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*Published in:*  
Warfare and Welfare

*DOI:*  
10.1093/oso/9780198779599.003.0002

*Publication date:*  
2018

*Document version:*  
Final published version

*Citation for published version (APA):*  
Starke, P. (2018). The Impact of War on Welfare State Development in Germany. In H. Obinger, K. Petersen, & P. Starke (Eds.), *Warfare and Welfare: Military Conflict and Welfare State Development in Western Countries* (pp. 36-66). Oxford University Press. <https://doi.org/10.1093/oso/9780198779599.003.0002>

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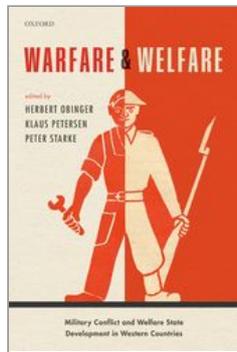
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## Warfare and Welfare: Military Conflict and Welfare State Development in Western Countries

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Print publication date: 2018

Print ISBN-13: 9780198779599

Published to Oxford Scholarship Online: August 2018

DOI: 10.1093/oso/9780198779599.001.0001

## The Impact of War on Welfare State Development in Germany

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### Abstract and Keywords

The world wars were important ‘pacemakers’ of welfare state development in Germany—first and foremost via special wartime or post-war benefit regimes. Veterans’ pensions and reinsertion after World War I and compensation of various war victims after World War II massively increased social spending for decades. Whenever war did have a significant impact on the core welfare state programmes (i.e. the big social insurance schemes), it was through indirect and long-term rather than direct, short-term dynamics. Labour mobilization via the involvement of trade unions and the significant expansion of wartime social assistance and social services during World War I, for example, paved the way for the expansion of the welfare state in the Weimar Republic (such as unemployment insurance in 1927). Social policy during World War II targeted benefits towards soldiers’ families and ethnic German victims, but it was far from the ‘dictatorship of favours’ Götz Aly describes.

*Keywords:* Germany, World War I, World War II, total war, labour mobilization, Weimar Republic, war victims, veterans, National Socialism, German Labour Front

### Introduction

Despite the indisputable importance of warfare for German history, war has never played a major role in the historiography of the German welfare state. Certainly, there are a number of important historical studies of specific periods or of specific social policy effects of war, but few authors have addressed the warfare-welfare nexus in German social policy more generally (the main exception being Reidegeld 1989; 2006a; 2006b). This is perhaps because the big foundational moments of the history of the German welfare state—for instance, Bismarck's social insurance laws in the 1890s and Adenauer's 1957 pension reform—had no real connection to war. While it is possible to find many instances when war indeed became, in the words of German social democrat Ludwig Preller, a 'pacemaker' (*Schrittmacher*) of welfare state expansion (Preller 1978 [1949], 85), this tends to apply to areas such as family policy, social assistance, and disability policy. In other words, it appears that war could make more of an impact in areas that were not yet highly developed at the time. But an impact it did have.

The main causal mechanisms of the warfare-welfare link in Germany are, as will be shown in detail, associated with direct responses to material hardship, compensation for mass conscription, and later demobilization, and caring for the victims of war through social policy. Social policy was always a defensive instrument of autocratic regimes trying to appease the home front and, after the fighting had stopped, democratic governments used social policy to try and heal the wounds of war, both literally and metaphorically. Mobilizing labour for the war effort was a constant problem, but it hardly led to new social benefits. Instead, strong regulation and forced labour, especially of foreign workers, were used to manage labour scarcity. The labour mobilization effort, however, empowered different actors each time around: In World War I, **(p.37)** trade unions gained a level of recognition that indirectly shaped social policy in the Weimar Republic. In World War II, labour mobilization was imposed but empowered only loyal agencies of state and party.

In order to understand the context, it is important to briefly sketch the welfare state status quo antebellum, the extent of mobilization and destruction during World War I and II, and the political institutions and main political actors involved. First of all, Germany is rightfully counted as one of the pioneers of the modern welfare state, with Chancellor Otto von Bismarck as the main explorer of the unknown territory of national social insurance from the 1880s onwards. In quick succession, Germany introduced sickness (1883), accident (1884), and old age and invalids' insurance (1889) for industrial workers. War played no role in these reforms, other than the fact that the very nation state introducing these laws was brought into existence through the wars of unification between 1864 and 1871. Social reform was one element in Bismarck's two-pronged strategy to contain the socialist threat posed by the emergence of Ferdinand Lassalle's General German Workers' Association—the other being the repression of socialist or social democratic organizations and ideas (Heffter 1963). While Bismarck's attempt to contain social democracy failed miserably, workers clearly benefited from social insurance and German policies had a powerful influence on the international debate on social policy in Europe and even in the United States (Rodgers 1998). For the rest of the world, the country soon represented an ambivalent mix of, on the one hand, economic dynamism and progressive social policies—certainly by the standards of the day—and conservative politics and nationalistic militarism on the other. As time went by, Germany lost its place in the vanguard of welfare reformers, although coverage was extended to white-collar workers in 1911.<sup>1</sup> On the eve of World War I, a few other countries had either followed the German social insurance model or had embarked on an alternative assistance-type path targeting not workers but (poor) citizens, thereby following the lead of Denmark (1891) and New Zealand (1898) (Overbye 1997). Germany was not a clear frontrunner anymore. Moreover, the German mode of modernization had failed to combine social protection with greater political freedom and the government's attitude towards the growing trade union and social democratic movement was ambiguous at best. While the repressive *Sozialistengesetz* had not been renewed in 1890, the labour movement remained excluded from decision-making positions. In his book on wartime labour relations, Gerald D. Feldman describes the situation in pre-World War I Wilhelmine Germany thus:

On the eve of the war the political and social issues had become completely intermeshed, but the efforts to solve them had reached a point of stagnation. **(p.38)** Prosperity and widespread complacency seemed to promise protection against any major internal upheavals, but Germany was poorly prepared to suffer the sustained crisis which the war would bring.

(Feldman 1992 [1966], 26–7)

Between the world wars, Germany regained its status as a pioneer, a development that is partly related to wartime domestic politics, as will be shown. The Weimar Republic was one of the most advanced welfare states of the time. Social rights had a prominent place in the new constitution of 1919 and, relative to GDP, Germany became the nation with the highest social spending in the world (Tanzi 2011). Neither austerity in the early 1930s nor the Nazi seizure of power significantly altered that picture. The Nazis preserved most of the social security rules, but tightened the eligibility regulations to exclude those citizens they regarded as non-German. In their anti-liberal reorganization of state and society, they also abolished many of labour's key achievements of World War I. The explicit goal of replacing both free trade unions and employer organizations with a unitary labour organization (with some social policy attached) was 'to create a true social and productive community', as the head of the German Labour Front (German: Deutsche Arbeitsfront, DAF) Robert Ley put it. This was, briefly, the institutional status quo at the eve of World War II. Post-World War II social policy was partly formulated, or at least heavily influenced, by the victorious Allied nations. Yet the war, as will be shown, continued to shape policy development even after the founding of the two political systems of the Federal Republic of Germany (FRG) and the German Democratic Republic (GDR) in 1949.

In purely military terms, Germany was the aggressor nation in all of the wars it fought during the time period under review. Before 1945—interrupted only by the break of the Versailles Treaty and the Weimar Republic—the military occupied a prominent position vis-à-vis the civilian leadership, and militarism was deeply ingrained in civil society. The wars Germany fought in the twentieth century were extremely destructive, including for its own military and civilian populations. Just over two million soldiers died during World War I,<sup>2</sup> and during World War II, Germany suffered about 6.9 million casualties: 3.3 million soldiers and 3.6 million civilians. Due to an intensified Allied bombing campaign and finally the invasion of German territory, the losses in material infrastructure and capital were enormous. The latter aspect stands in contrast to World War I, where the direct post-war costs consisted mainly of physical and mental incapacity among veterans, territorial concessions, and reparation payments imposed in the Versailles Treaty.

**(p.39)** The main focus of the narrative that follows will be the two world wars and their aftermaths. Some early policy effects, however, can be traced back to the mid-nineteenth century.

