

Abstracts, Classifications and Authors

I. Abhandlungen und Studien

Jochen Streb/Tamás Vonyó: Historical Economics of Wars in the 20th Century

Abstract

To stimulate projects on the historical economics of wars in the 20th century we advocate three promising research strategies by reviewing recent studies that focus on international or inter-temporal comparisons and on the economic and social consequences of war.

Keywords: Armament policy, Comparative research, War economies

JEL-Codes: H 57, L 64, N 40

Jochen Streb is Professor of Economic History in the Department of Economics at the University of Mannheim in Germany. He has contributed articles to the *Economic History Review*, *Explorations in Economic History*, the *Journal of Economic History*, the *RAND Journal of Economics*, *Research Policy*, and other journals. Most recently, he has published a text book on German economic history in the 20th century (*Neue deutsche Wirtschaftsgeschichte des 20. Jahrhunderts*, Munich 2013, co-authored by Mark Spoerer).

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Taylor Jaworski/Price V. Fishback: Health on the Home Front: Infant Deaths and Industrial Accidents during Mobilization for World War II

Abstract

The view that the US economy and living standards benefited from mobilization for World War II is commonplace. The main source of evidence is aggregate comparisons of standard macroeconomic variables over the Great Depression and war years. In this paper, we use newly collected data on infant health and industrial accidents to document changes in health conditions during World War II. The findings suggest that infant health and work conditions deteriorated in the early 1940s. Opening or expanding a plant for war production is associated with 7 additional infant deaths (per 1,000 live births) in 1942 and incidence of industrial accidents increased by 16 percent. The war years interrupted the long-run trend toward improved health along a number of dimensions, however, recovery to pre-war levels occurred quickly after 1945.

Keywords: US Economic History, World War II, Health

JEL-Codes: N 3, N 4

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Tetsuji Okazaki: Productivity Change and Mine Dynamics: The Coal Industry in Japan during World War II

Abstract

In the 1930s and 1940s, the Japanese coal industry experienced huge fluctuations in production and labor productivity. In this paper, I explore the micro-aspects of labour productivity change in the coal industry during World War II using mine-level data, compiled from official statistics and original documents of the Coal Control Association (*Sekitan Toseikai*). The coal industry in this period was characterized by dynamic changes in market structure: a number of mines entered and exited the industry, and shares of incumbent mines changed substantially. These mine dynamics had significant implications on productivity. In the early stage of the war, many low productivity mines entered the industry which considerably reduced average labor productivity. The government and the Coal Control Association implemented a policy to concentrate resources and production on efficient mines during the war, which curbed the decline in average labor productivity. Despite the deteriorating environment during the war, coal production in Japan was maintained fairly well. One of the factors that made this possible was the policy of resource reallocation.

Keywords: Productivity, Producer dynamics, War economy, Coal, Japan

JEL-Codes: L 11, L 52, L 71, N 45, N 75, N 85

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Neil Forbes: Democracy at a Disadvantage? British Rearmament, the Shadow Factory Scheme and the Coming of War, 1936-40

The author gratefully acknowledges the comments made by Mark Harrison, Ben Wubs and the anonymous referees on earlier versions of this article.

Abstract

This essay focuses on a problem confronting most advanced, industrial states as they prepared for and then engaged in fighting a material-intensive, modern war: how to produce armaments and synthetic products in peacetime but also establish capacity to satisfy a future and uncertain level of demand during wartime. In establishing "shadow factories" which were state-owned but built and operated by risk-averse, private-sector firms, Britain and Germany appeared to produce very similar national solutions for internationally-shared, economic problems. Rearmament policies were driven much less by ideological objectives and far more by economic exigencies. However, this essay examines how a combination of economic, political and strategic factors structured the operation of the shadow factory scheme in Britain. In contrast to interpretations that emphasise Britain's readiness for conflict, the evidence offered here suggests that the constraints imposed by democracy on the mobilisation of resources placed Britain at a disadvantage at the outset of the Second World War.

