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Weimar Germany, 1921–23

Did Weimar have a cunning plan?

Key concept

Significance

Before you read this

You might think you know about the occupation of the Ruhr and the German inflation, but what do these events *demonstrate*? Think about that before reading this article.

The first half of the 1920s —when Germany was still establishing itself as a democratic power and the Weimar Republic was in its infancy — is not a period frequently discussed in depth by historians. Instead, most attention is focused on the collapse of the republic and the extent to which that crisis paved the way for the rise of Hitler.

However, if this early period is examined, it reveals many important points about Germany's domestic stability at the time and about relations with the **victorious Allies**. It is then inevitable that attention should focus in part on the Treaty of Versailles, the peace treaty of 1919 between Germany and the Allies. Always shrouded in controversy, this treaty influenced the course of German relations with Britain and France in particular for the remainder of the interwar period.

This article examines two interrelated crises that occurred during the Weimar Republic's early years. This examination shows the particularly close relationship between domestic and foreign policy considerations that the German governments of the period faced.

victorious Allies: during the First World War these were Britain, France, Italy and the USA. During the 1920s, the term was usually taken to mean Britain, France and the USA.

TOPFOTO

Germans carry inflationary money in laundry baskets, 1923.

Owen D. Young operated the Dawes plan for 3 months, August 1924.

TOPFOTO

reparation payments: financial penalties laid down by the Treaty of Versailles that Germany should be made to pay compensation to the Allies for all damage and loss of life caused by the First World War.

Hyperinflation

The first of these crises is one of the most famous, but perhaps least well understood, aspects of the history of the Weimar Republic: the extraordinary collapse of the German currency, the mark, in the period between 1921 and 1923. Stories of people taking their wages home in suitcases or wheelbarrows because the currency had become so worthless are often told. In order to make sense of the crisis, it is necessary first to understand what caused such massive inflation. There is broad consensus among historians that it was because of the insistence of German governments of the period on balancing their budgets. This is the 'classical' view of economics in which, come what may, a country's expenditure has to be matched by its income. In other words, a country should not spend more than it earns.

The solution adopted by the Weimar governments to the pressures within Germany to reconstruct the economy after the First World War and from the Allies to make **reparation payments** was to make up for any lack of income simply by printing more money. As a result, the more money that was in circulation in the economy, the less value that money had.

However, what interests historians more about the hyperinflation crisis is not so much what caused it but whether or not it was caused deliberately. The Treaty of Versailles, under Article 231 of which Germany had to make reparation payments to the Allies for 'causing' the First World War, was generally regarded as being a controversial agreement. By 1921, the Germans had been given their final reparation total — 6,600 million gold marks — as part of the enforcement of this treaty. Steps were taken by the Reparation Commission, a special Allied body set up under the terms of the peace settlement, to establish exactly how these payments would be made.

Nevertheless, in the early 1920s, at the time when the economic crisis began, hopes in Germany were still high that eventually the treaty would be renegotiated and replaced by something less harsh. Historians argue that the Germans tried to influence this by adopting two tactics:

- first, by claiming that Germany was too poor to make regular large reparation payments to the Allies
- second, as part of this strategy, by deliberately manufacturing the hyperinflation crisis themselves

Work done by historians on the German economy during the first decade after the First World War is at the heart of this analysis. This research reveals that, perhaps surprisingly for a country defeated after a major war, the German economy was not only in good shape after 1918, but that, in many respects, it was stronger and more stable than those of the Allied powers, especially Britain and France. It has been concluded that German claims of economic hardship were just a smokescreen in order to avoid paying reparations and to gain the sympathy of the Allies to help secure a renegotiation of the Treaty of Versailles.

Questions

- How convincing is the claim that the German inflation was caused deliberately?
- How strong a defence could the French and Belgians put up against the charge that their occupation of the Ruhr was illegal?
- Who won and who lost from the crises in Germany, 1923–24?

Key points

- The collapse in the value of the mark between 1921 and 1923 is thought to have been caused deliberately.
- The hyperinflation crisis ultimately ensured US economic aid to Europe, especially to Germany.
- The invasion of German territory in 1923 meant that France and Belgium could be accused of breaching the Treaty of Versailles.
- The Ruhr crisis brought Europe to the brink of war for the first time since 1914.
- The Ruhr crisis highlighted a major weakness in the relationship between Britain and France.
- Germany pursued a foreign policy based on seeking agreements first between Germany's neighbours in the west of Europe, and then in the east.

The Ruhr crisis

If that argument is accepted, it might be tempting to argue that the events of the Ruhr crisis, which began a year after the German hyperinflation crisis had reached its peak, suggest that this tactic backfired for Germany. The crisis, which most historians date from January 1923 until the spring of 1925, was triggered by the build-up of diplomatic tension primarily between Germany, France and Belgium concerning the frequency of German reparation payments. By the summer of 1922, these payments had come almost to a halt because of the economic crisis in Germany. Believing that this was simply an excuse to evade payment, French and Belgian troops invaded and occupied a large section of the north Ruhr basin, one of the major German industrial heartlands, with the argument that they would take by force what reparations their governments were owed.

