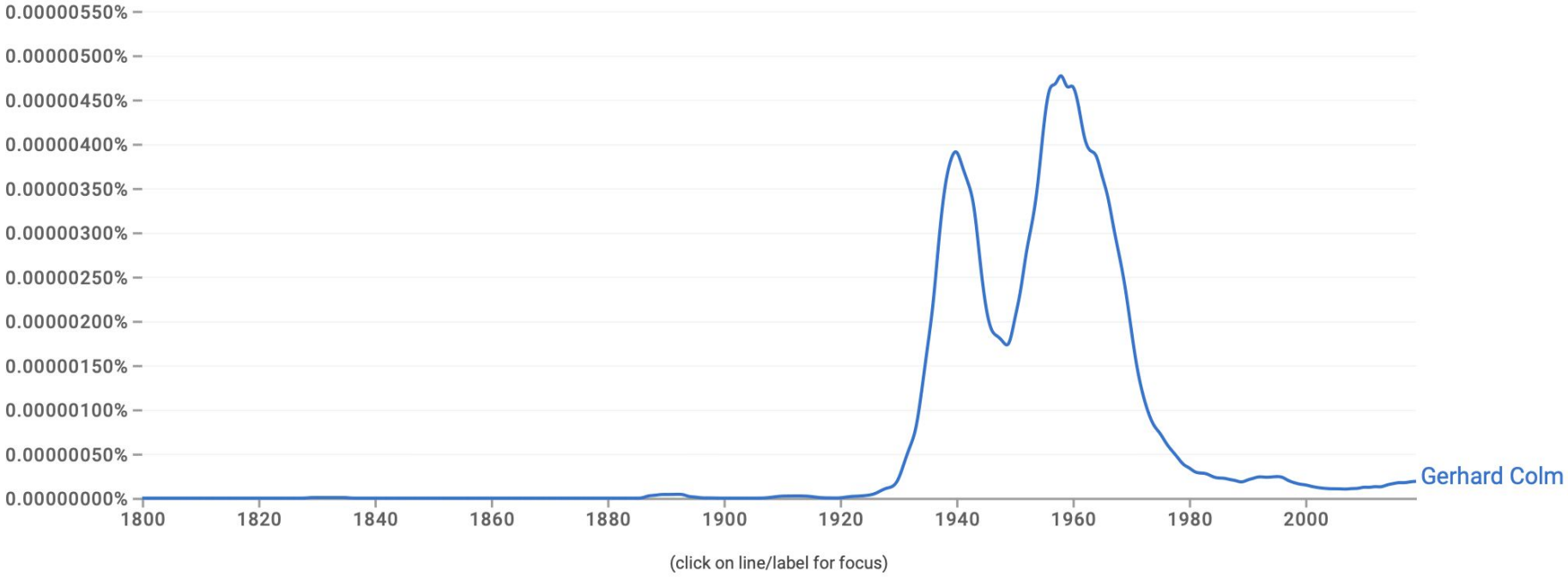
Dr. Colm oder: Wie ich lernte, die Schulden zu lieben

Dr. Dirk Ehnts, Torrens University
Klaus Diekmann, HWR Berlin

NGram Viewer: Gerhard Colm



https://books.google.com/ngrams/graph?content=Gerhard+Colm&year_start=1800&year_end=2019&corpus=en-2019&smoothing=3

Gerhard Colm: Kurzbiographie 1/2

- 1897 in Hannover geboren (in ein assimiliert jüdisches und bürgerliches Elternhaus)
- Nach Notabitur Einsatz im Ersten Weltkrieg (Eisernes Kreuz & Zweiter Klasse)
- Politisch engagiert (SPD/USPD)
- Studierte Soziologie und Nationalökonomie in Freiburg promoviert
- 1922 -1926 Referent am Statistischen Reichsamt in Berlin
- 1927 Habilitation in Kiel “Volkswirtschaftlichen Theorie der Staatsausgaben” bei Bernhard Harms
- 1933 von den Nazis aus dem Kieler IfW vertrieben

Gerhard Colm: Kurzbiographie 2/2

- 1933 Professur für Nationalökonomie an der New School for Social Research
- 1940 Finanzreferent im Budget-Büro des Weißen Hauses
- 1946 Co-Autor des Colm-Dodge-Goldsmith-Plan für die westdeutsche Währungsreform
- 1946-1952 zum Mitglied des Council of Economic Advisors (CEA)
- 1952 Opfer der McCarthy Era
- 1952 Chefökonom der National Planning Association (NPA)
- 1964 Erster Rezipient des Bernhard Harms Preises
- 1968 in Chevy Chase, Maryland verstorben

Functional Finance (Lerner 1943) Konsens in der War Treasury (Levey 2021)

“I wonder how many people realize that the aim of the present Defense Savings campaign is not “to provide money for the government” but to curtail the consumers’ demand for goods....

