To Fulfill:
The Reparation Issue Crystallizes

The German delegation arrived at Victoria Station in London on Monday, February 28, 1921, and an article in *The Times* said that there had been no demonstration, the police having taken the precaution of barring the public from the platform. While the report was conventionally accurate, its emphasis on a routine police action had the effect of an untruth. The British public was annoyed about reparations but not to the point of feeling strongly about the Germans, and a demonstration had not been expected. *The Times*, lately reverting to the old idioms of the war, was nevertheless rolling out expressions of anger at Germany and a corresponding amity for France which pretended to be echoes of the general will. An important purpose of the London Conference, beginning the next day, was to repair the damage in the Anglo-French association. With that accomplished, the Allies might hope to resolve the problem of obtaining reparations and generally enforcing the fulfillment of the Versailles Treaty.

The official purpose of the London Conference was to hear how the Germans themselves proposed to accomplish fulfillment. There were four major subjects under the general heading of fulfillment: trial of German nationals charged with war crimes and punishment

\(^{1}\) March 1, 1921.
of the guilty, surrender of territory, reduction of German arms, and payment of reparations. The first two, although unpleasant, were more easily contained within the limits of normal politics. The latter two kept the security and solvency of the Weimar Republic under permanent threat. The interaction among all four complicated matters further. The loss of territory (and population), for example, made financial fulfillment more difficult, Germany having given up six and one-half million people and 13 percent of her land area. Ever since they first had seen the Versailles Treaty the Germans found the idea of fulfilling everything demanded in its 440 articles and numerous annexes not only impossible but also incomprehensible.

Of the first two demands, one was in the process of vanishing. The Versailles Treaty had provided for the extradition of persons accused of war crimes, who would be tried by Allied military courts. In early 1920 the Allies transmitted a list of 895 names to Germany. The list included, besides lesser individuals, virtually the whole of the nation's wartime leadership. The Allied governments, however, permitted the German government to refuse the demand, a fact suggesting that they were not serious about it. Instead, they would let Germany try her own nationals for "crimes against the laws of civilized warfare." In 1921, at the London Conference, the Allies were calling for more dispatch in beginning the trials. If the original Allied demand had been neither practical nor credible, the eventual German response was insulting. The first trial, under the compelling force of the London Conference, began within three months, on May 23, 1921. The Allies drew up a number of detailed indictments and sent them to Germany. A total of twelve cases was tried. The only meaningful punishment was ordered when two submarine officers were found guilty of sinking a lifeboat filled with wounded and nurses. The officers were sentenced to four years in prison, but escaped a few weeks after the trial. They were never found. By 1922 the Allies had ceased to send indictments to Germany.

Territorial fulfillment was a straightforward question in most instances. Much of it was already settled. France, Great Britain, and

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2 The Kaiser, in exile in The Netherlands, was also on the list. The Dutch government refused to give him up.
the other Allies had simply taken Alsace and Lorraine, the German colonies, and other areas. Germany's eastern frontier, however, was another matter. Germany refused to accept the permanence of the loss of Danzig and the Polish Corridor, and she was resisting the threatened loss of much of Upper Silesia. A plebiscite would be held in the province on March 21, three weeks after the beginning of the London Conference. As specified by Article 88 of the Versailles Treaty, the plebiscite would give the Polish inhabitants the opportunity to vote for the union of their communities with Poland. Of course the Germans would try to prevent the provisions of that article from being carried out.

The Versailles Treaty permitted Germany to maintain an army of 100,000 officers and men. Composed of infantry and cavalry, and lacking military aircraft and tanks, it would be confined to the mission of assuring internal security. There would be a small navy and no air force. The early history of the Weimar Republic demonstrated to the satisfaction of the Allies, however, that the German military forces, still much greater than foreseen in the treaty, could not keep internal order. Furthermore, they were needed to maintain a power equilibrium in Europe. In 1919 the presence of German irregulars in the Baltic States held back Soviet expansion. Accordingly, the Allies had conspired with Germany to violate the treaty, but she naturally took license to commit more violations than the Allies had in mind. At the Spa Conference of July, 1920, they began to demand more compliance. General Hans von Seeckt, the head of the Reichswehr, innocently came to Spa to request that the limit be raised to 200,000, but Germany was told to bring her forces down to 100,000 by January 1, 1921. Seeckt thereupon made substantial reductions, enough to satisfy the Allies. In London they were complaining of many other violations, the Interallied Military Control Commission, under the direction of an able and energetic French general, having provided strong evidence. In

