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Albrecht Ritschl

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Centre for Economic Policy Research
33 Great Sutton Street, London EC1V 0DX, UK
Tel: +44 (0)20 7183 8801
www.cepr.org

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Abstract

Nazism got to power with the stated goal of destroying the economic livelihood of Germany's Jewish population. For the most part, dispossession of Germany's Jews was a highly bureaucratic process. This paper identifies the main fiscal instruments used in this process and assesses the quantitative impact. The principal finding is that the fiscal booty from the dispossession of Germany's Jews was small: the Jewish share of Germany's real wealth matched the Jewish population share quite well. I also find that together with prohibitive bureaucratic obstacles, punitive taxes on emigrants provided a substantial disincentive to emigrate and often rendered emigration outright impossible. This incentive was only mitigated when confiscatory capital levies were imposed also on the resident Jewish population in 1938. Nevertheless the spoils from Jewish dispossession were nowhere nearly large enough to warrant an economic interpretation of the Holocaust as in (Aly, 2007). Germany's Jews were on the whole better trained than the average German but not necessarily much richer.

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Albrecht Ritschl - a.o.ritschl@lse.ac.uk
London School of Economics and CEPR

Fiscal Destruction: Confiscatory Taxation of Jewish Property and Income in Nazi Germany

Albrecht Ritschl*
London School of Economics

I. Introduction

Nazism got to power in Germany in 1933 with the explicit goal of destroying the economic livelihood of Germany's Jewish population, one of the few economic objectives on which it was clear. Dispossession of Germany's Jewish population ranged from private robbery and pogroms to state-sponsored theft. Hence, any direct estimation of the sums involved will inevitably remain difficult and imprecise. For the most part, however, dispossession of Germany's Jews was a highly bureaucratic process, as emphasized by Feldman (2003). A number of studies has shed light on the bureaucratic practices and the internal conflicts within Germany's tax administration at the time, see e.g. Bajohr (2001), Meinl and Zwilling (2004), Drecoll (2011), Kuller (2013). On the role of the Economics Ministry in this process see now Loose (2016). The present, short paper is about identifying the main fiscal instruments used in this process and assessing the quantitative impact.

The quantitative fallout can be ascertained from tax statistics, from internal estimates produced by Germany's Statistical Office at the time, and from a report by a statistics task force of former German finance ministry officials put together for the Allied occupation authorities in 1947.[1] Seminal work of Junz (2002) has made use of the tax data, enhanced by detailed archival evidence from Austrian archives. The internal estimates by the Statistical Office and the statistics task force report have been used in recent work by Fremdling (2016), which is in a sense parallel to the present paper. That report surveyed the decrees against Germany's Jews issued in the 1930s, briefly described the Association of German Jews (*Reichsvereinigung der*

* The author was speaker of a History Committee researching the history of the German Ministry of Economics, whose financial support is gratefully acknowledged. All views are exclusively the author's.
[1] German Federal Archives R2 Anh. 81/4.

deutschen Juden), an institution created in the process ostensibly to promote Jewish emigration, and gave an overview of the financial impact as reflected in the Reich's central government accounts.

The purpose of the present paper is to evaluate these figures against the existing estimates. My principal quantitative finding is that the fiscal booty from the dispossession of Germany's Jews, though considerable as emphasised by Fremdling (2016), may have been overstated: over a range of estimates presented in this paper, the Jewish share of Germany's real wealth matched the Jewish population quite well. The paper also calculates effective tax rates on German Jewish migrants. Together with prohibitive bureaucratic obstacles, these punitive taxes provided a substantial disincentive to emigrate and often rendered emigration outright impossible. This disincentive was only mitigated in late 1938 when confiscatory taxation was imposed also on the resident Jewish population, contributing to a substantial spike in Jewish flight from Germany. The principal qualitative result of this paper is that the spoils from Jewish dispossession were nowhere nearly large enough to warrant an economic interpretation of the Holocaust as in Aly (2007). Germany's Jews were on the whole better educated than the average German but not necessarily much richer.

This brief paper is structured as follows. Section II looks at the institutional setup of the state institutions involved and describes the chronology of financial destruction. Section III gives a quantitative assessment. Section IV calculates estimates of aggregate Jewish wealth and calculates these into data on aggregate wealth and real capital stock. Section V concludes.

