break-through came with the war and revolution. In many towns and cities throughout Germany the combined forces of the left took as much as 50 per cent and more of council seats. In Munich they took 52 per cent, Berlin 56 per cent, in Hamburg 60 per cent. In other cities the share of seats going to the left was even higher, as in Altona (66 per cent) and in Mannheim (72 per cent). And even when some of these seats were later lost, the left's presence in the councils remained quite formidable.

The political displacement of the local elites was of crucial importance because of the issue of control of the local economy and finances. Local business interests saw in the growth of the municipal public sector an attempt to socialise the economy from below. By 1924 plans to nationalise sectors of the economy centrally had been abandoned. But with the stabilisation of the left as political power-holders and brokers in local administrations, many within the middle classes felt that they would socialise the economy through communalisation. A powerful middle-class lobby group, the Reichsbürger-rat, which sought a united front in the councils as a means to combat the left, gave the following prognosis:

*Ever since the Marxists had to give up the attempts to socialise our economy through Reich or state laws after the Revolution, they have attempted to achieve the gradual transformation of our economy into a public one by a detour of controlling the municipalities... They declare quite openly that communal administration must become one of the most important instruments for the carrying through of socialist ideas in the spheres of economy and culture. Through the continued acquisition of new economic branches under municipal administration, through the systematic increase of the public burden upon the property and profit of the private economy, they seek to substitute the public*

This assessment leads us to the other bone of contention: municipal economic management. We saw above how local authorities increased their range of economic activity over the period. The conflict over this was not only about public encroachments upon the private economy, but also over the twin questions of whether or not this activity was really necessary and how it was to be financed.

The local middle class did not see itself as the beneficiary of the municipal programmes. In their view the schemes were directed mostly at the urban working class. The fact that almost everywhere local administrations were also building exhibition halls for industry and commerce or creating infrastructures conducive to the badly-needed restructuring of German manufacturing industry, or, through their entrepreneurial activities, were acting as motors for local and regional economies, was ignored. Instead, they complained that ambitious mayors supported by left-liberal 'council cliques' were engaged in unnecessary expenditure in a bout of wanton municipal megalomania. This complaint found an echo at the highest levels of public life. The President of the Reichsbank, Hjalmar Schacht, at a meeting of industrialists and businessmen in Bochum on November 18th, 1927, accused local authorities of being profligates, engaged in excessive borrowing and of wasting taxpayers' money on 'luxuries'. Municipal 'economic mismanagement' and 'financial corruption' became key slogans among conservative business interests, gaining a sharper edge in the later 1920s when they were incorporated into the political language of the right-wing, including the Nazi Party. Indeed, these perceived twin-evils constituted the terrain on which conservative forces at the centre and locally fought the battle against municipal authorities.

Unhindered borrowing and taxation were the means by which local authorities could independently pursue their aims. For a strong (and expansive) economic base created the precondition for political autonomy vis-à-vis the central organs of state. This was particularly important after the fiscal reforms in 1920 had centralised a number of key taxes, thereby introducing a system of dotation in which local authorities became dependent on central government transfers. This reform had not been welcomed by local administrations for they recognised the vulnerable position it placed them in. In order to overcome this, they either made use of their power to raise surcharges on property, business and turnover taxes (the so-called Realsteuern), or they borrowed.

Depending too much on taxes was politically risky, and usually depended on the balance of political forces in the council. Nonetheless, surcharges were a vital source of income to local authorities, (never less than one-third and as much as 87 per cent of municipal tax revenues by the early 1950s) and as such could not be spared. However, in 1925, the finance minister, Peter Reinhold, ordered their reduction, not only because he felt that citizens were overtaxed to the tune of nearly 2 billion Reichsmarks, but because he recognised that by doing so he could curb the scale of municipal activities. A further cut in the capital turnover surcharge in 1927 removed 180 million Reichsmarks from municipal coffers. This was met with consternation by Weimar's lord mayors. In the face of such curbs on local sources of revenue, borrowing provided a convenient and relatively easy alternative.

Between April 1924 and the end of March 1930 Weimar's fifty-three larger cities (with a population of over 50,000 each) borrowed to the tune of 3.6 billion Reichsmarks, or just under a quarter of the total public debt in 1930. About 16 per cent of this communal debt was funded by foreign lenders, which was considerably smaller than the proportion of foreign loans in the Reich debt. Nonetheless, this worried conservatives who believed that local authorities were contributing to Germany's international financial liability and causing inflation. Schacht felt that it was incumbent upon him, as guardian of German money, to cut-off this source of long-term loans. Between 1925 and 1929 around 50 per cent of local authority applications were turned down by the Advisory Office for Foreign Loans (under Schacht's control), whereas only 12 per cent of applications from industry were rejected in the same period. Contrary to Schacht's intentions, this merely exacerbated the communal debt by driving local authorities onto the domestic market where they borrowed short-term and at high interest rates. Indeed, nearly a third of municipal loans were at the higher rate of 8 per cent and over, compared to around 2 per cent for the Lander and Hanse city-states.

