Walther Rathenau and the Weimar Republic

Felix, David

Published by Johns Hopkins University Press

Felix, David.
Walther Rathenau and the Weimar Republic: The Politics of Reparations.

For additional information about this book
https://muse.jhu.edu/book/72320

For content related to this chapter
https://muse.jhu.edu/related_content?type=book&id=2476358
The first necessity of the new government was to convince the Allies that it was serious about fulfillment. Wirth and Rathenau, each in his own way, did so as eloquently as possible in their Reichstag speeches of June 1 and June 2. Leaving most of the specifics of reparations to Rathenau, Wirth spoke about fulfillment in general. He promised to surrender the stocks of weapons left over from the war and to dissolve some of the irregular military units, although he was carefully vague about implementation. At the same time, attempting to comfort the electorate, he felt obliged to hope pathetically for a favorable decision on Upper Silesia; the Allies would understand the domestic pressures and refuse to take that brief part of the speech too seriously. Wirth went on to say that he would lead Germany in a spirit of international cooperation. The next day Rathenau elaborated on the theme of international cooperation through reparations. “We must find ways of coming together with the other nations,” he said. He emphasized that reparations meant not only financial payments, but also reconstruction.

1 In Wirth, Reden während der Kanzlerschaft (1925), pp. 41-65; and Rathenau, Gesammelte Reden, pp. 199-204. Also: Germany, Reichstag: Stenographische Berichte (hereafter cited as Stenographische Berichte), 349: 3709–17, 3742–45.
2 Reden während der Kanzlerschaft, pp. 42–45.
3 Ibid., pp. 53–58.
4 Gesammelte Reden, p. 200.
work in France. “Another factor that persuaded me [to join the government] was the conviction that France really wants reconstruction,” Rathenau said. “I have convinced myself that reconstruction is a reality.” The belief, he virtually admitted, owed more to his own will than any real evidence of what France wanted. Nevertheless, the speech enunciated a policy that could let Germany develop the image of international virtue.

Behind Rathenau’s speech was a great deal of his most expansive and ambitious postwar thinking. He had propounded his ideas on reconstruction almost two years earlier to Matthias Erzberger, then Finance Minister and the dominant figure in the cabinet. Their talk took place on July 6, 1919, and Rathenau followed it with a letter: “I mentioned these factors:—In our desperate situation we must find the leverage point which will permit us to roll up the whole flank. This point is located in Belgium and northern France, and in the context of the problem of reconstruction. It will permit us to (1) get our relationship with France straightened out, (2) correct the Peace Treaty, (3) transform and reduce the kind of payments demanded, (4) indirectly influence the domestic situation in a salutary way, (5) win back Germany’s moral position.” Speculating on sending as many as a half-million German workers to France, possibly by means of a draft, Rathenau said he hoped to use the reconstruction effort in a way that would make it overshadow the war in world public opinion. “When people set it over against the war,” he said, “it will take on the character—even after centuries—of Germany’s greatest accomplishment.”

The Wirth-Rathenau government, meanwhile, was collecting and paying the billion marks as evidence of its good will. Of course the action weakened the currency and the economy. It brought Wirth and Rathenau closer to the real objective of their fulfillment policy—getting reparations reduced—but it also encouraged extremism.

Other contradictions appeared in the relations with the two major Allied powers. Some persons debated the comparative merits of pro-British or pro-French policies. Foreign Minister Rosen, a straightforward person, favored the British because they were more sympathetic than the French. Georg Bernhard, editor of the Vossi-

---

5 Ibid., pp. 200–201.
7 The account of his stewardship in Rosen, Aus einem diplomatischen Wanderleben (1959), 3–4: 349–89.
sche Zeitung, urged a pro-French policy on the ground that France was less perfidious than Great Britain and could be persuaded to recognize the common interests of continental powers. Neither so simple nor so subtle, the best policy had nothing to do with such constructions as sympathy or perfidy among nations. The British were moving steadily toward a better understanding of the German economic situation, as German exports, under the pressure of reparations, undersold British goods. At the moment there was little that had to be done or could be done about Great Britain. The opposite was true of France and her representatives. "The French deputy ... continued ... to cherish the passions and the financial hopes which in 1919 his British counterpart had shared," a student of British-French-German relations has written. Germany had to do something about the French situation immediately, if she could hope to save herself before reparation payments caused a final collapse of the currency. While Rosen made unavailing gestures toward Britain, Rathenau addressed himself to France.