II Fiscal destruction: from institutional matrix to linear transmission

The policy of fiscal destruction of Germany's Jewish population came in several waves, was carried out by changing sets of institutions, and had been fully rolled out by early 1939. Regional differences in application and practice existed, as did rivalries and competition among government agencies. Policies were channelled through various different organisations in parallel, initially generating more of an institutional matrix of financial destruction than a direct, linear transmission mechanism. Fiscal instruments during the first phase until early 1938 centred on the taxation of emigration and an increasingly strict denial of transfers of remaining assets abroad. From 1938 on, confiscatory taxation was extended to the resident Jewish

population, aiming to destroy economic livelihoods. This included bans on professional activity, bans on business, forced sales and confiscation of private property, and finally, confiscation of charity property. The registration and confiscation of Jewish assets left traces in government statistics, which lend themselves to quantification.

a) Confiscatory Foreign Exchange Control

The main fiscal tools facilitating the expropriation of German Jews up until 1938 date back to before the beginning of Nazi rule. After the German financial crisis of mid-1931, capital controls had been introduced to stem capital flight. A foreign exchange monopoly was established and placed in the hand of Germany's central bank, the *Reichsbank*, and a bureaucracy was established to oversee compliance with the new regulations.[2] Foreign exchange control offices, or *Devisenstellen*, were established under the joint control of the Treasury, or *Reichsfinanzministerium*, and the Economics Ministry, or *Reichswirtschaftsministerium*. While the *Reichsbank* monopolized foreign exchange transactions and the Treasury provided administrative support through the *Devisenstellen*, the Economics Ministry defined policy. Foreign exchange and foreign assets had to be declared to the *Devisenstellen* and were to be offered to the *Reichsbank* on demand.

Violations were subject to draconian fines up to the confiscation of all the defendant's assets.[3] This latter provision would open a gateway for arbitrary expropriation of emigrating Jews from 1933 on. Beginning in 1934, a migrant's remaining assets would be credited to a blocked domestic currency account at the currency conversion exchange, or *Konversionskasse*, an operation of the *Reichsbank*, and only a fraction would be converted into foreign exchange (see e.g. Drecoll, 2011).

Application of these instruments was uneven at first. In the city state of Hamburg, the *Devisenstellen* early on treated emigrating Jews as suspicious of capital flight, see Bajohr,

[2] A presidential emergency decree of July 15, 1931, had given the government powers to impose foreign exchange control, RGBl I (1931), p. 365. An executive order form the same day established the foreign exchange monopoly, RGBl 1 (1931), p. 366. Under Art. 10, all assets of the defendant could be confiscated if needed to ensure payment of the fines or the confiscation of the foreign exchange in question. These provisions were reaffirmed in a presidential emergency decree of August 1, 1931, RGBl 1 (1931), p. 423, which also established the *Devisenstellen*.

[3] *Gesetz gegen Verrat der deutschen Volkswirtschaft*, June 12, 1933, RGBl I (1933), p. 360.

(2001). This created a pathway to sequestering and confiscating their assets above and beyond the emigration tax itself. The Hamburg example was quickly though not universally adopted elsewhere. Its originator, young economist Gustav Schlotterer, was promoted to the RWM in Berlin in 1935, and his system was adopted nationwide in 1936.[4] In the same year, a central coordinating body for the *Devisenstellen* was established at the RWM, being tasked with unifying policy and maximizing the extraction of convertible foreign exchange and other assets from emigrating Jews.

Konversionskasse data on foreign exchange released for transfers of assets abroad (including also foreign debt service, which Germany partly defaulted on in 1933) suggest a steep decline in the percentages transferred into foreign exchange during the mid-1930s Deutsche Bundesbank (1976), see also Table 7 below). As much as 80% of overall claims against *Konversionskasse* were still transferred in 1934, while only 10% were released in 1938. This seems broadly consistent with the archival evidence from regional studies on Jewish emigration: while in most places, it was still generally possible to get assets out of Germany in 1933 and 1934, conditions worsened significantly and irreversibly from 1935 on.

b) Taxation of emigration

Before a migrant could hope to transfer any remaining wealth abroad, substantial taxes were due. Along with capital controls, a 25% wealth tax on emigration had already been introduced in 1931. Intended as a tax on capital flight after the financial crisis of the same year, it initially only affected wealth beyond sizeable thresholds. In 1933, sharp downward revisions of these thresholds came into force, implying that the tax now also fell on middle class migrants. Revenues from this tax increased gradually until 1937, followed by a sharp upward spike in 1938. On a first reading, this might suggest that tax revenues from outmigration and grew only slowly. This would be misleading: between 1933 and 1937, revenues from this tax had already increased more than fourfold (see Table 7 below). The new spike in 1938 was driven by Germany's annexation of Austria in March, as well as by the *Kristallnacht* pogrom in November. Still, in 1938 and 1939 together, tax revenue was twice that of the preceding years combined. This is not necessary a reflection of the temporal pattern of migration itself, as those

[4] *Gesetz zur Änderung des Gesetzes über die Devisenbewirtschaftung*, December 1, 1936, Art 37a, BGBl I (1936), p. 1000.

with larger asset bases in Germany may have held out longer. Little is known about this and further research is needed. It certainly reflects the steep rise in financial pressure and persecution that set in with the occupation of Austria and reached a first peak in the November pogrom.