Many seem to believe their duty done when they have invested their usual monthly savings in Defense Bonds, instead of carrying them, as before, to the savings bank... Such actions help, of course, very little toward the goal. The government’s main concern is to shift our material and human resources to military uses without causing a rise in the prices of civilian goods. This can only be achieved if civilians deliberately set out to spend less than before. If the public merely reshuffles its savings, but does not increase them, the government’s aim is not achieved...

If every family in this country would transform its savings, old and new, into Defense Bonds, but tried at the same time to keep up its old standard of living, no government embarked upon this war could prevent rising prices”

- Marschak 1942

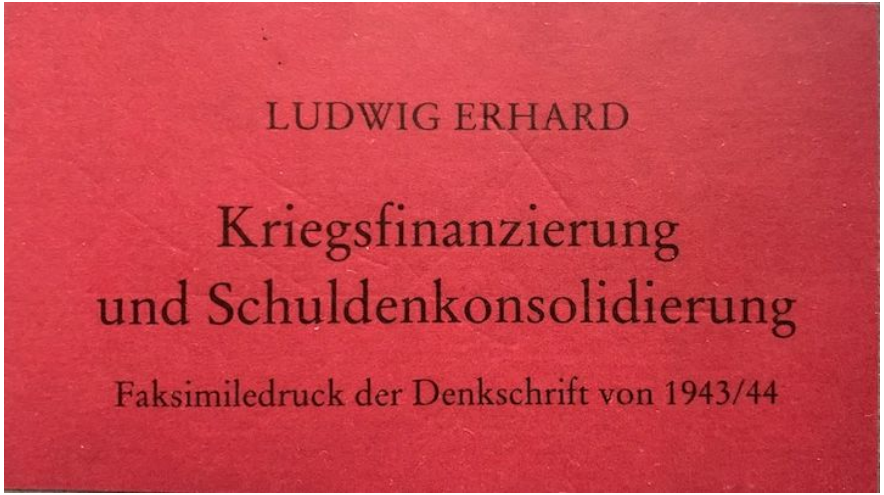
Kieler Gruppe ein fiskalpolitisches Manhattan-Projekt?

Neben Gerhard Colm wanderten aus Kiel u a. Hans Neisser, Adolph Löwe (Lowe), Jacob Marschak, Wassily Leontief in die USA aus

Der Bundeshaushalt und die nationale Wirtschaft

- Ludwig Erhard, 1943/4:

„Der gesamte Finanzbedarf des Staates ist nicht etwa abhängig von einem imaginären Kapitalfonds, noch sind dem Staate hinsichtlich der zusätzlichen Kreditschöpfung nach der formalen Seite hin irgendwelche Grenzen gesetzt. Diese Grenzen bestimmt in materieller Hinsicht ausschließlich die Produktivität der Wirtschaft in Ansehung und unter Berücksichtigung der Einschränkungen des zivilen Versorgungssektors.“



https://www.dirk-ehnts.de/l/ludwig-erhard-uber-die-staatsfinanzierung/

Functional Finance Konsens

“Steering Wheel” Verständnis bezüglich der Konjunktur

Geldpolitische Dominanz (Monetarismus)

- Lerner (Wray 2018)
- Marschak (Levey 2021) (Dimand & Hagemann 2019)?
- Friedman (Friedman 1948)
- Erhard

