The Anti-Conference

The Genoa Conference had been meant, as Lloyd George told the House of Commons, to reconstruct "economic Europe devastated and broken into fragments by the desolating agency of war." Genoa utterly lacked the means to carry out its plan. It was dominated by irrelevant and doctrinaire economic ideas. Even if the conference had been wiser, it still faced the problem of trying to do a job without money. Only the United States had the money and the United States was not participating. The thirty-four participating powers had only debts to shunt about among themselves.

American politics, reacting to an autonomous domestic logic, was arriving at a definition of war debt policy. On January 31, 1922, the Senate passed a bill creating the World War Foreign Debt Commission. The purpose of the commission, which was to be formed from members of the House, the Senate, and the executive branch, was to prevent the executive from being too mild on the debt question. Controlled by the legislative branch and more sensitive to public opinion, the commission would make sure it got its money. The bill became law as the Debt Funding Act on February 9. Charles Evans Hughes, the American Secretary of State, dis-

2 See discussion in Harold G. Moulton and Leo Pasvolsky, War Debts and World Prosperity (1932), pp. 71–82.
cussed the sense of it a few days later with an American journalist. The result was a long article that appeared in a number of newspapers, including the London Times of March 2. Hughes made it clear that the United States would not attend and, furthermore, disliked the idea of the Genoa Conference itself. "Sooner or later an international conference must deal with the whole subject of international indebtedness, which includes German reparations and Allied debts to the United States," the article said. Hughes was making an extraordinary admission for the American government—that the Europeans were right about the need for an economic conference and about the connection between reparations and war debts. "But—" the article went on—"at the moment neither the people of the United States nor France are adequately educated to the facts of the situation. Until this education is achieved little real good can flow from the Conference." The Times gave additional emphasis to the thought in an accompanying editorial: "Europe is invisible from the Mississippi Valley." The American farmer could not be expected to understand a "Europe, whose discontents and wranglings [he] knows only as the strange murmurings of a far-off world...."

It was not surprising, in view of this, that the leading powers of the Genoa Conference should unite to eliminate any residual life-giving elements. One might argue that the negativism of the United States need not completely overwhelm the conference. If Genoa had only debts to adjust, intelligent debt management, arranged in a spirit of European solidarity, could make things better instead of worse. Here, however, doctrinaire economics and anxiety-ridden nationalism came into play. A few years ago a European historian commented: "The only positive solution would have been by means of a constructive European policy, but Great Britain, France, and Germany were still a long way from anything of the sort." Europe found it easier to cooperate in destructive policy.

The preliminaries clearly showed the direction the conference would take. Poincaré was functioning as an instrument of French public opinion, confirmed in its stubbornness by American policy. He saw no advantage for France in participating. Unable, however, to disengage France totally and abruptly, he set out to make the

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3 Rudolf von Albertini, professor of modern history at the University of Heidelberg and a native of Zurich, in a lecture to the Antiquarische Gesellschaft of Zurich, reported in Neue Zürcher Zeitung, November 30, 1955.
conference harmless. Lloyd George, because of the urgencies, had wanted to begin in February or March. On February 9 Poincaré sent a resistant note to the British government. Pointing out the many problems—to which he was actively contributing—the note asked for a postponement of three months “at least” and threatened that France would otherwise not attend. Poincaré was arguing the principle of the sanctity of contracts with “pitiless logic,” compared with Lloyd George’s “brilliant improvisations,” in the judgment of the Times correspondent. Conventional economic belief, looking upon the Versailles Treaty and the tsarist debts as solemn contracts, had to agree with Poincaré. This meant that German reparations, as a chose jugée, should not even be discussed, and the Soviet government would, for its part, have to accept responsibility for the old Russian debts. Lloyd George, who reflected the opinion of the British financial community, took the same position as Poincaré on claims against Russia. At a cabinet meeting on March 28 he meticulously impaled himself upon the Soviet dilemma. He began by remarking on the importance of Russian trade to Britain, but then he said: “Payment of debt . . . was at the root of civilized government.” German reparations were another matter. After all, they were an important part of the conference’s raison d’être. Poincaré, however, had been no less firm about them. He forced Lloyd George to arrange a meeting at Boulogne on February 25. The leaders debated for four hours, causing Poincaré to miss his train—and Lloyd George capitulated. A Times correspondent might report that both men emerged “vividly content,” but the Premier won his point. Reparations would not be on the agenda at Genoa. And so the sense of Genoa was destroyed.