c) Capital levy

Plans for a confiscatory capital levy were considered already in 1936 as part of the Four Years Plan but then shelved, possibly for fear of international retaliation, see e.g. Barkai (1989). An executive order issued in April of 1938 forced all Jews to declare their assets exceeding a 5000 RM threshold. Days after the *Kristallnacht* pogrom, another such order imposed a levy on Germany's Jews. A further order issued by the RFM specified the levy to be 20% of all assets declared under the earlier order of April, to be paid in four instalments. It also stated a revenue target of 1bn RM, and threatened further payments should that target not be reached. An additional instalment was indeed imposed in October, 1939, several weeks into Germany's attack on Poland. In the end, Germany's Jews paid a capital levy on a 25% tax schedule, and the proceeds were slightly higher than 1.2 bn RM. Regional data indicate, however, that only a low share of the Jewish population was subject to the levy. For the city of Hamburg, Aly (2007) documents a percentage as low as 15%. In other places where confiscation prior to 1938 had perhaps been somewhat less aggressive, these shares may have been somewhat higher. This gives rise to the more fundamental question of why the proceeds of the levy were so low, what the wealth level of Germany's Jews in the 1930s was, and how it compares to average wealth in the German population.

III. The quantitative impact

The considerable political attention given by the Nazis to Jewish dispossession and the substantial bureaucratic effort made could suggest that the gains were indeed high, inviting economic interpretations of financial destruction and ultimately of the Holocaust. But such automatic conclusions could be premature and need to be checked against the data. Germany kept only scattered accounts of the fiscal revenue accruing to central government from Jewish dispossession. An office of former finance ministry bureaucrats run by the Allied military

governments in the postwar period provided compilations and aggregated figures. The German-language report on "Measures against the Jewish Population and Its Institutions Since 1933", dated from 1947, first discussed the executive orders based on the Nuremberg laws and their effect. It then went on to document their fiscal impact, in part relying on the authors' expert knowledge of the Reichs's classified World War II budgets for the data.[5]

The strategy of that report was to set out from the census and registration of Jewish assets in April 1938. It gave the net value of Jewish assets thus registered as roughly 4.5 bn RM (see the next section for a discussion). It then proceeded to examine the extent to which taxation and confiscation after that date had syphoned this wealth off into the coffers of the Reich. Revenue was listed separately for the major categories of fiscal dispossession.

a) Capital levy

Judenvermögensabgabe, the levy imposed on Germany's Jewish population after the November 1938 pogrom, applied the definitions and thresholds of the asset registration from the same year.[6] Levied while the tax offices were still working extra hours to complete the statistics on Jewish assets, it purported to raise 1 bn RM from a 20% wealth tax that was payable in four instalments, or to raise the percentage to meet that goal. When it became clear that revenues from the 20% capital levy would result in a shortfall, the rate was increased to 25%.[7] Total revenue by years from Germany (excluding Austria and other annexations) is listed in Table 1. Assuming the 25% tax rate was uniformly applied, the underlying wealth subjected to the levy stood at 4.506 bn RM.

(Table 1 about here)

[5] German Federal Archivs R2 Anh. 81/4, 82.
[6] *Verordnung über eine Sühneleistung der Juden deutscher Staatsangehörigkeit* of November 12,1938, RGBl I (1938), p. 1579.
[7] *Zweite Durchführungsverordnung über die Sühneleistung der Juden* of October 19, 1939, RGBl I (1939), p. 2059.

b) Confiscations based on the decrees of 24 Nov and 3 Dec 1938

Under the first, less well-known decree, the RWM received powers to confiscate Jewish property for the sake of further war preparation.[8] The second decree, issued by RWM ten days later allowed Jewish businesses to be confiscated at will. Moreover, Jews were forced to sell hand-picked assets at knock-down prices, had other assets frozen and transferred to a foreign exchange bank for the purpose of selling them abroad. Revenues from this sales operation were again hidden in a generic position in the Reich's budgets for 1938 to 1940. The report lists them as follows:

(Table 2 about here)

c) Confiscations based on the 11th executive order of November 1941

Financial destruction of Germany's Jews was near-completed when the big waves of deportations set in. The 11th executive order to the Nuremberg race laws stripped all Jewish emigrés of their citizenship and confiscated their wealth. An ominous clause in the same act extended this to all Jews leaving Germany in the future.[9] The report's list of proceeds from confiscated assets is reproduced in Table 3.

(Table 3 about here)

Combining the evidence in Tables 2 and 3, total Jewish wealth had declined to 0.83 bn RM in late 1941, of which 312 mill RM were registered as confiscated in 1942 and 348 mill RM in 1943. The 1944 value of 165 mill RM is a budgeted figure; the actual numbers are unknown. In all likelihood the temporal pattern does not reflect the pace of actual confiscations but rather the inertia of feeding the numbers through the state bureaucracy.