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4 The article provided for a plebiscite to be held by an international commission: "The result of the vote will be determined by communes according to the majority of votes in each commune." Thereupon the commission would recommend "the line which ought to be adopted as the frontier of Germany in Upper Silesia." Article 88 continued: "In this recommendation regard will be paid to the wishes of the inhabitants as shown by the vote, and to the geographical conditions of the locality."


point of fact, the Reichswehr comprised much the lesser part of the nation's military effectives. Germany was making use of the irregular Free Corps (Freikorps), Civil Guards (Einwohnerwehr), Military Guards (Zeitfreiwillige), and Home Defense units (Selbstschutz). She could also deploy formations of the federal Security Police (Sicherheitspolizei), who were quartered in barracks under military discipline. In mid-1920, according to the data provided by Seeckt himself, Germany had a million men under arms. Shortly after the London Conference opened, a Bavarian government spokesman admitted in the Landtag that there were 320,000 Civil Guards in that province alone. At London the Allies wanted Germany to promise to keep her violations of the treaty within stricter bounds.

Reparations remained the most difficult problem within the general problem of fulfillment. The many conferences since 1919 had only emphasized the difficulties, which were further complicated by the withdrawal of the unhelpful United States and the presence of the baleful Soviet Union. Most governments, moreover, were changing under the wear of time and all the postwar problems. The Reparation Commission, a temporizing substitute for Allied unity in 1919, could not act as long as the disunity persisted. The Allies might claim that the Spa Conference, besides confirming the decision on the German army's size, had made an approach, at least, to a reparation solution. At Spa they had ordered Germany to begin delivering two million tons of coal a month. In order to get the coal the Allies had to lend Germany 360 million gold marks to buy food for her undernourished miners. Germany probably gained more advantage from this part of the Spa Agreement than the Allies did. In any case, except for such special items as coal, they wanted cash and not goods. In early 1921, however, the victorious powers began a new train of logic. At the Paris Conference on January 24–29 they had agreed on a reparation figure and a payments program, and the completion of the logic required a German response in London.

The Paris Agreement had come after a cooperative struggle between the French and English leaders. Aristide Briand had come

7 Documents on British Foreign Policy 1919–1939 (hereafter cited as Documents on BFP), 1st ser. (1958–68), 8: 458. Lloyd George pointed this out at Spa.
to power on January 16, succeeding a premier—himself Millerand's successor—who had been unfairly blamed for failing to get anything done on reparations. The British public and Parliament also wanted something of all that had been promised, but they were sensitive, in view of the nation's important trade with Germany, to the dangers of German bankruptcy. Briand had not dared to admit Germany's economic problems. David Lloyd George first had to check a French demand for 12 billion gold marks a year, amounting to a third of the German national income, but the two leaders worked out their differences and, on the last day of the conference, as *The Times* reported, "all went merrily as a wedding bell." The plan, called the Paris Proposals, ordered the Germans to pay 2 billion gold marks for two years, 3 billion for the next three years, 4 billion for three years, 5 billion for three years, and 6 billion for 31 years, plus 12 percent of export revenue. Without the export percentage, this would have totaled 226 billion gold marks over the 42-year payment period. Calculated on an export percentage at the 1921 level of German trade, the present value of the debt would be about 124 billion gold marks.\(^9\) The French, while still insisting upon a large sum, had relented somewhat. The change in the French attitude was more important than the specific payments demanded under the Paris Proposals. No responsible leader took the sums seriously. In the international game they were counters with no financial meaning at all, whatever exegeses the experts might spin out. The figures appeased Allied public opinion for the moment. Meanwhile, the Germans, if they did not like the Paris Proposals, were responsible for suggesting a plan the Allies would find acceptable.

