

# H-Net Reviews

in the Humanities & Social Sciences



**Reinhard Spree.** *Geschichte der deutschen Wirtschaft im 20. Jahrhundert.* München: C.H. Beck Verlag, 2001. 232 S. EUR 12.50 (paper), ISBN 978-3-406-47569-6.

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This new history of the German economy in the twentieth century contains nine essays written by distinguished German scholars of economic history. The idea behind the book is to analyze the long-term development of the present German economic system. Each essay deals with a special topic and its development over time. For the comfort of the reader the authors try to omit too many boring dates, numbers, and figures and, instead, concentrate on the main aspects of the respective development. These aspects are discussed in nine essays on the “acceleration” of life (Peter Borscheid), structural changes in the economy (Gerold Ambrosius), economic growth and business cycles (Rainer Metz), the degree of isolation and German’s integration in open markets (Dietmar Petzina), state intervention in the market (Werner Abelshäuser), currency reforms (Christoph Buchheim), poverty and social security (Guenther Schulz), industrial relations (Werner Plumpe), and the history of German economic thought (Knut Borchardt).

Based on these essays, the twentieth century began in Germany with the German unification of 1870-71, with the Weimar Republic or somewhere in between. Most of the essays start with the *Kaiserreich*, when the basic structure of the German economy’s present institutional arrangements was established. The respective institutions certainly were transformed or, at least, differently interpreted with the changing political regimes (*Kaiserreich*, Weimar Republic, Nazi Germany, FRG, GDR). However, any attempt to change actual (and by many accounts crumbling) German economic and social institutional arrangements—an issue eagerly discussed today—has to consider their history. Without a historical understanding of the present difficulties—this is one of the primary claims of the essays—a successful reform of current institutional arrangements cannot be successful. The es-

says together suggest that most current problems have also been problems in the past, a point that cannot be developed further here. They argue that the bigger difficulties Germany is confronted with today (social welfare, pensions, public health, structural changes, industrial relations, and so on) were aggravated by political decisions either made in the 1950s during the German *Wirtschaftswunder*, when an extraordinary development was regarded as *normal*, or during the 1970s, when changes in institutional arrangements did not take changing economic conditions into account.

The *Beck’sche Reihe* is a scholarly series addressed to a broader public and limits its authors to two hundred pages. As a consequence, the book’s essays are very short (sixteen to twenty-seven pages) and lack a scholarly apparatus. Some basic knowledge of German history is required to follow the arguments. For that reason, the book cannot be recommended for American or English students in beginning courses.

Intellectually most attractive, however, is perhaps the essay of Knut Borchardt, for whom the history of economics is not a history of progress. Borchardt examines why German economists were considered successes or failures in the public eye. He describes a sort of business cycle of economic thinking that reached its peak in the 1960s with the expectations in Keynesian economic planning (*Globalsteuerung*) and then collapsed. Borchardt explains why German economists were not as seriously infected by marginalism as their English counterparts and not as surprised by Keynesian macroeconomics. He argues that the German Historical School grew up “in the shadow of Karl Marx” and learned to think with aggregates even before the Keynesian revolution. This theoretical German *Sonderweg* was diminished during the 1960s

when neoclassical mainstream economics and econometrics became dominant. Borchartd pleads for an economics that tries to analyze actual economic problems instead of a discipline that demands problems be solved by mathematics. With the New Institutional Economics moving towards becoming a new mainstream school, Borchartd asks whether the German tradition of economics was merely *prima facie* a *Sonderweg*. [1]

All the essays provide profound information on the German economic development—nothing new for experts, but many interesting ideas for people who want to know more than facts about the economic history of Germany and who are interested in its general paths of development. I recommend especially the articles by Lothar Buchheim on currency reform (a major problem of German political economy), and Werner Plumpe on industrial relations (which clearly explains the advantages and disadvantages of the German *Mitbestimmung* and *Betriebsverfassung*). Additionally, Gerold Ambrosius provides a recommended contribution on structural change. He notes that many arguments about German backwardness regarding the service industries are statistical constructions and argues against the underestimation of industrial structure for future development even within the “new economy.” According to Ambrosius, much of the

so-called “immaterial production” is still strictly related to industrial production.

In general, the book is recommended to those curious about the German economy and to anyone who would like to know why everything about the German economy is often considered to be a special case. Such readers will enjoy an interesting and sometimes even entertaining book. At the same time, the volume certainly is not a comprehensive Economic History of Germany. The little book suggests the contours of the mountain of work such a project would entail—and suggests promising ideas for future mountaineering.

#### Note

[1]. NIE may be seen as a critical supplement to neoclassical economics; it may also be seen as the theoretical framework of the German Historical School critically supplemented by techniques of modern Economics.

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