Keywords: Britain, Germany, Second World War, Democracy, Rearmament, Shadow Factories

JEL-Codes: N, L 52, N 44, N 64

Neil Forbes is Professor of International History and Director of Research at Coventry University, UK. His research interests focus on the history of international, political and economic relations in the nineteenth and twentieth centuries. He specialises in the study of the inter-war years. He has published widely on the processes of financial stabilisation in Europe after 1918, Anglo-American relations and the rise of the Third Reich, and the interaction of foreign policy formulation and diplomacy with the commercial operations of multinational enterprise, banks and other business and financial actors. His research interests also include studying the impact of the World Wars in Europe in relation to conflict heritage, contested landscapes and memorialisation. He has played a leading role in both UK and EU research projects.

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Eric Golson: Swiss Trade with the Allies and the Axis Power during the Second World War

Abstract

This paper shows that in order to maintain its position the Swiss government offered Germany concessions on merchandise trade when necessary, but Switzerland was far from being under German control during the Second World War. Germany provided Switzerland with excess imports to exports while paying higher prices for Swiss goods. Although the levels of trade were considerably smaller due to geographic restrictions, Switzerland gave the Allies favourable terms of merchandise trade, in particular after 1943, in exchange for the continued recognition of Swiss independence. This is consistent with, but not necessarily explicit in the current literature. As a result of these findings, this paper concludes, from a merchandise trade perspective, Swiss neutrality was a policy of pragmatic self-preservation.

Keywords: Switzerland, Germany, United Kingdom, Trade, Second World War

JEL-Codes: N 14, N 34, N 44, N 54

Eric Golson is a Research Fellow at the University of Oxford and a Teaching Fellow at the University of Warwick. His research concerns the economics of warfare in the twentieth century. He addresses such questions as the effectiveness of sanctions, whether military defence spending is efficient as a method of deterrence as well as business decision making during war. He received his PhD from the London School of Economics in 2011 and previously gained Bachelors and Masters Degrees from the University of Chicago. He has received research funding from the Economic History Society (2011-2012) and the Swiss government (2012-2014). www.golson.com

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Johann Custodis: The Enemy on the Farm: The Economic Contribution of German and Italian POW Employment in Britain and the British Dominions during and after the Second World War

Abstract

This paper attempts to fill the gap of the economic aspect of prisoner of war (POW) employment with regards to German and Italian POWs in British hands during and after the Second World War. It quantifies German POW employment in Britain and Canada, its productivity, economic contribution and revenues for the captors. Germans and Italians contributed almost 200 million man days and at peak one per cent to GDP to the British economy, mostly in agriculture and mostly post-war. Canada's rural sector equally appreciated German POW labour and revenues almost exceeded costs. German POWs presented an asset in disguise: The unskilled, unwilling enemy was turned into a compliant and productive fire fighter against raw material bottlenecks.

Keywords: Germany, Britain, Second World War, Labour, Prisoners of War

JEL-Codes: J 210, J 240, J 390, J 470, N 520, N 540, N 420, N 440

Johann Custodis received his PhD in Economic History from the London School of Economics in 2011. His Master and doctoral studies were funded by a scholarship from the Economic and Social Science Research Council (ESRC). He has published various articles and book chapters in the field of economic history, with a particular interest in agricultural economics and the economics of war and he was awarded the First Essay Prize by the Agricultural History Review in 2012. His current research interests also include the pre-modern economic history of India and the history of science and innovation.

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Tamás Vonyó: The Wartime Origins of the *Wirtschaftswunder*: The Growth of West German Industry, 1938-55

Abstract

The paper offers a detailed quantitative account of industrial development in West Germany between 1938 and 1955. It presents value-added, labour and capital input, labour productivity and TFP at industry level. Even though productivity growth was rapid by historical standards in the reconstruction phase after 1948, the expansion of industrial production between 1938 and 1955 was entirely input-driven. The

resulting backlog in productivity growth allowed German industry to retain remarkably high growth rates until the end of the Golden Age. The post-war productivity gap took a decade to close after 1945 because the economy remained dislocated for much longer than previously thought. The main dislocating factors besides labour misallocation resulting from the war-induced urban housing shortage were structural disproportions in industrial production caused by the division of Germany. During the *Wirtschaftswunder*, industrial recovery could tap into surplus capacity and increased market potential.

