

Misremembering Weimar

Hyperinflation, the Great Depression, and German Collective Economic Memory

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We would like to thank Björn Bremer, Tim Büthe, Valentin Lang, Hilde van Meegdenburg, Arjen Reurink, Daniel Schulz, and Uwe Thümmel as well as workshop participants at the Hochschule für Politik München, the IEP Annual Conference in Berlin, the Swiss Political Science Association, and the University of Duisburg-Essen for valuable comments. This study has benefitted from gracious funding by the University of Zurich and the Junge Akademie Germany.

Abstract

The economic worldview of German elites and the German public is often described as being shaped by the trauma of Weimar era hyperinflation. This raises the question why this hyperinflation episode plays such an outsized role in the German economic imagination. We argue that this is because many Germans do not distinguish between hyperinflation and the Great Depression but see them as two dimensions of the same crisis. They conceive of Weimar economic history as being characterized by one big crisis, encompassing both rapidly rising prices and mass unemployment. Using original survey data, we demonstrate that about half of all Germans think of the Great Depression as a period of high inflation, whereas less than 5% know that it was in fact a period of deflation. More educated and politically interested Germans are more likely to commit this fallacy. This confusion is unique to Germany, as a comparison with a Dutch survey shows.

Keywords

Economic crisis, inflation, collective memory, Germany

JEL Classification

E52, G01, N14

1 Introduction¹

Ideas about how the world works are a powerful tool to understand political and economic developments on the domestic and international level (e.g., Berman 1998; Blyth 2001; Goldstein and Keohane 1993; McNamara 2006). Some scholars argue that such ideas stem from personal experience. For instance, having lived under inclusionary autocratic rule leads to elevated anti-democratic attitudes today (Neundorf, Gerschewski, and Olar 2019). Having experienced high inflation rates leads to inflation aversion among ordinary citizens (Malmendier and Nagel 2016) and members of central bank committees (Malmendier, Nagel, and Yan 2017). Other scholars stress the role of more encompassing narratives that stem from a collective historical rather than an individual experience (Büthe 2002). Historical events – from plague-era pogroms to 1960s civil rights protests (Mazumder 2018; Voigtländer and Voth 2012) – shape collective behavior today. Moreover, political actors oftentimes invoke historical experiences through political rhetoric, which makes history more salient in political debates (Howarth and Rommerskirchen 2013; Ochsner and Rösel 2017; De Vries 2019). Yet, merely acknowledging that history matters for current political developments leaves open one important question: What do people actually remember from the past and how does (selective) remembrance shape their belief system?

A particularly crucial case for examining the power collective historical experience has on contemporary politics is Germany. Remembrance of Weimar history has supposedly shaped the worldview of both German elites and the public. In particular, the deep German aversion to inflation is often traced back to the experience of hyperinflation during the Weimar Republic (Hayo and Neumeier 2016; Kennedy 1998; Shiller 1997). Hyperinflation, according to its foremost historian Gerald Feldman, produced a “trauma that has burned itself into collective memory” (Feldman 1993,

¹ This paper is part of a project on the roots of German stability culture that has been pre-registered at egap.

5). Accordingly, Germans have drawn very specific lessons from their nation's history which still shape their understanding of contemporary economic challenges (Schmidt 2014, 193). Through its effect on ideas, the economic history of the Weimar Republic has contributed to the strict criteria of the Maastricht Treaty and the unique independence of the ECB (Mody 2018; Sandholtz 1993), has shaped the management of the Euro crisis (Frieden and Walter 2017; Schimmelfennig 2014; Schneider and Slantchev 2018), and still is an important constraint on future reforms of the European Union (Sandbu 2015). In essence, Weimar has produced a specific set of ideas (Blyth 2012; Brunnermeier, James, and Landau 2016; Bulmer 2014; Young 2014), which forms the basis of a German "stability culture" (Howarth and Rommerskirchen 2013; Schmidt 2014) and has informed the German approach to the Euro crisis (Dullien and Guerot 2012; Schäfer 2016).² Importantly, Germany is different from other countries in this regard which have also experienced episodes of very high inflation without developing a similar obsession with price stability.

If the memory of the Weimar hyperinflation contributes to the dominance of a "stability culture", however, this immediately raises the question why this specific crisis has acquired such an outsized role in Germans' understanding of their economic history. After all, the Weimar Republic experienced two separate economic crises: a period of *hyperinflation* in 1923, in which price levels rose astronomically but unemployment remained relatively low, and a separate period of severe *deflation and mass unemployment* during the Great Depression. Both crises had devastating consequences, yet recollection of the Weimar Republic seems to be dominated by the former (Schmidt 2014, 193). As Niall Ferguson and Nouriel Roubini argue, "today's Germans appear to attach more importance to 1923 (the year of hyperinflation) than to 1933 (the year democracy died)" (Ferguson and Roubini 2012). Similarly, historian Frederick Taylor wonders: "why do German politicians, writers and

² Other scholars put less weight on historical experience, but seek answers in Germany's economic growth model or domestic distributional conflict (Iversen, Soskice, and Hope 2016; Redeker and Walter 2018).

intellectuals – and with them the broad German public – not have the same fear about austerity and its discontents?” (Taylor 2013b). This focus on hyperinflation is said to have problematic consequences since political leaders are “drawing the wrong lessons from the chaos of German history” (The Economist 2012), while it would be “crucial that Europe’s leaders remember the right history” (Krugman 2015). The experience of hyperinflation clearly affected the German response to the Great Depression (Borchardt 1979), yet it was the latter economic crisis that was the proximate economic cause for the collapse of the Weimar Republic and the rise of the Nazi party. The outsized role of hyperinflation thus needs an explanation.

We argue that a widespread misunderstanding of economic history is an important factor that contributes to the prominent role of Weimar in contemporary German politics. Many citizens do not understand that Germany’s interwar period was shaped by two separate crises, but rather conceptualize these two crises as being one and the same. Hence, for these Germans, a reference to hyperinflation triggers not just a memory of cash in wheelbarrows but also a notion of mass unemployment – as does a reference to the Great Depression. Consequently, these two very distinct crisis phenomena are seen as different elements of one big encompassing Weimar economic crisis – which is usually referred to as hyperinflation. What is completely absent from this narrative, however, is any notion of deflation.

We use original survey data on the German memory of Weimar economic history in order to empirically test this argument. We asked a representative sample of Germans about their memory of interwar economic history. Moreover, we replicated the same survey in the Netherlands, a country that did not experience hyperinflation during the interwar period, but is also well-known for its conservative economic outlook. Comparing the two surveys allows us to investigate whether Germans subsume the different economic crises of their interwar history under one heading.

Our results suggest that many Germans indeed remember the two economic crises of the interwar period as being one and the same. When we ask Germans to characterize the Great

Depression, a majority describes it as an inflation and unemployment crisis at the same time. Importantly, when we compare the German imagination of the Great Depression with the results in the Netherlands, we find that Dutch respondents associate the Great Depression with substantially lower inflation rates. Hence, interpreting the Great Depression as an inflation crisis is a unique feature of German collective memory. Secondly, we find that more educated and politically more interested Germans are more likely to commit this fallacy. While this may sound counterintuitive, it really is not surprising. In order to conflate two historical events, one needs to be aware of them on the first place. Moreover, more educated Germans are more likely to be exposed to political discourses in which hyperinflation is employed as an argument. Finally, we also test whether making people think about Weimar does affect their economic policy preferences. Here, we do not find a uniform effect. Contrary, to what one might expect, a Weimar prime does not make Germans more inflation averse across the board. Instead, it leads to a polarization along ideological lines. Only respondents who describe themselves as being on the political right become more inflation averse when asked to think about Weimar economic history.

Understanding this misunderstanding at the core of German collective memory of Weimar economic history sheds new light on the ideational foundations of German behavior in the Eurozone crisis and the institutional development of European Monetary Union. In particular, it makes the German fear of inflation much more understandable. After all, in the German imagination inflation does not just mean a downfall of money; but is accompanied by a whole array of other economic disasters. This finding also has implications for analyses on how historical experiences affect contemporary politics more broadly. Historical events are not simply a given feature of a nation that are uniformly remembered in the same way by its citizens. We demonstrate that invoking a historical narrative may not prime the memory of real events, but can prime an event that only exists in historical

imagination. It is, thus, not history itself that has the ability to shape current political outcomes, but the way historical events are narrated in public discourse.

In the next section, we start by briefly summarizing Weimar's economic history and explain why this history could underwrite two very different narratives. In section 3, we discuss how Weimar economic history may have shaped economic ideas in Germany and why this memory may be characterized by a fundamental misunderstanding. We then introduce our survey design in section 4 and discuss why we use the Netherlands as a comparison for Germany. Sections 5 to 8 present our empirical findings on the conflation of the crises, the role of education and political interest, and the polarizing effects on political preferences. Section 9 concludes and discusses the implications of these findings for understanding German preferences in the Eurozone crisis.

2 Weimar Economic History – A Tale of Two Crises

Before delving into the details of our theoretical argument and empirical findings, this section briefly recalls the main facts about Weimar economic history. Importantly, this history was dominated by two distinct – and in their character very different – economic crises, separated by five years of relative stability (Figure 1). The first of these crises was the hyperinflation crisis. After inflation rates had already been very high during the immediate postwar years, this culminated in a period of hyperinflation in 1923. The main economic effect of hyperinflation was to benefit debtors at the expense of creditors. The financial savings of many Germans were wiped out, while many debts, including government debt, was effectively written off (Kolb and Schumann 2013, 206). The real value of the Reich's war debt had declined to just 15.4 cents in November 1923 (Taylor 2013a, 329). By contrast, the effects on the labor market were less drastic and unemployment rates remained comparatively low throughout the inflationary episode (Holtfrerich 1986).

