Statistics and the German State, 1900–1945: The Making of Modern Economic Knowledge. *By J. Adam Tooze.* Cambridge: Cambridge University Press, 2001. xviii + 314 pp. Figures, diagrams, tables, graphs. Cloth, $59.95. ISBN 0-521-80318-7.

Reviewed by Harold James

This important and interesting book will be of great value not only to discussions of German political economy in the first half of the twentieth century but also to debates about economic knowledge and how it develops. As an intellectual exercise, it operates on a number of levels: primarily, it is a history of official statistics and how they were collected and used in the context of debates about how to manage the economy. However, Tooze also sees his project as related to two very broad historical debates: the first, a specifically German one, centers on the question of whether National Socialism was modern or antimodern, a continuation of, or a reaction against, the Enlightenment; the second concerns the issue of what drove changes in economic policy in the twentieth century—ideas (usually those of John Maynard Keynes) or interests (public and private). Given the extraordinarily ambitious scope of an attempt to make the history of statistics central to both these historiographically knotty questions, it is scarcely surprising that the big claims of the introductory and concluding chapters are only partially realized and that the conclusions are in part contradictory.

Tooze identifies the 1920s as producing modern economic policy, and he thinks that Germany played a central role in its evolution. His goal is to debunk the excessive concentration on Keynes and to examine the uses to which politics could put economic knowledge. The critical story instead revolves around the strange and colorful internal dynamics of the German Imperial Statistical Office, which was administered by a collection of statisticians dedicated to power and all the intrigue and backbiting that goes with it. On one level, the tale is one of deluded madness, beginning in the 1920s with discontented economists stuffing the forms filled with trade statistics down the official toilets, and ending in the 1940s with the creation of a room containing twenty-one altars (was numerical mysticism operating here?), on which statistics were displayed, sector by sector, from the German economy. Only the approach to economic statistics adopted by the Statistical Office and the Economics Ministry is scrutinized; how they were handled by other institutions, such as the very important central bank, the Deutsche Reichsbank, which during the

Weimar Republic cultivated a news weekly (*Der deutsche Volkswirt*) modeled on the *Economist*, is not considered.

Several characters dominate this study, especially Ernst Wagemann, who not only headed the Statistical Office but also set up a parallel Institute for Business Cycle Research (Institut für Konjunkturforschung), which was established to provide a broad range of up-to-date macroeconomic data. During the Depression, the Institute got into political difficulties, largely because the government disliked pessimistic revisions of economic performance that cast a bad light on fiscal policy. In early 1932, Wagemann put forward a plan that seemed to provide an alternative to deflationary orthodoxy, and Tooze writes that the outcome was a "decisive defeat" for the conservative forces of orthodoxy. Immediately after the Nazi seizure of power in 1933, Wagemann's subordinates campaigned against him with accusations of corruption. He was replaced at the Statistical Office, but he immediately joined the Nazi party and was allowed to continue at the Institute, from whence he made a spectacular political comeback during the war.

Meanwhile, the Statistical Office developed its own initiatives: one (guided by Paul Bramstedt) for the development of industrial statistics taken directly from a wide range of firms (some five thousand at the outset) used the new punch card technology of IBM/Hollerith technology; a parallel initiative, spurred by Wagemann's main denouncer Wilhelm Leisse, was devised to integrate statistical and military planning in a system of fiscal balancing. Eventually, in 1938, his intrigues paid off, and Leisse became president of his own Office for Military-Economic Planning. The Bramstedt initiative was the most interesting theoretically; it sought to develop Wassily Leontief's approach to input-output matrices as a way of planning but using prices. However, the project was killed off before the outbreak of war. Leisse's plans engendered a backlash against overburdening firms with questionnaires. Wagemann came back as an adviser to Hans Kehrl during the war, and he sought to use modified input-output tables to identify bottlenecks in the war economy. His chief industrial statistician, Rolf Wagenführ, an important economist in his own right, became the chief statistician to the West German trade unions after the war, a post he held until 1958, when he became director of statistics for the European Economic Community.

The bureaucratic conspiracies of course make for compelling reading, but do they provide a broader lesson? Tooze's claim that they do rests essentially on two assertions: first, that the Wagemann plan of 1932 could have made a difference to the course of the German depression (and perhaps also in consequence to German politics?); and second, that the input-output matrices of 1944 made a major impact on German wartime performance or on "the fact that high levels of production were only sustained into the final years of the war by the creation of

a crude but effective system of central economic planning" (p. 272). Alas, both these notions are unsustainable. The Wagemann plan was about monetary easing and banking reform and was advocated at a time when monetary policy, protected by exchange control, was already being relaxed. Anyway, it is hard to see how a plan announced as a blueprint at the end of January 1932 could have affected the onset of the lowest point of the Depression in July of that same year. Nor was the plan, as Tooze claims, an important influence on the 1934 Banking Law. As to wartime plans for input-output management, they never overcame the insoluble logical problem of planning with prices in an economy that has price controls. (Such plans are vulnerable to precisely the same objections as were Yevsai Liberman's reform plans in the U.S.S.R. during the 1960s.) Indeed, in the end, as Tooze correctly points out, "[t]here is no evidence that this plan ever came close to realization" (p. 279). Indeed, logical thought as well as archival evidence should suggest that this outcome would be impossible.

So what of the claim that here is an alternative to the well-known trajectory of the Keynesian revolution? A reader inclined to accept this thesis would do well to look at the final volume of Robert Skidelsky's magisterial volume of the Keynes biography, published almost simultaneously, which deals with the wartime years (*John Maynard Keynes: Fighting for Freedom,* 2001). There is simply no comparison between the clearly calculated ways in which Keynes, James Meade, and Richard Stone applied, from a position of real authority, the principles of macroeconomic statistics to guide policy decisions in wartime and the frenetic, destructive bureaucratic struggles of Nazi Germany. Wagemann, Bramstedt, and Leisse certainly belong to twentieth-century economic history and to the history of planning, but they would more appropriately be displayed in the curiosity cabinet of valiant attempts to plan by controlling that holds the Gosplan economists of the 1920s or Yevsai Liberman. Keynes is simply in a different league.

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