[8] *Zweite Anordnung auf Grund der Verordnung über die Anmeldung des Vermögens von Juden* of November 24, 1938, RGBl I (1938), p. 1668.
[9] *Elfte Verordnung zum Reichsbürgergesetz* of November 25, 1941, RGBl I (1941), p. 722.

d) The *Reichsvereinigung*'s assets

As discussed in the previous section, the assets of Jewish organisations and charities had been pooled in the *Reichsvereinigung*, which used them largely for welfare purposes, an ever more urgent task given the increasing destitution of the Jewish population. One onerous financial burden was the contribution to Theresienstadt, which took the form of both direct subsidies and the notorious *Heimeinkaufsverträge*, contracts signed with unsuspecting elderly people who were made to believe they could buy themselves a safe place in an old age home there. An even more destructive task was implicit the *Reichsvereinigung*'s plea for cash donations from deportees. All deportees were supposed to hand over 25% of their remaining cash to the *Reichsvereinigung*, ostensibly to pay for their sustenance during the journey. The report from 1947 continues: "There is no doubt that also the cost of the transports and other cost in connection with the deportation were financed from these donations, although the *Staatspolizei* offices were not authorised to access these donated funds."

Whatever was left of the *Reichsvereinigung*'s assets was summed up in the report as reproduced in Table 4.

(Table 4 about here)

The document adds these figures up in two different ways. One is the simple grand total of Tables 1-4 above. The second includes confiscations and dispossession by the German states since 1933, roughly estimated at 1 mill RM. The source adds that further research on this would be needed: the 1 mill RM figure clearly has the role of a placeholder and is arguably too low. Excluding it for the moment, to be added back in later, the grand total of fiscal dispossession from 1938 to 1944 surveyed in the 1949 source is given in Table 5.

(Table 5 about here)

The figures in Table 5 are incomplete in several ways. They do not include 150 mill RM in cash and the 1800-2000 pieces of real estate, which the report listed separately. They also do not include the contributions to the *Reichsvereinigung* or any assets, cash, and gold robbed during deportation. Perhaps more importantly, they exclude all revenues from the Reich's emigration tax, as well as other forms of dispossession before 1938.

d) Reich's flight tax

Between 1933 and 1945, total revenue from the Reich's flight tax, the levy on emigration, was 941 mill RM. Of these, 689 mill RM accrued from April 1938, the date of the Jewish wealth survey. Adding these to the total in table 5 would still give an incomplete account of the confiscation of Jewish wealth: from 1938 to 1941, the underlying capital was not necessarily confiscated but not transferred abroad either, except perhaps for trivial amounts. From 1941 on, all remaining capital was confiscated either retroactively or upon deportation. Table 6 provides a corrected estimate of fiscal dispossession from 1938 to 1945.

(Table 6 about here)

Entry (A) in Table 6 carries over from the previous Table. Adding the proceeds from *Reichsfluchtsteuer* gives (B), the tax revenue generated for the German state from directly dispossessing Jews in Germany since 1938. To this needs to be added 150 mill RM of cash left behind by the *Reichsvereinigung* (C), as well as the aforementioned 1800-2000 plots of real estate. Adding up these items leads to an estimate of total Jewish wealth dispossessed from 1938 to 1945 (D). This figure stands at 4.8 bn RM, 300 mill. RM above the estimate implied in the yield of the 1938 capital levy (Table 1 above). The discrepancy is due to possible double counting, inaccuracies in the confiscation estimates for 1944, or the 5000 RM threshold in the 1938 wealth survey.

Of the 4.5 bn RM of wealth in 1938 that are implicit in the yields of the 25% capital levy, fiscal dispossession of Germany's Jews brought 2.7 bn RM, (B) in Table 6, into the hands of the German state. This would leave a 1.8 bn RM shortfall. Revenues from the Reich flight tax of 689 mill RM implies a capital of 2.757 bn RM, or 2.068 bn RM after tax, which by far exceeds the confiscations under the 11th decree recorded in Table 3. Unless we assume that all assets belonged to migrants and the trapped Jewish population remaining behind was penniless, this implies substantial losses upon liquidation of Jewish assets. The resulting gains accrued to private buyers, not the state – which only enforced taxation at market values but not necessarily the asset sale. The added items from Reichsvereinigung added to (C) and (D) in Table 6 correct this impression somewhat but do not alter the result substantially. All things considered, confiscatory taxation of Germany's Jews from 1938 on yielded perhaps two thirds, at the maximum 70% of registered Jewish assets. The rest remains unaccounted for. Parts were surely consumed by the owners or handed over to the *Reichsvereinigung* for poor relief. The remainder must have been appropriated by German buyers in transactions far below market value.

e) Fiscal dispossession before 1938

Much less information is available on fiscal dispossession before 1938. While there is ample narrative evidence on dispossession by individual Germans, no specially designed confiscatory taxes except for *Reichsfluchtsteuer* existed before 1938. As a consequence, the only quantitative evidence to be relied on is again the migration tax, or *Reichsfluchtsteuer* itself, the closest to a levy on Jews before 1938. Yields from *Reichsfluchtsteuer* for 1933 to 1937 permit an upper-bound estimate of the capital losses to emigrating Jews.