After money was stabilized in late 1923, the Weimar Republic experienced five years of relative calm and economic prosperity. However, from 1929 onwards, Germany was hit by the Great

Depression. Crucially, the Brüning cabinet, which governed with the help of presidential emergency decrees after the last government with a Reichstag majority had collapsed in March 1930, pursued a policy of deflation (Kolb and Schumann 2013, 260). As in many other countries, prices fell throughout the depression years, whereas unemployment skyrocketed to more than 6 million (Figure 1).

The economic history of the Weimar Republic could thus underwrite two very different narratives: one centered on hyperinflation and another one centered on mass unemployment. As we will demonstrate below, for most Germans this is not an either-or. Instead, they conceptualize the two crises as being one and the same.

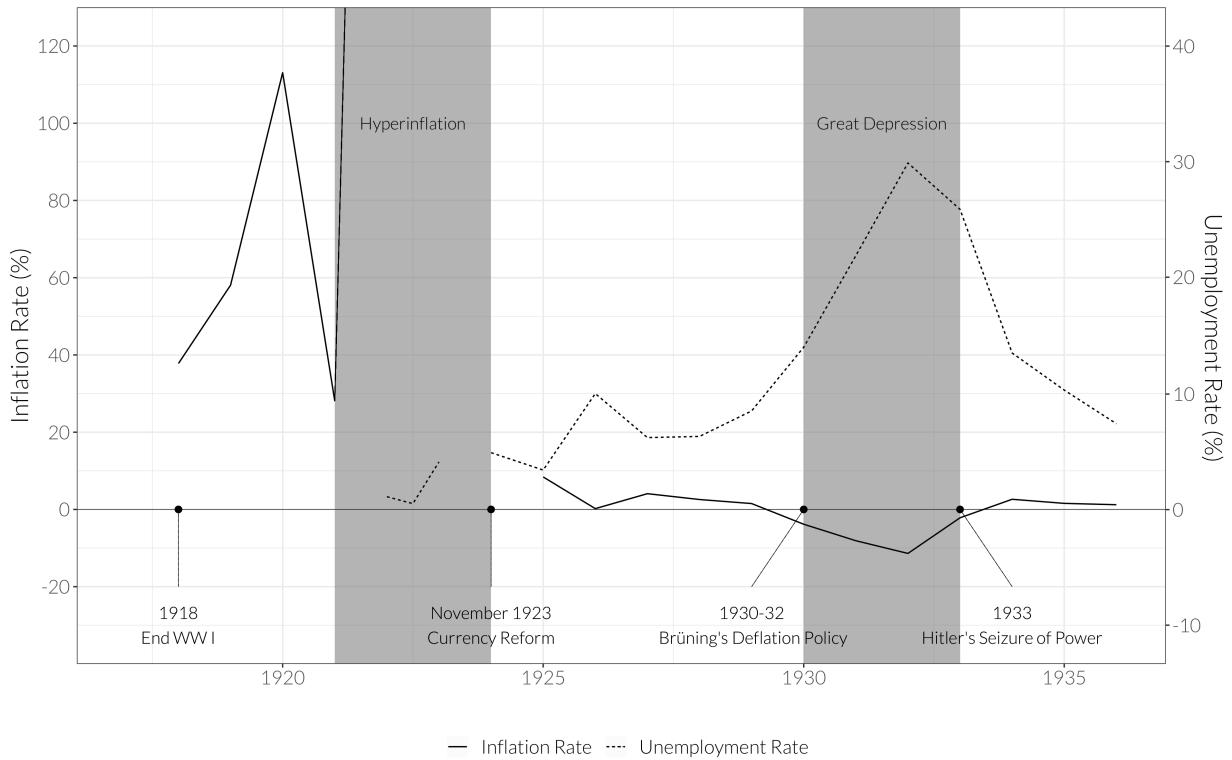


Figure 1: The Two Economic Crises of the Weimar Republic³

³ Data on inflation rates from Rahlf (2015); data on unemployment from Petzina, Abelshauser, and Faust (1978).

3 Theory: History, Worldviews, and the Roots of Stability Culture

Compared to other developed economies, Germany is often considered to put an extraordinary importance on budgetary discipline and monetary stability (Matthijs 2016). In pursuing these policies, German governments are said to have the support of large majorities of the population (Brunnermeier, James, and Landau 2016). Often, this mass-elite consensus is described as constituting a “German stability culture” (Bulmer 2014; Howarth and Rommerskirchen 2013; Schmidt 2014). To provide empirical evidence for this stability culture, several studies have sought to establish that Germans are on average more inflation averse than citizens of other developed economies (Hayo 1998; Shiller 1997). However, these findings have not remained uncontested (Howarth and Rommerskirchen 2017). While there is thus still a debate about the consequences of stability culture, in this paper we focus on its historical origins.

According to a prominent argument, German economic orthodoxy has been promoted by a collective memory of the costs of economic instability, and, in particular, a memory of hyperinflation (Granville 2016; Hayo and Neumeier 2016; O’Callaghan 2012; Schmidt 2014; Shiller 1997). Hyperinflation, according to this argument, has created the ultimate “German trauma” (Taylor 2013b) which still haunts German citizens and elites. When the German Historical Museum in 2018 devoted an entire exhibition to the topic of “Saving – History Of A German Virtue” (Deutsches Historisches Museum 2018), it was widely seen as confirming the deep historical roots of German economic attitudes (Financial Times 2018; Frankfurter Allgemeine Zeitung 2018; Neue Zürcher Zeitung 2018; The Guardian 2018).

But why would hyperinflation still affect the economic worldview of Germans today? Is this just a case of family transmission in which those Germans directly experiencing it have transmitted their trauma to their children and grandchildren (Hayo and Neumeier 2016)? This is not entirely

implausible. As a growing body of literature has demonstrated, biographical experiences can shape the economic and political behavior of individuals years or even decades later (e.g., Neundorf, Gerschewski, and Olar 2019). This is also true of monetary policy preferences: Berleemann and Enkelmann (2014) claim that East Germans are more inflation averse than West Germans because they had lived in an economy with centrally administered prices and needed to adapt to the changing prices of the free market economy. Studying 23 OECD economies, Ehrmann and Tzamourani (2012) find that individuals who experienced a period of hyperinflation during their lifetime report higher inflation aversion even many decades later (see also, Malmendier and Nagel 2016). Even members of central bank committees who should by trade have a proper understanding of the fundamentals of price changes make higher inflation forecast when having experienced high inflation (Malmendier, Nagel, and Yan 2017).

The German trauma of hyperinflation, however, is considered to have become independent from individual experience. As Hayo and Neumeier (2016) argue, “certain important events inscribe themselves on the ‘memory of societies’ to such an extent that, with time, the event stands alone, even though everyone who experienced it has died. This is likely to be the case with hyperinflation in Germany in the 1920s.” This type of argument, which emphasizes the impact of events that sometimes date back a century or longer, has been popularized by Robert Putnam’s study of social capital in Italy (Putnam 1993). Building on this seminal contribution, more recent and empirically sophisticated studies have found similar, centuries-spanning effects, for example on voting behavior (Ochsner and Rösel 2017; Voigtländer and Voth 2012). This literature thus provides conceptual support for the idea that Weimar’s economic crises affect German economic worldviews today. However, it does not explain why this only seems to be the case for hyperinflation, but not for the Great Depression. What explains which historic events find their way into collective memory?

Here, the mechanism of historical transmission arguably is key. Since the role of personal exposure is declining in the case of Weimar economic history, this points to a crucial role of elites who keep certain memories alive by shaping public discourse, and of institutions, in particular the education system.⁴ Our argument is that these mechanisms are likely to frame the economic crises of Weimar in a specific way. Emphatically, they do not simply focus on hyperinflation and completely disregard the Great Depression. However, they present the two crises in such a way that they are often remembered as a single, encompassing crisis centered on hyperinflation.

Regarding German elites, it is well known that they do not transmit a neutral version of economic history but select or highlight certain aspects of it. For example, the Christian Democrats, use “stability culture” as a rhetorical device to justify a variety of economic policies (Howarth and Rommerskirchen 2013). Something similar also holds hyperinflation more specifically. As Mee (2019) shows, its important place in public memory did not develop organically, but is the outcome of the strategic use of the 1923 hyperinflation narrative by the Bundesbank. While the Bundesbank discourse simply privileged hyperinflation over the Great Depression, other elite discourses may directly contribute to conflating the two – not necessarily with strategic intent, but sometimes simply because actors themselves have internalized the “Weimar economic crisis” narrative. Take the example of former Federal Minister of Economic Affairs Rainer Brüderle, who in a 2011 parliamentary debate about the European Stability Mechanism declared that: “One lesson of history is this: when money gets bad, everything gets bad. We have experienced this in German history: from hyperinflation to mass poverty all the way to the war and the fatal aberrations in Germany” (Deutscher Bundestag 2011, 15211, own translation). Similarly, the influential newspaper Die Zeit recently argued that “when

⁴ In our survey, we asked respondents where they had last heard about hyperinflation. 55% reported that they had heard about in school, while 13% each mentioned the family and politics and the media. Only 19% reported to have never heard of it.

Germany was sucked into the vortex of the Great Depression, it was no wonder that political extremists, primarily the Nazis, benefitted most from *hyperinflation*, factory closings, mass unemployment and government chaos” (Klingst 2018, own translation, emphasis added). Apparently, equating the Great Depression with hyperinflation sounded so normal that nobody in the paper’s newsroom spotted the mistake.

While elite discourses may thus directly contribute to a conflation of hyperinflation and the Great Depression, arguably even more important is the education system. The collapse of the Weimar Republic is naturally a very important topic in German history classes, and school children learn about a number of potential explanations for this collapse, including the sequence of economic crises. When covering these issues, German schools, of course, do not transmit a confused version of Weimar economic history. Schoolbooks accurately present the two crises as separate events. However, this does not mean that Germans will remember them as separate. Instead, they may just keep a diffuse memory of economic crisis in the Weimar Republic from their history classes, but quickly forget to distinguish between the two crises. Indeed, since schoolbooks often present both crises in a single subchapter devoted to “the economy” or “economic crises” (see examples in the Appendix), only the most attentive students may remember the difference.

