Since the mid-2000s, various German federal ministries and government agencies have commissioned groups of historians to explore and reappraise their past, with the main focus on the continuities, but also discontinuities of personnel from the Nazi era through the Federal Republic. Public and scholarly interest in that approach largely emerged in response to the maturing field of Holocaust studies and German Vergangenheitsbewältigung or “coming to terms with the past”. Against that backdrop, the German central bank – the Deutsche Bundesbank – decided in November 2017 to have its history being fully re-examined by an independent group of scholars from the London School of Economics and Political Science (LSE) and the Munich-based Institute for Contemporary History (Institut für Zeitgeschichte, IfZ), in a research initiative jointly headed by Albrecht Ritschl (LSE) and Magnus Brechtken (IfZ). The study, titled “From the Reichsbank to the Bundesbank”, seeks to combine economic, cultural, and social perspectives on the evolution of German central banking, shedding light on the financial history of Weimar Germany, the Third Reich, and the Federal Republic until c. 1970.

The Frankfurt conference offered first insights as the project contributors presented their preliminary findings to a select specialist audience. Further international guest panelists and discussants were invited to allow comparisons with non-German monetary institutions.

Panel 1 on staff continuities and discontinuities in German finance set the context for the transition from National Socialism to the Federal Republic. CORNELIA RAUH (Hannover) revisited the career of Otto Schniewind, a Reichsbank director and later first chair of the German development bank Kreditanstalt für Wiederaufbau (KfW). In 1939, Schniewind became a personally liable partner in the private bank H. Aufhäuser after its Aryanisation before being pushed out by the American Allies in 1945 and stripped of all acquired assets. Schniewind’s subsequent claim of unfair dismissal was typical of the common lack of understanding for former Jewish owners in post-war Germany.

DIETER ZIEGLER (Bochum) gave an overview of the fate of employees at Dresdner Bank and Commerzbank. Female employees were often expected to leave office after marriage to square with the socially conservative notion of Doppelverdienertum. After 1933, moreover, the vast majority of non-Jewish staff knew they would remain unaffected by anti-Jewish rulings, instead being able to take the positions of former Jewish colleagues. Given that Aryanisations were usually regarded as commercial business transactions and not plain looting, the panel concluded that the post-war West German society was largely disinterested in what National Socialism had essentially meant for the victims of the regime – that is, racial policy, expropriation, and termination.

Panel 2 examined the evolution of the Reichsbank in interwar Germany, embedding it in the broader monetary conditions that underpinned the bank’s decision-making. In applying the Cukierman index design of central bank independence, ALBRECHT RITSCHL (London) demonstrated that the construction of such quantitative indices allowed to confirm, but also to confront standard narratives on the Reichsbank’s policies. In contrast to the perpetuated mythology of an autonomous Reichsbank under Hitler, Ritschl found that the Reichsbank was “dramatically dependent” during the Third Reich.

STEPHANIE COLLET (Frankfurt am Main) provided new insights into how hot money inflows up to the Great Depression contributed to increased risk-taking by German financial institutions. Her argument was based on the construction of a new data set for German bank balance sheets from 1925 to 1938. The Reichsbank’s monetary policy inadvertently spurred commercial banks’ demand for foreign deposits while encouraging risky domestic lending.

OLIVIER ACCOMINOTTI (London) analysed the expectations of international creditors to Germany. After Nazi Germany declared a transfer moratorium on long-term foreign liabilities in June 1934, the Dawes loan tranches were trading at a substantial discount on several European stock exchanges except London. To Accominotti, such selective default and market segmentation indicated the belief in a preferential treatment of UK investors, given the UK’s economic power and its importance for German trade. Discussants noted that, historically, the ownership structure of central banks had been crucial in defining their status, with international treaties being far more difficult to revoke than rewriting domestic central bank law. Clearly repeated spats between central bank stakeholders underscore the complexity of central bank independence, institutional design, and discretionary power.

In his keynote lecture, HAROLD JAMES (Princeton) showed that central banks often emulated other successful models. While early central banking institutions had originally been set up to manage government debt, the Reichsbank and the Federal Reserve System were conceived in response to financial crashes. As such, central banks appear as can-do institutions, with plenty of leeway to intervene. Central banks became more dependent on governments after 1945, but, faced with persistent inflation, the rationale for their independence was again reformulated in the late 20th century. Today, although expected to accommodate shocks, central banks prize their independence from political interference, with the European Central Bank (ECB) enjoying even more freedom than the old Bundesbank during the Bonn republic.

Panel 3 explored the relations between the Reichsbank and National Socialism. RALF BANKEN (Frankfurt am Main) argued that while chronic foreign exchange shortages represented the Achilles heel of Nazi Germany, they had already informed Reichsbank policies since 1931, prompting an array of price, wage, and capital controls. From 1933, such measures were just applied more aggressively by Reichsbank president Hjalmar Schacht. The restrictions – internationally referred to as „Schachtism“ – helped the Reichsbank to support war financing even beyond Schacht’s dismissal in 1939.