(Table 7 about here)

Table 7 exploits the information implicit in the data on *Reichsfluchtsteuer* and in the transfer quota into foreign exchange. As discussed above, revenue from the emigration tax rose steadily

before 1938 already. Applying the 25% tax rate yields the tax base, the migrants' assets. Whether or not these could be used would depend on the transfer quota, the ratio at which foreign exchange was allocated to domestic claims. This ratio fell drastically as capital controls tightened, from 80% in 1934 to 10% in 1937. As a consequence, emigration became confiscatory: the 25% emigrant tax combined with a 10% transfer quota implied a 92.5% tax rate – always assuming that Jewish migrants were not discriminated against in the allocation of scarce foreign exchange, an assumption which is clearly unjustified.

Fiscal dispossession according to Table 7 thus took two forms. One was *Reichsfluchtsteuer*, the emigration tax itself. Prior to 1938, it yielded .25 bn RM. The other was the blockage of transfers abroad. Until and including 1937, this yielded another .5 bn RM. This second instrument was thus fiscally more effective than the first. Both measures together implied that on average, migrants during 1933-1937 had to leave behind over three quarters of their assets. This is substantially higher than the 66-70% fiscal yield from dispossession calculated above for the resident Jewish population from 1938 on. The strong implicit disincentive to emigrate implicit in Table 7 combined with near-prohibitive bureaucratic obstacles to keep emigration rates until 1937 relatively low. The sharp rise in discrimination and dispossession in 1938 appears to have partly mitigated this incentive effect. However, as if to intentionally thwart the official policy of fostering Jewish emigration, the administration cut the foreign exchange allocations for prospective migrants to near zero in late 1938, effectively trapping many of those who were willing to get out in the last minute.

IV. Estimating Jewish wealth

The above results permit a first approximation to estimating Jewish wealth in the 1930s, however imprecise in detail. Combining the yields form the capital levy in 1938 and after with those from the emigration tax for the preceding years can provide a lower-bound estimate of Jewish wealth. It is a lower bound because both taxes applied only beyond a threshold, thus ignoring the plausibly large mass of Jews with only little wealth per capita. It also is a lower bound estimate because prior to 1938, the available tax data only permit estimating the wealth of migrants, while no such information is available for the resident population. More precisely, while we do have an estimate of Jewish wealth in 1938, little is known about its evolution between 1933 and 1937, and we can only make inferences.

A second source of information comes from rough estimates of Jewish wealth put together at various stages by the *Reichsbank*, Germany's central bank at the time, and the Statistical Office. Given their large error margins, however, these estimates are only of limited use. If anything, the data produced above can be employed to decide between the various different estimates these agencies produced. Last, information can be drawn from other sources on the aggregate and per-capita wealth in the German economy in the 1930s, trying to see if the results from such an exercise differ vastly from those for the Jewish population. Table 8 gives a synopsis of estimates of German Jewish wealth.

(Table 8 about here)

The upper panel of Table 8 replicates a collection of estimates put together by Fremdling (2016) in recent work on the Statistical Office during the Third Reich. The office was tasked in the mid-1930s with producing estimates of Jewish wealth, arguably with a view to later registration and expropriation. The sources found by Fremdling cite wildly diverging guesstimates launched in the German press at the time, reaching as high as 20 bn RM. Not all of this can be dismissed as mere propaganda: one estimate of 10-12 bn RM came from a well-informed magazine with competent economists on its staff.

The Statistical Office produced three figures, dismissively characterising them as mere "vague guesses." The first (Statistical Office I) was based on an extrapolation from a 1928 census of business to 1933. The extremely low values reflect the collapse in asset values during the recession after 1929, which had hit Germany as strongly as the U.S. The second estimate (Statistical Office II) builds on the first one but assumes that commercial asset values had recovered since 1933. Both estimates would be consistent with each other assuming that commercial asset values had dropped by 50% from 1928 to 1933 and subsequently recovered, which would not seem unrealistic. The estimates also make a correction for the loss of wealth due to forced sales and emigration, but argue that the general rise of asset value in the economic recovery since 1933 was a counteracting force. The third estimate of the Statistical Office discussed by Fremdling is no more than a summary statement in the source, stating in contradiction to the text in the same source that aggregate Jewish wealth might be estimated at

8.5 bn RM. An estimate from the Reichsbank from 1938 reflects the continuing uncertainty, allowing values in the range from 2.4 to 11.5 bn RM.

While the estimates discussed so far all were based on forward extrapolations from 1928 or 1933, the seminal work of Junz (2002) extrapolates backward from the 1938 census of Jewish wealth. Dissecting the 1938 census results using data from Austria, Junz is able to extract figures for Germany proper and to partly reconcile the puzzling coexistence of very high and very low estimates, as evidenced e.g. in the Reichsbank figures. For Austria and Germany combined, Jewish gross wealth was registered at 8.531 bn RM. Net wealth after deduction of debts was 7.123 bn RM. For Germany proper, the respective figures were 6.236 bn RM and 5.081 bn RM. Deducting pension claims from the latter figure, Junz arrived at a net wealth estimate of 4.3 bn RM for Germany in 1938. This is slightly below the 4.5 bn RM implicit in the proceeds from the capital levy in the same year.

