

## INTRODUCTION



*T*he German Labor Administration fits uneasily into the traditional periodization and concerns of modern German history. The *Arbeitsverwaltung* demonstrated remarkable continuity and received unusually broad support in its ambition to remake the country's workforce. Across regime changes from the end of the Kaiserreich, through the Weimar Republic and Nazi dictatorship, and into the early West German democracy, its nationwide network of several hundred local labor offices dominated the labor market. The administration claimed a de facto monopoly in job placement and vocational counseling, after its main competitors, commercial agencies and employer-run offices, were shut down in the Weimar period. Between the late 1930s and 1960, roughly 90 percent of German boys and girls leaving school visited their local *Arbeitsamt* for advice and a job. Likewise, the vast majority of employers obtained their personnel through the same offices.

Beyond a monopoly, the Administration aspired to the complete control—*Totalerfassung*—of all movements in the labor market. No one should find a job, no employer a worker, without its intervention. However, its ambitions extended in potentially incongruent directions, not merely toward static control, but also toward dynamic improvement. For in the Weimar and Nazi periods, the Administration played a pivotal role in channeling ever more young Germans into skilled apprenticeships, thus launching the “German skills machine.” The Labor Administration aimed to bring workers under central, “organized” control, but also to give them skills and let them go. Ultimately, these goals grew from different visions of optimization, the possibilities of centralized knowledge, and the role of the individual in society.

This German project resembled efforts in other major industrial countries to bring labor markets under public control and improve human capital—but also differed from them in crucial ways. Both France and Britain wrestled with the same labor force problems as did Germany. In some regards, economic philoso-

phy and government policy constrained action in these countries. Thus, in Britain, from the late nineteenth century on there were widespread laments about the deteriorating quality of the workforce. However, the reigning liberal economic doctrine and the government's reticence to intervene in individual contracts between employers and workers or to mandate and fund more public education meant that efforts to improve worker training remained haphazard.<sup>1</sup> In other regards, though, before World War I, France and Britain adopted quite similar policies to Germany, in fact, often even more expeditiously and decisively than their rival. Thus, France passed a law in 1904, six years before Germany, which was designed to stifle commercial placement agencies, to the benefit of public offices. Britain created a national network of local labor offices in 1909, seven years in advance of wartime Germany; its pioneering unemployment insurance law of 1911 antedated the German one by sixteen years.

However, after the war these countries did not pursue their labor force policies with anything like the German determination. Though France and Britain subjected commercial and interest group job agencies to various political pressures, neither established a true monopoly for their public offices, let alone anything resembling the German *Totalerfassung*. Nor did either country pursue a coordinated vocational program at the *national* level. In Britain, vocational training remained the prerogative of individual firms. Vocational counseling remained primarily under the authority of Local Education Authorities and was not part of the national network of labor offices, which remained devoted mainly to job placement. France's local labor offices concerned themselves with vocational counseling from 1921 on, but those offices themselves were not united in a national system. Finally, in both countries, job placement and vocational counseling remained decoupled from unemployment insurance systems (assuming such a system even existed, which was not the case in France until 1958). In fact, it was only after World War II that both France and Britain began to take some of the decisive steps the Germans had taken after the previous conflict: in 1945 and 1948, respectively, they created unified national systems of job placement and vocational counseling, which enjoyed monopolies and aimed at "complete inclusion." Within a decade, however, the great postwar economic boom would begin to undermine the newfound public control of the labor force.<sup>2</sup>

The German Labor Administration thus not only stands out in modern German history for its continuity across regimes and unusually broad support. It also illustrates, in particularly heightened form, the widespread ambition of public authorities in the early and mid twentieth century to shape their workforces.

Despite its importance, the German workforce project has received almost no scholarly attention.<sup>3</sup> One reason for this dearth of research has been the focus on just one side of the Labor Administration, its unemployment wing, and in particular on the political conflicts in which that wing became enmeshed soon after the Administration was established in 1927. The creation of a system of unemployment insurance after decades of reform discussion and years of political wrangling has been regarded as the belated culmination and completion of the

insurance policies inaugurated by Bismarck in the 1880s.<sup>4</sup> Historians have also researched the unemployment insurance system because struggles over the levels of welfare spending, and in particular of unemployment contributions, contributed to the collapse of the last parliamentary government in Weimar. The onset of the Great Depression only two years after passage of the bill creating the Labor Administration—and the role of this economic upheaval in paving the way for the rise of the Nazis—has kept attention focused on this side of the Administration. By contrast, the Administration's role in steering the country's labor supply and shaping its workforce has remained largely unexamined.