### THE WARS OF GERMAN UNIFICATION

The Second Schleswig War of 1864, the Austro-Prussian War of 1866, and the Franco-Prussian War of 1870, pre-date the period of ‘modern’ social policy in Germany, usually associated with Bismarckian social reforms. Nonetheless, these wars contributed in some specific ways to long-term social policy development. One is the use and regulation of volunteers and voluntary organizations such as the Red Cross during wartime. From 1866 the German Red Cross was integrated into Prussian military planning, which led to significant professionalization of military and volunteer nursing (Riesenberger 1994). The wars of 1864 and 1866 had exposed the quantitative and qualitative limitations of traditional church-based nursing. Volunteers—especially bourgeois women—were now already recruited during peacetime through new women’s associations. The Franco-Prussian War of 1870/1 confirmed the success of professionalization, as the number of wounded or sick that could be saved was considerably higher among Prussian-German soldiers than among the French (Riesenberger 1994, 60). It is hard to gauge the impact on civilian healthcare, but indirect effects are quite likely. The Franco-Prussian War, already an ‘industrialised people’s war’ (*‘industrialisierter Volkskrieg’*) (Förster 2002, 17; see also Seyferth 2007, 567–73) then led to the first systematic benefits for retired military servicemen, invalids, and survivors (Frerich and Frey 1993, 161–5). Bismarckian workers’ insurance, by contrast, is commonly not seen as a result of war (Reidegeld 2006a, 349).

### ‘SOCIAL IMPERIALISM’ AND WAR PREPARATION PRE-1914

Perhaps surprisingly, imperialism in pre-1914 Germany did not have a discernible influence on actual social policy legislation. While there was a ‘social imperialist’ discourse among members of the military, in administrative circles and the liberal intelligentsia (Reidegeld 2006a, 269–80), the imperial elite had yet to discover the ‘high instrumental “value” of specific “underdeveloped” fields of state social policy for a modern industrial mass war’ (Reidegeld 2006a, 269, own translation). The immediate pre-war years were **(p.40)** instead a period of policy stagnation as conservative forces tried to ignore (or at least isolate as best they could) the labour movement. This was more difficult than ever, with the Social Democratic Party (SPD) going from strength to strength, winning 34.8 per cent of the vote in 1912, the last Reichstag election before the war.

At this point, the power resources of the labour movement became entangled with imperialistic war preparation in a remarkable way. The German Army League (Deutscher Wehrverein) had lobbied in favour of an expansion of the army already for some time when, in June 1913, the Reichstag passed the largest expansion of the German army ever, with support from the SPD. The key to their support lies on the financing side, as the so-called defence contribution (*Wehrbeitrag*) of one billion marks came from a progressive capital levy and income tax, with quite explicit redistributive aims (Gerloff 1914). The 1913 decision already indicated the kind of role the SPD would play during the first phase of World War I.

## WORLD WAR I, 1914–1918

### The '*Burgfrieden*': The Primacy of Warfare

The World War I period is commonly divided into two phases: First, the initial mobilization from August 1914 onward and, second, a phase of intensified mobilization of soldiers and workers from 1916 until the end of the war in 1918.

The impact of the beginning of World War I on German social policy development must be seen in the context of the *Burgfrieden*, that is, the explicit truce between the imperial government and the labour movement and more generally the 'rally round the flag' of political parties and interest groups (Groh 1973; Miller 1974). The *Burgfrieden* was sealed when the social democrats voted in favour of a range of war measures in the Reichstag on 4 August 1914.<sup>3</sup> Consent for massive war credits and a law granting the government wartime emergency powers were obtained, and the trade unions promised to refrain from industrial action and to support the government in fighting unemployment (Miller 1974, 48–51; Preller 1978 [1949]). The exact motives of social democrats and trade union leaders were manifold, but nationalism, and the genuine conviction that Germany was defending itself from reactionary and imperialist Russia, played an important role (Feldman 1992 [1966], 28). **(p.41)** The extent of public enthusiasm and support for war remains controversial (Verhey 2000), but it is fair to say that, while working-class Germans, for example, were less enthusiastic, there was strong public support for the war, at least initially. For social democrats, the real threat of repression of the opposition under martial law also played a role and may have swayed even less nationalistic social democrats to support the war measures (see Kocka 1978, 36).

The extent of mobilization was unprecedented, with 2.3 million men under arms in August 1914, 6 million one year later, and 8 million by the end of the war.<sup>4</sup> By 1918, as many as 50 per cent of male Germans between the ages of 16 and 50 may have been serving in active war service (Sachße and Tennstedt 1988, 46–7).<sup>5</sup> The organizational, political, and economic challenges were enormous. It turned out, however, that Germany was extremely ill-prepared for the switch to a war economy in 1914, with the public and most decision-makers—except for a few insiders in the military leadership—holding on to the erroneous belief that the war would be brief and relatively limited (Herwig 2002). During the early months, the mobilization of labour was completely overshadowed by the military mobilization (Feldman 1992 [1966], 64–5) with initial conscription exclusively for the purposes of military manpower.

### Material Hardship and the Modernization of Social Assistance and Social Services

The material consequences of war could be felt early on. Conscripts received low pay and thus often left their wives and children without adequate income, as only a few occupations continued to receive their civilian salaries (Sachße and Tennstedt 1988, 49). Nominal wages on the home front increased markedly between March 1914 and September 1918, but given high inflation, the average real wage of a worker dropped by 23 per cent in war industries and 44 per cent in non-war-related sectors. The decrease in pay for female workers was 12 per cent and 39 per cent, respectively (Sachße and Tennstedt 1988, 47). Middle-class Germans and the self-employed also bore great economic losses **(p.42)** (Kocka 1978). Food supply was markedly inferior to that in the Allied nations. Food rationing was introduced in 1914 but did not prevent widespread hunger and malnutrition. One important development was that poverty was, for the first time, experienced by the middle classes, with clear repercussions for the politics of the welfare state (Sachße and Tennstedt 1988). Unemployment shot up in 1914 but declined soon thereafter. For the remainder of the war, labour shortages were the main problem.

The war had a significant impact on the German welfare state in the area of social services and family benefits, with trends towards centralization, professionalization, and increasing state intervention occurring during its course. In addition, wartime social assistance (*Kriegsfürsorge*) paved the way for a modern, rights-based policy for the poor, regulated at the national level. To alleviate the hardship of families of conscripts, the government expanded the rules of the 1888 law on wartime family assistance in August 1914 and again in September 1915 (Sachße and Tennstedt 1988, 50; Kundrus 1995; Sachße 2003, 136). The 1888 act had been built upon precursors that can be traced back to Prussian legislation from 1850 (Daniel 1989, 170–1). The wives and children of soldiers received minimum flat-rate separation allowances as well as various in-kind benefits. During the war, spending on such family support for soldiers rose massively, due to a continuous expansion of eligibility. In Prussia, for example, 16.3 million marks were devoted to separation allowances for servicemen's families during the month of August 1914. The amount rose to over 100 million marks monthly from December 1916 until the end of the war. Around one third of German families had benefited from such payments by the end of 1917 (Daniel 1989, 173). In 1914/15, a new 'wartime maternity benefit' was introduced (*Wochenhilfe während der Kriegszeit*), which granted cash benefits for a period of up to twelve weeks after the birth of a child to the wives of conscripts—first only for members of social insurance funds and later for all soldiers' wives. To be sure, these family assistance and maternity benefits were means-tested and the level of benefits was extremely low. Yet they were also social rights rather than discretionary benefits.

As part of the *Kriegsfürsorge*, a proto-unemployment assistance was even introduced, which was remarkable given the staunch resistance of the government, as well as trade unions, to any form of statutory unemployment benefits prior to the war (Brok 2012, 344–5, 349).<sup>6</sup> The rights-based nature of these benefits was frequently stressed by the government and is also evident in the fact that the administration was, in most cases, separate from the stigmatizing poor-law administration (Sachße 2003, 137). For the first time, social (p.43) assistance benefits were received by a considerable part of the urban population. That said, implementation remained decentralized and there was some leeway in provision: while some local authorities lacked the fiscal means to fulfil their duties, others were even able to top up minimum benefit rates.