Curbs on taxation and on loans were designed to reintroduce the old-fashioned principles of thrift and good management. The middle class felt it was over-taxed and that its precious resources were being squandered. The editor of the economic journal, *Rhein und Ruhr*, lambasted the communes, which, in his view, 'were Marxist strongholds and thus breeding grounds of corruption,... addicted to waste... of taxes instead of administering them conscientiously'. In fact, there was no clear correlation between high spending and heavily indebted authorities and political affiliation. Catholic Cologne was one of the most heavily indebted cities with an estimated new debt (i.e. since April 1924) of 3.5 million Reichsmarks by 1930. This works out at around 600 Reichsmark for every inhabitant of the city. By contrast, socialist Leipzig and Magdeburg, both involved in extensive municipal programmes, were among the group of major cities with low indebtedness. Whatever the political configuration at the local level, conservatives were steeled in their conviction that local authorities had to be brought to heel. However, the Constitution barred a direct political assault and there were limits to economic pressures.

The situation was radically altered in late 1929. The convergence of world-wide depression and pressure on the Reich to meet its reparations obligation provided conservatives with the opportunity to neutralise the communes. A budgetary crisis was already looming in towns and cities up and down the country in the autumn of 1929 as the crisis broke. Foreign loans had become difficult to raise because of speculation on the American stock exchange, while the attempts to raise surcharges were being met by calls for cutbacks in public expenditure. The result was an increase in social and political tensions.

Furthermore, the Reich government was facing its own budgetary difficulties" finally leading to the collapse of the socialist-led coalition in March 1930. The new cabinet, led by Heinrich Brüning, was a coalition of conservatives hostile towards the communes. The Reich soon resorted to cutting back transfers to the communes, partly to satisfy its own monetary needs, partly to inculcate good budgetary practice, and partly as a means to undermine the local authorities. Over the period of the Depression, these transfers were more than halved, leaving local administrations in a precarious position. Their reduction came at a critical moment when the communes were facing mounting financial responsibilities as a result of rising unemployment.

Under the national unemployment scheme introduced in 1927 three categories of unemployed were created which mirrored the lengthening stages of unemployment: These were the regular full benefits (ALU), followed by crisis benefits (KRU), and after these two had been exhausted, a means-tested local welfare payment (WOLU). It was the latter which proved to be the undoing of the local authorities. Through a number of Emergency Decrees (notably those of November 1930 and June 1931), the burden of maintaining the unemployed was pushed onto the local welfare offices. The cost of maintenance rose from 230 million to 1 billion Reichsmarks between 1929 and 1931. The impact on individual towns

was devastating. The small town of Pirna, in Saxony, found itself facing a deficit of 1.9 million Reichsmarks, mostly attributable to WOLU costs. In Wesermünde, in north-west Germany, the cost rose to a quarter of the town's entire budget. In Cologne it rose to 4.3 million Reichsmarks, leaving this great city teetering on the brink of bankruptcy.

By early 1932 local authorities were hardly in a position to continue with payments. Many hundreds of thousands of families were left destitute as a result. A survey carried out in 1927-28 of weekly household budgets found that on average a working-class family of four needed 57 Reichsmarks to get by. The unemployed household was fortunate to receive even half this amount in 1931-32. The result was increasing social and political unrest among the unemployed, as Carl Goerdeler, Mayor of Leipzig, warned Chancellor Brüning, in a special report.

While shifting the burden may have been a device to ease the situation of the Reich which had to continue meeting its reparations obligation, Brüning and his advisors also realised that this was a useful means of inflicting damage upon the local authorities. For, as central transfers declined, and further restrictions were placed on borrowing, local administrations were left with three alternatives, either they could increase surcharges and introduce new levies (allowed under the Emergency Decree in July 1930), which would hit the middle classes in particular, or they would have to impose stringent cuts, which would affect mostly the working class; or they could utilise both options. The first two options would result in alienating one or other social group, the third would guarantee alienating both.