Keywords: West Germany, World War II, Productivity, Industry, Postwar Growth

JEL-Codes: N 14, N 64, O 47

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Tobias Jopp: How did the Capital Market Evaluate Germany's Prospects for Winning World War I? Evidence from the Amsterdam Market for Government Bonds

I would like to thank Carsten Burhop, Mark Spoerer, the participants of the Mannheim Research Seminar in Economic History, and, in particular, an anonymous referee for invaluable comments and suggestions for improvement.

Abstract

This study uses prices for the German 3 percent imperial loan issued in several tranches since 1890 and still traded during World War I to measure capital market players' real-time perceptions of the prospects for Germany as the war proceeded. Price data are gathered from the Amsterdam market for government bonds; the Netherlands remained neutral throughout war. Focusing on the window from August 24th 1915 to August 11th 1919, ten (twelve) turning points are identified in a baseline (extended) model. Each implies a significant adjustment of lenders' confidence in Germany being able, or willing, to service its debts in the future. Two turning points stand out. In early January 1916, the price plummeted by 14.3 percent between the first and eleventh of the month, which was most likely due to the Military Service Act discussed in the British parliament. On September 19th 1918, the price dropped by 17.5 percent compared to the last available price quote from the end of July. This coincides with the Allied Powers' revival on all fronts since the summer, leading to the ultimate collapse of the German lines.

Keywords: Amsterdam, Bonds, Capital market, Confidence, Expectations, Germany, Sovereign debt, Structural breaks, World War I

JEL-Codes: C 22, G 14, H 63, N 01, N 24, N 44

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II. Dokumentation

Rainer Fremdling and Reiner Staeglin: An Input-Output Table for Germany in 1936: A Documentation of Results, Sources and Research Strategy

We are grateful for the possibility of using the infrastructure of DIW Berlin. In addition to the DIW, Fremdling's research was supported by grants from the Dutch Research Foundation (NWO) and the Wissenschaftszentrum Berlin (WZB).

Abstract

In the following, we present the earliest input-output table for Germany: It covers 40 economic branches, five final demand categories and five primary inputs. The symmetric table for 1936 is completely based on original statistical data and does not rely on separate supply and use tables. The core of our endeavour is based on the German industrial census of 1936.

Originally, this census and its forerunner of 1933 had especially been designed by the German Statistical Office (StRA) to compile an input-output-table for Germany as a basis for managing the business cycle. In connection with rearmament, however, this endeavour was given up and instead, these data were used for constructing detailed material balance sheets, which served as a statistical basis for preparing the war. Based on these hitherto secret records and additional statistical information, we fulfilled the original plan of the StRA of constructing the desired input-output table.

Government is treated as an intermediate sector and placed into quadrant I of the table. In quadrant II it appears with only one figure (government gross production minus fees for specific government services). Government is delimited into three sub-sectors: public administration and other government services, military spending and social security. In addition, public investment for civilian purposes is assigned to gross fixed capital formation in quadrant II. Military expenditure, however, is treated as government consumption and not as investment.

The input-output table offers a new benchmark for gross domestic product (GDP) and thus production, income and expenditure of Germany in 1936. We found a comparably high level of GDP and a significantly higher mixed income/operating surplus which hints at exceptionally high incomes and hidden profits of the armament industry. Due to our unique production approach of calculating GDP these hidden profits were revealed.

Keywords: Historical National Accounts of Germany, Nazi-Recovery, German World War II Economy, Input-Output Table, Nazi-economy, Germany 1936, Historical National Accounts

JEL-Codes: C 67, C 82, N 54, N 64, N 74, P 44

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