

When the German left was expropriating princes

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Just over a century ago, in the spring of 1924, the German left launched an uphill battle to redistribute the wealth of the Hohenzollerns, the ruling family who had lost power with the abdication of Wilhelm II and the creation of the Weimar Republic in 1919. Rich in lessons for today, this little-known episode deserves to be remembered. It illustrates the ability of elites to use the language of the law to perpetuate their privileges, regardless of the scale of their wealth or the importance of collective needs. Yesterday, it was the reconstruction of European societies ravaged by war; today, it is the new social and climatic challenges.

The episode is all the more interesting given that the Weimar Constitution is considered one of the most advanced in social and democratic terms. In particular, both the Constitution of 1919 and the Basic Law of 1949 adopted an innovative definition of property as a social right, rather than a strictly individual and unlimited right, irrespective of material needs and the social groups concerned. The 1919 text stipulated that the law should determine the system of real estate ownership and the distribution of land on the basis of social objectives, such as ensuring « a healthful habitation and to all German families » and « homesteads for living and working that are suitable to their needs » (article 155). Adopted against a backdrop of near insurrection, the text led to major land redistribution and new social and trade union rights.

The 1949 text affirms that property rights are legitimate only insofar as they « serve the general welfare » (article 14). It explicitly mentions that the socialization of the means of production and the redefinition of the property regime fall within the domain of the law (article 15). The terms used open up the possibility of structural reforms such as co-determination. The 1951 law decided that employee representatives should have 50% of the seats on the governing bodies (boards of directors or supervisory boards) of the major steel and coal companies, irrespective of any shareholding. The 1952 law extended the system to all sectors of activity. The 1976 law established the current system, with one-third of seats for employees in companies with between 500 and 2000 employees, and one-half of seats for those with more than 2000 employees.

It was also against this backdrop that, in 1952, the German Parliament adopted an ambitious *Lastenausgleich* (« burden equalization ») scheme, consisting of a levy of up to 50% on the

highest financial, professional and real estate assets (whatever their nature). The system raised considerable sums (around 60% of German national income in 1952, with payments spread over 30 years). This made it possible to finance substantial compensation for the small and medium-sized estates slashed by the destruction and monetary reform of 1948 (1 new mark replaced 100 old marks, making it possible to get rid of the immense public debt without inflation), and to render politically acceptable this essential measure for injecting new life into public finances. By all accounts, this revolutionary system played a central role in rebuilding the country on the basis of a new social and democratic contract (*Shouldering the Burdens of Defeat. West Germany and the Reconstruction of Social Justice*, by Michael L. Hughes, The University of North Carolina Press, 1999).

However, in the context of the political struggles of 1924-1926, this constitutional modernity was not enough. In Austria, the Habsburgs' imperial estates had become community property without compensation. In Germany, however, the Hohenzollerns managed to retain their properties (over 100,000 hectares of land, a dozen castles, works of art galore, etc). No federal redistribution measures were adopted. Several rulings in 1924-1925 also invalidated decisions by regional governments to limit private use and open up public access to castles and works of art. Following the hyperinflation of 1923, the Hohenzollern princes went so far as to demand an increase in their pensions, while the country was on its knees.

The Communists of the KPD, eventually followed by the Social Democrats (SPD), introduced a bill to expropriate the princes for the benefit of the poorest. They gathered over 12 million signatures in 1925, in what remains to this day the largest petition in German history. The law was about to be passed, but the vagueness of the constitutional wording on compensation allowed President Hindenburg to demand a constitutional revision beforehand. The June 1926 referendum attracted 16 million voters (90% in favor of expropriation). However, the turnout was slightly below the 50% threshold required to amend the constitution.

By calling for abstention and denouncing the risks that a Communist victory would eventually pose for small and medium-sized property owners, the German right and large landowners (very influential in the east of the country), allied with the center and the Nazis (who opposed class struggle and advocated expropriating Jews who had arrived in the country since 1914), succeeded in blocking the process and preventing the left-wing union that could then have been put in place.

The episode is fundamental, as it illustrates the importance of constitutional battles in the historic march toward equality. It's a process that is still ongoing and one that will undoubtedly see new developments in the decades to come.