The Germans had discounted the Paris Proposals and were still appalled. Rudolf Havenstein, president of the Reichsbank, said that the maximum payment could not be more than 1 billion gold marks a year, and only under special conditions.\(^11\) The cabinet

\(^9\) January 31, 1921.

\(^10\) According to the calculation of Étienne Weill-Raynal, a member of the French section of the Reparation Commission, in *Les réparations allemandes et la France*, 1: 607. Weill-Raynal's three-volume work is the most detailed study of reparations, but it concentrates on the French interest. In the case of a sum of payments remitted over time, "present value" is what the total is worth in the present, i.e., stripped of (compound) interest. Thus with interest at an annual rate of 4 percent, $96.15 would be the present value of $100 due a year in the future, while $100 due in two years would have a present value of $92.45.

\(^11\) Cabinet meeting of March 6, 1921. Reichskanzlei: Kabinettsprotokolle
council meeting of January 31 began with negation and halted there. Chancellor Konstantin Fehrenbach, an elderly Centrist, said nothing worth recording. President Friedrich Ebert hoped that the United States could be brought into the negotiations. Finance Minister Joseph Wirth vaguely suggested that various international meetings should be called “in order to prepare the atmosphere for London.” Foreign Minister Walter Simons offered to resign, but the cabinet majority, lacking an alternative to Simons’ lack of hope or ideas, persuaded him to stay. Without hope or new ideas the government then prepared a counterproposal.

Simons was the leader of the German delegation at the London Conference. He was a “good German,” although The Times made a point of recalling that he had been a member of the Brest-Litovsk delegation which had imposed a ferocious treaty on the Russians. A lawyer by training, Simons had entered the Foreign Ministry as an expert on questions of foreign property. He had been Commissioner General of the German delegation at the Peace Conference. In his letters to his wife from Versailles he showed himself to be a man of classic German sensibility and innocence, persistently suffering shock at Allied harshness and responding like a middle-aged Werther to the songbirds and blossoming fruit trees of the spring of 1919.

On Tuesday morning, March 1, 1921, Walter Simons faced Lloyd George and Aristide Briand in Lancaster House: “The German government . . . is not in the position to accept the Paris Proposals in the form in which they have been transmitted to it.” While arguing that the terms were “economically and financially unfulfillable,” Simons attempted to appease the Allied leaders: “Germany, however, is prepared to accept the principle of the

Kabinettsprotokolle, BA, R431/1363.

13 Published in Alma Luckau, The German Delegation at the Paris Peace Conference (1941), pp. 114–34. Simons was a lay Lutheran leader and would later become President of the German Supreme Court. As head of the Supreme Court he became Acting President of Germany for two months in 1925, from the death of Friedrich Ebert to the accession of Field Marshal Paul von Hindenburg.

14 The full Simons statement and other German material, minutes, and the like on the London Conference are in a pamphlet published by Reichsdrukkerei, Sammlung von Aktenstücken über die Verhandlungen auf der Konferenz zu London vom 1. März bis 7. März 1921 (1921); a copy is in Reichskanzlei: Ausführung des Friedensvertrags (hereafter cited as Ausführung), BA, R431/28. The statement is also in Documents on BFP, 15: 218–22; British material on the whole conference, pp. 216–32.
Paris Proposals. . . ” Only a German sophist would have seen the connection between the Allied principle and German implementa-
tion. Simons first translated the total debt of 226 billion gold marks spread over 42 years into the debt’s present value, but he arbitrarily applied an interest rate of 8 percent instead of a normal 5 or 6 percent. Stripped of future compound interest, the repara-
tion debt was thus reduced from 226 to 53 billion gold marks. He rounded this off to 50 billion gold marks. Then he argued that Allied confiscations had already taken 20 billion, although the Reparation Commission later credited Germany with just 8 billion. Whatever the true value, his supporting figures were obviously exaggerated and incredible. He even claimed compensation for the fleet which the Germans themselves had sunk at Scapa Flow so that it could not fall into Allied hands. Simons had arrived at a debt of 30 billion gold marks which Germany was prepared to pay. But he made conditions: Germany would be permitted to ob-
tain a loan of 8 billion gold marks from the Allied money markets, would be able to export freely, and would retain Upper Silesia. Since 1919 the Germans had been astounded at the Allied efforts to make the peace a real victory, Wilsonian idealism to the con-
trary, and by the magnitude of the claims they were expected to pay as an earnest of that victory. Now the Allies could begin to be surprised at the German refusal to admit defeat, and the medioc-
rrity—the risibility—of the compensation the Germans were willing to make.