We thus argue that the historic event itself and the collective memory of it can be two very different things. Elite discourses and the school system indeed keep the memory of Weimar economic history alive, but in such a way that these crises are not remembered as separate events. Instead, hyperinflation absorbs the Great Depression in the collective imagination. In order for these discourses to have the hypothesized effects, however, individuals need to be exposed to them. After all, people who do not have any specific ideas about Weimar economic history will not conflate the two crises; they are not aware of them in the first place. This points to a crucial mediating role for political interest and education. More educated and politically more interested Germans will be more likely to be

exposed to these discourses and thus more likely to internalize them. If biased memories of Weimar economic crises are indeed transmitted by elite discourses and educational institutions, they should thus predominantly persist in the minds of more educated Germans.

In summary, we contend that many Germans conceive of hyperinflation and the Great Depression as one and the same crisis. This fallacy is particularly likely to be present among more educated and more politically interested Germans, who are likely to have internalized the “Weimar economic crisis” narrative. Somewhat counterintuitively, this makes more knowledgeable Germans more vulnerable to having biased ideas about German economic history.

4 Research Design

To understand how Germans conceptualize Weimar economic history, we conducted a representative survey in Germany ($n=2383$). Moreover, we tested whether our results are specific to Germany by comparing them to a parallel survey conducted in the Netherlands ($n=1512$).⁵

The core challenge for our research design is that we argue that many Germans conflate the Great Depression and hyperinflation. Thus, it is not enough to show that Germans remember both very high inflation and mass unemployment when being asked about Weimar economic history. Instead, we need to show that they remember these phenomena as two dimensions of the same crisis. However, we cannot ask them explicitly about the two crises, since such a question would already contain the answer. We exploit the fact that conflation implies that respondents will associate both crises with the same phenomena when asked to consider either of them. We thus ask randomly selected respondents explicitly about one crisis in order to see whether they attribute aspects of the other crisis to it. In doing so, it is more revealing whether Germans attribute very high inflation rates to the Great

⁵ The German survey was conducted by Qualtrics, the Dutch survey by Respondi, both in January 2019.

Depression than whether they attribute very high unemployment rates to the hyperinflation period. After all, the former attribution provides the even clearer conceptual mistake, since the Great Depression was a period of *deflation*. Hence, we ask Germans about the Great Depression in order to see whether they associate it with inflation. Moreover, this empirical strategy allows us to replicate our design in the Netherlands, where we can also ask about perceptions of the Great Depression, but not about perceptions of hyperinflation, as the country only experienced the former.

We use two different approaches to operationalize our strategy, for which we randomly assigned respondents to three different experimental groups (Figure 2). For our first approach, we ask a first group of respondents an open question, to list up to three specific problems that characterized the Great Depression. This question reveals whether people perceive to have a basic understanding of Weimar economic history or whether they refuse to answer the question. Moreover, it allows us to see whether people are even aware of mass unemployment, or have completely forgotten about it. Finally, in terms of price level changes, if people indeed conflate the two crises, a large number of respondents should mention inflation, whereas almost no one should mention deflation.

For our second approach, we use a second and third experimental group. One of these groups is asked to estimate the inflation rate at the height of the Great Depression in 1932. Here, we expect a majority to estimate high inflation rates and only a minority to guess low or even negative rates. However, even if this is the case, we do not yet know whether people really conflate the two crises, or whether they just think that the Great Depression was another period of quickly rising prices.

To disentangle these two possibilities, we thus need to know how a distribution of actual hyperinflation guesses would look like. Therefore, we ask a third experimental group to estimate the inflation rate at the peak of hyperinflation in 1923. Their responses allow us to observe how people conceptualize hyperinflation when explicitly asked to do so. This gives us an “unconflated hyperinflation guess”. Comparing the guesses of groups two and three thus shows whether

respondents indeed apply a “hyperinflation” guess to 1932. If everybody believed that the Great Depression and hyperinflation were the same event, the distributions of guesses should be statistically indistinguishable.

Even with this comparison, we do not yet know how people would conceptualize the Great Depression if they did not conflate it with hyperinflation. Perhaps, it is just a universal assumption that the Great Depression was a period of very high inflation. Hence, in a separate survey, we asked Dutch participants to estimate the inflation rate at the peak of the Great Depression in the Netherlands. Whereas the Dutch are also known for their conservative, inflation-averse economic preferences, the Netherlands never experienced a period of hyperinflation. Dutch respondents should, thus, have no reason to conflate the Great Depression with hyperinflation.⁶ Their estimates thus give us an “unconflated depression guess”. If every German was able to distinguish the Great Depression and hyperinflation, the Dutch distribution of guesses for 1932 should be statistically indistinguishable from the German. More generally, this comparison allows us to see whether a biased understanding of interwar economic history is a specific German phenomenon.

Using these distributions as benchmarks, we can thus analyze whether the distribution of German guesses for the Great Depression is more similar to the “pure hyperinflation” or the “pure depression” benchmark. If it is more similar to the former, this would suggest that many Germans indeed conflate hyperinflation and the Great Depression, since they apply a “hyperinflation guess” to 1932. If it is more similar to the latter, this would suggest that most Germans conceive of the two crises as separate events. Figure 2 summarizes our research design. When evaluating our hypotheses, we will thus rely on two separate types of evidence: the German responses to the open question about

⁶ In fact, Dutch prices fell throughout most of the 1920s and 1930s (Den Bakker 2009).

1932 and the comparison between German guesses for the 1932 inflation rate and the two benchmark distributions for an “unconflated hyperinflation estimate” and an “unconflated depression estimate”.

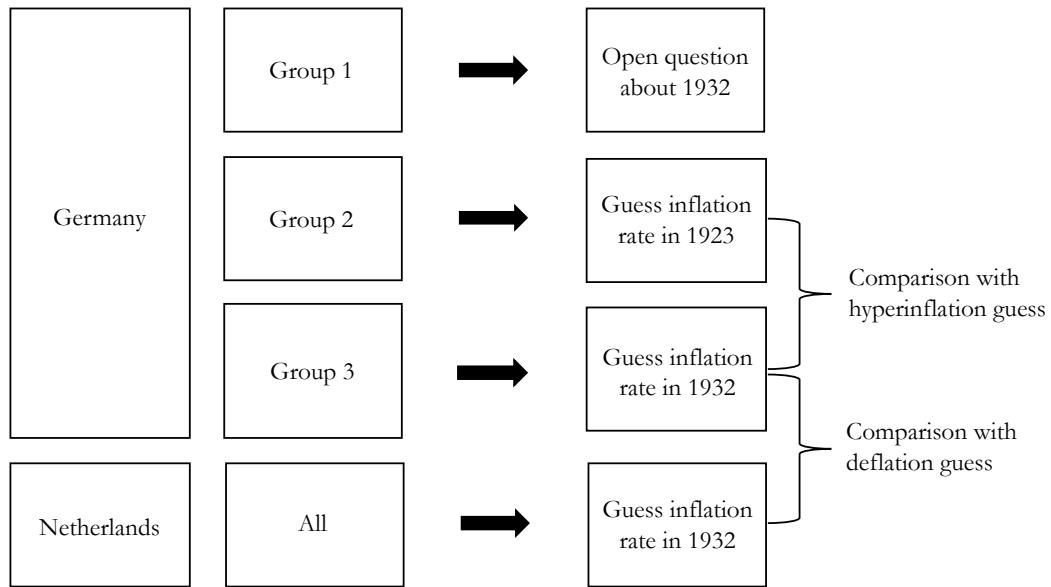


Figure 2: Survey Flow

5 What Do Germans Associate with the Great Depression?

We start our analysis with the results of the open-ended question that asked a subgroup of participants ($n=256$) to name up to three economic problems that characterized the German economy during the Great Depression in 1932. Our question read as follows:

In the early 1930s, the German economy experienced the deepest crisis in its history. This crisis is known as the Great Depression. One of the worst years of this crisis was the year 1932. Can you tell us up to three specific economic problems from which the German economy suffered in 1932 (keyword suffices)?

Of the 256 respondents, 212 identified at least one economic problem. More than 80% of our respondents thus apparently perceived to have some basic understanding of Weimar economic history. This corresponds to the fact that 81% reported to have heard about hyperinflation before. Amongst these 212 respondents, by far the most common response was unemployment (Table 1). When we add

up all relevant responses (e.g., “[mass] unemployment”, “no jobs”), 119 (56%) respondents mentioned unemployment. While a majority thus correctly identified a key problem of the Great Depression, the second most common response was inflation. Again, adding up all relevant responses (e.g., “[hyper]inflation”, “currency devaluation”), 81 (38%) respondents mentioned inflation. Indeed, 51 (24%) respondents mentioned both unemployment and inflation. Importantly, just eight respondents mentioned a problem related to deflation (e.g., “deflation”, “price decline”). Finally, 60 respondents mentioned other problems such as poverty or reparations.

Table 1: Distribution of Responses to Open-ended Question about the Great Depression

	Inflation	No inflation	Sum
Unemployment	51 (24%)	68 (32%)	119 (56%)
No unemployment	30 (14%)	63 (30%)	93 (44%)
Sum	81 (38%)	131 (62%)	212 (100%)

Many Germans, thus, associate the Great Depression with rising instead of declining prices. While this provides first evidence in line with our hypothesis, this does not yet tell us that they indeed conflate it with hyperinflation. After all, “inflation” could just refer to moderately increasing prices. To pin down more precisely what people have in mind when they think about the Great Depression, we asked a second group of respondents ($n=1063$) to guess the inflation rate in 1932 and anchored their expectation by giving them the current level:

In the early 1930s, the German economy experienced the deepest crisis in its history. This crisis is known as the Great Depression. One of the worst years of this crisis was the year 1932, when the German economy shrank by 7% and the unemployment rate reached 30%. What do you think was the inflation rate in 1932? That is, by how many percent did prices change in this year? (for comparison: the inflation rate in 2017 was 1.8%).