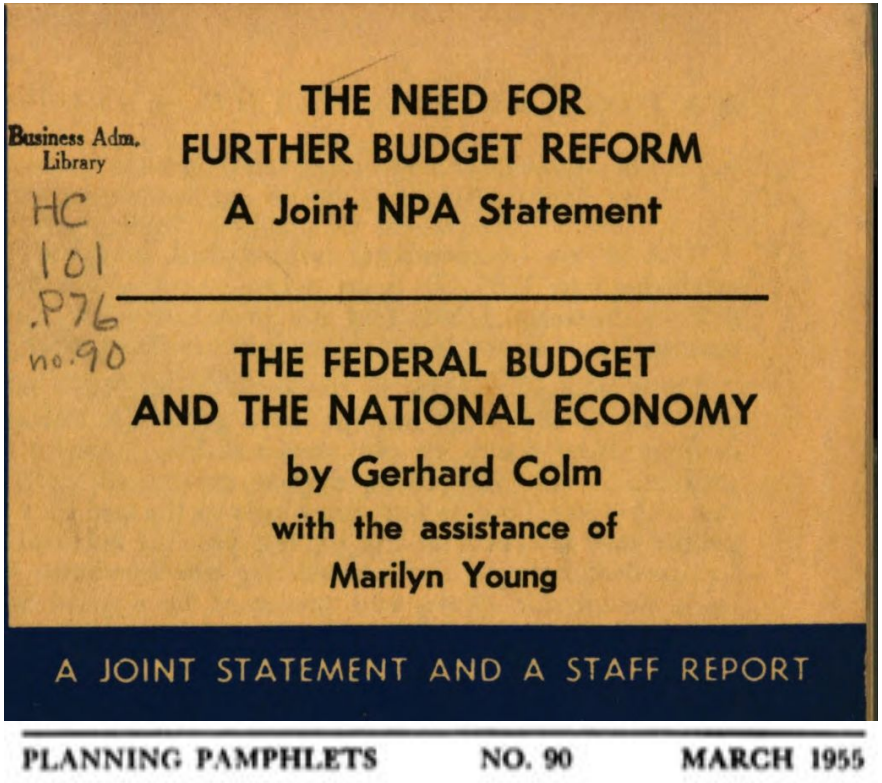
Fiskalische Dominanz
(Institutioneller Keynesianismus)

- Colm (Colm 1953)
- Minsky (Wray 2018)

Fazit: War Gerhard Colm MMTler?

Der Bundeshaushalt und die nationale Wirtschaft

- Colm wollte den Haushaltsprozess in den USA verändern, damit der Haushalt nicht zu unerwünschten Veränderungen bei den Preisen oder der Beschäftigung führten.
- Es ging ihm um eine Veränderung der Institutionen.
- Eine solche sollte auch in Deutschland und Europa (Eurozone) angestrebt werden.



Der Bundeshaushalt und die nationale Wirtschaft

- Der Haushalt ist ein Mittel und kein Zweck.
- Mittel: nationale Sicherheit und nationales Wohlergehen, Steuereinnahmen und Schuldenbewirtschaftung
- Ausgaben, Steuern und Schulden sollten auf Wirtschaftswachstum und Preisstabiltät ausgerichtet sein.
- Kostenminimierung.

I.

The budget is a means and not an end. It is a means for aiding in the formulation and execution of those government programs for national security and well-being which the country needs and can afford. It is a means for developing revenue and debt policies. Expenditure, revenue, and debt policies should be so interrelated that they promote national economic growth and help in counteracting inflation or deflation. Budget presentation, guides for budget policies, and the budget process should all contribute to reaching these ends with a minimum of cost to the nation.

Der Bundeshaushalt und die nationale Wirtschaft

- Colm will eine langfristige Perspektive für mehr Stabilität der Ausgaben und Einnahmen.
- Er will diese Funktion an ein gemeinsames Kommittee (*Joint Committee on the Economic Report*) vergeben.
- DE: Stabilitätsrat?
- Ö: Fiskalrat?

V.

Consideration of the budget in a longer range perspective might make possible a greater steadiness in expenditure and tax policies. However, it should be recognized that changes in tax legislation or expenditure programs might be necessary in order to counteract business fluctuations and, further, that such changes should be adopted at early stages of fluctuations in order to forestall as far as possible an inflationary or deflationary spiral.

VII.

A serious deficiency in the budget process is that, at the present time, no congressional committee gives specific consideration to the budget as a whole. This function should be given to the Joint Committee on the Economic Report which, under its present assignment, has to concern itself with budgetary and fiscal policies anyway. It might then be renamed the Joint Committee on Economic and Fiscal Policy. The Joint Committee would then concern itself with the over-all aspects of the financial program of the government. It would examine the long-term budget outlook proposed by the President in his Budget Message and also any changes in expenditure programs and tax legislation recommended by the President for the purpose of counteracting business fluctuations. The Joint Committee could either approve or modify the President's recommendations or recommend changes of its own in existing programs.

Der Bundeshaushalt und die nationale Wirtschaft

- Colm geht es um die Umsetzung der Vorgaben des *Employment Act* von 1946.
- Die Regierung muss in einer *vital democracy* dafür sorgen, dass die *claims* der verschiedenen Gruppen in ein Programm eingegliedert werden, welches das Gemeinwohl erhöht.
- Die Erstellung des Haushalts passiert "*in the center of a battlefield in which group interests clash*".