The Allied leaders reacted with signs of rising impatience and distress. Stiff and overcorrect, Simons harmed his case even further by the lawyerlike way in which he tried to protect his client, the German nation. He was making a public presentation of many points which usually go into the fine print of contracts.15 The scene was recalled by Carl Bergmann, State Secretary in the Finance Min-
istry and Germany’s chief day-to-day reparation negotiator, in a book published in 1926. Bergmann, a banker by training, also thought his country could pay no more than the Simons counter-
offer, but he was critical about “this way of putting it—a presenta-
tion that pounded the wretched 30 billions into the heads of the

15 Otto Gessler, Minister of Defense from 1920-28, in his Reichswehrpolitik in
der Weimarer Zeit (1958): “[Simons] looked upon foreign policy essentially as
a series of cases in law” (p. 395).
delegates and melted down the reparation figure more and more. . . .”\textsuperscript{16} Bergmann, who was also head of Germany’s Kriegslasten-kommission, the War Payments (literally Burdens) Office in Paris, was functionally more sensitive to the reactions of the Allies than to those of his own country. At the moment Germany would not let Simons go further, no matter how he put it. The gap between Allies and Germans was much too wide. Simons, who had already spoken in too much detail, proposed to let a Foreign Ministry official go into even more detail. Lloyd George stopped him. \textit{The Times} commented on the Simons speech: “It is not easy to speak with patience of this combination of business cunning, chicane, and sheer impudence.” With his overpowering skill Lloyd George had put himself at the head of British public opinion. Almost all of the British press supported him, and the Labor Party \textit{Herald}, critical but incapable of suggesting an alternative policy, found the Simons statement a typical expression of “German jingoes.”\textsuperscript{17}

The reparation problem was too huge and complex to be solved by any formal arrangement, but the London Conference could at least provide the materials for a metaphor of a solution. For Lloyd George the point was to have the Germans admit defeat once again.

At the next meeting, on Thursday, March 3, Lloyd George told Simons: “The counterproposals mock the Treaty.” He reiterated the thesis of German guilt, pathetically reviewed the devastation in France, insisted that “we regard a free, a contented and a prosperous Germany as essential to civilization,”—and showed his power. If Germany did not either accept the Paris Proposals or produce a suitable counteroffer by Monday, March 7, the Allies would impose economic sanctions (i.e., retain customs receipts in occupied German areas) and occupy Düsseldorf, Duisburg, and Duisburg’s riverside suburb, Ruhrort.\textsuperscript{18}

For the next four days Simons sought a compromise between the irreconcilable positions of Allied and German public opinion. In private talks with Allied leaders he suggested two other payment plans, but these still assumed that a loan would be granted and all of Upper Silesia would be retained.