Figure 3 shows how respondents answered this question. We display the original inflation guesses on a log-transformed scale, using an inverse hyperbolic sine function to handle negative values.⁷ As the figure demonstrates, a majority of Germans assumes that the Great Depression was characterized by very high levels of inflation. More than half of our respondents stated that the inflation rate in 1932 was larger than 10% and about 15% guessed that it was even 100% or higher. By contrast, only 10% of respondents estimated a number below the anchor of 1.8%, and just 5 respondents (out of 1063) provided a negative number, that is, deflation.

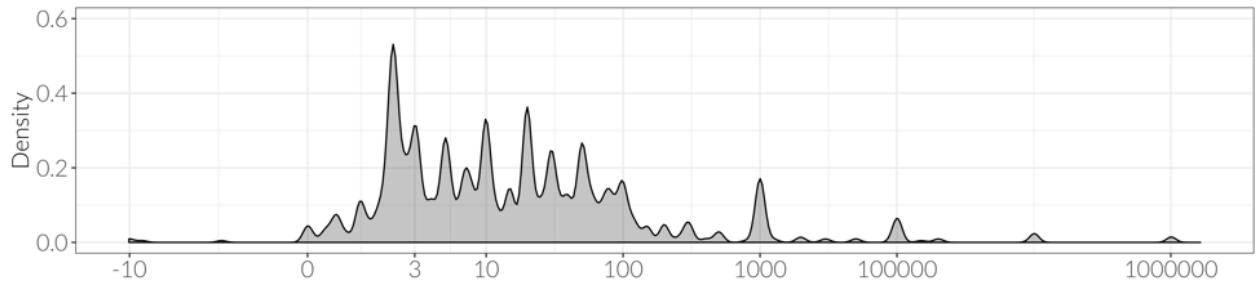


Figure 3: Distribution of Inflation Guesses for Germany during the Great Depression

In summary, when we do not prompt respondents in any direction, 40% of Germans think that the Great Depression was a period of high or extremely high inflation, whereas only very few are aware that the early 1930s were a period of deflation. Moreover, when we prompt respondents to think about price levels during the Great Depression, a large majority estimates strongly rising prices.

⁷ $\text{arcsine}(\text{inflation}_{\text{guess}}) = \ln \left(\text{inflation}_{\text{guess}} + \sqrt{\text{inflation}_{\text{guess}}^2 + 1} \right)$

6 Comparative Evidence: Germany and the Netherlands

We interpret the findings presented so far as evidence that a large group of Germans conceptualizes the Great Depression and hyperinflation as the same thing. However, one could argue that respondents simply tend to associate one bad thing (high inflation) with another (economic depression). To disentangle these possibilities, we compare this distribution against the two benchmarks described above. As an upper benchmark, we use the distribution of guesses for the inflation rate during the hyperinflation period. That is, we asked a subset of our respondents ($n=540$) to estimate the inflation rate in 1923:

In the early 1920s, the German economy experienced a deep crisis. Because of the rapidly rising prices, this crisis is known as the hyperinflation crisis. The hyperinflation reached its peak in 1923. What do you think was the inflation rate in 1923? That is, by how many percent did prices change in this year? (for comparison: the inflation rate in 2017 was 1.8%.)

Moreover, the question contained a photo of kids playing with valueless piles of banknotes (see Appendix). By adding this photo and by explicitly defining hyperinflation as a period of “rapidly rising prices”, we primed respondents to make a particularly high guess. Since this maximizes the difference between the 1932 question and the 1923 question, this distribution provides a particularly hard test for our hypothesis.

As a lower benchmark, we use the responses in the Dutch survey. Dutch respondents received the same question about 1932 as Germans (see above), adapted to the Dutch context.⁸ This gives us the distribution of guesses by people who have arguably never been exposed to the hyperinflation frame.

⁸ We informed respondents that the Dutch economy shrank by 2% and the unemployment rate reached 16% in 1932, and that the inflation rate in 2017 was 1.4%.

Figure 4 compares the German 1932 distribution with these two benchmarks. It shows that German inflation guesses for the Great Depression look much more similar to the distribution of hyperinflation guesses of German respondents than to the estimates given by Dutch respondents. When we ask respondents to think about the hyperinflation as a period of “rapidly rising prices”, about 70% pick inflation rates of above 10% (compared to about 51% for 1932) and 36% go for 100% or higher. Even if we ask explicitly about hyperinflation, about a quarter of respondents seem to orient themselves towards the anchor provided in the question and guess 5% or less. While estimates for hyperinflation are, thus, on average higher than guesses for the Great Depression, the distribution of answers for these entirely different crises are remarkably similar.

Things look very different for the Netherlands. Similar to Germany, only a handful of Dutch respondents are able to correctly identify the Great Depression as a period of deflation. Yet, while Dutch respondents also seem to know little about their country’s deflationary history, they remain far from associating the 1930s with a time of hyperinflation. More than 60% cluster around the current inflation anchor and assume inflation rates of up to 5%. Contrary to Germans, less than a fifth of Dutch respondents estimate that prices rose by more than 10 percent and less than 1% of respondents stated inflation rates above 100%.

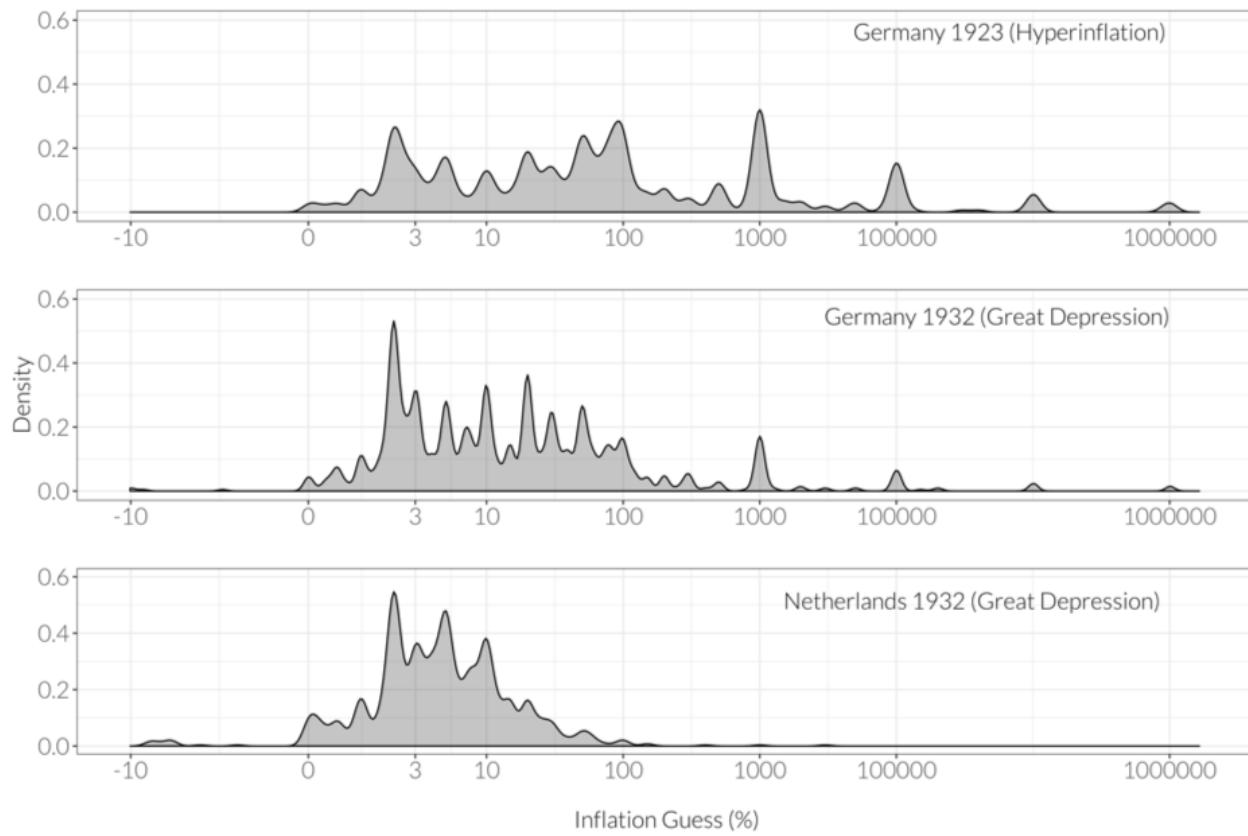


Figure 4: Distribution of Inflation Guesses in Germany and the Netherlands

We thus conclude that the distribution of German guesses for inflation rates during the Great Depression looks much more similar to a “pure hyperinflation guess” than to a “pure depression guess”, even if Dutch respondents also tend to overestimate inflation rates during the Great Depression. Identifying the Great Depression as a period of high inflation seems to be a uniquely German phenomenon. As the comparison with guesses with 1923 suggests, this phenomenon occurs because many Germans rely on their memory of hyperinflation when asked to think about Great Depression.

7 Determinants of Inflation Guesses

Where does the German conflation of Great Depression and hyperinflation come from? We argue that it derives from exposure to a discourse which implicitly suggests to remember hyperinflation and the Great Depression as two dimensions of a single crisis. However, this discourse is unlikely to reach all Germans to the same extent. More educated and politically interested people should be more likely to have internalized it.