General trends in German historiography have played an important role in diverting attention from the Administration. The predominant interest in National Socialism has colored, for obvious reasons, nearly every aspect of the historiography of modern Germany. It has directed attention to the fundamental political and economic tensions in an often divided society. From this vantage point, areas of German life in which consensus dominated have seemed less germane—unless the consensus could help to explain features of National Socialism. Moreover, the interest in National Socialism has tended to split all of German history, even on less obviously political topics, into epochs defined by political regime. Organizations and trends crossing one of these divides—not to mention several—often have been overlooked.

The very continuity of the Labor Administration across such different regimes as well as through war and peace is one of the aspects that most cries out for explanation. How could this system, whose skeleton was laid down in World War I, grow to maturity in the Weimar Republic and Nazi Germany, and survive into the second decade of the Federal Republic?

Scholars such as Gerald Feldman and Charles Maier have analyzed the emergence of a new form of corporatist politics under the pressure of total war, recovery, and industrial concentration.<sup>5</sup> Corporatism depended on the settlement of basic economic and social questions not by parliament, but by compromise among major interest groups. While these scholars pay attention to the role of ideas, their accounts emphasize the “new primacy of interest politics and the eclipse of ideology.”<sup>6</sup> Several of the Labor Administration's features do point to the centrality of such a basic compromise between interest groups—industry and labor—over labor policy. The 1916 Auxiliary Service Law that first established a national network of rudimentary labor offices depended on significant accommodation of organized labor by the state and industry.<sup>7</sup> Set up after the war, the governing structure of the Labor Administration exemplified this balance of interests. The Administration was not part of the state apparatus, strictly speaking. Rather, representatives of industry, unions, and public authorities shared power in the governing boards at each of the three levels of the bureaucracy—local, state, and national. The labor offices' role in the labor market also bespoke compromise. On the one hand, their monopoly status as providers of job placement and vocational counseling fulfilled the socialist unions' long-standing demands for eliminating commercial and employer placement agencies. On the other, the

*Arbeitsämter* could not *compel* youths or companies to use their services or to accept their recommendations. Therefore, in practice, they had to earn the trust and cooperation of individuals and, most importantly, local employers. The interests we must examine will thus include not only the national groups, but local actors as well.

Despite the importance such corporatist compromise had in the history of the Labor Administration, however, it cannot provide a complete account of this organization and its surprising continuity—unless we revise our understanding of corporatism’s origins. Already before the war—the event usually thought to have launched the coordination between industry, unions, and state—important steps leading to public control of the labor market had occurred. Most notably, in 1910 the Reichstag unanimously passed a Job Placement Law with the intention, as the Interior Minister put it, that “public offices dedicated to the general welfare will become ever stronger and eventually achieve predominance.”<sup>8</sup> This remarkable consensus at a time usually characterized as one dominated by great interest group tension suggests either that some of the building blocks of corporatist compromise, in particular that between industry and labor, predated the war—or that we must look beyond such interest-based solutions for an explanation.

The limits of an account revolving solely around corporatist interests become apparent if one considers the postwar development of the Labor Administration. By 1923, hyperinflation, resurgent unemployment, and electoral losses had diminished labor’s power, leading employers to back out of the Central Working Association, the central institution of early postwar corporatism. Yet the Labor Administration, put on firm legal ground only in 1922 with the Labor Exchange Law, was *strengthened* by the 1927 Law on Job Placement and Unemployment Insurance. The nearly unanimous passage of this landmark bill by the Reichstag, which otherwise was so bitterly divided, hardly seems to fit with an account of the eclipse of parliament by interest groups. The rare unanimity suggests the diminished role of ideological *conflict*, at least in this one area, but not necessarily that of ideology per se. Similarly, though the Nazis abolished its corporatist governance structures, the Administration operated in the Third Reich much as it had in Weimar, for example, in continuing to seek the *willing* cooperation of job-seekers and, especially, employers. Finally, and conversely, a corporatism-based account struggles to explain why the Labor Administration’s dominance of the labor market ended around 1960, when a second round of corporatism was still in its heyday.

We might begin resolving these puzzles if we add the undiminished impact, institutionally, strategically, and psychologically, of World War I to the undeniable role of corporatist compromise. The war was, of course, the most immediate source of the Labor Administration’s institutionalized national network. In the crucial postwar years (1918–22), wartime workforce policies and programs served as templates for the structures that the new regime forged. This war-inspired Labor Administration then survived for decades thanks to bureaucratic

inertia. This argument for the role of path dependence after the war could be modified or complemented by pointing to ways in which the entire period from 1918 to roughly 1960 shared important traits with the years of total mobilization in World War I. Above all, Germany was—Germans felt their country to be—embattled, either in a direct military sense or in terms of harsh domestic and international economic conditions. The pivotal role played by Germany's loss in World War I is underlined by the fact that the trajectory of the German human economies now diverged from the path taken in France and England. In the victorious powers, the disparate projects of workforce improvement, which before the war had paralleled and even preceded developments in Germany, were not fused into a concentrated national program as they were in Germany. Such an explanation relying on the long term impact of the war, we should note, places less emphasis on interest groups, and more on ideas and perceptions and the national condition they addressed.