\textsuperscript{16} Carl Bergmann, \textit{Der Weg der Reparationen} (1926), p. 89.
\textsuperscript{17} Issue of March 8, copy in Reichskanzlei: England, BA, R431/59.
\textsuperscript{18} Statement in \textit{Documents on BFP}, 15: 258–65.
In Berlin Chancellor Fehrenbach conferred with the party leaders on Friday, March 4, and was assured of the cooperation of all the important parties, from the Social Democrats to the Nationalists. The Nationalist Karl Helfferich, a bitter enemy of the Weimar Republic, asked how his group could best support the government. On Sunday, March 6, Fehrenbach, after two cabinet meetings and another conference with party leaders, cabled an order to Simons to withdraw his plans in favor of one developed in Berlin by Walther Rathenau, an industrialist and writer on social and economic problems. Rathenau proposed that Germany take over the Allied war debt to the United States—some $11 billion or 44 billion gold marks—in lieu of reparations. The idea mixed a wilful disregard for the facts into its common sense. Common sense begged for a simplification of the world’s indebtedness. The leadership of the Allies, however, was not willing to admit that they could get no more out of Germany than the equivalent of what they owed America. As for the United States, no one could mistake its position. Since the Peace Conference the Americans had been repeating that there was no connection between reparations and war debts. Such a connection would only confuse the simple matter of getting their money back. It was bad business to trade off a claim on the economies of the victorious Allies for a mortgage on a defeated and insolvent Germany. Rathenau, who knew America well, knew better, but he was a gourmand of combinations. Sometimes he would forget to use his keen critical sense on his own ideas. Yet the Germans were so desperate that even Helfferich, who was an economist of distinction and a future enemy of Rathenau, supported Rathenau when he explained his idea to Fehrenbach. Had the Chancellor attempted to clear it with the American commissioner in Berlin, he would have gotten a flat rejection. Actually, Rathenau offered the plan himself to the commissioner a month later, and an expert in the State Department called it “politically and financially grotesque.” As it was,

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19 Minutes of meeting in Ausführung, BA, R431/18.
20 Copy of the cable and minutes of the two cabinet meetings and the party-leader conference, Kabinettsprotokolle, BA, R431/1365.
22 At the conference with party leaders; see n. 20, above.
Simons told Fehrenbach in a cable on Monday, March 7—the last day of the conference—that the character of the Allied refusal of his own second proposal made it impossible to bring up the Rathenau plan.  

The final conference meeting confirmed all the impossibilities. Simons suggested a provisional arrangement of payments of 3 billion gold marks for five years. He did it only for form's sake, since the Allies had already rejected the idea in the course of the negotiations. As uselessly, he tried to attack the great abstraction of the Versailles Treaty—the guilt of Germany—that was justifying the Allied action: "Only history will decide whether a single nation can be taken to be exclusively guilty. . . ." The argument was directed to German domestic opinion and the future wisdom of the Allies, and not to the logic of the London Conference. On March 3 Lloyd George had called attention to the solipsism in the Allied logic with the innocence of a confidence man: "For the Allies, German responsibility for the war is fundamental. . . . It is the basis on which the structure of the Treaty has been erected and if that acknowledgment is repudiated or abandoned, the Treaty is destroyed." Germany was not being punished by the Versailles Treaty because of war guilt; she had to be guilty because she was being punished. In the late afternoon of March 7 Lloyd George was indignant about German presumption and legal-minded about German violations of the treaty. This was the signal for sanctions to go into effect. In the early hours of the next morning Allied occupation troops in the Rhineland traveled the few miles to enter Düsseldorf, Duisburg, and Ruhrort—the Belgians from Crefeld, the British from Cologne, and the French from several other bases. The conference's metaphor of a solution was compounded with a modest amount of force. Afterward, the negotiators could resume discussions on a power basis that had been somewhat altered.

One important result of the London Conference was the strengthening of Briand's position. The French parliamentary process had mysteriously determined that his talents for compromise were best fitted to represent France's extreme demands. At the

24 Ausführung, BA, R431/18.  
25 Ibid.  
26 German minutes, Ausführung, BA, R431/18; also in Documents on BFP, 15: 320 (full statement, pp. 319-24).  
27 Documents on BFP, 15: 258-59.
Paris Conference in January Briand had established the appearance of unity with Great Britain. On February 9 he won a vote of confidence in the Chamber of Deputies, but the figures—363 supporting votes, 104 negative votes, and 102 abstentions—indicated that the Chamber’s confidence in the future would require greater success than that represented by the Paris Conference. Lloyd George’s management of the London Conference gave Briand that success in March. On March 16 he swept the Chamber with him as he rendered “homage to M. Lloyd George for the beautiful, for the magnificent eloquence with which he associated the cause of justice with the cause of France. . . .”28 The next day he won 490 affirmative votes against only 69 nons. It was a fine but fragile victory and Briand tried to form a hard shell of words around it. As Germany thrashed about following the London Conference Briand told the Senate on April 5 that “a firm hand will grab her by the collar” and he promised to occupy the Ruhr as well if she failed to agree to a satisfactory settlement.29 On April 12 he repeated the threat before the Chamber of Deputies.30 But the eloquence did not carry over the Channel.