Local communes supplemented wartime social assistance with a host of additional welfare benefits and services (*Kriegswohlfahrtspflege*). In contrast to wartime social assistance, these were fully voluntary and therefore fairly heterogeneous across the country. As the government had issued a regulation that was widely interpreted as a moratorium on rent payments, rents often remained unpaid. In response to lobbying by landlords, many cities then introduced rent subsidies (Sachße and Tennstedt 1988, 53). The provision of food, clothing, and fuel was an important part of wartime social policies. State intervention reached unprecedented intensity in at least two respects: First, given increasing hardship and insufficient food supply on the market, local communities started to act as producers, and not just distributors, of goods. For example, some local authorities started to produce their own sausages (Sachße and Tennstedt 1988, 54) or ran municipal farms. Second, large parts of the German middle class became dependent on state provision, including on special state-provided credits to keep small enterprises afloat.

The rising importance of the Third Sector fuelled the development and professionalization of the welfare sector more generally (Stolleis 2003, 115). The women's associations affiliated with the Red Cross that can be traced back to the nineteenth century joined various other women's associations, ranging from nationalist through to social democratic to Jewish organizations in 1914, in order to found the National Women's Service (Nationaler Frauendienst). It organized welfare services on the home front in close collaboration with state agencies (Sachße and Tennstedt 1988, 57–60; Hirschfeld and Krumeich 2013, 130–1). The women's movement, in a manner similar to that of the labour movement, hoped to gain general acceptance through the war and therefore employed a perhaps surprisingly nationalistic rhetoric. Gertrud Bäumer, a leading figure of the movement, wrote that 'war the destroyer has at the same time turned out to be the mightiest socializing power giving us guidance for the future' (quoted in Daniel 1989, 82, own translation). However, the women's movement refrained, by and large, from asking for direct concessions (e.g. voting rights) in exchange for this voluntary service, as they wished to maintain the 'truce between the sexes' (*Burgfrieden zwischen den Geschlechtern*) in service of the nation (quoted in Daniel 1989, 83).

Social insurance was subject to numerous technical changes during World War I (Frerich and Frey 1993, 168–9; Reidegeld 2006a, 321–3) in order, for example, to compensate for wartime gaps in the contribution record of soldiers. A more lasting change was the lowering of the statutory pension age for blue-collar workers from 70 to 65 in December 1916 (Stolleis 2003, 111). Given that white-collar workers already retired at the age of 65, **(p.44)** this measure reflected the general egalitarianism of wartime. The effect was massive: it led to a doubling of pensioner numbers and a steep rise in contribution rates.

### The 'Human Economics of War': Using Social Policy to Mobilize the War Economy

As mentioned earlier, the initial expectation was that the war would lead to rising levels of unemployment, due to the collapse of international trade. This was indeed what happened at first. Reliable data is hard to come by, but a commonly used indicator for this is the level of unemployment among social democratic trade union members, which rose from 2.9 per cent of all members in July to 22.4 per cent in August 1914 (Kocka 1978, 20). After this initial shock, unemployment declined again, partly due to the increase in arms production, and reached 3.3 per cent as early as March 1915.

Labour shortages became the new problem caused by mobilization. Important changes concerned female employment, which shifted from 'peace industries' to 'war industries', so that in some arms factories there were more female than male workers by the end of the war (Kocka 1978, 13). Photographs of shop floors full of women producing arms and munitions are part of the popular imagery of World War I. Yet in contrast to popular belief, the war was not a period of lasting integration of women into the modern workforce. In her comprehensive study of wartime female employment, Ute Daniel has shown the notion of World War I as a moment of female liberation in the sphere of work to be largely a myth. Although absolute female employment numbers rose by 17 per cent between 1914 and 1918, this was not an exceptional increase, given annual changes of over 20 per cent in a typical pre-war year (Daniel 1989, 43). And while female employment rates increased from 30.5 per cent to 35.6 per cent between 1907 and 1925, the increase in male employment rates was even more pronounced: 61.4 per cent to 68.0 per cent (Daniel 1989, 259). More dramatic changes can be seen in a disaggregated perspective, such as the increasing rate of female workers in manufacturing, at the expense of sectors such as textiles and domestic services. Some women were employed more directly in wartime arenas, either as one of the 92,000 nurses on the front or one of about 20,000 *Etappenhelferinnen*, that is, women employed in the war bureaucracy, in kitchens, and in similar positions in military support areas. As in other countries, however, deeper power relations in the labour market were mostly unaffected by these shifts. Employers usually kept women in non-skilled occupations, as men feared the prospect of post-war competition from qualified women. Female workers were sometimes made to sign declarations stating that they would quit their jobs once the fighting stopped. Moreover, women in general also had **(p. 45)** to contribute more in the household arena, as they had to improvise in providing their families with food at a time of tight rationing. Many families supplemented what they could buy or get from the state with small-scale subsistence farming.

The wartime mobilization of labour was not seen as a priority at first, given the rise in unemployment. Deregulation of employment protection in August 1914 (Kocka 1978, 20) was followed by reregulation from 1915 onwards, including certain working-time regulations (e.g. the prohibition of night shifts for certain occupations in order to save electricity) (for an overview, see Frerich and Frey 1993, 166). Unemployment also prompted the expansion and centralization of labour exchanges in 1915/16, which nonetheless was only partially successful (Frerich and Frey 1993, 167; Reidegeld 2006a, 304). All of these measures followed the functional imperatives of the war economy rather than popular demands.

Given increasing shortages, from April 1915 the task of initiating manpower planning fell to a special unit within the Prussian War Ministry, known as the Exports and Exemptions Office (Abteilung für Zurückstellungswesen, AZS) (Feldman 1992 [1966], 66). This was a delicate task, as tensions between the military and German industry, with regard to who should go to the front and who was going to work in industry (and where), were running high. The number of persons exempted from conscription rose slightly, from one million in late 1915 to 1.2 million about a year later, but the AZS resisted calls from employers for more and worked to increase the number of female workers, youth and—especially—prisoners of war instead. While, as explained earlier, the role of female labour in wartime manufacturing has been widely—though not always accurately—described, there has been much less discussion about prisoners of war, whose forced contribution to the German war effort was enormous. Of the 1,984,202 military prisoners and interned civilians in September 1917, almost all (1,703,498) were working (Daniel 1989, 57–8). Guest workers from abroad were also employed on a massive scale.

For a while, the AZS became the centre of military social policymaking. The fact that it was run by bourgeois social reformers explains the positive attitude towards trade unions (Feldman 1992 [1966], 74). War labour committees of trade unions and employers were set up in the industrial centres as a response to the problem of workers leaving their employers in droves to benefit from the labour scarcity in some sectors as well as to the issue of excessive wage demands. The army also included clauses about minimum wages in their contracts with industry, and sent out inspectors to enforce these rules. When the AZS supported a trade union proposal for a special holiday, an employer representative stated that ‘certain responsible agencies conduct too much social policy and not enough production policy’ (quoted in Feldman 1992 [1966], 94). German ‘war socialism’ (Reidegeld 2006a, 293) was not introduced for intrinsic reasons but was a means of waging ‘total war’, guided by the ‘human economics of war’ (*Menschenökonomik im Kriege*), as it was **(p.46)** described by its advocates at the time (cited in Reidegeld 2006a, 312). Leading trade unionists nonetheless applauded the actions of the War Ministry.