To test this hypothesis, we regress the log-transformed inflation guesses on respondent characteristics (Table 2). Model 1 supports our hypothesis and shows strong effects of education and political knowledge. The more educated people are (in years of formal education) and the higher their self-reported political interest, the higher is their estimate of the 1932 inflation rate.⁹ Moreover, those who are able to correctly define inflation also guess higher numbers. If we restrict the analysis to this group, education and political interest remain statistically significant. In addition to the role of knowledge, we control for several alternative characteristics. Older, male, and high-income people make higher inflation guesses, whereas migration background, schooling outside of Germany, and left-right placement do not systematically affect guesses.¹⁰

In model 2, we repeat the same regression for the Dutch sample. Apart from income, the results are very similar. Older, male, and more educated people also make higher guesses in the

⁹ We further explore whether people who are more inflation averse make higher inflation guesses; i.e., whether overestimating inflation rates is simply a reflection of people's inflation aversion. For this analysis, we use a fourth group of respondents in the German survey, not used for the analysis in Table 2. We asked respondents in this control group about their inflation preferences, before we gauged them to guess the 1932 inflation rate. Germans who are more inflation averse even make lower inflation guesses. Hence, inflation guesses are not simply an expression of people's attitudes.

¹⁰ The results are very similar when we use the answers to the open question as well as when we include a question if and in what context respondents had heard of hyperinflation before (Table A1 and A2 in the Appendix).

Netherlands. This could suggest that the factors that predict guesses in Germany just indicate a general willingness to guess higher numbers and reveal little about historic memory in Germany. To disentangle this, we run a model in which we pool both countries and estimate interaction effects between respondents' country of residence and all individual-level predictors (model 3). This allows us to see whether effects differ between the two countries.

In line with our hypothesis, political interest and education emerge as the main factors. Whereas gender, age, and income have similar effects in both countries, political interest and education have a significantly stronger effect in Germany. Put differently, the average guess of German respondents is higher than the average guess of Dutch respondents because politically more interested and better educated Germans make systematically higher guesses than their Dutch counterparts. This provides additional support for our interpretation that German memory of the Weimar Republic is driven by a political discourse suggesting that hyperinflation and the Great Depression were two dimensions of one overarching crisis.

Table 2: Predictors of Transformed 1932 Inflation Guesses in Germany and the Netherlands

	(1) Germany	(2) Netherlands	(3) Comparison
Education in years	0.065** (0.024)	0.020* (0.010)	0.020 (0.015)
Germany x Education			0.045+ (0.025)
Political Interest	0.369*** (0.087)	0.099+ (0.054)	0.099 (0.081)
Germany x Political Interest			0.270* (0.107)
Can Define Inflation	0.733** (0.237)	0.334* (0.153)	0.334 (0.230)
Germany x Define Inflation			0.399 (0.300)
Male	0.540*** (0.142)	0.260** (0.085)	0.260* (0.129)
Germany x Male			0.280 (0.173)
Age in years	0.010* (0.004)	0.009*** (0.002)	0.009* (0.004)
Germany x Age			0.001 (0.005)
Income Decile	0.066* (0.026)	0.020 (0.015)	0.020 (0.022)
Germany x Income			0.046 (0.030)
Left-Right Placement	-0.044 (0.033)	0.010 (0.020)	0.010 (0.030)
Germany x Left-Right			-0.054 (0.041)
Migration Background	0.064 (0.200)	0.066 (0.130)	0.066 (0.196)
Germany x Migration			-0.002 (0.255)
School in GE/NL	-0.253 (0.269)	-0.201 (0.162)	-0.201 (0.244)
Germany x School			-0.052 (0.329)
Germany			-0.607 (0.642)
Constant	0.162 (0.543)	0.768* (0.309)	0.768+ (0.466)
# of respondents	1036	938	1974
R-squared	0.097	0.069	0.185
AIC	4559.335	2974.129	7879.211
Prob > F	0.000	0.000	0.000

Notes: OLS models with standard errors in parentheses.

Significance levels: + p<0.10, * p<0.05, ** p<0.01, *** p<0.001.

8 Conflated History and Monetary Policy Preferences

A substantial part of the German public mushes hyperinflation and the Great Depression into a joint Weimar economic crises narrative, which encompasses galloping inflation and skyrocketing unemployment. This fallacy is particularly prevalent among more educated Germans. But does this matter politically? Our starting point, after all, was the prominent claim that Weimar economic history still shapes German economic views today.

In order to test the political effects of these misunderstandings, we thus added a question about political preferences to the same survey. Specifically, we asked a standard question regarding the trade-off between inflation and unemployment in order to measure inflation aversion.

What is your opinion: if the government had to choose between keeping down the inflation rate or keeping down the unemployment rate, which policy should the government prioritize?

Respondents were able to choose answers from a 7-point scale, ranging from a “strong focus to keep down unemployment” to a “strong focus to keep down inflation”. Higher values thus indicate inflation aversion. The middle category states that both policy goals are equally important.

Our experimental setup, in which we further split up group 3 in our German survey, so that we now have a total of five different experimental groups (Figure 5), tackles the question to what degree reminding Germans about different aspects of Weimar economic history changes their economic policy preferences. For that purpose, we again exploit the fact that we primed different groups about the different crises in Weimar. Essentially, we compare the inflation preferences of three groups.

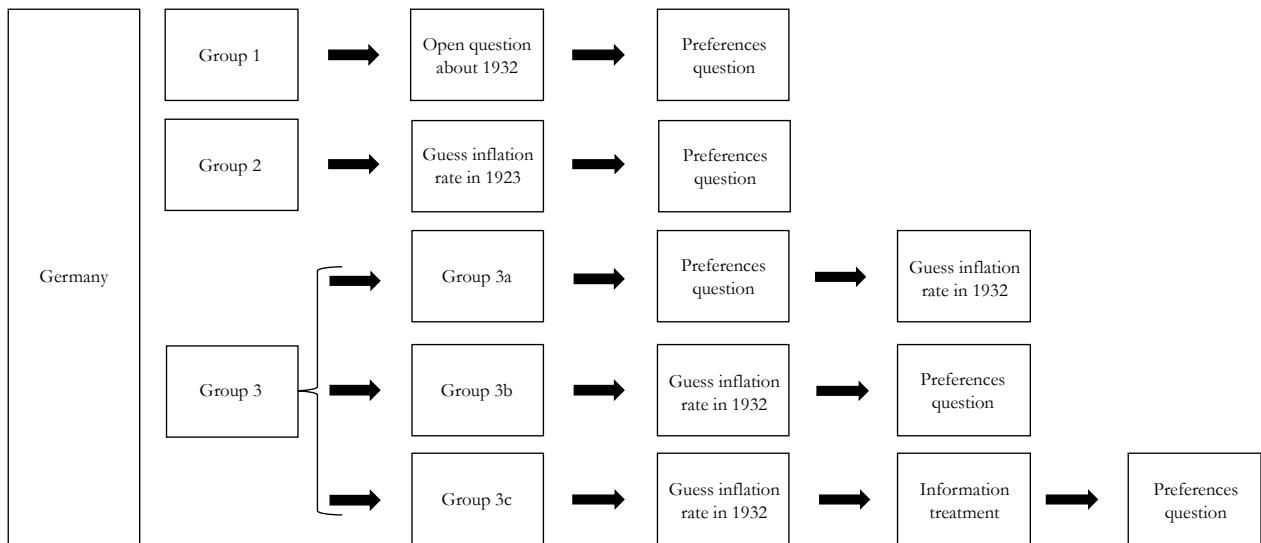


Figure 5: Survey Flow in Preferences Experiment¹¹

A first group (Group 3a) was asked about their inflation preferences before priming them with any reference to German economic history. To analyze the effect of our historical primes on preferences, we compare the inflation preferences of this control group to the policy preferences of respondents that reported their preferences after we had primed them to think about hyperinflation (Group 2) or about the Great Depression (Group 3b). Finally, a third group received an information treatment after guessing the inflation rate but before reporting their inflation preferences. They read a brief statement which explained that there were two different crises, which was accompanied by a graphical illustration of the inflation rate from 1925 to 1936 (Figure A4 in the Appendix). This information treatment allows us to test whether any effects of Weimar primes can be counteracted by

¹¹ Group 3 splits up into three different groups (3a, 3b, and 3c); group 1 is not used here.

clarifying historical events. It follows the design of a typical information treatment, as it is, for example, used in the literature on inequality perceptions (Becker 2019).¹²

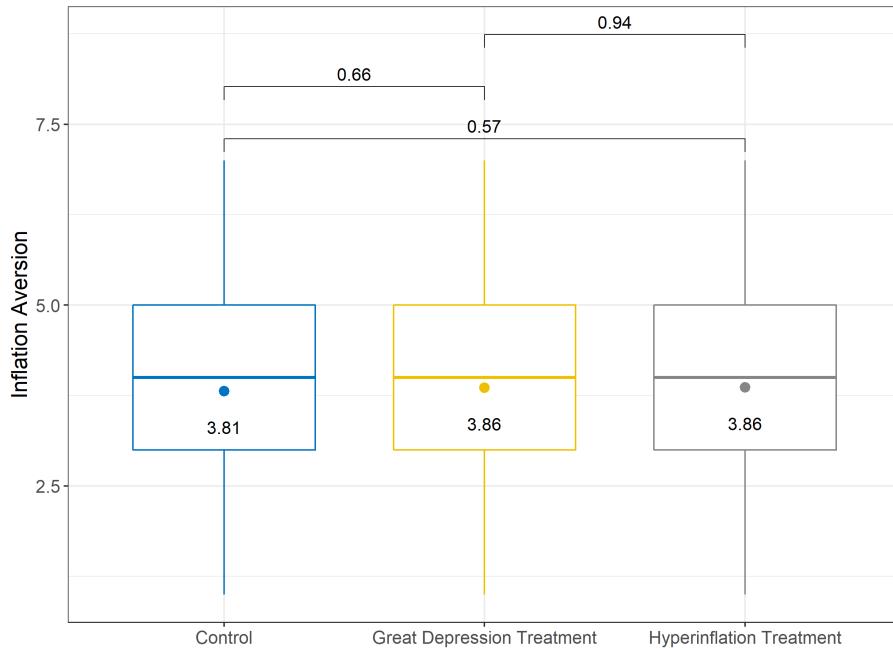


Figure 6: Distribution of Monetary Preferences across Different Experimental Groups

Boxplots with mean inflation aversion. Brackets show the p-values of t-test paired comparisons.