The limits to Allied severity were traced at the Second London Conference.31 Briand frankly and almost pitifully exposed the weakness of his position to Lloyd George at the first official meeting on April 30. French opinion was dissatisfied and André Tardieu was accusing him of letting Germany cheat on her obligations. “France proposed to occupy Essen in three days’ time, and to proceed immediately with the occupation of the Ruhr,” Briand said. He begged his “British friends and Allies [to] give France support in this difficult hour.”32 Lloyd George, while helping the Premier in his weak position, could also take advantage of the weakness: “Mr. Lloyd George said that, as he understood it, M. Briand said that France was prepared to undertake the task alone.”33 Lloyd George knew that that was not the case. On February 4, defending the results of the Paris Conference against Tardieu, Briand had told the Chamber:

30 Annales: Chambre des députés, 113: 2nd sect., 1295.
31 Documents on BFP, 15: 487–587.
32 Ibid., 15: 492 and 503.
33 Ibid., 15: 503.
“It would have been a catastrophe for the country, if we had come out of it without the unqualified agreement of our Allies...”  

At the end of April in London Briand was no less aware of the need for British cooperation, and the minutes of the Second London Conference continue: “Mr. Briand dissented.” Lloyd George was gracious: “He was delighted to hear that he had placed a wrong interpretation on M. Briand’s words...” At an informal discussion on May 1, Lloyd George set British against French public opinion: “The British government could not contemplate taking action in defiance of British public opinion.” He also argued that the occupation of the Ruhr “would throw the whole of the industrial and financial interests of Great Britain into strong opposition to the Government.”

On May 3 Briand accepted Lloyd George’s formula. The Ruhr occupation would be used as a threat only: “His plan was to get immediate cash for reparation purposes rather than the occupation of the Ruhr Valley.”

The German government, meanwhile, as it tried to find a new basis for negotiations, had been struggling with other fulfillment and postwar problems. In March and April it was engaged in suppressing Communist risings in central Germany and the Ruhr. It was also trying to meet the situation created by the Upper Silesian plebiscite of March 21. There had been 707,605 votes for remaining with Germany and 479,359 votes for union with Poland. Germany, ignoring the reasonably clear sense of Article 88, claimed that the plebiscite confirmed her moral right to all of Upper Silesia. Poland insisted on her right to large parts of the province and trusted France to help resolve doubtful questions of detail in her favor. Both Germany and Poland were organizing military forces to influence the decision, Germany building up the Home Defense forces in Upper Silesia and drawing upon Free Corps units from Bavaria. On May 3 a Polish rising began in the eastern part of the province, and the Germans reacted vigorously. By May 18 heavy fighting was in progress. This range of problems helped defeat the efforts of the German government to develop a coherent policy on reparations.

On reparations, Simons undertook one more initiative. He tried

34 Annales: Chambre des députés, 113: 1st sect., 228.
35 Documents on BFP, 15: 509–10.
36 Ibid., 15: 555.
to reverse the American isolationist tendency and persuade the United States to mediate a new offer. Implicitly admitting the sophistry of his London claims, he was willing to go to 50 billion gold marks. Charles Evans Hughes, Secretary of State in Warren G. Harding's new government, discussed the offer informally with the British and French Ambassadors, and got an unequivocally negative response from both on April 28. On May 3 the American Commissioner thereupon informed the Germans: "This government finds itself unable to reach the conclusion that the proposals afford a basis for discussion acceptable to the Allied governments." With the Americans retreating from European problems, no other response could reasonably have been anticipated. The Fehrenbach-Simons government could only await the pleasure of the Allies.