There is another aspect of the Labor Administration that strengthens the claim that World War I was decisive. It also suggests that interests alone are insufficient to explain the development and continuity of the Labor Administration. This is the insistence on achieving *Totalerfassung*, which can only be inadequately translated as “complete registration or inclusion.” That is to say, the goal of the Labor Administration was not merely monopoly—excluding all competitors from job placement and vocational counseling. Rather, it was the “complete inclusion” of all job seekers and all employers by the Administration itself. This aspiration to *Totalerfassung* was not merely incidental to the Labor Administration, a minor and separable element. From beginning to end, the leaders and supporters of the Labor Administration saw “complete inclusion” as a sine qua non, an essential part of their mission.

*Totalerfassung* palpably breathes the spirit of the total mobilization of the 1916 Hindenburg Program and its Auxiliary Service Law. Yet it also—both as a phrase and, more importantly, as an idea—predates the war. In the late nineteenth and early twentieth centuries, numerous calls were heard for the registration and the conscious, most efficient use of all resources—from Frederick Winslow Taylor's “scientific management” of factories to urban reformers' plans for preventing contagion or stamping out invidious habits among the poor. Total war amplified this kind of thinking and applied it more broadly than ever before, but it did not invent it.

A second, central aspect of the Labor Administration confirms the need to probe beyond interest-based politics and even beyond the impact of the war. In addition to controlling the labor market and matching workers and jobs, the *Arbeitsverwaltung* aimed to create a specific type of German workforce, a highly skilled one. Its vocational counseling offices did all they could to encourage young people to forego the quick money of unskilled work and instead undertake apprenticeships. In the second half of the 1920s and then again in the 1930s, it cooperated closely with industry to produce a uniform national system

of vocational training, testing, and certification. As a result of this coordination, by the late 1930s, more than half a million young Germans were entering apprenticeships each year.

This skilling program was certainly not incompatible with the corporatist compromises between industry and labor unions. The latter, after all, drew their core membership from skilled workers and lent generic support to vocational training from the 1920s to the 1960s and beyond. Yet, as the unions admitted at the end of World War I, their focus on wages and working hours, and generally on standing up to employers, had led them to ignore vocational training for too long.<sup>9</sup> Even after this admission, however, especially after a vocational training law foundered on political differences between left and right, leaving apprenticeships a prerogative of employers, the unions never took the initiative on the issue.

Coordinated counseling and training programs were also compatible with the Labor Administration's monopoly status and goal of "complete inclusion." Indeed, the promoters of a skilled workforce within the Administration became at times the strongest advocates of "complete inclusion." At deeper levels, however, tensions existed. Labor administration and complete inclusion assumed given inputs and then manipulated them; it was basically a static undertaking—optimization by calculation. Vocational training forged new qualities; it was basically dynamic—optimization by facilitation. Labor administration and especially *Totalerfassung* revolved fundamentally around centralized control. Vocational counseling and training, on the other hand, while intermittently relying on the same control, prepared society for a fundamental decentralization in the form of *embourgeoisement*, a workforce with its skills as its property and with pride in its vocations. These were at heart differences of vision. And just as ideas of *Totalerfassung* predated the war, so too did an incipient program of skilling and *embourgeoisement*.

This study explains the emergence and remarkable durability of the Labor Administration, with its complete inclusion and vocational system, in terms of political and economic compromises—but also in terms of the long-range power of ideas. To emphasize the influence of ideas is to challenge prevailing assumptions about Wilhelmine and Weimar politics. Scholars of these periods debate whether German politics was defined more by *milieus* or by *camps*. Common patterns of socialization and positive group identification separated the Social Democrat, Catholic, and Liberal and Conservative Protestant *milieus* from each other. Each *camp*, on the other hand, found common ground primarily through its opposition to a common enemy, with the primary fault line running between the socialists on the one hand, and all the middle class parties, on the other.<sup>10</sup> The present study recognizes the importance of these categories rooted in deep psychological structures of socialization and friend-foe distinctions. However, it demonstrates that powerfully attractive ideas could draw actors together across *milieus* and even camps. In light of the long-range power of this attraction and

the loose, but effective coalitions it produced, we introduce a third category to the debate and speak here of *ideational constellations*.<sup>11</sup>

The first and by far most compelling idea, attracting leaders and intellectuals from across the political spectrum, was that of “organization”—solving problems by centralizing knowledge and control. Its appeal drew on the momentous successes of science and the seemingly inevitable rise of democratic political engagement, two of the dominant forces of the day, as well as on the ongoing experience of forging a new nation-state and on the very real successes of such organizations as the railroads and mammoth business corporations. The corporatist compact itself was not merely a balance of interests, but an expression of this dominant mode of thinking. The other main idea, weaker than and often contradicting organization, was that of individuality and individual independence deriving from economic independence. It was sustained, before it spread more widely, in enclaves of the urban *Bürgertum*.

