

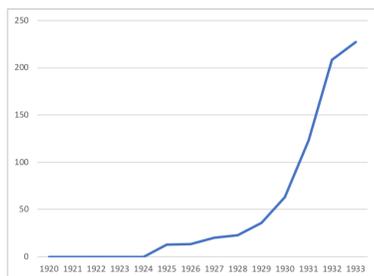
The Marriage of Iron and Rye Reunited?

The Shift towards Protectionism in the Weimar Republic and the Political Economy of German Trade Policy 1924-1933



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During the Great Depression, German trade policy underwent a radical shift towards protectionism. A previous period of moderate reconciliation with other countries after WWI came to a



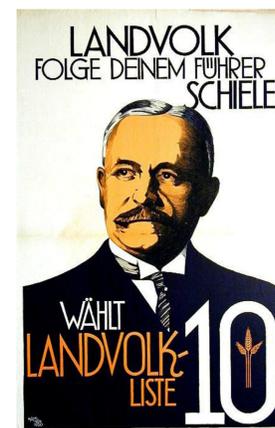
The German ad valorem equivalent tariff on wheat (Author's calculations based on Reichsgesetzblatt (1925-1933)).

sudden halt. This shift was supported by strong lobby groups in agriculture and heavy industry (Gerschenkron 1943). Is this protectionist attitude also reflected in voting behavior? Did voters who worked in import-competing sectors, lean more towards right-wing parties who supported high tariffs? And are the Nazis able to capture this protectionist vote in 1932?

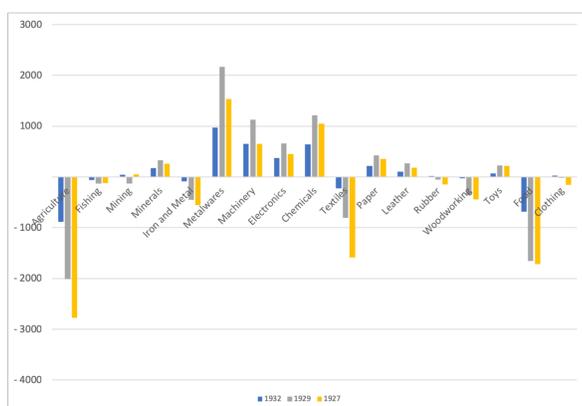


Trade policy dominated the headlines in the days before the 1928, 1930 and 1932 Reichstag elections. Its importance only increased as the Great Depression continued.

The Weimar political spectrum was deeply divided on the issue of trade policy. The Nationalist DNVP, the Nazi NSDAP, the BVP and various splinter parties supported high tariffs. The left-wing and liberal parties defended the free trade regime of the 1920s. The share of votes for the protectionist parties increases drastically during the Great Depression. To the right: Agrarian Minister Schiele, the voice of protectionism in the cabinet.



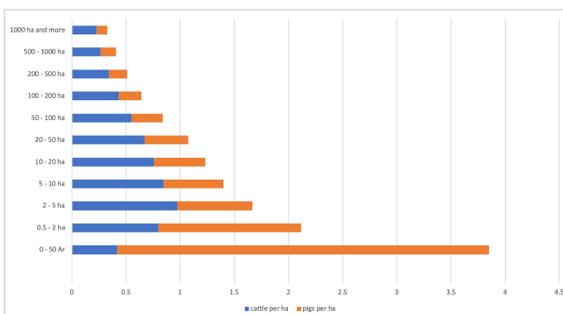
Share of protectionist votes in the seven elections between 1924 and 1933. Source: author's calculations based on Falter et al. (1987), Hänisch (1989).



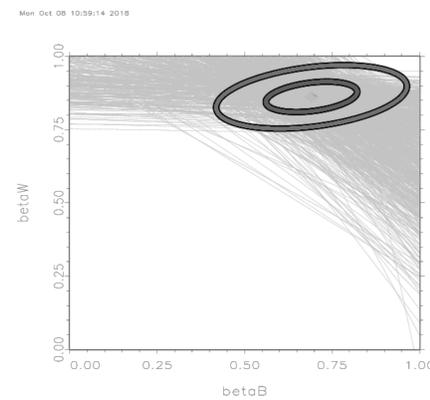
Trade balance of major employment categories (author's calculations).

The specific factor model of international trade suggests that workers in sectors with a trade deficit should favor protectionism, those in net-exporting sectors should prefer free trade. The export share of industrial production should also be negatively associated with protectionist attitudes.

Livestock farmers should be more protectionist than grain farmers. They rely on cheap fodder and would therefore oppose grain tariffs if they are specialized. Within livestock farming, pig farmers should lean more heavily towards free trade than cattle farmers: Most pigs are held on farms with very low acreage (more so than cattle) and pigs rely more on fodder than cattle which grazes and is fed hay.