We first test whether reminding Germans of Weimar economic history affects their preferences with regards to fighting unemployment or inflation. Figure 6 starts by comparing inflation preferences across the three main experimental groups (Germans that we reminded of the Great Depression of 1932, Germans that we reminded of the 1923 hyperinflation episode, and the control group).

¹² To test whether respondents understood the information contained in the treatment, we asked all respondents to estimate inflation rates in the United States during the Great Depression at the end of the survey. Those who had received the information treatment made significantly lower inflation guesses.

Comparing average responses across these groups, we can clearly reject the idea that German inflation preferences are affected by making people think about. In fact, aggregate inflation preferences do not differ at all across our experimental groups.

However, what is true of averages is not necessarily true for all subgroups. In fact, if our conjecture about the widespread conflation of the crises is true, it is not even clear why people should respond to the treatment. After all, we argue that the treatment activates memories of both very high inflation and mass unemployment. Hence, the treatment may simply increase the salience of both crisis phenomena.

A more plausible hypothesis might thus be that the treatment will polarize preferences, depending on which of the two economic problems people perceive as generally more important. Respondents that are already predisposed to value low unemployment over stable prices may become even less inflation averse when reminded of a crisis that they associate with both high inflation and high unemployment. For respondents which tend to prefer low inflation over safeguarding jobs, on the other hand, priming both may result in higher inflation aversion. A large literature has shown that political ideology is one of the most consistent predictors for the way in which individuals resolve the trade-offs between inflation and unemployment (e.g., Scheve 2004). Against this background, we test whether the Weimar primes lead to polarization of economic preferences along ideological lines.

Figure 7 plots the marginal effect of both the hyperinflation and the Great Depression frame on inflation preferences across different self-reported ideological positions. It shows two remarkable findings: First, the patterns look almost identical across the two different crisis primes. Whether we ask respondents about hyperinflation or the Great Depression does not seem to make any difference for the way in which this prime is received across the political spectrum. This further suggests that both primes trigger effectively the same type of historical memory.

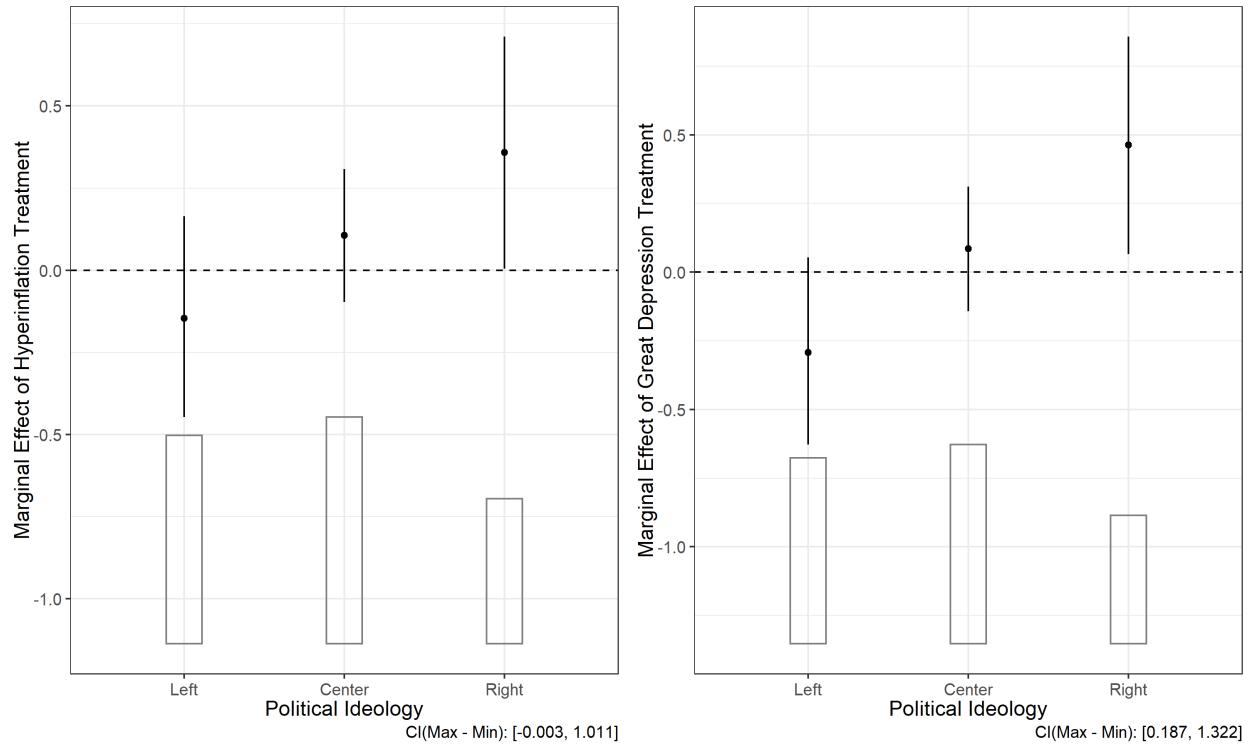


Figure 7: Marginal Effect of Great Depression and Hyperinflation Treatment on Monetary Preferences across the Political Spectrum

Second, the stability of average inflation preferences, indeed, hides a substantial polarization of preferences as a result of the two economic history frames. Whereas respondents on the left become somewhat less inflation averse when confronted with one aspect of the Weimar economic crisis narrative (though the effect remains statistically insignificant), respondents on the right become significantly more inflation averse as a response to both the hyperinflation and the Great Depression frame. We interpret this pattern as further evidence for the fundamentally political nature of German collective memory. “Weimar” is not a universal and self-evident frame that has become an essential part of the collective memory through an apolitical process of family transmission. Instead, it is part

of an explicitly political discourse that targets (and apparently reaches) specific groups of German voters, resulting in political polarization along economic lines.

This political interpretation of the effect of the Weimar treatment is further bolstered by an analysis of the information treatment (which we assigned to group 3c in Figure 5). Again, this treatment only has an effect for a subgroup of respondents – namely for those who are already predisposed to consider inflation a minor problem (Figure 8). Self-described leftists marginally reduce their inflation aversion when they learn that the Great Depression was a deflation crisis. Respondents on the political right, by contrast, do not respond to this information. They simply ignore the information that conflicts with their prior beliefs.

Asking about respondents' trade-off between inflation and unemployment is a standard measure of inflation aversion. In addition to that, we also asked respondents to evaluate the use of monetary policy measures by the European Central Bank.¹³ Here, we aimed at measuring reluctance to support a stronger response to the Euro crisis, i.e., reluctance to support measures that likely induce some price increases. This is an even harder test for our argument about Weimar priming, since it is an issue that is somewhat more removed from asking about inflation directly. Using this outcome, we do not find statistically significant effects, both with regard to the hyperinflation or Great Depression treatment as well as the information treatment. This is, however, not surprising. Even when asking directly about inflation aversion, we only find conditional effects, which should make it even less likely to find any effects here. Evaluating ECB crisis policies does not directly link to inflation preferences,

¹³ The question read: *The ECB has introduced several monetary policy measures to stimulate the economy in the Eurozone in recent years. Do you support or do you oppose these policies?* Respondents were able to choose answers from a 7-point scale, ranging from “strongly support” to “strongly oppose”.

which means that we are able to only imprecisely measure inflation aversion.¹⁴ This notion is reinforced by the fact that our two outcomes measures are hardly correlated in the unprimed control group.

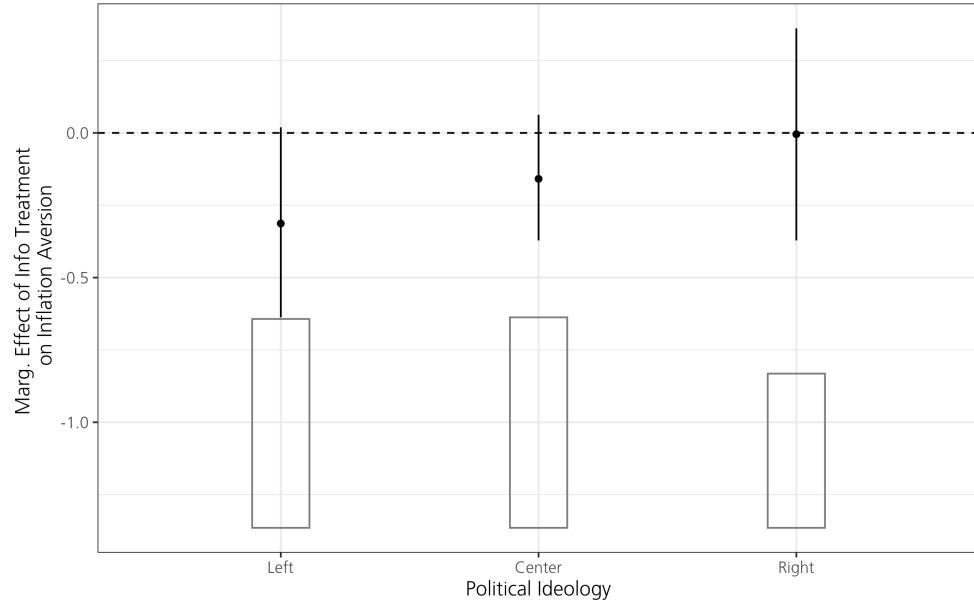


Figure 8: Effect of the Information Treatment on Monetary Preferences

Together, these results suggest that we should think of the Weimar economic crisis narrative less as a root cause of German inflation aversion, but rather as a political tool in debates about economic policy. Mentioning Weimar, it seems, does not simply turn all Germans into arch-austrians. However, it allows to mobilize a specific subgroup of Germans, which is the natural ally of orthodox economic policies. Like “stability culture” in general, the Weimar narrative thus appears to be a strategic resource of the political right (Howarth and Rommerskirchen 2013).