The critical moment as far as the popular and constitutional positions of the communes were concerned, came in the winter of 1930-31. Councillors throughout the country rejected the budget proposals of their executives, who advocated either cuts or higher taxes, or a combination of both. Political deadlock ensued, followed by a virtual collapse in municipal authority as mayors appealed to the Lander authorities to appoint special 'state commissars' empowered to impose budgets by fiat. As a result local regimes of all persuasions became increasingly isolated as their popular support melted away, mirrored in the results of local, regional and national elections, which, in Bruning's words, became 'plebiscites' on the handling of the economy at these levels.

This episode led to an intensification of middle-class disaffection because of the way commissars were appointed and because of who some of them were. In socialist-led Prussia, more than 500 commissars were appointed between Christmas and New Year, giving the impression of a conspiracy, not least because very often local senior officials with connections to the SPD favouring utilising the Realsteuern were appointed. This led to a furore and allegations of political corruption as 'red tax dictatorships' were imposed, giving rise to fears of an impending 'economic putsch'. As well as further alienating the middle classes, this action mobilised them against Weimar democracy per se as appeals to higher authority failed. This was the catalyst for the reconfiguration of bourgeois politics around the banner of the Nazi Party which skilfully exploited the crisis.

In the city of Altona, where this process has been closely examined, one man complained bitterly that the decisions not to impose further cuts, but instead to rely on a tax squeeze 'do not serve to boost the economy but rather to destroy people's livelihoods'. Another expressed outrage that 'The law cannot demand something of someone when he does not have anything, and make him throw dry bread to his children'. While yet another bankrupted businessman wrote two warning letters in early 1931 to the city authority predicting a sorry end to its rule. 'How right I have been from the beginning', he wrote, 'will be proven in the course of time, when only anger grows among the German people in order that a change in the tax and economic misery is brought about'. In the second letter, complaining against policies which seemed to protect the working class but discriminated against the middle classes, he hinted at his own personal political solution, 'after all in Germany there are... businessmen who want to live and who have become impoverished through the present conditions... for them in particular, it is made very, very difficult to remain neutral'.

The constitutional position of the local authorities suffered from two interrelated consequences. First, the imposition of commissars abrogated local control of finances, and concentrated financial decision-making in the executive. In effect, elected councillors had allowed for their own neutralisation by revealing their inadequacy to manage the crisis. Second, the use of commissars was not only constitutionally questionable, as was noted at the time, but it also proved to be a deadly precedent for later: initially understood as a temporary emergency expedient, in many cases the orders deploying commissars were not rescinded, remaining rather like Damocles' Sword poised over the heads of councillors. The sword was brought down upon those heads once again between the passing of the Dietramzell Emergency Decree of August 24th, 1931 and in the spring of 1932 when budgets could not be set. By losing control over financial matters, the local authorities thereby paved the way for their eventual political emasculation, A senior official in the Bavarian state ministry captured the essence of this when he wrote, following the Dietramzell Decree;

Whoever rehabilitates (finances), whoever controls, is in command of the rehabilitated, of the controlled. In order to carry out the controls, he erects for himself supervisory instances and with these keeps under scrutiny the development of the budgets. Each limitation on the autonomy of setting the budget is, however, the same as a limitation on (administrative independence). Thus it is possible to think of the 'rehabilitation' of the... communes in which the creation of Federal... structures affect not only the immediate financial spheres, but also other sovereign areas, especially that of administrative power...

Conservatives were thus hoping to utilise the crisis in the communes in order to undermine their legitimacy and so press for a constitutional reform which would create a unitary state firmly controlled from the centre. Clearly, by the end of 1932 the local authorities had lost their economic raison d'etre but still functioned as political units, albeit



heavily handicapped and demoralised. Their full political debacle occurred once the Nazis came to power. Two major ordinances put a legal framework around the destruction of local political life. The first, the Prussian Municipal Ordinance, was passed in December 1933, the second, in January 1935. The latter, the Reich Municipal Ordinance, formulated by conservative administrators, re-established the pre-1918 position of the central bureaucracy vis-à-vis local administrations. All matters dealing with local economic life were now centrally ordained. Local elections ceased, and 'political life' became reduced to the Nazi circus of pomp and circumstance in the town halls and neighbourhood surveillance (in order to catch the mood of the people in the absence of their free expression at the polls). Local society thus became the passive object of both sets of structures. The best summary of this situation can be left to an English expert in law, W. Ivor Jennings, who, in 1935, co-edited a number of essays on a hundred years of municipal government and life in Britain. He warned his readers:

*There can be no such thing as local government under a dictatorship. Freedom in the localities implies freedom at the centre. Dictatorship at the centre inevitably involves the arbitrary supersession of local freedom and initiative, the curtailment of local responsibility and opportunity. The events of our own time... bear witness to the truth of that conclusion.*