All of these failures had their effect on British politics. Returning from Boulogne, Lloyd George had to act forcefully to reduce a near revolt among his supporters. Some of the young Conservatives were opposing his policies. He threatened to resign, and Austen Chamberlain and Sir Laming Worthington-Evans both made speeches on March 3 pointing out that there was no one to take his place. The reasoning was effective, if uninspiring. The House of Commons resolution of April 3, which empowered the government to act in Genoa, suspiciously fixed precise limits on what it could do

4 *The Times*, February 10.
5 Cabinet Conclusions, PRO, CAB 23/29.
6 February 26.
there. Lloyd George had never been treated this way before, but he was losing his confidence. He “warned the country that it was a mistake to believe that if the Conference did not achieve anything . . . it was a failure.” He needed a great success to maintain his position, and he could see little reason to expect one.

A few days earlier, on March 29, The Times had said: “The European governments are now going to the Conference unprepared, disunited, with unconcealed rivalries and unsolved conflicts, with specious schemes and formulas in which not one of them at heart believes . . . .” All the messages about Genoa that reached Germany were unhappy. On February 25 the Hamburg banker Carl Melchior reported to Rathenau on what Sir Robert Horne had privately told him. The Chancellor of the Exchequer said that Genoa “will produce no positive results for Germany.” Horne doubted that there was any chance for relief in 1922: “Germany must try to keep her head above water during this time.” How?

Rathenau alternated between faint optimism and hopelessness. On March 7 he tried to comfort the Reichstag Committee of Committees (Hauptausschuss). The prospects were certainly not promising, he said, but other conferences would succeed Genoa and could eventually bring relief. He pursued this possibility in a letter to Lloyd George on April 2. Rathenau begged the Prime Minister to discuss reparations privately with him in Genoa and went on to suggest a small conference afterward. He warned of economic disaster: “We are rapidly approaching Austrian conditions”—and of political disaster: “The general discontent with existing conditions is assuming more and more menacing forms . . . .” He was seeing less and less reason for expecting anything good. Three days after writing Lloyd George and less than a week before the conference opened, Rathenau told a cabinet council: “Genoa is . . . a conference from which the chief creditor of the world stays away, at which the reparation question cannot be dealt with . . . at which the Russian situation will get much more attention than that of

* The Times, April 4.
* Vossische Zeitung, March 7 (P.M.).
* Foreign Office 371, PRO, item 7473C1338. The letter is in Rathenau’s almost faultless English.
Germany." He concluded: "It therefore does not hold much hope for us."11

The Wirth-Rathenau government, meanwhile, was being whip-sawed by the Reparation Commission and the economic problems of fulfillment. When the commission had granted the temporary reparation relief in Cannes on January 13, it demanded that Germany carry through a series of classic deflationary measures. Wirth and Rathenau had to give the commission some kind of satisfaction, and Wirth delegated the domestic details to Andreas Hermes, Acting Finance Minister in the reconstituted cabinet. This meant new legislation to modify the tax program Wirth had completed only in October, when his first cabinet had fallen on the Upper Silesian issue. Now, more taxes were required to reduce the deficits, and Hermes labored to persuade the political parties to allocate new sacrifices among the interest groups they represented. Wirth had been led originally to giving the finance responsibility to Hermes because Hermes had the confidence of important business groups and the German People's Party, although he was a Centrist. In early March he was officially named Finance Minister, another effort to win the support of the business community. On March 16, after achieving a compromise in secret talks, Hermes introduced a new tax measure in the Reichstag. He was able, for the moment, to secure the cooperation of the major parties.

The economic strains on the government had been intensifying. On February 1 clerical and supervisory employees of the railroad system went on strike. They had good reason. They had been suffering more and more as inflation reduced their real income, while the government, struggling against its deficits and requiring time to make tax adjustments, never made adequate compensation. The strike was the kind of practical political problem to which Wirth's abilities were admirably suited, and he brought it to an end by February 8. Requiring a pay increase, the settlement encouraged similar strikes by other governmental employees, who also had eroded incomes to protest. In a Reichstag speech on February 9 Wirth covered his concessions by harsh criticism of the railroad strike. It was only words. The point was, as he said, "This could

11 Büro des Reichspräsidenten: Wirtschafts- und Finanzkonferenz in Genua, DZA, no. 687.
gravely endanger our dealings in foreign policy just when we are struggling the hardest.”

The inflation, temporarily held back by the Cannes arrangement, was getting worse again. The mark fell from the level of 200 to the dollar, where it had hovered since December. By March 1 it took 230 marks to purchase a dollar. On March 14 the evening edition of the *Vossische Zeitung* carried the headline, “DOLLAR 275 MARK.” On March 22 the mark reached 304.5.