The sense of the situation, as it unrolled from the events of January—Briand's accession to office and the Paris Conference—and March—the (First) London Conference and the economic and military sanctions—required that the Allies keep the initiative on a reparation plan. Germany's domestic politics obviated the possibility—or danger—that she would produce a new offer attractive enough to require an Allied acceptance.

The Allied leaders managed matters to give public opinion in their countries the satisfaction it had been seeking. On April 27, the Reparation Commission, preparing the ground for the Second London Conference, met in London and announced the German reparation debt in a brief communiqué. The commission put the figure at 132 billion gold marks. The total was substantially lower than the 188 billion gold marks the French had demanded in 1919, but the disappointments of the past two years made it look like a victory of French rigor over British mildness. The Times of May 2 treated it as such—purchased by Briand's relinquishing of the threatened Ruhr occupation. The 132 billion, as Briand could explain to his country, was really the equivalent of the 226 billion demanded at the Paris Conference. This was because the 132 billion gold marks was the present value of the debt, while the Paris figure was the total of all payments spread over 42 years, including

38 Copy of note, Reichskanzlei: Vermittlung Amerikas, BA, R431/461.
compound interest. The communiqué of the Reparation Commission had not, however, gone into detail about payment conditions. A study of the conditions would make the German reparation debt look quite different, but the Allied public, under the guidance of the communiqué, was not encouraged to undertake it. The method of payment was drawn up in the London Payments Plan, which was sent to the German government as a part of the London Ultimatum of May 5. In any case, Germany, at last, was being directed to pay.

In the London Ultimatum, the Allies, meticulously carrying out the whole logic of the Versailles Treaty, addressed themselves to all of the unimplemented aspects of fulfillment. They found Germany “in default in the fulfillment of the obligations . . . under the terms of the Versailles Treaty as regards 1. disarmament, 2. the payment due on May 1st, 1921 . . . [and] 3. the trial of the war criminals. . . .” They perfunctorily ordered compliance on disarmament and war crimes, and went on to their real interest, reparations. The center of gravity of the London Ultimatum rested upon the London Payments Plan.

The plan began with the announced figure of 132 billion gold marks as an evaluation of the war damage caused by Germany. The damage thus evaluated was to be made good by reparations, defined as a debt of 132 billion gold marks. But then the mention of 132 billion gold marks, having done its work of public relations, began to disappear. In Article 4 of the London Payments Plan, after a complex explication of the debt arrangements, Germany was ordered to pay 2 billion gold marks plus 26 percent of her export revenue annually, a total of slightly more than 3 billion at the current export level. This was the only serious part of the London Payments Plan. The 3 billion represented a payment of 6 percent on a debt of 50 billion gold marks. In the mathematics of reparations 132 billion equals 50 billion.

The debt arrangements, drafted in Articles 2 and 3, had accomplished the transformation. The 132 billion gold marks was

40 Ibid., 15: 566–69.
41 To which was appended a first-priority obligation for special compensation to Belgium, the great victim of the war. This amounted to 5.6 billion gold marks, the magnitude of the Belgian war debt. Theoretically, Belgium would get the 5.6 billion gold marks before the other Allies would begin to receive their share of the 132 billion gold marks.
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divided into three parts, represented by three series of bonds which the German government was to give the Allies. There was no significant difference between Series A, totalling 12 billion, and Series B, 38 billion. The 50 billion gold marks of Series A and B was to carry coupons of 6 percent to cover interest of 5 percent and amortization of 1 percent. This 6 percent would approximate the 3 billion indicated in Article 4 as the annual reparation installment: it was impossible to have bond coupons carry a variable like 26 percent of future annual export revenue. (The avowed purpose of the Allies was to sell these bonds on the world money markets—"capitalize the reparation debt"—but the international financial community had its own opinions about their investment attractions. No serious effort was made to buy or sell the bonds.) Thus, Series A and B, comprising 50 billion of the reparation debt. Series C, the greater sum of 82 billion gold marks, was another matter. Series C carried no coupons. The Reparation Commission, as agent for the Allies, said it would issue the coupons when satisfied that Germany could pay more than the installments on the debt of 50 billion. Series C was not a debt but a vague promise of becoming one. With the London Payments Plan the Allies confessed that they had been making unrealistic demands on Germany, and the old dispute between the principles of indemnity and reparation became meaningless.

