

Reichstag Debate on the Unemployment Insurance Act (1927)

Abstract

In July 1927, an unemployment insurance bill was passed, introducing the first system of national unemployment insurance in Germany and establishing a legal right to unemployment benefits. In this excerpt from the minutes of a 1927 Reichstag session during which the bill was debated, Social Democrat Peter Graßmann expresses his party's concerns about the proposed legislation. Graßmann was a typesetter and labor union activist who had been elected to the Reichstag in 1924. Unemployment insurance had long been one of the most important social policy demands of the labor unions. However, none of the parties that traditionally represented the labor unions were part of the government when this bill was passed with an overwhelming majority. It was the governing coalition under the leadership of Chancellor Wilhelm Marx (Center), consisting of the DVP, DNVP, DDP and BVP, that passed this important piece of social policy legislation. In his speech, Graßmann emphasized the importance of self-administration and the necessity of treating all social classes equally within the framework of the Unemployment Insurance Act. In particular, he expressed concerns about the organizational structure of the Office for Labor Placement and Unemployment Insurance, which was set up to implement the new law.

Source

Graßmann (SPD), deputy: Ladies and gentlemen! Like all of its predecessors, the Act has shared the fate of a variety of assessments. While some have referred to it as the apex of possible social progress at the current moment, others were of the opinion that, given the lack of experience, the intended scope and the incalculable financial consequences make it a sort of leap into the unknown.

My party has approached the consultations over this law with the soberness the matter requires. It has, however, also approached the issue with a serious intention to reshape the very inadequate first draft so as to make it bearable, and relatively favorable for the working population, so that it may pass here in the house. Proceeding from these efforts, we have endeavored during the five-month-long negotiations in the 9th committee and also in the past few days here in the plenary sessions, to implement a series of improvements to remedy the shortcomings of this legislation. Despite some progress, however, serious misgivings remain about individual provisions of this law, and it seems necessary to revisit these misgivings in the third reading.

My political friends believe that this law should have expressed the will to extensive self-administration. In nearly all other areas of **social insurance**, **self-administration** has frequently demonstrated that the two interest groups who decide on and are responsible for shaping and/or implementing the respective laws (sustained in turn by their responsibility), remained within the framework of the possible and avoided experiments. We thus noted with especial displeasure that this law signals a regression to an era of **bureaucratization** that we believed we had long since left behind and clearly condemn. Paragraph 21 of the Act stipulates that it is not the interested parties, the employers and employees, who provide the leading figures in the various bodies, but that the president of the Reich alone—who appoints the president of the National Office for Labor Placement and Unemployment Insurance and his deputy, who also appoints the chairmen of the regional labor offices—is authorized to do so. Connected with this is the provision of § 153–4, which emphasizes that “other civil servants may also receive the rights and duties of civil servants of the Reich in the same manner.” We opposed this provision in committee. The

only reason given for the alleged necessity of this provision was that its absence would lead to proven staff members, including academics, refusing to join if they were not promised civil servant status, that is, if they were not guaranteed a permanent position and corresponding remuneration in public service, given the need to relinquish a civilian position they had held thus far. We therefore raise the strongest objection to this appointment to the civil service in a law intended to establish far-reaching self-administration. We continue to believe that appointment to the civil service cannot be a matter for the National Office, and that instead men from practical life must be appointed as leaders and administrators to the various bodies.

A process that cannot, however, claim any substantial political significance, but which is perhaps symptomatic of attitudes in certain circles, gives me occasion to return to this briefly. During the second reading of the law, Reichstag Deputy v. Ramin added a certain threat and raised the question of who was responsible for depriving the **holders of benefit certificates** of the possibility of performing some job or other in the institutions created by this law. The Reich minister of labor already noted yesterday that this claim by Deputy v. Ramin is incorrect, that the holders of benefit certificates are not excluded from future **appointment to a position in the National Office and its sub-agencies**, but they merely are to receive no preferential treatment. We believe, however, that if there is any agency where the suitability of discharged members of the military—about whose activities I do not wish to waste any further breath in this connection—where the skills gained in twelve years of service with weapons are no guarantee of administrative aptitude, it is in the institutions created by this law.

(Very true! from the Social Democrats.)

The law not merely provides for the payment of unemployment benefits, it also encompasses the whole complex of job placement, and if there is anywhere where sensitivity, a knowledge of human nature and an overview of economic conditions are absolute prerequisites for appointment to such positions, it is here.

(Quite right! from the Social Democrats.)

We cannot possibly assume that twelve years of armed service, twelve years spent in barracks and barrack squares could qualify candidates for work in the institutions created by this law,

(lively agreement from the Social Democrats)

namely when we recall that § 22 of the Act specifically provides for specialists in job placement, occupational counseling and unemployment insurance and also presupposes that the other insurance staff necessarily possess corresponding qualifications.

(renewed lively agreement from the Social Democrats.)

When on this occasion Deputy v. Ramin again made negative remarks about “**union bigwigs**” whose ascent into such “sinecures” is after all one of the points of this law, I do not resent it. Provided his claim to have worked for a year in a factory is correct, I assume that during that time he could not warm to trade union institutions and ideas, and that this failure to warm to them is the reason he speaks so negatively of the unions.