Should we see the Ruhr crisis as something of a diplomatic 'own goal' for the Germans? After all, if it was their intention to buy time by stalling over the payment of reparations to secure Allied sympathy, the Ruhr invasion suggests that just the opposite occurred. Historians have tended to think that this was not the case. This is because the combined effects on relations between the Allies and Germany of the hyperinflation and the Ruhr crisis helped to secure US economic aid to Europe. This was not forthcoming immediately after the end of the First World War, as the US government refused to sign the Treaty of Versailles and thus play an active role in European affairs until this point. However, during the crises, the Americans perceived an opportunity to make major investments in the economies of Europe's major industrial powers, not simply Germany, but France as well — a fact that was to help shape the USA's relationship with Europe for the remainder of the interwar period, and was to lead to the conclusion of the **Dawes Plan** (1924) and the **Young Plan** (1929).

However, it is important to note that the Ruhr crisis was significant for other reasons. As suggested earlier, historians argue that the decision by French and Belgian troops to obtain reparation payments by force was the first time that the old First World War hostilities between Germany and the Allies could have been reignited into a second European war. This might sound like a dramatic claim, but it has at its heart the fact that, by invading and occupying German territory, the French and Belgian governments could be thought to be in breach of international law.

It is important to remember that the treaty made as many requirements on the Allies to respect German territorial sovereignty as it did on Germany to respect the borders of the **countries covered under its terms**. Furthermore, the action

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French cyclist troops and armoured cars occupy the Ruhr, 1923.

of the French and Belgian governments was also contrary to the terms of the **covenant of the League of Nations**, although Germany was not a member of the League at the time.

The threat of war

Therefore Europe was potentially on the threshold of war in 1923, but clearly no declaration of war was made. When we examine the reasons for this a major significance of the Ruhr crisis is revealed. That is, that the crisis exposed how fragile and uncertain the relationship between Britain and France was when it came to dealing with what the British Foreign Office termed the 'German question'. The crisis also shows something about the attitude of the British government towards Germany at the time.

Since the beginning of the twentieth century, it had been widely argued by politicians and diplomats that the most effective way for Britain and France to deal with diplomatic crises affecting their interests, especially in Europe, was by working together.

Dawes Plan and **Young Plan:** schemes devised in 1924 and 1929 by international committees chaired by two US financiers, Charles Dawes and Owen D. Young, to enable the German government to make reparation payments through receipt of US loans.

countries covered under its terms: included countries to which Germany had ceded territory: France (Alsace–Lorraine); Belgium (Eupen–Malmedy), Denmark (northern Schleswig), Poland (Poznania and Western Prussia).

covenant of the League of Nations: terms of membership. The covenant formed the first section of each of the four peace treaties signed at the Paris Peace Conference. This meant that in signing the Treaty of Versailles, Germany had agreed to abide by the League's terms of reference without actually being allowed to join it.

Weblink

A useful encyclopaedia summary of the crises in Germany is available at **www.historyworld.net**. Also useful are the maps showing the class and political situation in Germany at: **www.colorado.edu/ibs/pec/johno/maps/weimar.html**.

Some useful essays on the inflation which make enlightening reading alongside this article are by 'Adam Smith' for *New York Magazine* at: **www.pbs.org/wgbh/commandingheights/shared/minitext/ess_germanhyperinflation.html** and sections of Bernd Widdig's book, *Culture and Inflation in Weimar Germany*, which are viewable in Google book search at **www.ucpress.edu/books/pages/8863.php**

TOPFOTO

German poster: 'The Rhine remains German!'

***entente cordiale*:** originally the name given to a colonial agreement between Britain and France in 1904, the phrase was used as a more general description of the close relationship that existed between Britain and France during the first half of the twentieth century.

This so-called ***entente cordiale*** sustained both countries well through the diplomatic tensions leading to the outbreak of the First World War and during the war itself.

It was also hoped that this special bond would help both countries come to terms with the challenges of postwar diplomacy. However, when the Ruhr crisis began in January 1923, the British government made it clear that it was not prepared to offer assistance either to France or, indeed, to Germany. The reason given was that the British government did not wish to alienate either power, and so wished to stand back from the crisis. In considering the implications of this, it is important to think of this decision as part of a more general strategy adopted by Britain to European problems during the first half of the twentieth century. It is for this reason that the most recent studies of the Ruhr crisis have suggested that it demonstrates more about the weakness of the relationship between the Allies than it does about their relations with Germany.

Conclusion

The period of the Ruhr crisis and hyperinflation marks the biggest large-scale crises in the history of the Weimar Republic. Taken together, the events suggest how important Germany's relations with other countries were in shaping German domestic policy. The crises also indicate the huge importance that the Treaty of Versailles had in shaping not only German foreign and domestic policy, but also that between the Allies.

It is notable that Britain did not accuse France and Belgium of breaching the terms of Versailles, thus setting a precedent for British treatment of Germany during the 1930s. The stakes of making and sustaining peace in Europe during the 1920s were high, but those of risking a further war were higher still. The two crises also reveal much about Germany's physical and psychological state as a defeated power. If historians are correct in their assessment, then the governments of the Weimar Republic between 1921 and 1923 were confident, not weak, negotiators in their relations with the Allies. They pursued a risky, but ultimately successful, policy of securing US economic aid and so helping to bring the question of reparation payments under control.

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Further reading

Most books specifically on the hyperinflation of early 1920s Germany are technical and most are unavailable in English. All the following sources provide ample information both on this topic and on the Ruhr crisis.

Hiden, J. (1996) *The Weimar Republic*, (2nd ed.) (Longman). A good general history of the period that places Weimar foreign policy in its wider context.

Kolb, E. (1988) *The Weimar Republic*, translated by P. S. Falla (Unwin Hyman). The Weimar Republic from the German perspective.

Nicholls, A. J. (2000) *Weimar and the Rise of Hitler* (4th ed.) (Macmillan). The standard work on the subject and also a good read.