The mark was reacting to the Reparation Commission note of the day before. The note of March 21, while granting the provisional moratorium, had demanded, among other things, that the government overturn its new tax law—now at its second reading—and increase taxes by 60 billion paper marks. It set a deadline of May 31, when the tax measure and a series of economic reforms had to be in effect. At that date the moratorium would be confirmed or withdrawn. As far as the taxes were concerned, this meant another billion gold marks at the March exchange rate, a 50-percent rise. It called into question all of Finance Minister Hermes’ labors for the tax compromise. Even such supporters of the fulfillment policy as the Socialist *Vorwärts* and the Democratic *Berliner Tageblatt* wanted to reject the note out of hand. The government met all day on April 24 to discuss a reply. At a cabinet council in the afternoon, Rathenau, reviewing the reparation problem at great length, also favored rejection. He said reassuringly that the approach of the Genoa Conference would prevent the commission from taking drastic action. Wirth, even more acutely responsive to public opinion, said he would counterattack with a patriotic speech in the Reichstag, and President Ebert picked up the idea: “The Chancellor’s speech will have to show firmness with a patriotic undertone.” Wirth made that kind of a speech on March 28. Rathenau followed him the next day, giving the strongest speech of his political career, but nevertheless moderating Wirth’s demagogic negatives. The

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12 *Vossische Zeitung*, February 10 (A.M.).
13 Copy in Ausführung, BA, R431/25.
14 Kabinettsprotokolle, BA, R431/1375.
16 *Stenographische Berichte*, 354: 6651–57; also in Rathenau, *Gesammelte Reden*, pp. 375–97. The Berlin correspondent of *The Times* noted (March 30) the distinction between Wirth’s emotional outbursts, meant for German public opinion, and Rathenau’s diplomatic restraint, concerned with the Allied reaction and attempting to keep communications with the commission intact.
government then drafted its reply, which debated the wisdom of the commission’s demands. The reply arrived only on April 10, the day the Genoa Conference opened. Rathenau had been right. The Allied leaders, concentrating on the conference, kept the commission from doing anything for the moment. Carl Bergmann, single-mindedly pursuing the objective of satisfying the commission as an expert on reparations, felt that “the government had barricaded itself in a position of harsh rejection. . . . The two leading exponents of the fulfillment policy, Rathenau and Wirth, had become spokesmen of open defiance. . . .”\textsuperscript{17} From his secondary position with its limited responsibilities, he failed to recognize the other claims on Wirth and Rathenau. There was more to German foreign policy than fulfillment.

As Foreign Minister, Rathenau had to withdraw from direct responsibility for reparations, and by late March, Finance Minister Hermes had assumed it. A man of dedication, integrity, and administrative imagination, Hermes combined several years of foreign experience as an agricultural expert in a Rome-based organization with distinguished service in the Weimar government. Hermes had conceived and organized the republic’s Food Supply and Agriculture Ministry, the Kaiser’s imperial government having depended on the agriculture ministries of the states. Firmly and fluently, Hermes took up negotiations with the Reparation Commission. Rathenau addressed himself to the complex demands of Genoa, with particular attention to Soviet Russia.

The history of German-Soviet relations was labyrinthine.\textsuperscript{18} The Brest-Litovsk Treaty of March, 1918, which had torn away a great

\textsuperscript{17} Bergmann, \textit{Der Weg der Reparationen}, p. 155. Bergmann had resigned as a State Secretary in the Finance Ministry in the fall of 1921 to join a bank, but returned temporarily to government service as an expert. This was in January, in time to assist in the Cannes negotiations.

stretch of Russian territory, had been invalidated at Versailles, but it had remained a confusing factor and an irritation. Another irritation was the murder of the German Ambassador to Soviet Russia, Count Wilhelm von Mirbach, on July 6, 1918, by five Social Revolutionaries. (Karl Helfferich was the next, and the last, Imperial Ambassador. He arrived at the end of July, but disagreeing with his government’s policy and finding himself in danger, returned to Germany after ten days.) In the summer of 1920, as Soviet armies wheeled through Poland in the direction of Germany, Foreign Minister Simons called for the resumption of relations. He was supported by most of the nation’s political opinion, including that of the Right. As an argument of potential friendship he announced that Germany would not allow the transit of munitions to Poland. The defeat of the Soviet forces before the end of the summer removed the urgency, however, and many difficulties intervened. Nevertheless the Germans and Russians were moving closer to each other under the effects of general circumstances and Allied postwar policy. The rationale had been articulated in an article in Maximilian Harden’s publication, Die Zukunft, back in December, 1919. The writer was Karl Radek, special Soviet emissary to Germany and the future editor of Pravda. At the time Radek was being held in detention for having aided the Spartacists. He argued that Germany and Russia needed each other against the Entente. On his return to Russia Radek continued to urge cooperation, and Lenin told the All-Russian Congress of Soviets in December, 1920, that the Versailles Treaty set conditions for Germany “which do not permit her to exist.” He predicted that Germany “would be forced to ally herself with Russia.” Behind Lenin’s comments was the knowledge that Germany had already begun to work closely with Soviet Russia on substantive programs.