The corporatist policy of labour mobilization initiated by the military was a double-edged sword. Unprecedented inclusion of labour was combined with ever tighter restrictions on individual freedom during the second mobilization phase from 1916 onwards. The Battles of Verdun and the Somme were unsuccessful and extremely costly attempts at ending the stalemate on the Western Front, with around 800,000 German casualties resulting from the two battles combined. The Third Supreme Army Command (3. Oberste Heeresleitung, OHL), led by Generals Paul Hindenburg and Erich Ludendorff, established a de facto military dictatorship and unprecedented mobilization of workers and military servicemen. The Auxiliary Services Law of 1916 (*Gesetz über den vaterländischen Hilfsdienst*) was the social policy element of the '*Hindenburg-Programm*' for total war mobilization. Free mobility of labour was abolished and all male Germans between 17 and 60 years of age were obliged to work. The military leadership wanted to include women, but the civilian government resisted this (Daniel 1989, 75–9). Instead, the newly founded War Department (Kriegsamt), in close collaboration with leading figures of the women's movement, tried to promote female work through better regulation and childcare provision (Sachße and Tennstedt 1988, 61–2; Daniel 1989, 81–8).<sup>7</sup>

While the effects of the Auxiliary Services Act on wartime labour mobilization of both men and women were rather modest, it did have important, unintended long-term effects on welfare state development in Germany. In particular, the corporatist steering committees, which were to manage manpower and drafting decisions at the level of military districts, represented a historic change in the relationship between the state and trade unions. In order to achieve its goals of mobilization, the Supreme Army Command had to accept the concession of trade union involvement (Feldman 1992 [1966], 173–7). The way in which not only trade unions but also parliamentary parties were involved in the making of this policy was novel for the German Empire (Sachße and Tennstedt 1988, 64). Vice Chancellor Karl Helfferich claimed that 'one could almost say that Social Democrats, Poles, Alsations and trade unionists made that law' (quoted in Reidegeld 2006a, 326). According to a social democratic pamphlet, the Act demonstrated 'the influence of labour representatives to an extent unlike any law passed by the Reichstag previously' (quoted in Miller 1974, 274, own translation). The trade unions also achieved the abolition of a number of important repressive laws between 1916 and 1918.

### **(p.47)** State Breakdown, Defeat, and the Failure of Social Policy

The material situation of the German population declined dramatically after the first year of the war, causing the first food riots in Berlin in October 1915. During the famous 'Turnip Winter' of 1916/17 hundreds of thousands died of hunger, particularly in urban areas. The days of the *Burgfrieden* seemed far away as the country witnessed a wave of industrial action in 1917 and 1918 (Feldman 1992 [1966], 301–404) and with the breakup and division of the Social Democratic Party into moderate and radical parties, the radical party naming itself the Independent Social Democratic Party of Germany (USPD). This pre-revolutionary situation must be borne in mind when considering the ambiguous social policy measures introduced in the second half of the war. The fear of revolution was generally high among the military, already before World War I. The experience of the Paris Commune during the Franco-Prussian War and the Russian Revolution during the Russo-Japanese War of 1905 were vivid examples of the real risk that war could trigger massive domestic unrest. The Bolshevik Revolution of 1917 was only the latest example underlining the immediacy of this fear, and for good reason as it turned out. In 1918 a last attempt at political reform 'from above' came too late to prevent revolution and German military defeat. The armistice took effect on 11 November at 11 a.m. Germany had lost the war and the Treaty of Versailles aimed to make sure that it would never be able to wage war again.

### THE AFTERMATH OF WORLD WAR I

#### Welfare State Building on the Empire's Ruins

During the transition phase from war to peace and from autocracy to democracy in Germany, two agencies were founded that shaped social policy in the immediate aftermath of World War I: the Department of Labour (Reichsarbeitsamt, from 1919: Reichsarbeitsministerium) and the Office for Economic Demobilization (Reichsamt für wirtschaftliche Demobilmachung). Again, trade unions and employers were heavily involved in setting up these agencies and the Department of Labour was even run by the prominent trade unionist Gustav Bauer, while the demobilization agency was headed by the military (Reidegeld 2006b, 15). This demonstrates the will to continue in the consensual mode of the mobilization period. The so-called Stinnes-Legien Agreement in 1918, the founding act of German industrial relations, was the consequence of what Gerald Feldman described as a '*Burgfrieden*' mentality of employers and workers in the immediate aftermath of the war (Feldman 1977 [1974]).

**(p.48)** The expansion of the welfare state became an important source of legitimacy of the new Weimar Republic. Not only were extensive social rights—for mothers, the sick and the elderly—included in the constitution, but a number of new programmes were introduced, some with an explicit link to the war and demobilization. The restrictions on labour law introduced at the beginning of the war, as well as the Auxiliary Service Law, were repealed by the interim government shortly after the revolution, on 12 November 1918 (Reidegeld 2006b, 19).<sup>8</sup> Moreover, in November 1918, unemployment assistance (*Erwerbslosenfürsorge*) was passed as a temporary demobilization measure and, thereafter, renewed on an annual basis (Preller 1978 [1949], 363). This provision was closely modelled on the wartime assistance system in that the federation and the states subsidized municipal assistance at 50 per cent and 33 per cent, respectively. Benefits were means-tested and, at least initially, subject to local discretion. Although the scheme granted assistance only when unemployment was war-related, this condition was often loosely interpreted. As the reinsertion of the unemployed became more important, the government cut back benefits from 1920 onwards (Sachße and Tennstedt 1988, 96). Nevertheless, wartime unemployment assistance and wartime corporatist practices paved the way for unemployment insurance, introduced in 1927.

An important prerequisite of welfare state expansion were the fiscal reforms of Minister of Finance Erzberger in 1919/20—the most important tax reform of the twentieth century—which removed the fiscal straitjacket from the federal government and introduced new taxes such as an emergency capital levy (*Reichsnotopfer*, 1919). A new basis for funding the manifold new tasks of the Weimar Republic had been created.

### Weimar as a Veterans' Welfare State

One group that received special attention was disabled veterans. An estimated 4.3 million men were wounded during the war (Whalen 1984, 40), of which 1.5 million ex-servicemen returned from the trenches permanently disabled (Cohen 2001, 4). In addition, in 1923, the Department of Labour estimated that there were 533,000 war widows and 1.92 million orphans (Whalen 1984, 95). As in other countries, veteran benefits in Germany before the war—based on laws from 1906 and 1907—were rudimentary and suited only to short wars with few casualties (Diehl 1985). Moreover, military rank determined entitlements even in the case of widows' pensions: while the widow of a common **(p.49)** soldier was entitled to a pension of 100 Reichsmarks (RM) per year, a field grade officer's widow received as much as 1,500 RM.

During the war, a number of 'stop-gap measures' (Whalen 1984, 102) were introduced to enhance benefits for veterans and their families, such as extra payments to soldiers' wives. In 1915, a new National Committee for War Victim's Care (Reichsausschuss der Kriegsbeschädigtenfürsorge), an advisory body of federal and state civil servants, started to promote ideas of retraining and rehabilitation initiated through a complex web of measures at different state levels (Sachße and Tennstedt 1988, 55). It was only after the war, however, that the legal system was completely overhauled, 'demilitarized' and made more generous.

While private charity towards disabled veterans at the local level was still thriving in the first years of the war, these charitable efforts were deliberately crowded out through state regulation in an attempt to concentrate resources on the war effort in the second half of the conflict (Sachße and Tennstedt 1988, 56; Cohen 2001). Instead of private charity, direct state provision as well as corporatist welfare provision by six large welfare associations was preferred.<sup>9</sup> The administration of war pensions was shifted to the newly founded Labour Ministry, because the Versailles Treaty stipulated a drastic reduction in military personnel, meaning that '[i]n many cases, soldiers simply exchanged uniforms for suits and ties' and joined the Labour Ministry (Whalen 1984, 132). The most important legislative changes in relation to disabled veterans were the Decree on the Social Assistance for War Survivors of 1919, the 1920 Law on the Provision of Assistance for the War-Disabled and Survivors, and the National Pension Law of the same year. The 1920 Assistance Law, in particular, was to become one of the central pieces of welfare legislation in the Weimar Republic. It was clear that the challenge was enormous, but exact figures on the numbers of veterans and estimates of the spending involved were lacking.