Junz' careful calculations again demonstrate the value of clarity about the concepts used: a figure of 4.3-4.5 bn RM (Jewish net wealth in Germany in early 1938) is consistent with 8.5 bn RM (Jewish gross wealth in Germany and Austria in the same year), just the categories are different. The difference between gross and net wealth also offers a partial explanation for the discrepancies between the Statistical Office's estimates in Table 6.

Junz then extrapolates backwards from the 1938 net values to 1933, making assumptions about Jewish emigration and the loss of asset values due to forced sales below market value. This would yield 8 bn RM in net Jewish wealth in 1933. Likewise, working backwards from gross values in 1938 and making the same assumptions, one would arrive at Jewish gross wealth of 11.6 bn RM in 1933. These backward extrapolations appear to go somewhat high, just as the estimates of the Statistical Office seem to be on the low side. An alternative backward extrapolation combining the capital levy and the emigration tax arrives at 5.5 bn RM (lower panel of Table 8), adding 1 bn RM of capital lost during emigration until March 1938 (column 2 of Table 7) to the April 1938 benchmark.

Losses in asset values of Jewish property would present a threat to such valuations, as well as the backward extrapolations. One potential source of undervaluation is due to forced fire sales at depressed prices. A second source is the drop in asset values of firms identified as Jewish owned or Jewish managed even before transfer of ownership. Huber et al. (2018) find that stock prices of Jewish-managed joint stock companies underperformed the German market

throughout the 1930s by about 10% on average, affecting Jewish- and non-Jewish-owned firms alike. However, the valuation methods applied by German tax authorities for purposes of both the 1938 census and calculating the flight tax were based, not on actual sales values but on valuation standards for tax purposes introduced in 1934.[10] The 5.5 bn RM obtained above would be calculated at these tax values and do not include assets losses incurred before 1938 by Jews staying in Germany. To the extent that valuation for tax purposes was nevertheless affected by losses in asset values, these figures are a minimum. At the same time, they impose a plausibility limit on the amount of wealth lost by the resident Jewish population before 1938: fiscal dispossession until 1938 was mostly geared towards taxing emigration.

To be on the safe side, two possible corrections to the tax figure suggest themselves. One is to generalise the findings of Huber et al. (2018) and assume a 10% undervaluation across the board. This would suggest a figure of 6.1 bn RM.[11] The suggestion of the 1947 document mentioned above is instead to add 1 bn RM to account for such losses and arrive at 6.5 bn RM, which allows for an undervaluation of 15% in the tax values.[12] Implicitly, this also assumes that the property losses incurred by the resident Jewish population before 1938 were as big as the capital of the emigrants. Given that until 1938, there was a lack of fiscal instruments to dispossess Jews who did not emigrate, this is not a small assumption.

h) Jewish wealth and national wealth – how much is much?

Despite the uncertainty about the estimates in detail, we have sufficient information at hand to compare Jewish wealth to national wealth in Germany at the time. Fremdling (2016) compares the capital levy to total taxable wealth in Germany in 1928. A second, arguably more reliable yardstick for comparison is the real capital stock, the underlying physical wealth in the economy. The best estimate by Gehrig (1961) puts Germany's real capital stock in 1936 at about 400 bn RM in current prices. According to an economists' rule of thumb, real capital

[10] *Verordnung über die Anmeldung des Vermögens von Juden* of April 26, 1938, RGBl I (1938), p. 414. Article 3 of this executive order signed by Goering stipulated that all assets were to be valued at "*gemeiner Wert*." An earlier act on valuations for taxation purposes, *Reichsbewertungsgesetz* of October 16, 1934, RGBl I (1934), p. 1035, defined as "*gemeiner Wert*" the market price the asset would typically fetch under normal business conditions (ibid, Art. 10). Crucially, unusual conditions or personal circumstances were not to be considered. This definition and the basic tenets of the 1934 act still apply today.

[11] We apply the correction 5.5bn RM = 0.9* 6.11 bn RM.

[12] That is, 5.5bn RM = .846*6.5bn RM. Junz' higher estimate of 8bn RM would be consistent with a one-third undervaluation in the tax values of Jewish assets.

should be about five times gross domestic product. GDP in 1936 was indeed around 80 bn RM, Ritschl (2002). Table 9 summarises the evidence.