The real determinant of French policy was the need for security and solvency. The problem of security for France could be put simply. Even with Germany’s losses, her population was 50 percent greater than that of France. This was the proportion against which Clemenceau had fought so fiercely at the Paris Peace Conference. Another consideration was the fact that German industry had survived the war essentially intact and all the more efficient. The problem of solvency has been discussed in Chapter II. French finances, weakened by the war, were under the pressing threat of American (and British) demands for war-debt payment. The truths in the French situation were distorted in expressions of policy by an entirely human mixture of nationalistic resentment, fear, ambition, ignorance, and skilled rationalization. If fear about security was only reasonable, France reacted by overcompensating. She was trying to dominate the continent—not an immoral ambition surely, but an impossible one. In any case France refused to admit that there could be other security threats besides Germany. Concerning the financial problems, the French economist Alfred Sauvy has made several references to his countrymen’s "predominantly legal

<table>
<thead>
<tr>
<th>Footnote</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 In lead articles on January 21 and 30, and September 4, 1921, supported by continuing references in the news columns.</td>
<td>113</td>
</tr>
<tr>
<td>9 W. M. Jordan, <em>Great Britain, France, and the German Problem 1918–1939</em> (1943), p. 113.</td>
<td>113</td>
</tr>
</tbody>
</table>
and literary education . . . and very slight knowledge of economics” in his *Histoire économiq"e de la France entre les deux guerres*. Without the corrective of competence in economics, all the French weaknesses led to huge errors, and Louis Loucheur, after making the usual reparation demands in the Chamber of Deputies in 1919, remarked: “I couldn’t tell the truth—they would have killed me.”

The *Bloc national*, a grouping of the more conservative parties, had won the election of November, 1919, and tried to hold the government in a firm posture vis-à-vis Germany. Its large majority, however, was unstable, the Bloc having gathered in many conflicting interests. Its more reasonable members also knew that Great Britain disagreed about the degree of sacrifice to be expected of Germany. France might have to choose between German cash, assuming she could get her hands on it, and the association with Britain. In view of this it was not surprising that Aristide Briand, the great conciliator, should come to power at the beginning of 1921. One deputy, a man of principle, disconsolately said to Briand: “You are carrying out left-wing policy with a right-wing majority.”

Raymond Poincaré was developing a responsible alternative to Briand’s policy. He argued that France must maintain herself against the threat of American war-debt demands. He pointed out that Great Britain refused to commit herself to a firm guarantee of French security. France, he said, could afford neither to be gentle with Germany nor cooperative with her old ally. Poincaré would not admit the extent of the dangers of isolation, but then Briand was less than frank about the disadvantages of his management of foreign affairs.

A nationalistic Lorrainer, Poincaré represented a guarantee that French interests would be assured against German cheating. He stood comfortably close to most of the important French prejudices. He was conservative about money and taxes, and yet his anticlerical past made him sympathetic to many French on the Left, particularly since they, too, were conservative about money and taxes. Retired in February, 1920, after seven years as President of France,

he had permitted himself to be named president of the Reparation Commission. He knew how important reparations were. He remained with the commission three months, just long enough to acquaint himself with the issue and not so long as to suffer loss of stature. As a senator and chairman of the Senate's Foreign Affairs Committee, he was in an immensely favorable position, with great standing and no responsibility. Briand could do nothing without first asking what Poincaré would say or do.