The Pension Law was firmly built upon the principles of rehabilitation and employability—and more firmly so than similar laws in France and the UK—principles that came from the existing work accident insurance scheme (Geyer 1983; Whalen 1984, ch. 6; Sachße and Tennstedt 1988, 90). Rehabilitation was to be achieved through retraining and regulatory policies, such as strong dismissal protection and hiring quotas for severely disabled veterans—a provision that proved to be influential with respect to general disability policy.<sup>10</sup> Cash benefits also existed, including supplements for wives and children. **(p.50)** However, the element of categorical veterans' pensions was explicitly downplayed and conceived of as a last resort for the severely disabled who were unable to work. Lightly disabled veterans usually received no transfers at all (on the detailed provisions, see also Frerich and Frey 1993, 229–30),<sup>11</sup> military rank no longer played a role in entitlement, and rehabilitation was largely successful (Whalen 1984). Defying the images conveyed by artists such as Grosz and Dix, the begging, one-legged veteran abandoned by state and society was an exception rather than the rule, as the large majority of disabled veterans were successfully reintegrated into employment, and usually not in isolated workshops, as was the case in other countries. More than half seem to have been able to secure their pre-war status in terms of occupation. Nevertheless, by the late 1920s, the Weimar state was spending almost 20 per cent of its budget on war pensions and 300 welfare offices were administering claims (Cohen 2001, 5, 155). The number of disabled veterans benefiting from the 1920 law peaked at over 350,000 in 1931.

Caring for war victims was one of the most salient political issues of the young Republic. The interest groups of war victims could certainly not be ignored by the government (Whalen 1984, ch. 8). There were seven national organizations, with a total membership of almost 1.4 million by 1921 (Donner 1960; Geyer 1983, 231; Cohen 2001, 88). They participated, for example, by sitting on advisory boards or through public protest marches (Frie 1994). However, while British veterans became generally supportive of the political establishment, German veteran groups felt neglected by the state, despite receiving better treatment by any material standards than their British counterparts. Over the course of the years, the veterans' movement radicalized and became fertile ground for Nazi and communist agitators: 'In Germany, disabled veterans received the best that a defeated and nearly bankrupt state had to offer. Alienated from the society they had served, veterans helped to topple the Republic that had favoured them' (Cohen 2001, 192; see also Whalen 1984). Veterans of World War I, organized in groups like the *Stahlhelm*, became crucial in the downfall of the Weimar Republic. Radical groups, which often had an affiliated paramilitary wing, typically cared little about the nitty-gritty details of social benefits, but preferred to fight one another and the government relentlessly (Diehl 1977; Geyer 1983; Mulligan 2013). The detachment between social policies and the identity of World War veterans was thus mirrored at the level of interest organizations.

### **(p.51)** War Preparation in the 1930s

#### *Armament and Social Policy: Guns and a Little Butter*

After taking power in 1933, the Nazis soon pushed towards massive rearmament and the comprehensive militarization of both domestic and foreign policy. In March 1935, Germany announced the development of an air force, against the stipulations of the Versailles Treaty, and reintroduced universal conscription. The duration of military service was initially twelve months, and twenty-four months from 1936. Moreover, preceding military service there was compulsory labour service (*Reichsarbeitsdienst*) of six months. The military, nominally capped at 100,000 men, was set to rise to half a million.

Whether or not there was a strong trade-off between guns and butter in the years leading up to World War II, the focus of spending was increasingly on guns, not butter. In the words of the economic historian Abelshauser, the policy was one of 'as much butter as necessary, as many guns as possible' (Abelshauser 1999, 512, own translation; see also Tooze 2008). Armaments spending rose steeply after 1933 (see the overview in Humann 2011, 722) and much of what was officially civilian stimulus spending had military aspects to it (see Wolffsohn 1977; Ambrosius 1990, 89–98; Hildebrand 2009, 210). From 1934/5, military spending began to dominate the budget and contributed to a huge fiscal deficit. By 1939, annual public spending for civilian purposes totalled 16.3 billion RM, against 20.5 billion RM for military spending (while revenue was only between 17 and 18 billion RM) (Aly 2005, 53).<sup>12</sup> Armaments were financed through debt, although, increasingly, Jewish assets were also plundered as part of the so-called Aryanization of the economy and a 20 (later 25) per cent capital tax placed on Jewish assets (Aly 2005). The amount thus confiscated was not insignificant: Jewish assets made up at least 9 per cent of the Reich's revenues in the last pre-war budget.

### Mobilizing Labour: Lessons Learned?

Social policy served Germany's expansionism and played a crucial role in the mobilization of labour for war. Learning from the experience of World War I, this already took place during the preparation phase in the creation of 'a war economy during peacetime' (Erbe, cited in Recker 1985, 291). The **(p.52)** mobilization of economic resources was organized in a truly 'polycratic' manner by various party and state agencies with partly overlapping responsibilities, led by loyal but ambitious members of the Nazi leadership circle, competing with one another and trying to anticipate the will of the Führer (on the polycratic welfare state, see Recker 1985, 297–99; Sachße and Tennstedt 1992, 19–34). In 1935, for example, the post of General Plenipotentiary for the War Economy—a task given to the Minister of the Economy, Schacht—was created, with responsibilities that reached into the realm of the Wehrmacht and the Minister of War (von Blomberg). Then in 1936, Hermann Göring was put in charge of the Office of the Four-Year Plan, overseeing a scheme that aimed at maximum autarky of the German economy with a view to war. This move obviously further increased competition in the already crowded field of the war economy, involving, inter alia, the Ministry of Labour, the German Labour Front (Deutsche Arbeitsfront, DAF) the *Gauleiter* (regional Nazi party leaders), and the Organisation Todt—a military and civil engineering agency named after its leader, Fritz Todt (Sachße and Tennstedt 1992, 203). This staggering multiplication of roles and organizations continued during the war (see the following section, 'World War II'). It is important to note that, in stark contrast to the role of the military in World War I, the Wehrmacht proper played only a relatively minor role in the mobilization of labour (Sachße and Tennstedt 1992, 208).

The Four-Year Plan included a reorganization of unemployment insurance and labour exchanges. Both policy areas were put under immediate administration of the Reich and massively expanded. State intervention for wage moderation became the norm, and the Ministry of Labour successfully marginalized the more worker-friendly DAF in this respect. From 1942, even the term 'labour market' was avoided in official documents and replaced with 'work deployment' (*Arbeitseinsatz*) (Sachße and Tennstedt 1992, 226). Earnings-related unemployment benefits were replaced by means-tested minimum benefits, which, on the one hand, included beneficiaries without a contributory record but, at the same time, excluded Jews and other groups as well as the 'work shy' or 'asocial' unemployed who became subject to monitoring and repression by police forces (Sachße and Tennstedt 1992, 227). The reorganization of the labour administration gave the Nazi regime the means to steer labour supply according to military needs: for example, by channelling artisanal workers towards heavy industries.

Military conscription was, once again, accompanied by a civil conscription order (*wirtschaftlicher Gestellungsbefehl*) from the Office of the Four-Year Plan of Hermann Göring—similar to the Auxiliary Service Law of 1916. In theory, it also included women, old people, and students. In 1938, civil conscription was used for the construction of the Westwall, a defence project along the Western border and further heavy industry projects. The Westwall alone involved 360,000 workers and the DAF under Robert Ley helped to **(p.53)** organize these public works schemes. Although civilian conscription was extended in subsequent years (Frerich and Frey 1993, 262), the regime was extremely cautious about stirring up popular opposition to labour mobilization (Seldte 1939, cited in Sachße and Tennstedt 1992, 213). Legally, free movement of labour was severely restricted in early 1939 and completely abolished with the beginning of the war in September 1939. In addition, from September 1939 onwards, labour protection measures were significantly cut back or abolished in several steps, and wages were frozen out of fear of hyperinflation (Reidegeld 2006b, 477–83). Germany was certainly better prepared for wartime labour mobilization than at the beginning of World War I, but eventually foreign labour became, again, much more important than civil conscription.

## WORLD WAR II

### Cash for Services Rendered: The Wartime Expansion of Family Benefits

Germany had long had a special 'military family policy' in the form of separation allowances. The 1888 law on the dependants of conscripted soldiers had been amended during World War I to improve the material living standards of the families of those serving at the front and, from 1916, for all those conscripted in the war effort (Sachße and Tennstedt 1992, 257). However, even though large parts of the German population benefited during wartime, benefit levels were low and eligibility was subject to a means test. When the Wehrmacht was established in 1935, these rules were fundamentally altered and—most importantly—extended to other types of service, such as the *Reichsarbeitsdienst* and all military and paramilitary organizations beyond the Wehrmacht. The reform was clearly linked to the occupation of the Rhineland in 1936 (Kundrus 1995, 235). In a series of decrees and laws in 1935 and 1936, the principle of assistance (*Fürsorge*) was replaced by a principle of corresponding duties: The individual's 'honourable service to the German people' (*Ehrendienst am deutschen Volke*) was met with the 'honourable duty' of the state to provide for the families of servicemen (Sachße and Tennstedt 1992, 257). Service benefits had elements of a social right in that they were not income- or asset-tested. Moreover, a host of additional benefits (e.g. rent support) became available.