¹⁴ We already mentioned in our pre-analysis plan before fielding the survey that respondents might have difficulties relating ECB policies to inflation: “it is plausible that we might find stronger effects for the [other] measure (inflation-unemployment trade-off), as this question directly refers to inflation.”

9 Conclusion

What drives the economic policy preferences of the German public and the behavior of German governments in European or international economic diplomacy? Is it economic interest, based on a rational calculation of costs and benefits? Or is it ideas which are deeply rooted in the German collective memory? In this paper, we dig deeper into the most prominent mechanism behind the ideas-based perspective: the role of German collective memory. While we find some evidence for the value of this perspective, our main finding is that the supposed German hyperinflation trauma is less a case of collective memory but rather a case of collective imagination. The hyperinflation that people believe to remember is very different from the hyperinflation that actually occurred.

On the most general level, we find that the German collective economic memory indeed still refers to Weimar economic history until today. Consistently, about 80% of our respondents reported that they had at least some understanding of this period. This general awareness can easily be explained by the depth of the hyperinflation crisis of 1923 and the Great Depression of the 1930s. What needs an explanation, however, is what and how people remember.

Contrary to a widespread belief, we do not find that Germans somehow decided to remember one crisis, but forget the other. Our results demonstrate that this is a misunderstanding. Germans are well aware of the fact that Weimar experienced a crisis of mass unemployment. What they do not know, however, is that this crisis was separate from the hyperinflation crisis. Instead of forgetting about the Great Depression, many Germans have incorporated it into their concept of hyperinflation. In this interpretation, unemployment and inflation appear as two facets of the same economic crisis. Thus, reminding Germans of “hyperinflation” triggers much more than just a fear of cash in wheelbarrows. What makes this symbol so potent is that it simultaneously triggers a fear of mass unemployment and poverty.

This finding has a number of important implications. First, it sheds new light on Germany's behavior during the Euro crisis as well as its role in current debates about monetary policy in the Eurozone. After all, if Germans perceive inflation and unemployment as two sides of the same crisis-coin, they may conclude that anti-inflationary policies are good for growth. Until today, Germans may look back into a distorted version of their own history and refuse the notion that there is a trade-off between monetary restraint and economic recovery. Hence, they will be susceptible to any criticisms of loose monetary policies as endangering much more than just monetary stability.

That at least some Germans are indeed susceptible to such a critique is suggested by our analysis of the effect of Weimar memory on reported economic preferences. Contrary to what one might expect based on a simple “collective trauma” interpretation, reminding people of the Weimar experience does not make them more inflation averse across the board. However, it has an effect on Germans on the political right. German criticism of the ECB has always come from the right. Thus, those Germans who are already predisposed to oppose expansionary monetary policies become even more critical when reminded of the Weimar experience. Those with more favorable views of ECB policies, by contrast, do not react to the Weimar prime. References to Weimar are thus less a resource that can be used to change the preferences of all Germans, but rather serve as a tool to close conservative ranks in economic policy debates. This finding also speaks to the broader question of how political rhetoric and the usage of political metaphors affect political preferences. At least in our case, such narratives seem to be subject to significant confirmation bias. Voters respond to plausible narratives if they fit their preconceived beliefs but seem to largely ignore them otherwise.

A second important finding is that more educated and politically more interested Germans are more likely to confuse hyperinflation and the Great Depression. On a first look, this appears surprising. After all, most political scientists usually assume that more educated people are less likely to commit such fallacies and more likely to rationally evaluate all available information. In this case, however,

more knowledge can be dangerous, since it invites the confusion of two separate pieces of knowledge. In order to conflate two events, after all, one needs to be aware of them in the first place. Those who have some, but less than expert-knowledge of an issue, may thus be most susceptible to fall for narratives which sound plausible, but are actually imprecise or otherwise problematic.

Finally, these findings have implications for the study of economic ideas and political preferences more generally. Researchers increasingly study the political consequences of historic events, arguing that events in the past impact belief systems today. Indeed, our study is based on the very same assumption. However, we demonstrate that historic events cannot simply be taken as a given. People's behavior is not shaped by the event as such, but by their understanding of the event, as it has developed in the years or decades between the event and the present. Our results thus call for greater attention to the mechanisms through which the memory of historical events is being transmitted. In order to understand the social process that connects past experience with political behavior today, researchers should focus more on what people actually remember as well as how this collective memory is linked to its context.

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Appendix

4. Die Zerstörung der Republik

Die Weimarer Republik endete nicht mit der von den Kommunisten angestrebten Diktatur des Proletariats, sondern mündete in den Führerstaat der NSDAP. Bereits im Juni 1922 erklärte Reichskanzler Wirth nach der Ermordung des Außenministers Rathenau: „Der Feind steht rechts!“ Es fragt sich also, wieso diese Bedrohung der Republik durch den Rechtsradikalismus, die so früh sichtbar war, nicht abgewendet wurde bzw. nicht abgewendet werden konnte. War der Weg in die Katastrophe schicksalhaft vorgezeichnet, eine schicksalhafte Verkettung von Umständen oder lassen sich schuldhaftes Handeln und Versagen konkret benennen?

Als die Stelle in der Entwicklung der Weimarer Republik, an der die Demokratie offenkundig unfähig wurde sich selbst zu regenerieren, gilt im Allgemeinen die Regierungszeit des Zentrum-Kanzlers Heinrich Brüning [30. März 1930 bis 30. Mai 1932]. Denn sie war gekennzeichnet [1] durch eine Wirtschafts- und Sozialkrise, die Deutschland und die westlichen Industriestaaten in dieser Form noch nicht erlebt hatten; [2] durch eine Krise des Parteiensystems, des Parlamentarismus und der politischen Kultur, die die Anfangsschwierigkeiten der Republik bei weitem übertraf; und [3] durch eine Staats- und Regierungs-krise, die ein verfassungsgemäßes Regieren nahezu unmöglich machte. Bereits eine dieser Krisen allein hätte jeden Staat in seiner Existenz gefährden können, gebündelt ergaben sie einen Gordischen Knoten für die Weimarer Republik.

Die Regierung
Brüning – der
Anfang vom Ende

Neben der Inflation von 1923 prägten die Massenarbeitslosigkeit und der wirtschaftliche Zusammenbruch zu Beginn der 30er Jahre die Erinnerung an die Weimarer Republik. Diese so genannte „Weltwirtschaftskrise“ begann im Oktober 1929 mit dem abrupten Ende des Wirtschaftsbooms in den USA („Schwarzer Freitag“ der New Yorker Börse, s. S. 198). Die kurzfristig nach Europa vergebenen Kredite wurden auf einen Schlag zurückgefordert, und dadurch fiel der Wirtschaftsaufschwung, den der Dawes-Plan gebracht hatte, in sich zusammen. Zahllose mittlere und kleinere Unternehmungen, Geschäfte, bürgerliche und handwerkliche Betriebe wurden zahlungsunfähig, selbst Großbanken wie die Darmstädter Nationalbank mussten ihre Schalter schließen.

Krise von Wirtschaft
und Gesellschaft

Dauerarbeitslosigkeit ohne Perspektive, das Absinken aus der scheinbar gesicherten Position eines Selbständigen oder Angestellten ins Proletariat trieben die Menschen in die Arme der extremen Parteien mit ihren einfachen Erklärungsmustern und handlichen Versprechungen für eine bessere Zukunft. Die herkömmlichen Parteien und die Gewerkschaften hatten dem inhaltlich nichts entgegenzusetzen; mit der wachsenden Arbeitslosigkeit verloren sie vielfach ihre Mitglieder und ihre finanzielle Basis.

Krise des
Parteiensystems

Unmittelbare Folge dieser Krise war eine die Demokratie in ihrem Kern bedrohende Wählerwanderung. Ein Blick auf die Wahlergebnisse (s. S. 256) zeigt, dass bereits im Juni 1920 die Weimarer Koalition auf Dauer die Mehrheit verloren hatte. Dreizehn Koalitionskabinette unterschiedlicher Zusammensetzung und mit zumeist nur kurzer Amtszeit regierten bis 1930, eine Vielzahl von Splitterparteien zog neben den Rechtsradikalen die Anhänger und Wähler aus dem Bürgertum an sich, so dass z. B. die DDP oder DVP politisch völlig bedeutungslos wurden. Gleichzeitig nahm die parteipolitische Auseinandersetzung die Form eines permanenten Straßenkampfes an: Die paramilitärischen Verbände der

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Figure A1: Presentation of Weimar Economic Crisis in German Schoolbook

Geschichte und Geschehen II, Oberstufe, Ausgabe A/B. Ernst Klett Schulbuchverlag Leipzig, 2005

7.4 Von der Inflation zur Weltwirtschaftskrise

Eine inflationäre Entwicklung setzte in Deutschland schon während des Krieges ein. Die Lebenshaltungskosten lagen 1920 um das Achtfache über denen der Vorkriegszeit. Trotzdem ergriff man keine Maßnahmen, um die Inflation zu stoppen. Stattdessen wurden mit ihrer Hilfe die Folgekosten des Krieges – Demobilisierung, das Ende der Kriegswirtschaft, die Kriegsrenten – und sozial-politische Errungenschaften wie der Achtstundentag beglichen. Auch wurden die Investitionen durch die Inflation gefördert, sodass Deutschland nicht in die internationale Rezession der Jahre 1921/22 hineingezogen wurde. Nicht zuletzt erleichterte das entwertete Geld die Erfüllung der ersten Reparationsforderungen. Der Wert einer Goldmark des Jahres 1914 entsprach Anfang 1922 noch 45,7 Mark, ein Jahr später, vor Beginn der Ruhrkrise, lag er bei 4279 Mark. Als dann während der Ruhrkrise auch noch der passive Widerstand mit der Notenpresse finanziert wurde, kam es zur Hyperinflation. Im November 1923 lag der Wert der Goldmark bei 1 Billion Mark.