For a week following the release of the Reparation Commission communiqué, public opinion could indulge itself in fantasies about the 132 billion gold marks. On May 3 The Times gave the first details of the London Payments Plan, but its report was false and misleading: the 82 billion of Series C was "understood to be payable in one year." The next day The Times mentioned that Series C carried no interest, but it avoided explaining what that meant. On May 6 a skillfully confused Times editorial said that the no-interest provision was "a valuable concession" to Germany, but again did not explain. The Allied citizen reading his newspapers—the French press was no more helpful—was protected from the realization that the 132 billion had vanished. Retaining that figure, Allied public opinion now lost itself among the labyrinthine details of the London Payments Plan.

The Allied leaders, the opposition as well as those in the government, joined in a conspiracy to believe in the 132 billion. In the
House of Commons on May 5, according to the *Times*’ parliamentary reporter, “Lord Robert Cecil, Mr. Asquith, and Mr. Clynes all fell on the Prime Minister’s neck in carefully adjusted embraces.” In France, the most uncompromising enemies of Germany refused to see the significance of Series C and confined their criticism to lesser points. In the Chamber on May 19, André Tardieu, speaking long and bitterly, attacked Briand because 132 billion gold marks represented less than 50 percent of French war demands. While this was an accurate statement, it was a remarkable way of attributing reality to the 132 billion. As a leading advocate of the hard line, Tardieu was obliged to attack any payment plan as too mild, but he had been one of the drafters of the Versailles Treaty, and to admit the full truth about the London Payments Plan would have been to admit too much of the truth about the treaty. The speech, like the other hostile comments, was a deliberate act of futility. Briand’s rivals let him have another triumph. The consensus in both Allied countries accepted the London Payments Plan with relief.

Germany struggled to understand the London Payments Plan. In his book Bergmann pointed out what the Allied leaders blandly ignored—that the Plan’s 50 billion equaled the 50 billion offered by Simons through the agency of the United States. It was true that the 50 billion of Simons was clouded over with unresolved questions, the conditions about export freedom and Upper Silesian integrity which the Foreign Minister dared not give up officially. These issues, however, could have been negotiated. The dramatic construction mounted by Lloyd George required that the Allied leadership retain all the initiatives. To the Allies, furthermore, the present government represented German intransigence. Germany had been given six days from May 5 to accept the London Ultimatum. Only a new government could make the German acceptance credible.

Fehrenbach resigned on May 4, and on May 10 Joseph Wirth presented his cabinet to the Reichstag. Several posts had not been filled, but the Allies did not permit more delay. The Reichstag gave Wirth an affirmative vote, and he promptly accepted the London Ultimatum. As Fehrenbach’s Finance Minister, Wirth had been

author of a budget with a huge deficit. He had his doubts about Germany’s capacity to pay 3 billion gold marks annually, but he also had an appreciation of other factors in Germany’s situation. His greatest resource would not be German finances but German good will. The best representative of German good will was Walther Rathenau, who had tentatively articulated the principle of fulfillment at the Spa Conference almost a year before. It was typical of the contradictions of both the time and the man that Rathenau was opposing acceptance of the London Payments Plan in early May of 1921. In a speech to a private group on May 7 he said: “We would be acting dishonestly if we signed the agreement.”

In the *Berliner Tageblatt* of May 10, the day Wirth formed his government, Rathenau published an article repeating the negative advice. Rathenau, however, had qualifications far outweighing these opinions of the moment. Because of Rathenau’s initial reluctance, Wirth was unable to bring him into the government immediately. At last, on May 29, Wirth achieved his purpose. On June 1 Wirth explained the necessity of fulfillment to the Reichstag. On the next day Rathenau, in his first public appearance as Minister of Reconstruction before the Reichstag, spoke about his hopes for Germany and the world—the promise of fulfillment.

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44 See chap. V, n. 1.