As the war continued and the different service schemes for the war effort multiplied (Kundrus 1995), more and more families became eligible and the cost of the corresponding family allowances became massive. By September 1941, secretary of state Fritz Reinhardt estimated spending under the *Familienunterhaltungsgesetz* (p.54) at 5 billion RM, amounting to one eighth of annual state revenues (Eichholtz 2003 [1969], vol. 1, 84). The fiscal burden and consequences for labour incentives worried officials, but it was seen as a necessary evil in order to preserve mass loyalties.

Social Security: Favours, Rivalries, and Propaganda

Further early social policy changes during the war included technical changes in social insurance law to take into account time spent in military and other war-related service for the calculation of pension contributions (Frerich and Frey 1993, 301–2; Reidegeld 2006b, 496–511). However, directly contradicting Aly's thesis that Nazi Germany constituted a 'dictatorship of favours' (Aly 2005), the existing welfare state was *not* significantly expanded during World War II (Recker 1985). The same applies to health policy, which was subordinated to the war effort in the sense that the scarce resources available for healthcare were directed towards the Wehrmacht at the expense of civilians and, most cruelly, the chronically or mentally ill and the frail elderly (Süß 2003). (This does not even include the conscious killing of tens of thousands of people in the infamous 'T4' programme.) There were very few exceptions to this restrictive social policy. One concerned the social protection of miners, deemed particularly important during wartime, and the other concerned old age pensions. In 1941, pensioners saw some of the Depression-era cutbacks of the early 1930s restored (Reidegeld 2006b, 505). In 1941, pension benefits were on average increased by 15 per cent. Lower-rate pensioners benefited in particular, because the increase was in fixed amounts, not percentages. Moreover, pensioners were to be included in public health insurance, which meant that they no longer had to turn to social assistance if they did not have private insurance. Further pension increases, however, were vetoed by the Ministry of Finance in 1942 and 1944.<sup>13</sup>

This expansion of pensions was perhaps less a response to the war than a consequence of the intense rivalry between the Ministry of Labour and the German Labour Front (DAF), the latter being a Nazi party organization. In order to mobilize the population for the war and ease the burden of individual sacrifices, the DAF had announced a massive post-war expansion and reform of social policy, the so-called Ley plan (*Sozialwerk des deutschen Volkes*) in 1940 (Recker 1985, 82-154). The plan aimed at 'the final realisation of the German **(p.55)** *Volksgemeinschaft*' 'on a scientific basis' (Arbeitswissenschaftliches Institut der Deutschen Arbeitsfront 1992 [1944]) and painted the broad contours of an entirely new welfare state, based on egalitarian educational provision, tax-financed universal benefits (thus replacing social insurance), and a housing programme of 300,000 new units to be built after the war. Extensive regulation would also be initiated to ensure that wages were set 'independent of the market'. Historian Hans Günter Hockerts called Ley 'in a certain sense...the German William Beveridge' (quoted in Elsner 1992, 83, own translation). It has even been claimed that the Ley plan had an influence on the 1957 pension reform in the German Federal Republic (Aly 2005). Careful historical analysis shows, however, that while the Ley plan mirrored similar ideas discussed across European countries, a direct link between Nazi plans for a post-war welfare state and German pension development under Adenauer cannot be established (Recker 1985; Elsner 1992).<sup>14</sup> In other words, the Ley plan was propaganda rather than policy;<sup>15</sup> it was never implemented. Outside of the DAF, it was not taken very seriously, not even by leading national socialists. Minister of Finance, Graf Schwerin von Krosigk, for example, argued against promises that 'nobody knows will eventually be kept' and doubted that the population would believe in them (quoted in Aly 2005, 72-3).

The Mobilization of Labour in the 'Total War'

The end of the blitzkrieg phase in the winter of 1941/2 highlighted the need for, among other things, more intensive mobilization of civilian resources. Labour mobilization was supposed to accompany a total reorganization of production, epitomized by the extraordinary powers given to Albert Speer, Minister of Armaments and War Production, from February 1942 onwards. Yet the mobilization of labour was problematic for at least two reasons: First, there was a clear primacy of military mobilization. The number of men conscripted for the Wehrmacht, as a share of the potential labour force (including soldiers), grew from 3.5 per cent in 1939, to 23.1 per cent in 1942, to 31.4 per cent by the end of September 1944 (Sachße and Tennstedt 1992, 215). In other words, the pool of workers was diminished by up to a third. Second, the party leadership was, for reasons of domestic policy, still hesitant to push for stronger mobilization of the German population. Hitler deemed the ‘dragging to and fro of workers’ ‘impossible’ and wished to avoid **(p.56)** the separation of families (quoted in Sachße and Tennstedt 1992, 214). Speer and other officials disagreed about the use of civilian labour, especially female labour, for war production efforts. While the military was pushing for female labour conscription, the measure was resisted by the Nazi leadership. Fritz Todt argued that female service conscription could not be considered ‘due to political reasons’ (quoted in Eichholtz 2003 [1996], 85). Indeed, several welfare measures actually weakened incentives for women to take up work. Not only were separation allowances massively expanded, but measures such as the Maternity Leave Law (*Mutterschutzgesetz*) of May 1942 explicitly limited the employment of mothers, in order not to endanger the ‘service of motherhood’ for the nation (Reidegeld 2006b, 469–70). A string of similar benefits—but also tougher sanctions on illegal abortions and the like—fell into the same category.

Institutional fragmentation in the area of labour mobilization further impeded a solution. The Supreme Command of the Armed Forces (OKW) requested a single authority in this field. In 1942, after some infighting between the various agencies (Eichholtz 2003 [1996], 74–7), Fritz Sauckel became General Plenipotentiary for Labour Deployment (*Generalbevollmächtigter für den Arbeitseinsatz*), directly accountable to the Führer. This led to the marginalization of the Ministry of Labour, which lost control over significant resources to Sauckel, as well as the DAF, and marked the beginning of the second phase of labour mobilization, which focused on the use of foreign labour (i.e. mostly forced labour).

Foreign labour became extremely important throughout the war. The total number of people subject to forced labour is unclear, but estimates range between 7 million and 11 million. They include not only prisoners of war but also workers who were forcibly recruited abroad and brought to Germany or who were forced to work in the occupied territories. Table 2.1 reveals that, while the number of working women remained stagnant, the share of foreign workers (and their absolute number) grew enormously after 1939. Several decrees introduced towards the end of the war, which increased the scope of (p.57) civilian conscription in terms of age, gender, and working conditions, did not significantly change that picture (Reidegeld 2006b, 490-6).

**Table 2.1. Shares of civilian employment, 1939-44, in per cent**

Year	Male	Female	Foreign
1939	62.2	37.0	0.8
1940	56.7	40.0	3.3
1941	52.6	39.1	8.3
1942	47.6	40.6	11.8
1943	42.4	40.4	17.2
1944	39.3	41.0	19.7

*Source:* Sachße and Tennstedt (1992: 217) based on data from Zumpe (1980).