Poincaré knew precisely what to say in his frequent expressions of opinion. He mentioned his fundamental arguments only perfunctorily. The effects upon France of British and especially American policy could not arouse his readers. Instead, he dwelt on the obvious German evils and French sufferings, mixing hardy commonplaces with conventional hyperboles. He was writing weekly articles for *Le Matin*, the conservative newspaper, and a regular feature, the "Fortnightly Chronicle," in the *Revue des deux mondes*, the important periodical. His first statement in the *Revue*, on March 15, 1920, was a model of everything to come: "When Germany signed the Versailles Treaty, she recognized in writing, on the honor of her plenipotentiaries, that she was guilty of having unleashed the war, and that, out of respect for justice, she had to make reparation for the evil of which she was the author. But the ink was hardly dry... when she began... a campaign, with the fine art of mendacity, to liberate herself from her obligations. She had insidiously broadcast the idea in all countries that she and her allies could not be solely responsible for the war...," while her government "tried to paint her economic situation in the blackest colors." Poincaré continued each fortnight: "real disarmament, reparations truly equal to the damages" (May 1, 1920, p. 240), "the gaping roofs, the crumbled walls of the war-devastated regions" (May 15, p. 469), and "behind her camouflage of misery, Germany is busily occupied in reestablishing herself" (July 15, p. 447). On February 1, 1921, commenting on Briand's accession to office, Poincaré praised Briand for promising to be firm. Poincaré had exaggerated, but not too much for France. It was possible to go too far. The speech of an obscure deputy in the Chamber lent itself to satirical reportage in *Le Temps* of May 21,

13 Pp. 472–73.
14 Pp. 661–62.
1921. Discussing reparations, the deputy had “brought those... billions to life... with the help of his prodigious magician’s wand... those billions owed to our tragically disabled veterans, to our widows, to our orphans, those billions still in suspense... The breathless audience saw them come, go, be born, live, die, tremble, shake, demand their rights, bewail their wretchedness and betrayal, huddle—maimed themselves, insecure, and as if ashamed of themselves—in the hollows of devastated valleys, in the shade of melancholy ruins, and rise up again, incensed to see themselves required to justify themselves, quibbled at, haggled over by a conniving Germany, or—crueler agony—by allies become—already!—indifferent.” Le Temps was taking advantage of an extreme statement to defend the government. The point was to set up a contrast between the manifestly magical claims of the deputy and those of the government’s policy. The reader might be persuaded that the somewhat smaller official demands were reasonable, even if these also assumed the impossible.

Beyond Poincaré on one side and Briand on the other there were voices indignantly demanding even more firmness or timorously suggesting a little more understanding of German problems. Those who tended toward a milder policy had to be cautious. The Socialists were trying to return to their internationalism after having emphasized their patriotic Jacobin sources. They had called for the usual high reparations at the time of the Peace Conference, repeating their demand in a resolution of October, 1919. By 1921 they were trying to make things easier for their fellow Socialists in Germany, but they could not let France be second to the other Allies in exploiting reparations. Commenting on the London Conference, Le Populaire, the Socialist Party organ, avoided the real problem by falsely accusing Foreign Minister Simons of being a spokesman for German industry. Even the most conciliatory among the French required much more of Germany than she could give. Two forceful groups were counterweights to the inhibited advocates of mildness. Clemenceau’s former lieutenants, a half-dozen able men, never forgot that Briand had frustrated the war leader’s presidential candidacy. Their principal figure was the formidable André Tar-dieu, who had drafted the Versailles Treaty for France and was

16 March 3, 1921.
committed to defending its integrity. On the far Right the *Action française*, the royalist-nationalist league, regretted and anticipated a separatist Rhineland under French tutelage while demanding the maximum in reparations. If these groups were only on the fringes of power, they still had the effect of weakening Briand and strengthen­ing Poincaré. The natural eloquence of French politics favored Poincaré, but, for the moment, the nation's natural prudence prev­ailed.

Briand had won a series of successes, beginning with the Paris Conference in January and culminating with the acceptance of the London Ultimatum by a new German government. Their content, however, was largely gesture and promise, and he would need more substance. The situation was all the more difficult because France would get nothing from the first billion marks remitted by Ger­many: the inter-Allied balance of credits and obligations would force France to let Britain and Belgium divide the billion between themselves. This was to compensate those powers for French pos­sion of the Saar and its mines. The Saar, however, had been used up as a political satisfaction, and to fend off his enemies Briand had to show that France was getting something more—and this before the next important installments under the London Payments Plan would be paid. These were not due until January and Feb­ruary, 1922; Briand had advisers clear-sighted enough to doubt that Germany could or would pay the 1922 installments. In the spring of 1921 the French government found one palpable advan­tage in the logic of reparations and international economics. Ger­many was delivering to France a few items, chiefly coal, timber, and dyes, that were as good as money. Transfer was no problem: Germany had these products and France needed them. A year earlier Millerand had taken political advantage of this to win a temporary easing of pressures through the coal provisions of the Spa Agreement. The coal had temporarily satisfied public opinion. Even before Wirth's government of fulfillment had taken office, Briand's people had worked out a new plan promising the advan­tage that Briand needed politically.