CHRISTIAN MARX (Munich) demonstrated that while nearly all former Reichsbank leadership officials were discharged after the war, a wide range of involvement with the Nazi regime could still be traced. Yet whereas former NSDAP membership was prevalent among senior staff of the federal ministries, the proportion in the Bank deutscher Länder (BdL) and the nascent Bundesbank leadership circles was significantly lower.

Panel 4 also dealt with continuities and communities from the 1920s through the 1950s. In their joint paper, BORIS GEHLEN (Stuttgart) and ROUVEN JANNECK (Munich) explored the agents and mindsets in German central banking, a theme driven by the recognition that human resources define organisations. As gold became less critical to underpin the international monetary system, professionals soon regarded macroeconomic theory as more important to help devise policies that would sustain stability, thus reflecting a co-evolution of central bank management and academic training.

STEFAN GRÜNER (Munich) presented preliminary results of his biography of Karl Blessing (1900–1971). Having served as an economic official and Reichsbanker until 1939, Blessing became the first president of the Bundesbank from 1958 to 1969. Somewhat controversially, Grüner portrayed Blessing as an exceptionally pragmatic figure, with high collaboration and networking skills that enabled him to circulate his views. Blessing, Grüner concluded, thus conflated cultural conservatism with tight monetary policy in a peculiar amalgam.
Panel 5 investigated the Reichsbank policies in the occupied countries during the Second World War. INGO LOOSE (Berlin) argued that the German occupation in Poland would have been impossible without the Reichsbank. The Emissionsbank, set up to establish a successor to the pre-war Polish central bank, provided access to the former central bank’s assets, albeit with a sham Polish façade. Clearly financial control lay with the German officials. As Polish assets were not transferred to the Reichsbank in Berlin, local robbery and self-enrichment became legalised.

OLGA CHRISTODOULAKI (London) related that it became apparent to the Axis powers after their April 1941 invasion of Greece that financial chaos could only be avoided if occupation costs remained bearable. That entailed tinkering with various currencies to curb hyperinflation. It proved, however, challenging to administer tight monetary policy alongside financial exploitation.

MARCEL BOLDORF (Lyon) examined the linkage between war financing and occupation costs in France and Belgium. The Reichsbank delegated many staff to the Reichskreditkassen which oversaw financial management in the occupied countries. These, in effect, financed their own exploitation, with the Reichsbank being a key enabler for the transfer of confiscated money. To exploit countries across Europe and to finance their wartime expenses, the German occupiers experimented with clearing systems, occupation costs, and instruments of financial repression.

Panel 6 focused on continuities and change in international perspective. CHRISTOPHER KONPER (Bielefeld) explained that Reichsbank president Hjalmar Schacht still attended meetings of the Bank for International Settlements (BIS) long after Hitler took power, indicating that Schacht’s excellent reputation among foreign central bank colleagues was not marred despite Nazi Germany’s clear break with multilateralism.

GIANNI TONIOLO (Rome) delineated the relations between the Reichsbank and the BIS from 1930 through 1945. To Toniolo, Schacht was chiefly motivated to visit the BIS meetings in Basel to maintain his personal influence. The wartime Reichsbank preferred to keep in touch with the BIS because neutral Switzerland provided access to international financial markets and served as a conduit of information.

ERIC MONNET (Paris) charted the evolution of the Banque de France in the 20th century. Clear caesuras, in contrast to its German counterparts, are not discernible. Instead, the French central bank demonstrated high continuity in terms of staff and policymaking despite occasional alterations to its legal status.

CLEMENS JOBST (Vienna) showed that – unlike at the Reichsbank – Austrian central bank leadership remained much the same from the Austro-Hungarian empire through the Austrian Republic of the 1920s. Jobst too pointed to the persistently large portion of private ownership of the Austrian central bank that defined the bank’s culture. Importantly, research findings suggest that many Austrian central bank staff sympathised with the Nazis.

The conference concluded with a panel discussion on lessons from central bank history. The vice president of the Deutsche Bundesbank, CLAUDIA BUCH (Frankfurt am Main), noted that all central bank tools were derived from a mandatory framework that was subject to public scrutiny. Recent empirics on low inflation suggested that it was advisable to keep monetary institutions free from government influence. Still, independent monetary policymaking might be frustrated if governments demanded cheap finance (fiscal dominance) or if private banks were unable to absorb losses themselves (financial dominance). Therefore, the Bundesbank had always built capabilities to supervise banks. And, though central banks perform an ever broader range of tasks, Buch reassured the audience that such „optimising under constraints“ was feasible.

Financial journalist DAVID MARSH (London), on the other hand, reminded historians of the need to scrutinise the written word when consulting archival sources – in Marsh’s experience, central bankers just tended to forget about things when keeping personal meeting notes, and these often differed depending on the participant.

In sum, the conference provided a variety of insights into different strands of central bank history. The characteristics of the Reichsbank
and its successor institutions were well identified. Beyond vital new findings on staff (dis-)continuities and individual „entanglement“ (Verstrickung) with National Socialism, it became clear that the Reichsbank had indeed been a cornerstone of Hitler’s peacetime monetary and financial policies. The bank, too, was instrumental in keeping the war going.