### Simulated Civil Society: Social Services During the War

The role of social services can hardly be overstated with regard to securing the home front. In this respect, World War II—like World War I—was instrumental in developing the local welfare state, both in terms of organizations and the services provided. Yet, while World War I was a boost for genuine civil society, World War II was built upon a simulated, illiberal form of civil society. The Third Sector organizations that had become consolidated during the Weimar Republic were partly wiped out. Only the German Red Cross, the Catholic Caritas, and the Protestant Inner Mission survived as largely loyal organizations within the Nazi welfare state. Genuine Nazi welfare organizations, however, especially the powerful National Socialist People's Welfare Organization (Nationalsozialistische Volkswohlfahrt, NSV) and the National Socialist Women's League (Nationalsozialistische Frauenschaft, NSF), expanded massively and took on important roles in the field of social services, food provision, and so on. The NSV competed with state agencies in virtually all social policy fields (Vorländer 1986) and, among other things, distributed ration cards, organized soup kitchens, and arranged child care for female workers. The NSV was the 'social policy rearguard of the German troops' (Sachße and Tennstedt 1992, 246), actively supplanting existing welfare state institutions in the occupied territories and erecting a racist system of benefits and controls. The NSV became perhaps the most important organization with direct contact to the German population in the final years of the war (organizing evacuations, for example), and its power and status in the party hierarchy were greatly enhanced. It was closely aligned with the large philanthropic 'relief' campaigns, such as the Winter Relief (*Winterhilfswerk*, WHW) (Vorländer 1986). The financial resources of the WHW rose massively during the war, from 553 million RM in 1938/9 to 1.64 billion RM in the winter of 1942/3 (Sachße and Tennstedt 1992, 253). All these officially non-state organizations have to be taken into account in order to fully gauge the extent of the war's social policy impact.

### Financing World War II

The financing of World War II was only partly accomplished through the issuing of debt. Given the experience of hyperinflation in the 1920s, the government could not issue war bonds to the same extent as during World (p.58) War I. Alternative means were found. First, the state secretly borrowed from banks. This policy of 'silent war financing' worked until about 1943, when the trust of small savers decreased. Second, some tax increases were included in the War Economy Decree of 4 September 1939. A war surtax (*Kriegszuschlag*) of 50 per cent was added to the income tax, but only for incomes above 2,400 RM—a relatively high threshold, which left the vast majority of income earners unaffected (Aly 2005, 66–71). Some indirect taxes were raised but only moderately so (and only on non-necessary items). Particular sectors (e.g. agriculture) were shielded from new tax measures. Third, the plundering of occupied economies was increasingly used. All of this demonstrates that the Nazi leadership was extremely cautious not to overburden 'ordinary Germans' in the financing of the war.

### THE AFTERMATH OF WORLD WAR II

#### Immediate Needs

The period after the war has been characterized as the 'foundation crisis' of the post-war (West) German welfare state (Hockerts 1986). One of the main causes of this multifaceted crisis was, of course, the Nazi regime and World War II itself.<sup>16</sup> The most immediate impact of the war on social policy development was due to the massive human and material damage in Germany (Hockerts 1986 provides a good overview). An estimated 5 million housing units and 1.63 million houses were destroyed (Fröhlich 2013, 12), creating homelessness and overcrowding, to which the refugee crisis contributed further. Various groups of refugees had to be taken care of, including 7.9 million German refugees from the lost territories in the East and 1.5 million people who fled the Soviet-controlled zone (what was to become the GDR) for the Western parts of the country. At least 7 million displaced persons—that is, foreign slave labourers, prisoners of war, inmates of concentration camps, and other refugees—were still in the Western Allied sectors when the fighting stopped, and more than one million could not be repatriated. Moreover, Germans prisoners of war were returning up to ten years after the war. The task of reintegrating all these different groups into society was enormous.

Social policy change first took place under the auspices of the Allied Control Council and also partly under the United Nations Relief and Rehabilitation Administration (UNRRA) (Cohen 2008). It is important to note that the **(p.59)** Allied authorities intended to introduce an entirely new system of social security based substantially on the Beveridge Report. However, the Allied proposal of a unitary social insurance, made in 1946, was never implemented in West Germany (Krause and Hoffmann 2001). Even though the big Bismarckian social insurance schemes had collapsed in administrative and financial terms, and had ceased to pay out benefits, and even though new blueprints such as the Allied proposal were on the table, there was a surprising return to long-established principles of social security. Nevertheless, a new emphasis on more inclusive and more distributive social security is also evident during that period (Krause and Hoffmann 2001, 370–3). The immediate post-war years were, on the whole, marked by pragmatic solutions, not visions for the future. The Emergency Relief Act (*Soforthilfegesetz*) of 1948 (Wengst 2001, 85) introduced a range of social assistance measures for various purposes (such as training and self-employment). As it was funded through capital levies, it already reflected the redistributive thrust of the much larger *Lastenausgleich* (see the following section).

The Soviet occupation zone saw much more disruptive social policy. Here, a unitary social insurance similar to what had been proposed by the Allied Control Council (but developed independently by the authorities in the Eastern zone) was implemented in 1947. Differences in organization and entitlement between, for example, civil servants, white-collar workers, and blue-collar workers, were levelled out, unlike in West Germany (Krause and Hoffmann 2001), and private social insurance schemes were abolished.

The Emerging Welfare State for War Victims

The impact of directly war-related needs on German social spending was massive and lasting. West German social spending in 1950 was about 30 per cent higher due to directly war-related expenses compared to the hypothetical situation without war (17.8 per cent instead of 13.5 per cent of GDP) and still 15 per cent higher by 1960 (18.1 per cent instead of 15.7 per cent of GDP) (Zöllner 1963, 43).<sup>17</sup> After 1949, there were three types of interventions in the FRG that targeted the immediate consequences of the war (on the following, see Hockerts 1986). First, the *Bundesversorgungsgesetz* of 1950 was a comprehensive attempt to compensate and rehabilitate various kinds of war-related physical damage or death during military service. Benefits included pensions, but emphasis was put on health services, rehabilitation, housing, and training. Second, so-called *Wiedergutmachung*, or restitution and compensation for **(p. 60)** victims of Nazi persecution—but not, for example, of foreign slave labourers—was established. This was a highly complex system of measures, enacted between 1953 and 1965, but with a clear focus on social policy measures (Hockerts 2001; Goschler 2005). De facto, it was primarily German victims who benefited. Victims of persecution were compensated for missing social insurance contributions; they could receive healthcare and special protections for integration into the labour market. However, eligibility tests were complex and many received their benefits very late or died before eligibility had been established. Nonetheless, up to the present time, more than 50 billion euros have been disbursed under the *Wiedergutmachung* programme. The third big measure was the Burden Sharing Act (*Lastenausgleichsgesetz*, LAG) of 1952. It was a massive reform triggered by the flight and expulsion of Germans from the former German territories in the East, who had often lost all their property. However, it was based on the larger idea of redistribution from those sections of the German population that still had assets to those that did not. It explicitly referred to social justice principles and was funded through a comprehensive 50 per cent levy on assets. While the amount sounds enormous at first, it is important to note that payment could be stretched over a period of thirty years, which led to a common tax rate of only 1.67 per cent, which could be paid out of capital income rather than assets themselves. Nevertheless, up to 1982, 115 billion Deutsche Marks (DM) were distributed by the LAG fund. Benefits included various cash compensation transfers for loss of assets (houses, companies, savings), reintegration loans, pensions (e.g. for people who had lived on rental income), privileged access to housing, subsidized home building loans, and the like.

Whereas compensating and rehabilitating disabled veterans was clearly one of the key tasks of the Weimar Republic after 1918, any official veterans' policy was prohibited by the Allied authorities in East and West alike. Anything that could lead to a politicization of the issue was suppressed, including veterans' organizations, which had played such a crucial role in the interwar period. Returning soldiers therefore had to be catered for through various other programmes, such as general disability benefits and social assistance. In an attempt to fight German militarism, soldiers had to make do with what civilians would receive.

In the Soviet occupied territory, and later in the GDR, no special effort was made to cater for the victims of war, partly due to Soviet resistance. The little that was provided was often insufficient and short-term (Schwartz and Goschler 2004). It also created new inequalities, for example, when only refugees, but not local war victims, received special compensation. An important exception applied to 'persons who were politically accorded special honour, such as "those persecuted under National Socialism"' (Schmidt 2013, 46), who received honorary pensions or pension bonuses.

### **(p.61) Conclusion**

War had an important impact on welfare state development in Germany. Yet perhaps in contrast to countries like Britain, change occurred not in the classical welfare state schemes, that is, the big social insurance schemes in the case of Germany, but mostly via special wartime or post-war benefit regimes. Whenever war did have a significant impact on the core welfare state programmes, it was through indirect and long-term, rather than direct and short-term, dynamics.