Rathenau's Reichstag speech of June 2 and, long before that, his talk with Erzberger, had conceived of something sublimely differ­ent from the French plan. It was typical of Rathenau, however, that he could keep two contradictory ideas vigorously alive in his mind
at the same time. Less than three months before making his speech he had expressed a much more realistic view of the French attitude. He had been a member of a group of businessmen who met with officials of the Reconstruction Ministry on March 19. French reconstruction was mentioned. "The romantic prospect of rebuilding all of northern France... cannot be carried out," Rathenau coolly said. "The French don't want it."\(^{17}\) Such opposed views would have paralyzed the effectiveness of most men. Rathenau functioned differently. His imaginative side made the most of the public relations value of the dream of reconstruction. The practical Rathenau seized upon the operational details of the French plan.

The files of the Reconstruction Ministry contained more opinions and much evidence supporting the practical approach. On May 28, 1921, anticipating a new Reconstruction Minister, State Secretary Gustav Müller prepared a report on the reparation situation. Müller told of the Ministry's inability to get France to take anything besides coal, timber, and dyes. There was the matter of the 60,000 wooden sheds which the Allies had solemnly demanded shortly after the peace. In October, 1919, Louis Loucheur, then Clemenceau's under secretary of state responsible for reparations and reconstruction, refused to accept delivery of the sheds. Subsequently, Loucheur simply failed to reply to German questions about construction material. In the spring of 1920 the Reparation Commission handed to Germany unexamined lists of articles requested by war-damaged French factories. To give one example of what had been requested, "there were enough driving belts to go around the equator." As Müller summed it up, all the evidence so far had shown that neither the Reparation Commission nor the French were serious about taking materials. The needs of those who had suffered from the war had little influence on decisions.\(^{18}\) Carl Bergmann, reporting from Paris as a member of the War Payments Office, dismissed the idea of reconstruction. In a memorandum on April 4, 1920, he said it was "simply impossible."\(^{19}\) Loucheur himself would revise the French position, but only after a year.

A new series of negotiations began shortly before the Fehrenbach government fell. On April 23, 1921, the Chancellor formally

---

\(^{17}\) Reichskanzlei: Wiederaufbau der Feindgebiete, BA, R431/342.

\(^{18}\) Ausführung, BA, R431/20.

\(^{19}\) Ibid., R431/14.
renewed Germany’s offer to provide equipment and workers for French reconstruction. On May 12, Loucheur, now Briand’s Minister of the Liberated Regions, took up the idea. He told Dr. Wolf of the War Payments Office that France would be prepared to accept 25,000 wooden sheds in 1921. On May 31, in another talk with Wolf after Rathenau was named to the Reconstruction Ministry, he said that France was willing to consider taking goods in general. On June 3, in a third interview, Loucheur expressed a keen interest in Rathenau’s views.20 Obviously anxious to proceed, Loucheur went on to make an important point. He reminded Wolf that France, according to the agreement made among the Allies at the Spa Conference, was to receive 52 percent of German reparation payments. If she made a special arrangement with Germany, France would have to compensate the other members of the Entente to the extent that it gave her more than 52 percent of reparations in any given year. Loucheur wanted to keep France from losing to her friends what she would get from her old enemy. He suggested that France and Germany work out a formula that would spread the reparation credit to Germany over future years. He was conceiving of a situation in which Germany might, for example, give France coal and other products worth a billion marks in 1921. During the year, however, Germany would get credit for perhaps 350 million gold marks or, in any case, a figure that would just fail to put France’s total reparation receipts over 52 percent. This was the reasoning behind the Wiesbaden Agreement, the negotiation of which represented Rathenau’s first important act in office. Rathenau was heavily praised and blamed for Wiesbaden. The idea was purely French.