A far-reaching change in government responsibility found its expression in the Employment Act of 1946. By this Act the government pledged itself to "use all its plans, functions, and resources . . . for promoting maximum employment, production, and purchasing power." This certainly meant that Federal expenditures, revenue, and debt management —in short, all aspects of the budget—should be viewed not only on their own merits but also from the standpoint of how they fitted into a particular phase of the business cycle. Again an agency with advisory and coordinating functions was established, the Council of Economic Advisors. *The task of economic stabilization and maintaining "maximum" employment and production further complicated the process of budget formulation.*

With the growing influence of Federal operations on the income of the various groups in the population and various branches of business, organizations representing the interests of these groups have intensified their efforts to influence the executive and legislative branches of the government. It is an essential feature of a vital democracy that various groups represent their specific concerns to the government. However, it is the responsibility of the government to balance these claims in such a manner that various government policies are not working at cross purposes, but become integrated into a program which promotes the general welfare. *It is an important fact of life that budget formulation takes place not only in the atmosphere of government offices and congressional committees, but also, so to speak, in the center of a battlefield in which group interests clash.*

Der Bundeshaushalt und die nationale Wirtschaft

- Colm versteht den Haushalt und Fiskalpolitik als *tools of economic stabilization*.
- °[O]ne must notice occasional lapses into naive emotional appeals for budget balancing for its own sake”.
- „The battle for a general understanding of the economic significance of budget policy is not yet won”.

5. Developments in Budget Thinking

The most important developments since adoption of the Budget and Accounting Act of 1921 were those which took place in the general thinking about budget policy. These developments are most dramatically reflected in congressional debates where discussions of expenditure, revenue, and debt policies now invariably include the economic aspects of these policies.

Also, statements by business and labor groups reflect the general thinking that budget and fiscal policy should be used as tools of economic stabilization. However, in contrast with this rising understanding of the economic aspects of budget policy, one must notice also occasional lapses into naive emotional appeals for budget balancing for its own sake. The battle for a general understanding of the economic significance of budget policy is not yet won.

Der Bundeshaushalt und die nationale Wirtschaft

- Colm erkennt an, dass viele Leute nach staatlichen *benefits* verlangen, dafür aber nicht zahlen wollen.
- Angeblich würden Politiker immer nur die Ausgaben erhöhen, aber nie die Steuern.
- Die Öffentlichkeit sei überzeugt, dass man nicht etwas für nichts bekommen könnte.
- Dieser Instikt findet durch die *balanced budget rule* seinen Ausdruck.

A workable rule of budget policy has to resolve a great difficulty. *The budget at the same time serves a political and an economic purpose, and these purposes are often in apparent conflict with each other.* Clear recognition of this dilemma is a prerequisite for an understanding of the debate about budget reform and for making constructive proposals in this field.

In the private economy, business managers decide what investments to make in plant and equipment, what to produce, and what manpower and materials to use in production. But the decisions of the business manager must be sanctioned by the market. Unless consumers are able and willing to pay a certain price for the product, an investment will result in failure. Thereby the entrepreneur becomes subject to what we call *market discipline.*

In the public economy, the decision as to what services will be rendered is essentially a political decision made by the legislature and executive in accord with constitutional procedure. Ever since the debate on universal suffrage and property qualifications, the fear has been expressed that the majority of the people might demand all the benefits of government services without wanting to pay for them. There is the alleged rule of the successful politician: Always vote for expenditures, particularly in your district, but never vote for new taxes.

There is a deeply ingrained popular conviction that "one cannot have something for nothing." This instinct finds its simplest expression in the balanced budget rule.

Der Bundeshaushalt und die nationale Wirtschaft

- Die Idee, dass Steuern die Staatsausgaben finanzieren, soll die Leute auf die Kosten hinweisen.
- So wie die Marktdisziplin die Unternehmer kontrolliert, soll Budgetdisziplin den öffentlichen Sektor kontrollieren.
- Diese Budgetdisziplin ist aber dadurch limitiert, dass in guten Zeiten Steuereinnahmen wachsen.

The age-old device for making the people conscious of the costs involved in government programs is to tell them that they will have to pay taxes to finance the programs. Claims for additional government services are tempered if expenditure programs and taxes are related to each other in the public mind or if the claims of groups demanding more government services are balanced by the demands of groups working towards keeping the tax burden at a minimum. *Taxation is one of the methods by which the government makes the public aware of the costs of the government programs.*[1]

As the market discipline checks decisions of business managers in the private sector, *budget discipline* is supposed to check claims in the public sector of the economy.

However, the effectiveness of budget discipline is limited by the fact that, particularly on the Federal level, there is not always a visible relationship between additional programs and additional taxes. In the normal growth of an economy tax yields rise without increase in rates or adoption of new tax sources, and in the process of economic growth it is easy to argue that an additional expenditure program of limited size can be accommodated without adoption of additional tax measures.