The most important war-related social policy changes described in this chapter include the professionalization of nursing, the invention of military pensions in the German wars of the second half of the nineteenth century, and redistributive taxes to finance massive armament projects on the eve of World War I. The mobilization for total war during World War I brought stronger state intervention in the labour market—even forced labour—but also the grudging acknowledgement of trade unions as legitimate social partners. A system of wartime social assistance and a broad array of specific social services emerged, which, for the first time, catered for ordinary German families in a largely non-stigmatizing way. Both labour mobilization and social assistance and services thereby paved the way for the expansion of the welfare state after the war in the Weimar Republic, particularly the introduction of unemployment insurance. Seen in the long run—and against the background of pre-war policy—this was a massive break, and it fits nicely with the picture of a government trying to secure mass loyalty on the home front. However, perhaps due to a lack of more substantive policy concessions, mass loyalty eventually broke down in 1917/18 (Reidegeld 1989). The massive task of compensating and reintegrating the 1.5 million disabled veterans awaited the Weimar Republic. In contrast to popular belief, it did so relatively well, even though this came at a huge budgetary cost and failed to pacify radical political movements.

In its entirety, social policy during the Nazi period is difficult to analytically distinguish from those parts that are causally connected to the war effort. This not only has to do with the amount of mobilization and destruction that came with World War II, but also with the degree of militarization of Nazi Germany already prior to 1939. The Nazi welfare state excluded a large number of Germans domestically and was subordinated to aggressive expansionist foreign policy aims. The Nazis learned from the failed labour mobilization during World War I that labour market institutions had to be in place early on. Family benefits (separation allowances for soldiers' families) were also updated before the fighting began and massively expanded after 1939. The direct fallout from war for the German population was tackled through a variety of often local social services, provided largely by Nazi organizations. **(p.62)** Despite some expansions, Nazi Germany was clearly not a 'dictatorship of favours' (*Gefälligkeitsdiktatur*), as Götz Aly has claimed. There is little systematic evidence of his thesis that 'continuous social policy bribes formed the basis of the domestic social cohesion in Hitler's people's state' (Aly 2005, 89, own translation). Not that Nazi leaders were unconcerned about mass loyalty during war, but this did not inspire a great expansion of the welfare state.

Post-war social policy in West Germany centred on three main compensation and restitution initiatives: for victims of fighting, for victims of persecution, and for those who had lost assets (mostly due to flight and expulsion from the East). In contrast to these special programmes, social security in West Germany was much less shaped by World War II, but much more by the ‘normal politics’ of party competition, new socio-economic needs, and rising middle-class demands that characterize social policy in *‘les trente glorieuses’* across the Organisation for Economic Co-operation and Development (OECD) world. However, the (West) German welfare state was again among the leading spenders of the OECD, also because it compensated for the consequences of World War II. Continuity with pre-war and Nazi social security institutions is remarkable, given the enormous amount of destruction. In the Soviet occupation zone, and later in the GDR, war indirectly brought much more discontinuity with previous practices. But again, the story quickly became not one of war but one of socialism and the Cold War.

To sum up, war did have an impact on the welfare state in Germany, but this impact was far from straightforward. The clearest links can be found with regard to the direct fallouts of war—destruction and hunger, for example—and the social services established to deal with them. The fate of soldiers’ families during, and disabled veterans after, war was also a main concern of new social policy measures. Mobilization of labour for ‘total war’ was not limitless, although labour market policy was put at its service. These measures, including civilian conscription, always followed military aims and were not favourable for workers. That is why there were clear political limits to the use of civil conscription, for example. When it comes to other areas, however, the links are much more questionable. The labour movement was strengthened during World War I but crushed under the Nazi reign. With regard to actors, there is also a big difference between the two wars. While the military was the driver of some of the social policy measures enacted, and (hesitantly) allowed for an integration of organized labour during World War I, the Wehrmacht took a back seat in the quest for labour mobilization in World War II.

The causal mechanisms linking war and the welfare state in Germany were, therefore, mostly those concerning the destruction and needs created by fighting and demobilization. Solidarity mechanisms, for example, seem to have played an ambiguous role. World War I, in particular, became the great divider in the political fights over memory, honour, and compensation that destabilized the Weimar Republic. After 1945, we find more egalitarian **(p.63)** ideas in both East and West Germany, which had an uneven impact on policy. Yet neither did welfare state effects stem from the revenue side during the war. The funding of World War I and World War II was only to some extent tax-based: debt and stripping occupied countries of their assets played a much more important role. The big expansion of the German tax potential—the Erzberger reforms—came only after the war, as did the redistributive *Lastenausgleich*.

In addition to the massive and long-lasting financial impact of war on spending, there is some evidence—albeit more speculative—that war eased the qualitative expansion of the welfare state in the long run. This concerns, for example, social service provision and special social assistance during World War I and family benefits during World War II. In all these fields, wartime policy intervened more deeply, took new forms, and reached new societal groups, and thus may have increased the acceptance of the welfare state at the micro level in the long run. War therefore helped build the institutions needed for further welfare state expansion later on.

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Notes:

(<sup>1</sup>) Some white-collar workers had been covered by the original social insurance laws, but only those with an annual income of up to 2,000 marks.

(<sup>2</sup>) Estimating civilian losses is difficult. Since the war took place largely outside of German borders, there are no numbers for German civilian deaths due directly to combat. However, food shortages claimed many lives and hunger-related mortality due to the Allied naval blockade is estimated at around 750,000 (Davis and Engerman 2006).

(<sup>3</sup>) In internal voting, at least fourteen members voted against the war credit bill, but eventually the leadership was able to enforce party discipline (Miller 1974).

(<sup>4</sup>) Volunteering for military service did play a role in August 1914, especially for upper-middle-class men, yet 'the vast majority of the over 13 million German soldiers who served between 1914 and 1918 were simply subject to the draft' (Hirschfeld and Krumeich 2013, 62, own translation).

(<sup>5</sup>) Based on a report by the War Ministry, Whalen cites a mobilization rate of 85 per cent of those eligible for military service serving at any point between 1914 and 1918 (Whalen 1984, 39).

(<sup>6</sup>) Since labour was scarce, the importance of the scheme remained very limited during the war (Sachße and Tennstedt 1988, 94).

(<sup>7</sup>) The maternity benefits for soldiers' wives were extended to the wives of those working under the auxiliary service provisions.

(<sup>8</sup>) The only elements left in place were the corporatist arbitration committees, which were converted into important institutions in the new industrial relations system.

(<sup>9</sup>) Welfare corporatism was consolidated in the 1922 National Youth Welfare Law and the National Welfare Decree of 1924.

(<sup>10</sup>) The statutory hiring quotas of severely disabled workers were: 2 per cent of all employees in firms with more than twenty employees and 3 per cent in public agencies (Sachße and Tennstedt 1988, 91).

(<sup>11</sup>) 'Lightly disabled' was defined as disability of 40 per cent or less. This was a rather strict measure, given that, for example, a missing foot amounted to 30 per cent disability (Cohen 2001, 154).

(<sup>12</sup>) In order to conceal armaments spending from other countries, it was to a significant extent channelled through promissory notes to a fictitious private company, the so-called Mefo-Wechsel, issued from 1934 until 1938. When these notes became due, from 1939 onwards, they put a strain on the German capital market.

(<sup>13</sup>) The (unsuccessful) 1944 initiative was probably influenced by the Beveridge Report via policy diffusion. Minister of Labour, Franz Seldte, argued in favour of a benefit level matching that in Western democracies, citing the 'psychological repercussions for the working German *Volksgenosse*' and the negative 'effect abroad' if pensions in Germany did not keep up (cited in Patel 2015, 32).

(<sup>14</sup>) To be fair, Hockerts himself has a nuanced view on the links between DAF social policy advisors and post-war reforms in the FRG (see Hockerts 2011, Introduction).

(<sup>15</sup>) Among other things, Robert Ley claimed that a typical German worker would 'look better' than an English Lord 'today' (quoted in Reidegeld 2006b, 509).

(<sup>16</sup>) The others being, according to Hockerts, gaps in the existing welfare state and political conflict between the government and the social-democratic opposition and its allies, the trade unions.

(<sup>17</sup>) Note that this does not even include the various indirect effects on all areas of social spending.

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