

Exposing Germany's 'hidden unemployment'

Below is an excerpt from a speech which Wladimir Woytinsky delivered in November 1932 at a seminar organized by Dr. Gereke, the head of the Congress of Rural Municipalities (Landgemeindetag). It was printed in Friedländer-Prechtl's Wirtschaftswende, in a special issue on job creation. Unemployment had already peaked in early 1932, and by the time the article appeared in February 1933, official figures had slightly decreased to about 5.5 million, or 26.9%. But if the hidden unemployment in 1932 is included, it was 7.6 million, or 37.2%.

The problem of our time is mass unemployment. On the basis of the unemployment offices' data, the number of unemployed in Germany is usually estimated as 5-5.5 million. This calculation is misleading: The unemployment offices don't count all the workers who have been pushed out of the regular labor process. There are about 21 million working-age people in Germany; not including sick people and young mothers, there remain 20.4 million people, who are able to work and depend under normal circumstances on selling their ability to work. Out of these, according to official health insurance statistics, about 12.8 million are regularly employed. The number of people without a regular job is therefore 7.6 million! Five to 5.5 million of them are registered at the unemployment offices; more than 2 million are not seen by them.

This "invisible unemployment" has come into existence gradually; since 1929, it has grown continuously.

Because of added restrictions on the right to unemployment support, and the vanishing perspectives for finding a job via the unemployment office, the number of unemployed staying away from the unemployment offices is increasing, because they don't expect any help from there.

At the same time, yet another form of "hidden unemployment" is becoming increasingly significant: short work. According to reports from the trade unions, 40% of the employed are currently on short work.

Thus, only one-half of the power of labor, the only source of common wealth, is currently being utilized! Such a situation can no longer be tolerated.

These stated facts cannot be countered by pointing to the circumstance that some of the unemployed—most likely the same number as make up our hidden unemployed—sometimes find some kind of employment, somewhere. It is obvious that, if 7.5 million people are pushed out of regular employment, and several million more work only part of the week in the companies, a kind of invisible economy must emerge. Off-the-books employment of all sorts, occasional services to neighbors, miserable subsistence economy in small gardens, door-to-door and street sales, and similar activities are expressions of the disorganization of the regular labor market.

Neither this miserable self-help nor the support for the unemployed in their family household can remedy their misery. Misery drives people into desperation, turning them into victims of demagoguery, and shakes the foundations of the state. The political and constitutional crisis of our time is but the shadow which mass unemployment is casting over the life of our state. The active fight against unemployment must be the pivot of government policy. In the face of the urgency of this task, all other problems have to step into the background for the time being.

From the WTB Plan to the trade-union axis

The labor movement could not, and would not have any truck with the von Papen regime. Franz von Papen imposed still harsher cuts in wages and social services, wanted to bring Hitler into his cabinet as vice-chancellor—an offer that Hitler refused—lifted the ban on the National Socialist paramilitary organizations, the SA and the SS, which had been outlawed under Brüning, dismissed the government of Prussia, and was able to govern only so long as Hitler tolerated him.

Nevertheless, the work creation program of the ADGB and of the other Reformers did set the tone of the general public discussion about a serious economic counter-program. Creation of jobs through state credit creation became the central focus of a broad-based community of interest among a plethora of private groups and social organizations, each of which advocated one of the many variants of the WTB Plan.

These included, in addition to the mass organizations—the ADGB, the Free Trade Unions (Adolf Reichwein), and the Christian Trade Unions (Adam Stegerwald)—the abovementioned Society for the Study of the Economics of Money and Credit (Heinrich Dräger, Wilhelm Grotkopp), the Institute for Conjunctural Research (Ernst Wagemann), the Congress of Rural Municipalities (Günter Gereke), the German Congress of Cities (Oskar Mulert), the SPD-allied Reichsbanner, and many more.

A few examples will illustrate the liveliness of the debate which broke out in the wake of the ADGB's spring congress: In the publication *Gewerkschaftszeitung*, Woytinsky commented on the attitudes expressed in other press outlets on the WTB Plan. One of these which he singled out, was the *Frankfurter Zeitung* (predecessor of today's *Frankfurter Allgemeine Zeitung*), which "claims the dubious distinction