Der Bundeshaushalt und die nationale Wirtschaft

- In einer Fußnote schreibt Colm:

[1] We speak of the principle of budget discipline as a political rule because in the budget taxation is related to the costs of government programs, and thereby the people are alerted both as taxpayers and as beneficiaries of government programs. Economically, the costs of government programs are measured by the productive resources which are diverted from private to public use. In case of an economic slack—that is, the availability of the idle resources—the economic costs of additions to government programs may be smaller than the dollar figures reflected in the budget.

Der Bundeshaushalt und die nationale Wirtschaft

- Ein ausgeglichener Haushalt, so die Beardsley-Sonne-Regel (1944), soll nur bei Vollbeschäftigung erreicht werden.

4. Balancing the Budget Under Conditions of High Employment

Another approach to the problem of modifying the balanced budget rule was suggested by H. Christian Sonne and Beardsley Ruml in the NPA pamphlet, *Fiscal and Monetary Policy*, published in 1944. They recommended that "tax revenues should balance expenditures at some agreed level of high employment and high production, and should provide for the amortization of the national debt when employment and production exceed those levels; but not before." A footnote qualified the term "balance" by saying that "a budget may be balanced in a financial sense, and still be very much unbalanced in an economic sense."

The rule of balancing the budget (or aiming at a moderate budget surplus) under conditions of high employment represents a great improvement over the traditional rule of balancing the budget under all conditions. Its greatest advantage is that it does not necessitate adoption of economically harmful fiscal measures, as would result from adhering strictly to an annually balanced budget in case of economic fluctuations. *The rule fails, however, if fiscal and budget policies are considered as necessary instruments of an active stabilization policy.* Is it possible to further refine the budget rule to make it still more responsive to economic requirements, and yet to maintain some kind of budget discipline?

Der Bundeshaushalt und die nationale Wirtschaft

- In Kapitel 6 entwickelt Colm *an alternative economic guide for a budget policy*.
- Bei Vollbeschäftigung sollten Erhöhungen der Staatsausgaben „finanziert“ werden, Steuersenkungen ebenso.

If one has a more sanguine opinion of the possibilities of economic analysis, it is possible to envisage a budget rule under which economic analysis would be one of the guideposts for fiscal policy. Not only the immediate but also the longer range economic outlook would be taken into consideration. The experience with longer range or middle-range projections is not discouraging. Certainly more work needs to be done to improve the methods and sources for these projections. Also, they should be revised at least annually. Experience suggests that longer range full employment projections are more reliable than short-run economic forecasts.

Since there is no getting around the fact that the U. S. economy and the budget of the Federal government to a large extent mutually condition each other, it should be of interest to explore the feasibility of a budget policy guide which consciously is so designed that the fiscal policy of the government might be compatible with, and contribute to, an expanding economy of sustained high employment and stable prices. As a prerequisite for such a guide, it would be necessary that the estimates of budget receipts and expenditures be so presented that they could be viewed in the perspective of the major economic facts and prospects. Only in this manner would it be possible for budget policy to take economic requirements into consideration.

Der Bundeshaushalt und die nationale Wirtschaft

Thus this procedure would be compatible with the principle that an addition to expenditures should be financed by additional tax measures, and that a reduction in taxes should be related to a curtailment of expenditures. But in this case additions or reductions would be related to an economically and financially justified frame of reference. Depending on the requirements of balanced economic growth, the base to which additions and reductions were related might be a balanced budget, a budget with an excess of revenues, or one with an excess of payments. *It seems to us that we could have budget discipline with a balanced budget, a budget surplus, or a budget deficit.* Budget discipline then means that claims for additional expenditures would not lead to unsound financial policy, "sound" policy being defined as a policy in accord with the requirements of balanced economic growth.

Der Bundeshaushalt und die nationale Wirtschaft

- Die Opportunitätskosten sind zentral bei der Aufstellung eines Haushalts.
- Die Institutionen sollten darauf achten, dass diese Einsicht Berücksichtigung findet (-> Budgetdisziplin)
- DE: Stabilitätsrat, Ö: Fiskalrat ?
- Es geht darum, diesen Institutionen einen Arbeitsauftrag mitzugeben, der eine Rückkehr zum „balanced budget“ verhindert und eine Diskussion von Opportunitätskosten erzwingt.
- Zudem sollte darüber nachgedacht werden, langfristig die direkte Staatsfinanzierung in der Eurozone zu ermöglichen, um ökonomisches Denken in die Köpfe und Mythen & Märchen herauszubekommen.

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