Less than two weeks after taking office, on June 12–13, Rathenau met with Loucheur in Wiesbaden, talked with him for a total of eight or nine hours, and accepted the principle of the Wiesbaden Agreement.21

20 Reports by Dr. Wolf, ibid., R431/20.
21 Detailed accounts by Rathenau in Tagebuch, pp. 171–87, and his report to cabinet on June 14, in Kabinettsprotokolle, BA, R431/1368. Further details of this and other meetings, copies of Wiesbaden Agreement, supplementary agreements, and other relevant material are in Ausführung, BA, R431/20 and 21; and Wiederaufbauministerium: Reparationsverhandlungen mit Frankreich, BA, R38/169. Also, Büro des Reichspräsidenten: Politische Abteilung, Ausführung des Friedensvertrags, DZA, vols. 673 and 674.
Loucheur was as well prepared as Rathenau to deal with the shifting realities and fantasies of reparations. Briand's biographer remarked that Briand appreciated Loucheur's "skill . . . in pirouetting away from the denials of the evidence . . ." as he "manipulated his figures like dice—with intuition, speed, and optimism."\(^{22}\) Loucheur had the optimism of the self-made man who could become the owner of the chateau of Louveciennes, Madame du Barry's country residence. Outstandingly different from Rathenau in style, tall but massive, furiously energetic, he had a number of similar qualities and had been engaged in some parallel functions. He was five years younger than Rathenau. A railway engineer and later co-owner of an engineering construction firm, Loucheur had entered the government during the war as an expert in military production. He became an important member of Clemenceau's group of assistants, with special responsibility for reparations during the peace talks. He gave frequent evidence of the talents Briand's biographer mentioned. On September 11, 1919, he told the Chamber of Deputies that Germany could not pay the 800 billion gold marks he himself had earlier claimed, and that a more reasonable figure would be 300 billion gold marks, to be paid at a rate of 18 billion gold marks annually. He blamed France's allies for having forced her to make the old demand. As for paying the 18 billion gold marks, Germany would have to expand her sales to the Americas. With all its excesses, the speech was an attempt to move France toward a more sensible position on reparations. At the time, it also took courage to say, as Loucheur did, that "there is a limit to [Germany's] capacity to pay."\(^{23}\) Unlike Tardieu, he was not so rigid in principle nor so closely identified with the Versailles Treaty as to remain tied to the aged and politically moribund Clemenceau. He was happy to join Briand when Briand returned to office, and both men contributed another decade of valuable service to their country. Loucheur was further recommended for his present position by his continuing association with the construction industry in northern France. French businessmen could be confident that he would not permit reparation deliveries to deprive them of customers.

\(^{22}\) Suarez, Briand, 5: 105 and 104.
The negotiations for the Wiesbaden Agreement took another four months. Rathenau and Loucheur met again on August 25–26, when they initialed a draft treaty, and on October 6–7, when they signed the agreement and four supplementary agreements. Rathenau had won a few small concessions by hard negotiating, but Loucheur got the essence of what he had originally demanded. Nothing was left of Rathenau’s schemes, the reconstruction work in France, the demonstration of German good will in an international labor of brotherhood—nothing but the aura. In the workings of international politics the aura was very useful.

The Wiesbaden Agreement was the perfection of harmlessness. Its general provisions vaporized the specific and concrete terms. According to the latter, France and Germany would create complex administrations managing the transfer of great lists of products, a total of 7 billion gold marks in four and one-half years, from October 1, 1921, to May 1, 1926. Germany would get reparation credit up to 35 percent during any one year, but in no case so much that France would have to admit receiving more than her 52-percent share. This provision, however, created a problem which was never solved. If France was receiving the full 52 percent from other reparation payments—and there was no reason to suppose she would not—then Germany would get no credit for deliveries under the Wiesbaden Agreement—at least, not until after the agreement had expired in 1926. The German economy could hardly wait that long for relief. The provision was so clever and protected France so completely that it destroyed the agreement’s announced sense. The agreement was not meant to provide for the delivery of 7 billion gold marks of German goods to France in four and one-half years, giving France valuable products on the one hand, and permitting Germany to substitute goods for desperately needed gold or foreign currency. This was what the public was told. French business and labor, however, refused to permit the import of anything except coal, timber, and dyes, which were in short supply in France. Since these were being shipped anyway—as provided in the Versailles Treaty—the Wiesbaden Agreement introduced no change whatsoever. The agreement was meant to confuse the French electorate and give the French and German governments a little more time to maneuver among the impossibilities. In one of his last statements, on June 9, 1922, Rathenau said: “Up to now
[the agreement] has had no effect on economic reality, but a most valuable effect [on] economic insight."