Die Inflation

Nutznieder der Inflation waren all jene, die Schulden hatten. Das galt auch für den Staat, der die Kriegskosten mit Anleihen finanziert hatte. Sie konnten mit dem entwerteten Geld leicht beglichen werden. Darüber hinaus profitierten von der Inflation alle Sachwertbesitzer. Zu dieser sehr ungleichen Gruppe zählten die kleinen Hausbesitzer genauso wie die Industriellen und Landwirte. Verlierer der Inflation waren die Sparer und Geldbesitzer. Während die Besitzer großer Vermögen ihre Verluste häufig über die Gewinne bei den Sachwerten ausgleichen konnten, waren vor allem diejenigen besonders betroffen, die nur über solche Ersparnisse verfügten. Zu ihnen gehörten besonders die Angehörigen des Klein- und Bildungsbürgertums. Verheerend waren die psychologischen Folgen der Inflation. Die Erinnerung an die Geldentwertung prägte sich in das Gedächtnis der Deutschen tief ein. Dass auf die Weltwirtschaftskrise nach 1929 nicht mit einer Verschuldung des Staates reagiert wurde, findet hier eine Erklärung.

Die Folgen der Inflation

Im November 1923 konnte die Inflation durch die Einführung der Rentenmark beendet werden. Schon kurz vor der Währungsreform trat eine unabhängige Expertenkommission unter der Leitung des amerikanischen Bankiers Charles G. Dawes zusammen, um die Reparationsforderungen und die deutsche Zahlungsfähigkeit zu prüfen. Daraus entstand der Dawes-Plan, der zunächst eine Erholungspause für Deutschland vorsah, in der jährlich 1-1,75 Mrd. Mark zu zahlen waren; ab 1928 sollten dann jährlich 2,5 Mrd. Mark gezahlt werden. Die Dauer dieser Zahlungen wurde vorläufig nicht festgelegt. Eine wesentliche Folge dieser Regelung war, dass die USA der deutschen Wirtschaft insgesamt über 20 Mrd. RM an Krediten zur Verfügung stellten. Ein so genannter Reparationsagent, der US-Amerikaner Parker Gilbert, kontrollierte von Berlin aus die Reparationszahlungen und die deutsche Finanzpolitik. Die Reichsbank wurde zu einer von der Regierung unabhängigen Institution. Unter dem Druck von Landwirtschaft und Industrie stimmte im August 1924 auch die Hälfte der DNVP-Fraktion für den Dawes-Plan, sodass er eine Reichstagsmehrheit fand. Danach, am 30. August 1924, kehrte Deutschland zur goldgedeckten Reichsmark zurück.

Das Ende der Inflation und der Dawes-Plan



Von der Linken bekämpft – der Dawes-Plan

Die Einführung der Rentenmark und die durch den Dawesplan ermöglichten Kredite leiteten einen Wirtschaftsboom ein, der von 1924 bis zum Herbst 1929 anhielt. Diese Jahre sind als die „goldenen Jahre“ in Erinnerung geblieben. Das Volkseinkommen stieg um jährlich 5,5%. Vor allem die Reallohne der Arbeiter konnten auf hohem Niveau gehalten werden. Die Industrieproduktion lag zwischen 1927 und 1929 erstmals wieder über dem Vorkriegsstand. Allerdings blieb

Die „Goldenen Zwanziger Jahre“

Figure A2: Presentation of Weimar Economic Crisis in German Schoolbook

Geschichte und Geschehen. Ernst Klett Schulbuchverlag Leipzig, 2014



Figure A3: Additional Graphical Information in 1923 Prompt

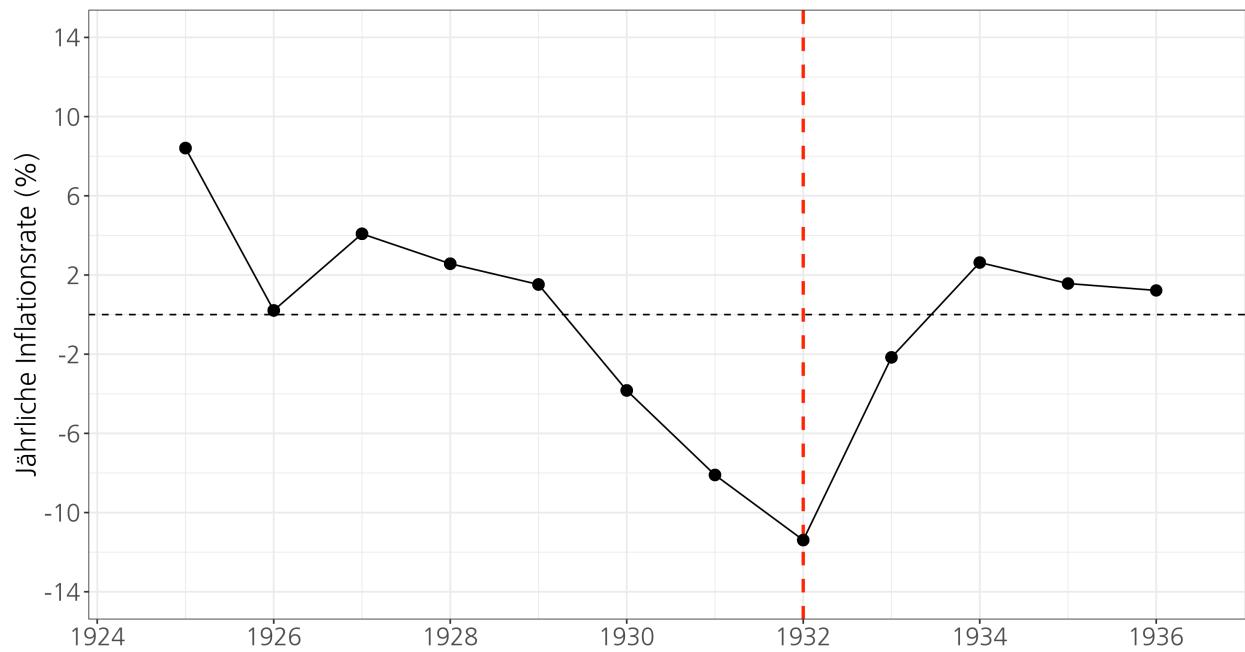


Figure A4: Additional Graphical Information in Information Treatment

Table A1: Predictors of Transformed 1932 Inflation Guesses in Germany

	(1) Reduced model	(2) Extended model	(3) Standardized coefficients
Education in years	0.079** (0.027)	0.052* (0.025)	0.082** (0.024)
Political Interest	0.375*** (0.095)	0.288** (0.089)	0.138*** (0.087)
Can Define Inflation		0.749** (0.236)	0.097** (0.237)
Male	0.604*** (0.155)	0.519*** (0.142)	0.119*** (0.142)
Age in years	0.010* (0.005)	0.009* (0.004)	0.072* (0.004)
Income Decile	0.063* (0.028)	0.069** (0.026)	0.081* (0.026)
Left-Right Placement	-0.048 (0.037)	-0.045 (0.033)	-0.040 (0.033)
Migration Background	0.137 (0.224)	0.105 (0.199)	0.011 (0.200)
School in GE	-0.342 (0.325)	-0.199 (0.270)	-0.031 (0.269)
Never heard of hyperinflation		baseline	
Last heard in school		0.568** (0.185)	
Last heard in family		1.065*** (0.256)	
Last heard in politics		0.314 (0.283)	
Last heard in other sources		1.000** (0.375)	
Constant	0.775 (0.626)	0.035 (0.542)	
# of respondents	931	1036	1036
R-squared	0.089	0.116	0.097
AIC	4146.986	4545.688	4559.335
Prob > F	0.000	0.000	0.000

Notes: OLS models with standard errors in parentheses.

Model 1: Sample restricted to respondents that were able to define inflation correctly.

Model 2: Controlling for the context where respondents last heard of hyperinflation.

Model 3: Model 1 from Table 2 with standardized regression coefficients.

Significance levels: + p<0.10, * p<0.05, ** p<0.01, *** p<0.001.

Table A2: Predictors of Mentioning Inflation or Unemployment in Open Response in Germany

	(1)	(2)	(3)
	Mentions inflation	Mentions unemployment	Mentions both
Education in years	0.099*** (0.029)	0.043 (0.026)	0.075* (0.029)
Political Interest	0.246* (0.119)	0.056 (0.107)	0.183 (0.129)
Can Define Inflation	0.964* (0.418)	0.793* (0.322)	0.880+ (0.512)
Male	-0.024 (0.188)	0.052 (0.175)	-0.014 (0.203)
Age in years	-0.002 (0.006)	0.005 (0.005)	0.007 (0.006)
Income Decile	-0.049 (0.035)	0.016 (0.032)	-0.030 (0.037)
Left-Right Placement	-0.075+ (0.043)	-0.013 (0.040)	-0.087+ (0.047)
Migration Background	0.240 (0.246)	-0.249 (0.231)	0.003 (0.279)
School in GE	0.373 (0.359)	-0.277 (0.319)	-0.067 (0.386)
Constant	-3.176*** (0.782)	-1.554* (0.648)	-2.997*** (0.852)
# of respondents	253	253	253
Mc Fadden R-squared	0.10	0.083	0.055
AIC	304.081	350.684	253.251
Prob > Chi ²	0.000	0.000	0.000

Notes: Logit models with standard errors in parentheses.

Significance levels: + p<0.10, * p<0.05, ** p<0.01, *** p<0.001.