These ideas were not static platonic entities, of course, but rather existed in the minds of real people—politicians, social reformers, bureaucrats, and common people. The strength of their appeal underwent changes depending on circumstances, as did the product of their intermingling and implementation in the Labor Administration. We therefore must pay close attention to the evolution of the ideas of organization and individual independence through the different eras of affluence and exiguity, peace and war.

The first two chapters of the book address the attempts to manage Germany’s transformative and turbulent first economic miracle in the decades before 1914. Chapter 1 examines the efforts to maintain domestic stability by “organizing” the labor market, which culminated in the 1910 law promising public labor offices predominance. The following chapter considers the comparatively halting steps authorities and industrialists took to create a skilled workforce, which would sustain Germany’s international competitiveness, while also fostering a different basis of domestic stability. Chapter 3 shows how the experience of “total war” put its stamp—politically, institutionally, and intellectually—on the new national Labor Administration created in the war and perpetuated after it. The following chapter turns to vocational counseling and training under the dire domestic and economic conditions after World War I. It shows, first, how public authorities sought to breathe life into the project of creating a skilled workforce. Second, it explains the decisive shift in industry’s views of its own workers, a “reframing” of the skilled worker that allowed the subsequent creation of the German skills machine. Chapter 5 shows how the Nazis, partly by intent and partly by accident, helped to consolidate both the Labor Administration and the rest of the vocational system. The final chapter explains, first, why the Labor Administration was restored in the anxious years after 1945 to its earlier form. It then shows how and why the system of public dominance of the labor market that had emerged from World War I and the even older age of organization finally ended around 1960, in the second economic miracle.

## Notes

1. Kathleen Thelen, *How Institutions Evolve: The Political Economy of Skills in Germany, Britain, the United States, and Japan* (New York, 2004), 92–147.
2. On the French and English experiences see respectively Martine Muller, *Le Pointage ou le Placement: Histoire de l'ANPE* (Paris, 1991), passim, esp. 36–38, 43, 48–49, 66–67, 75–76, 105; John Killeen and Jennifer M. Kidd, “The Careers Service,” in A.G. Watts, Bill Law, John Killeen, Jennifer M. Kidd, Ruth Hawthorne, *Rethinking Careers, Education, and Guidance: Theory, Policy, and Practice* (London, 1996), 155–172, 155–159. Neither national development, though, has been thoroughly explored in the literature. Once that has been accomplished, a systematic comparison between the three countries’ labor policies will become possible.
3. The only book-length historical study of the Labor Administration so far has been Hans-Walter Schmuhl, *Arbeitsmarktpolitik und Arbeitsverwaltung in Deutschland 1871–2002. Zwischen Fürsorge, Hoheit und Markt* (Nürnberg, 2003). Schmuhl’s study, however, is not based, for the most part, on primary research and does not advance any strong theses.
4. Karl Christian Führer, *Arbeitslosigkeit und die Entstehung der Arbeitslosenversicherung in Deutschland 1902–1927* (Berlin, 1990).
5. Gerald D. Feldman, *Army, Industry and Labor in Germany, 1914–1918* (Providence, 1992); Charles S. Maier, *Recasting Bourgeois Europe: Stabilization in France, Germany, and Italy in the Decade after World War I* (Princeton, 1988).
6. Maier, *Recasting*, 484–85.
7. Feldman, *Army*.
8. Clemens von Delbrück, 15 February 1910, Reichstag speech, *Stenographische Berichte über die Verhandlungen des Deutschen Reichstages*, XII. Legislaturperiode, 1271.
9. Robert Ebert, *Zur Entstehung der Kategorie Facharbeiter als Problem der Erziehungswissenschaft: Historische Studie zur Berufspädagogik* (Bielefeld, 1984), 262.
10. James Retallack, *Germany in the Age of Kaiser Wilhelm II* (New York, 1996).
11. Several recent books have made forceful cases for the constitutive importance of organizing ideas, or visions, for social policy. See Kevin Repp, *Reformers, Critics, and the Paths of German Modernity: Anti-Politics and the Search for Alternatives, 1890–1914* (Cambridge, 2000); Anson Rabinbach, *The Human Motor: Energy, Fatigue and the Origins of Modernity* (Los Angeles, 1992); Mary Nolan, *Visions of Modernity: American Business and the Modernization of Germany* (New York, 1994); Daniel T. Rogers, *Atlantic Crossings: Social Politics in a Progressive Age* (Cambridge, 1998).