The question of Upper Silesia illustrated the limited value of any arrangement with France. While Rathenau had been negotiating the Wiesbaden Agreement, France had been aggressively supporting the Polish interest in that province. Rathenau had taken the occasion to suggest to Loucheur that a kinder French attitude would improve the chances for German reparations, but the argument had no effect. In October, less than a week after Rathenau and Loucheur signed the agreement, the decision on Upper Silesia became known. It made Germany exceedingly unhappy with France, but then France had her reasons for being unhappy with Germany. The unhappiness was due to the same reciprocal reason, excessive weakness in dealing with the other. By October it had become clear to the French that Wiesbaden would give them no real advantage. They were getting no cash from Germany and could see only doubtful prospects of it. They reacted bitterly.

A great debate began in the Chamber of Deputies on October 18. Briand, defending himself against the accusation that he was practicing a “politique d’abandons,” had to fight for his government’s life. Furthermore he was preparing to leave for the Washington Naval Conference before the end of the month, and the conference promised nothing good. Briand did not trust his full weight upon the Wiesbaden Agreement. In a long speech on October 21 he mentioned it briefly as helping to produce a “favorable atmosphere.” But that was all. There was little else he could say about it. After getting nothing from the first reparation payment, France was now watching the mark decline more and more, a process that took dismal effect on its own economy. Guided by orthodox economic thinking, the nation found it easy to blame Germany for the German inflation. “Germany is undergoing planned bankruptcy in order to evade her contractual obligations. . . . La faillite équivaudra . . .

---

24 Rathenau, Gesammelte Reden, p. 405, in a speech (pp. 404–18) in Stuttgart before a group invited from “all the parties.” The Reparation Commission did not approve the agreement until March 31, 1922. The Chamber of Deputies ratified it only on July 6, 1922, and the four supplementary agreements on December 20, 1922—after Rathenau was dead. Nothing was ever delivered under it.


26 Suarez, Briand, 5: 222; the full text of the speech, pp. 209–30.
à une victoire.” This was how the German Ambassador had summarized French press opinion in a report on September 20. “The German government is responsible for the inflation because it constantly prints up new paper money while refusing to get its hands on the nation’s real wealth,” the Ambassador continued. “The hateful judgments predominate by far.” In the Revue des deux mondes Poincaré was tirelessly demanding that Germany slow down its currency printing press and balance its budget. The Ambassador found a few mild exceptions; the radical Ére nouvelle, for example, pointed out that a German bankruptcy might be painful to the Germans as well as to the French. He did not report that Le Figaro was hinting at the value of peaceful coexistence. In the spring of 1921 it had begun to carry a number of articles on German subjects and personalities, friendly reviews of Rathenau’s ideas, interviews with Erzberger and Stresemann, and, during September, a series called, “A Survey of Germany,” which included an interview with Rathenau. This effort to understand Germany was exceptional. Few persons dared say anything objective about her. In the debate in the Chamber, Léon Daudet called Briand weak on Upper Silesia, while Maurice Barrès urged a more energetic encouragement to separatism in the occupied Rhineland. Tardieu concentrated his contempt in a killing phrase; the government, he said, was as decisive as “a dead dog floating downstream.” Briand had to use all his skill to placate Chamber and nation. His objective, he said, was “to disengage from the corpus of Germany a Germany with whom we can live.” For the moment the majority of the Chamber agreed with Briand, who went to Washington with its formal support. But the limits were set.

For Germany, and in a way that was more essential, the limits had also been set. French policy, if it did not change for the better, meant German bankruptcy. The only reasonable expectation was that it would change for the worse. The Wirth-Rathenau government had to maintain itself against the dangerous effects of French demands upon domestic politics and engage the understanding of the other major Allied power.

27 Wilhelm Mayer, in a telegram to the Foreign Ministry, Wiederaufbau-ministerium: Londoner Ultimatum vom Mai 1921, BA, R38/118.
29 Ibid., 5: 222.