(Table 9 about here)

Figures in Table 9 correspond to different classifications. Again, direct comparisons are near-meaningless unless the proper categories are considered. Total taxable wealth according to German wealth tax statistics was 117 bn RM in 1928. After subtracting double-counting of corporate wealth, about 100 bn RM remain. It should be noticed that this value is abnormally low. Gross domestic product in the same year was 86 bn RM, slightly higher than in 1936. What is more, real capital stock (which theoretically is a subcategory of national wealth) was higher than the official estimate of taxable wealth. Perhaps the best available data by Gehrig (1961) suggest a value of roughly 400 bn RM in 1936, slightly above the level for 1928. The widely used net capital stock estimate by Hoffmann (1965) is at a slightly lower 338 bn RM in the same year.[13] Several factors contribute to this anomaly. One was the near-destruction of nominal assets in the German hyperinflation before 1924. Other factors were an undervaluation of assets in the opening balance sheets of 1924, a generous system of exemptions, and widespread tax avoidance that depressed the amount of taxable wealth to unrealistically low levels.

As a consequence, conflicting stories can be told about the significance of Jewish wealth in the overall economy. Calculating the highest estimates of Jewish gross wealth into the taxable wealth data, Jews would be seen as having owned upwards of 10% of national wealth. If Junz' (2002) speculative estimate of 16 bn RM of Jewish wealth in 1933 was right, the Jewish share would easily rise to 20% of national wealth in 1933 (assuming that aggregate wealth levels in that year were significantly lower than in 1928). Even the wealth estimate we obtained from the tax data would still put Jewish wealth at 6.5% of total 1928 wealth, or even higher in 1933. The image of a fabulously rich community would emerge, one whose share in national wealth

[13] Assuming 5% depreciation of gross capital to arrive at net capital, the discrepancy between both estimates is 12%.

was several times higher than its population share. There is little doubt that the Nazis themselves believed in such things. Yet this evidence is shaky.

Calculating Jewish wealth into real capital presents itself as an alternative. For it must be assumed that the coverage of Jewish wealth implicit in the emigration tax and the capital levy was more comprehensive and more strictly enforced than the wealth tax for the general population. A safer alternative is therefore to focus on real assets, i.e. land, buildings and business equipment, which enter into the calculation of the real capital stock and are less subject to underreporting and undervaluation than other asset classes, especially given the aforementioned valuation rules from 1934. Junz (2002) provides a breakdown of net Jewish wealth in 1938 by categories, with 54% being real capital. Applying this percentage to the 5.5 bn RM estimate of Jewish wealth in Table 9 above, an estimated 2.99 bn RM of Jewish-owned real capital is obtained. Calculating this into the total (400 bn RM) yields a Jewish share of .75% of German real capital, which is almost exactly in line with the Jewish population share of .77% in 1933.

The proper comparison should perhaps be with real capital in the private sector, not with aggregate real capital which also includes the public sector. Table 10 therefore calculates various estimates of Jewish-owned real capital stock into two different estimates of real private capital stock. Estimate A is obtained from the tax data estimate of Jewish wealth in Table 8, excluding the estimated other forms of dispossession during 1933-1937. Estimate B, which to us seems most plausible, includes this item. Estimate C is obtained from Junz' (2002) estimate of Jewish wealth and is also in line with highest of the wealth estimates by the Statistical Office. Two estimates I and II of private real capital in 1937 come from Hoffmann (1965) and Gehrig (1961). Between them, these estimates generate shares of Jewish wealth in privately owned capital stock in Germany that range from .96% to 1.57%. By comparison, the Jewish population share in 1933 was .77%. On average, the Jewish population was somewhat but not substantially more wealthy than the non-Jewish population. As the estimates of the Statistical Office reported in Fremdling (2016) bear out, this may partly be due to Jewish underrepresentation among blue collar workers and domestic servants, where land ownership was minimal. Further research would be required to shed light on this.

V. Conclusions and Implications

Germany in the 1930s taxed its Jewish minority out of existence. This paper reviewed facts and figures on the quantitative impact of confiscatory taxation beginning in 1933, using statistical material produced right after World War II for the Allied occupation authorities. Until early 1938, taxation and confiscation were systematically directed against Jews emigrating or willing to emigrate, leading to progressively stronger dispossession and making emigration increasingly more difficult if not outright impossible. Fiscal dispossession of the resident Jewish population was briefly considered already in 1936 but then postponed to early 1938 after the annexation of Austria. The available data suggest that of the wealth registered in 1938 for confiscation, hardly more than half was accounted for as actually confiscated. The rest must have been consumed or – less likely so due to draconian administrative control – siphoned off by private profiteers without arriving to the state coffers as intended.

The data also permit re-estimating Jewish wealth, building on the work of Junz (2002). We find that total Jewish wealth was plausibly in the middle of a range of back-of-the-envelope estimates produced by *Statistisches Reichsamt*, Germany's statistical office, in 1936 and reported by Fremdling (2016), but lower than the estimates suggested by Junz. Jewish wealth and capital was quite well in line with the Jewish population share, perhaps below one percent of Germany's real capital stock but certainly less than twice that. This should lay to rest any notion of fabulous Jewish riches that the Nazis were able to exploit. Dispossession was extreme and complete. But the spoils were apparently marginal.