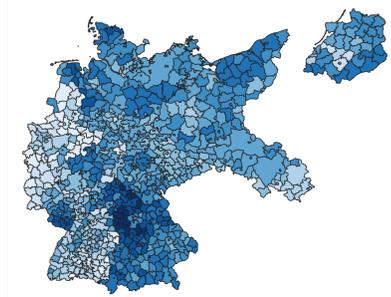
Livestock per hectare by farm size (Source: Statistisches Reichsamt 1929)



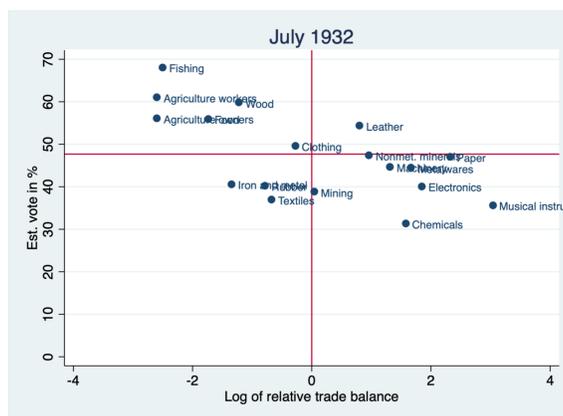
King's ecological inference algorithm (King 1997) allows me to estimate average voting behavior of employment categories based on over 800 district-level votes and district-level employment data. It uses a maximum-likelihood estimation based on the assumption that all districts are drawn from the same distribution, exploiting linear bounds and "borrowing strength" from neighbor districts for each estimate. (Above tomography graph for the 1930 election).

| Abstimmungs-Gruppe | I. Die Bevölkerung nach dem Hauptberuf | | II. Die Bevölkerung nach dem Hauptberuf | | III. Die Bevölkerung nach dem Hauptberuf | |
|---------------------|--|-----------------|---|-----------------|--|-----------------|
| | Wahlberechtigte | Wahlberechtigte | Wahlberechtigte | Wahlberechtigte | Wahlberechtigte | Wahlberechtigte |
| 1. Land | 1.000.000 | 1.000.000 | 1.000.000 | 1.000.000 | 1.000.000 | 1.000.000 |
| 2. Industrie | 1.000.000 | 1.000.000 | 1.000.000 | 1.000.000 | 1.000.000 | 1.000.000 |
| 3. Handel | 1.000.000 | 1.000.000 | 1.000.000 | 1.000.000 | 1.000.000 | 1.000.000 |
| 4. Dienstleistungen | 1.000.000 | 1.000.000 | 1.000.000 | 1.000.000 | 1.000.000 | 1.000.000 |
| 5. Sonstige | 1.000.000 | 1.000.000 | 1.000.000 | 1.000.000 | 1.000.000 | 1.000.000 |

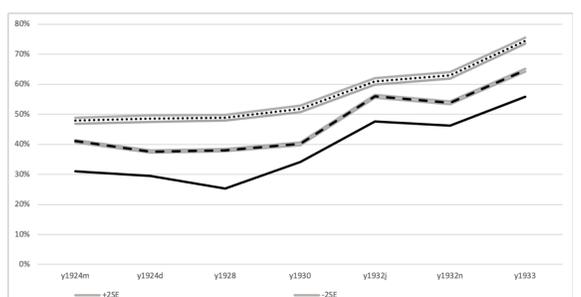
The German census of 1925 provides detailed data on the structure of agriculture and industrial employment for each district. Allowing me to divide the labour force into 26 categories. There is universal suffrage in the Weimar Republic with voting age 20.



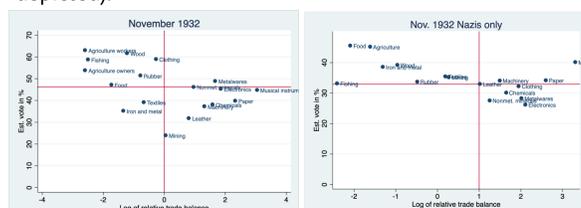
German election data is available from Falter et al. Left: Vote share of protectionist parties (DNVP, NSDAP, BVP, CNBL) in July 1932.



Voting behavior in the industrial sectors aligns very clearly with the protectionist interests predicted by theory in 1932 (above). In the November 1932 election, trade balance is more closely aligned with the Nazi vote than with the overall protectionist bloc (right). Agriculture, timber, fishing, iron, rubber are disproportionately voting for the Nazis while the modern manufacturing sectors are less inclined to do so (The horizontal red line marks the district mean vote for protectionist parties).



The agricultural sector (above) voted consistently more protectionist than the general population, agricultural workers more so than farm owners. Regression analysis shows that agricultural protectionist vote is negatively associated with pig farming and small farm sizes (not depicted).



Sources: Falter, Jürgen W., Thomas Lindenberg, and Siegfried Schumann. Wahlen und Abstimmungen in der Weimarer Republik: Materialien zum Wahlverhalten, 1919-1933. Beck, 1986. Gerschenkron, Alexander. Bread and democracy in Germany. Cornell University Press, 1943. Hänisch, Dirk. "Inhalt und Struktur der Datenbank" Wahl- und Sozialdaten der Kreise und Gemeinden des Deutschen Reiches von 1920 bis 1933. Historical Social Research/Historische Sozialforschung (1989): 39-67. King, Gary. A solution to the ecological inference problem: Reconstructing individual behavior from aggregate data. Princeton University Press, 2013. Reichsministerium des Innern. Reichsgesetzblatt. 1925-1933. Statistisches Reichsamt. Statistik des Deutschen Reichs vol. 403-412. Reimar Hobbing 1929.