(Very true! from the Social Democrats.)

That personalities in the mold of the aforementioned gentleman are suitable for job placement, vocational retraining and training appears extremely unlikely given his conduct here; after all, he has probably not even successfully read the famous book on human relations by his fellow aristocrat.

We demand that the appointment of all necessary civil servants to the higher and subordinate agencies shall proceed solely on the basis of self-administration itself, and we are also of the opinion that motions only made in recent days, whose aim is to prevent or weaken the consolidation of job placement activities, need to be completely rejected.

We believe that the entire area of **job placement** needs to be **centralized**. It is impossible to centralize the equalization of risks towards fluctuations in the economic situation on the one hand, while tolerating professional and non-professional job placement by agencies that merely, or mainly, can have only a material interest in it.

(Very true! from the Social Democrats.)

In particular, we must oppose this non-professional job placement being done by agencies with a political interest in the maintenance and efficacy of non-professional job placement.

(Agreement among the Social Democrats.)

[...]

I would like to take this occasion to correct a comment made by Deputy Schneider (Berlin). Less for the sake of its political significance than on behalf of historical truth! In response to a retrospective view offered by my fellow party member Aufhäuser, Deputy Schneider said something to the effect that the **introduction of unemployment relief** by order of the people's representatives was not their achievement, but that the previous, that is, the **imperial government**, had laid the groundwork for it. This assertion is incorrect. What is correct is that during the war, the former imperial government issued instructions to the municipalities to support members of those occupations that the effects of war had brought to a complete standstill. The imperial government did not, however, provide any funds for them to do so.

(Hear! Hear! and Quite right! from the Social Democrats.)

Rather, the imperial government left the implementation of this order to the municipalities, and the municipalities, depending on the composition of their administration and the means available to them, either followed or did not follow its suggestion.

(Quite right! from the Social Democrats.)

[...]

Deputy Lambach's assertion that all **social welfare policy** began with the **imperial message** is also false. My God, how often have we corrected this misconception! I did so just a few months ago here on a different occasion. It was Bismarck, the very man whom you (pointing to the right) consider to be a glorious hero, who stated: Without social democracy, and the many people who feared it, there would be no social welfare policy! So stop once and for all with your myth-making, which can be refuted any time by a sworn witness, against whom even you cannot fight with all your argumentation. The imperial government tried at the time to weaken the effects of Social Democratic political propaganda and trade union propaganda, fortunately without success.

Deputy Lambach also expressed his wish and that of his friends for the authorization of **auxiliary health insurance funds**. In response, I would like to point out once again, emphatically and in all seriousness, that my party will resist the auxiliary health insurance funds with all our might, now and in future. This is not party dogma for us, but we reject any splintering of the social support system; above all, we do not wish for any splintering in the area of health insurance schemes. We advocate consolidating the

insurance funds into large, efficient local health insurance schemes wherever possible because we regard them as the only means of putting **health care**, including preventive health care, in a position to meet needs fairly. For that reason we cannot support a reorganization of the entire social insurance system by occupation, and at this moment we especially welcome this law's blurring of the distinction between salaried and waged employees, placing both together under a single insurance act.

[...]

In closing, I would thus like to say that, despite some amendments, we are dissatisfied with this law. For some parties it signals an ending, an ending that was said to be tantamount to a nightmare about the future.

For my party and for the outside economic organizations, this law is a beginning, one step along the way to further progress.

(Very true! from the Social Democrats.)

We see it as the realization of a great good, the good of **self-administration**, even if today it is limited and far removed from the situation we are demanding, it is still a good that appears valuable to us because, alongside freedom, it also encompasses strong responsibility for the self-administration bodies, for the group of employers and employees.

In the implementation of the law, however, we also see a great ethical, i.e., educational, element. The workers receive broader insights into the causes of the rise and fall of the economic barometer not merely as contribution payers, but also directly where they are involved in the administrative bodies, or indirectly where they are in contact with their representatives in the administration. More than previously, they will encounter the need to pay attention to the economy.

(Quite right! from the Social Democrats.)

In future, the ups and downs of the economy will be apparent to workers with regard not just to the relative security or insecurity of their employment, but also to setting the level of their contribution payments. For that reason, it is quite proper for this law to contain the following admonition to the workers: This is your own business, look after the economy.

(Quite right! from the Social Democrats.)

We reject the sledgehammer approach to politics because we do not believe that smashing windows does anything to change the political situation or the economic preconditions. But we do believe that we absolutely must prevent further strata of the working class from dozing off in a listless stupor. We regard this law as one of the engines that, out of clear recognition and singlemindedness, will encourage the working class to use this law, however deficient, for the **social advancement of the workers** overall, an advancement that will make this Act and similar ones superfluous in future, for we aspire to conditions that exclude unemployment, along with other negative aspects of current existence and the current economy. We aspire to a society that guarantees bread and employment to everyone who is willing to work!

(Lively approval from the Social Democrats.)

[...]

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