From an economic history perspective, it seems particularly worthwhile for future research to address the international dimensions of German central banks. To better understand the constraints of the Reichsbank in Weimar Germany (which was partly under foreign control), its governance could be analysed through the lens of an international organisation. In that vein, we can draw many conclusions about international monetary cooperation and financial diplomacy from the interwar period, as well as the Bretton Woods system. In addition, researchers may want to investigate the federal characteristics of the Bundesbank, comparing it to the particularities of the US Federal Reserve or the constitution of the ECB. Such research may have a bearing on the prospects of the Eurozone, but also provide lessons for political and fiscal union in Europe. New studies would, moreover, highlight the advances and frailties of central banks in times of financial globalisation, reflecting their dilemma over how to serve national economies without disrupting international monetary stability, and vice versa.

Conference overview:
Magnus Brechtken (Leibniz Institute for Contemporary History, Munich) (IfZ) / Albrecht Ritschl (London School of Economics and Political Science (LSE)): Welcome

Introduction
Magnus Brechtken (Leibniz Institute for Contemporary History, Munich): The Project in Historiographical Context of Coming to Terms with the Past

Panel 1: Historical Context Historical Revision
Chair: Werner Plumpe (Goethe University Frankfurt am Main)
Cornelia Rauh (Leibniz University Hanover): Otto Schniewind – Resistance to the Nazi Regime into Vendetta against the Restitution of Jewish Property
Dieter Ziegler (Ruhr University Bochum): Staff Continuities and Discontinuities 1917–1947. The Cases of Dresdner Bank and Commerzbank
Commentator: Magnus Brechtken

Panel 2: Reichsbank 1923–1933
Chair: Pierre-Cyrille Hautcoeur (Paris School of Economics)
Albrecht Ritschl (London School of Economics): Central Bank Independence and the Limits to Central Bank Cooperation
Stéphanie Collet (Deutsche Bundesbank, Frankfurt am Main): Hot Money Inflows and Bank Risk-taking: Germany from the 1920s to the Great Depression
Olivier Accominotti (London School of Economics and Political Science): Selective Default: International Evidence from the Dawes Loan
Commentator: Harold James (Princeton University)

Keynote & Discussion
Harold James (Princeton University): History Lessons on Central Bank Independence

Panel 3: Reichsbank – National Socialism
Chair: Jonas Scherner (Norwegian University of Science and Technology, Trondheim)
Ralf Banken (Goethe University Frankfurt am Main): The Lack of Foreign Currency as the Achilles Heel of Nazi Germany
Christian Marx (Leibniz Institute for Contemporary History, Munich): The Reconstitution of the West German Central Bank after World War II. Personnel (Dis-)Continuities between the Reichsbank and the Bundesbank
Commentator: Johannes Bähr (Goethe University Frankfurt am Main)

Panel 4: Continuities and Communities
Chair: Youssef Cassis (The European University Institute, Florence)
Boris Gehlen (University of Stuttgart) / Rouven Janneck (Leibniz Institute for Contempo-
From the Reichsbank to the Bundesbank

Stefan Grüner (Leibniz Institute for Contemporary History, Munich): Exploring the „Very Boring Guys“: Agents and Mindsets in German Central Banking between 1923 and 1957

Commentator: Olivier Feiertag (University Paris 1 Panthéon – Sorbonne)

Panel 5: Occupied Countries
Chair: Vincent Bignon (Banque de France, Paris)

Ingo Loose (Leibniz Institute for Contemporary History, Berlin): The Reichsbank in Occupied Poland: Between Normality and Mass Atrocities, 1939–1945

Olga Christodoulaki (London School of Economics and Political Science): Monetary Policies in Occupied Greece: A Formular for Disaster

Marcel Boldorf (Université Lumière Lyon 2): Financing Warfare: The Reichsbank and Occupation Costs in Western Europe

Commentator: Kim Oosterlinck (Université Libre de Bruxelles)

Panel 6: Continuities and Change in International Perspective
Chair: Tobias Straumann (University of Zurich)

Eric Monnet (Paris School of Economics): Banque de France

Gianni Toniolo (LUISS School of European Political Economy, Rome): The Reichsbank and the Bank for International Settlements, 1930–1945

Clemens Jobst (University of Vienna): (Dis-) Continuities in Austrian Central Banking

Christopher Kopper (Bielefeld University): Hjalmar Schacht and his (Non-)Cooperation with Foreign Central Banks

Commentator: Albrecht Ritschl

Panel Discussion: Lessons from Central Bank History?
Magnus Brechtken (Leibniz Institute for Contemporary History, Munich) / Albrecht Ritschl (London School of Economics and Political Science) / Claudia Buch (Deutsche Bundesbank, Frankfurt am Main) / David Marsh (OMFIF Official Monetary and Financial Institutions Forum, London)


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