

## Rudolf Hilferding and the Inception of the Relative Stabilization

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In 1924 Rudolf Hilferding, a German social democratic theorist and political leader, recognized the considerable stability that followed the currency reform, and fully aware of entrenched antidemocratic and anti-Semitic currents in the German populace, he was all the more determined to emphasize the importance of democracy. He won a seat in the parliament and published an academic monthly, *Die Gesellschaft*, which he hoped would help bridge the intellectual hiatus between schools of thought. He was also actively engaged in political education at the German College of Politics.

Regarding recent social changes, he pointed to a tendency toward “organized capitalism” that was in actuality based on expanding cartels and trusts: and as an alternative he urged the building of an “economic democracy,” political democratization of the state, and “realistic pacifism,” especially through supranational organizations. He treated these points not as part of a programmatic doctrine but as significant contemporary problems that needed to be explored carefully and in depth. Not completely certain about the direction of socialism in the future, he envisaged workers’ participation in management.

When the Third Emergency Tax Decree was issued, Hilferding responded by calling

for taxation on inflationary gains and the national legislation on housing rents, and he opposed the revaluation of mortgages. He advised the government to take comprehensive measures, including investigation of cartels and restrictions on credit. Hilferding seized on the regulation of reparations payments in the Dawes Plan as a way to achieve political and economic stabilization on the basis of territorial reunification and the transfer system, and he pushed for revision of related laws in the National Economic Council.

Thereupon he persuaded his party to adopt his resolution to accept the Dawes Plan, German participation in the League of Nations, and other social policies. Finally he was successful in persuading the parliament to accept the Dawes Plan in late August 1924. This was a precondition for the relative stabilization that brought Germany some social balance and rehabilitated it in the international society for the first time after the revolution and the hyperinflation. Thus, it is safe to say that Hilferding theoretically and practically contributed much to the realization of the relative stabilization, and furthermore, proposed a new significant vision of society in the future.

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