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Table 1: Proceeds from 1938 capital levy (mill. RM)

1938	498.515
1939	533.127
1940	94.971
Total	1,126.612

German Federal Archives, R2 Anh 81/4.

Table 2: Proceeds from confiscations under the 1938 RWM decree (mill. RM)

1938	5.483
1942	34.530
1943	9.156
1944	*5.000*
Total	54.170

German Federal Archives, R2 Anh 81/4.

Table 3: Proceeds from confiscations under the 11th executive order of 1941 (mill. RM)

a) Financial assets

1942	56.798
1943	69.315
1944	*60.000*
Total	186.114

b) All other assets

1942	221.649
1943	269.963
1944	*100.000*
Total	591.612

1942-3: Actual revenue
1944: Budgeted

German Federal Archives, R2 Anh 81/4.

Table 4: Remaining *Reichsvereinigung* assets, 1947

Cash	150 mill RM
Plots of real estate (number)	1800-2000

German Federal Archives, R2 Anh 81/4.

Table 5: Fiscal dispossession 1938-44 (raw data), mill RM

Capital levy	1,126.612
Confiscations under decree of Nov 1938	54.170
Confiscations under 11th executive order of Nov 1941	777.726
Total	1,958.508

German Federal Archives, R2 Anh 81/4.

Table 6: Fiscal dispossession 1938-44 (corrected), mill RM

A. Total items Table 5	1,958.508
Reichsfluchtsteuer revenue	689.362
B. Total taxed away	2,647,870
Cash left over at *Reichsvereinigung*	150.000
C. Total cash	2,797.870
1800-2000 plots of real estate left over at *Reichsvereinigung*	*180-360.000*?
D. Fiscal dispossession 1938-44 total	*3-3,200.000?*

Revenue from *Reichsfluchtsteuer* is for fiscal years from 1 April 1938 to 31 March 1945

German Federal Archives, R2 Anh 81/4.

Table 7: Fiscal dispossession of migrants, 1933/34-1937/38, mill RM

	Emigration tax revenue	Implied capital	Estimated transfer quota	Taxed/ Immobilized	Implicit emigration tax rate	For comparison: Bajohr (2003)
1933	17.602	70.408	50%	44.005	62.5%	20%
1934	38.120	152.480	80%	60.992	40.0%	65%
1935	45.337	181.348	35%	133.744	73.8%	
1936	69.911	279.644	19%	239.795	85.8%	81%
1937	81.354	325.416	10%	301.010	92.5%	*90%
Total	252.324	1009.296	30%	779.546	77.2%	

Revenue from *Reichsfluchtsteuer* is for fiscal years from 1 April 1933 to 31 March 1938

German Federal Archives R2 Anh 81/4, Bundesbank (1976), Bajohr (2003, p. 21), author's own calculations.

* June 1938.

Table 8: Estimates of Jewish net wealth, mid-1930s, bn RM

Press reports		*10-20*
Statistical Office I	(1933)	*2-2.5*
Statistical Office II	(1936)	*4-4.5*
Statistical Office III		*8.5*
Reichsbank (1938)		*2.4-11.5*
Junz (2002)	(1933)	8.0-16.0
	(1938)	4.3
Tax data	(ca 1936)	5.5-6.5
of which:		
from 1938/39 capital levy		4.5
from 1933-37 emigration tax		1.0
Other		
from other 1933-1937 dispossession		(1.0)

Upper panel: Fremdling (2015), Junz (2002)
Lower panel: Table 5 (capital levy)
Table 7 (emigration tax, implied capital)

Table 9: Jewish and national wealth, bn RM

Taxable wealth (1928)		
Fremdling (2016)		100
Real capital stock (1937)		
Gehrig (1961)*		400
Jewish wealth		
Junz (2002)	(1933)	8-16
	(1938)	4.3
Tax data	(ca 1936)	5.5-6.5

Table 10: Real capital stock and the Jewish population share (bn RM)

		Real capital in the private sector, 1937	
		I	**II**
		312.6	278.2
	of which: Jewish owned, dispossessed 1933-39		
Estimate	Total (bn RM)	Share of I	Share of II
A	**2.99**	**0.96 %**	**1.08 %**
B	**3.54**	**1.13 %**	**1.27 %**
C	**4.36**	**1.39 %**	**1.57 %**
For comparison:			
Jewish population share 1933		**0.77 %**	

Real capital: I: Gehrig (1961, p. 56, p. 35), II: Hoffmann (1965, p. 256).
Estimates A-C: own calculations using share of real capital in 1938 census of Jewish wealth, Junz (2002, p. 79) and BAB R3102/4740, applied to alternative total wealth estimates (A) 5.5 bn RM , (B) 6.5 bn RM, and (C) 8bn RM. See also Fremdling (2016).
Jewish population share 1933: Junz (2002).