The cooperation between Germany and Soviet Russia dealt with two general areas, matters of daily necessity and the greater ambi-
tions of Realpolitik. The first area covered the surviving commercial relations, questions of property and claims, and prisoner exchange. Much of this work had been carried out by two dedicated specialists. One was Moritz Schlesinger, a Jewish Social Democrat and a former army sergeant who had been running a camp for Russian prisoners near Berlin. The other was Gustav Hilger, a German businessman who had spent most of his life in Russia and who then managed a welfare office in Moscow for German prisoners. The office, established in April, 1920, and officially attached to the German Finance Ministry, was actually headed by Schlesinger. Shuttling between Berlin and Moscow, Schlesinger used his position to assist Germany's foreign policy aims in the East. Much of this was done under the general direction of Wirth, Finance Minister since March, 1920. Many years later, after the Nazi power seizure, Wirth was trying to prove his patriotism, and he sent a memorandum dated September 2, 1933, to the government. Referring to rapprochement with Russia, he wrote: "I claim the honor of having inaugurated this policy with General von Seeckt and Ago von Maltzan." The objective, he said, was "to find a spot where I could break through the iron ring of Versailles." This was the Realpolitik, as carried out by all the leaders of the Weimar Republic responsible for foreign policy.

Beginning in the spring of 1920, Wirth, Seeckt, and Maltzan initiated a wide range of actions in association with Soviet Russia. Wirth had just become Finance Minister, Seeckt had just taken command of the Reichswehr, and the ambitious aristocrat Maltzan had recently become head of the Russian desk in the Foreign Ministry. One early action was the negotiation of the German-Russian agreement of April 19, 1920, which provided for the establishment of prisoner-exchange offices. In the winter of 1920–21 Seeckt organized Sondergruppe R, a Reichswehr office responsible for managing German military operations in Russia. Wirth gave it 150 million paper marks (worth about $1 million at the time) when he organized his second cabinet in the fall of 1921, the first of many payments hidden in the budget. About then, also, Wirth's Finance Ministry formed the GEFU, a cover organization which later built up the Soviet munitions industry while producing shells,

20 Quoted in Laubach, Die Politik der Kabinette Wirth, p. 113.
21 Freund, Unholy Alliance, p. 97.
aircraft, and tanks for Germany. Implementation was slow on all the projects because of the postwar problems of both countries.

In the fall of 1921, with Wirth's second cabinet, the German-Soviet joint activities became more intense. Two opponents of cooperation were dropped, Foreign Minister Rosen and Gustav Behrendt, head of the Foreign Ministry's Eastern Department. Maltzan, promoted by Wirth to Behrendt's position, could act freely. Meanwhile, Russia was becoming friendlier under the effects of the New Economic Policy, begun in the spring. During the last days of 1921 Rathenau took the time from his busy efforts for reparation relief to meet with Wirth and Seeckt on Russian policy. According to Seeckt's biographer, Rathenau agreed with this statement of Seeckt's about German objectives: "Germany must build up its strength at home and then wait to strike at the right moment." A month later Rathenau was Foreign Minister and responsible for negotiations with the Russians.

Rathenau's distinguished talents for sympathy and ambiguity were useful in the negotiations. His own unorthodox views made him open-minded to the Soviet experiment. In early 1919 he had told Kessler that Bolshevism "was a magnificent system, to which the future would probably belong. . . ." But his sense of reality gave him pause: "During the day, when he saw our workers and office people he was no Bolshevik at all, or not yet. . . ." As for Russia: "The present Russian Bolshevism is like a magnificent play being put on out in the provinces by a shabby third-rate troupe." In 1919, also, Rathenau had twice visited the imprisoned Karl Radek, the second time accompanied by Felix Deutsch, the AEG general director and husband of Lili Deutsch. Rathenau crossed his legs, called himself a "constructive socialist," and, in the course of giving an hour's lecture on the world situation, suggested sending German technicians to Russia. His vague ideas had led, however, to a plan

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23 Rabenau, Seeckt, p. 310.

24 Kessler, Tagebücher, p. 131. This was the moment (see chap. III) when Kessler thought Rathenau was used up.

25 Carr, German-Soviet Relations, pp. 19–20. Radek saw Rathenau as a "great abstract intelligence, an absence of any intuition, and a morbid vanity" (p. 19). Rathenau later described Radek to D'Abernon: "He is, of course, clever and witty, but very dirty. The real type of low Jew-boy" (quoted in the latter's Versailles to Rapallo, p. 279, entry of February 2, 1922).
which aroused Soviet suspicions. This was the international project for reconstructing Russia which Rathenau had discussed with Lloyd George in London at the end of 1921. It was given the form of an economic consortium, and officially announced in a British government statement on February 21, 1922.\textsuperscript{20} Before that time, however, the Soviets had a good idea of its general character. The Economic Consortium was imagined as an international body with a senior membership that included Britain, France, Italy, Belgium, Japan, and the United States. Of course the United States had not been consulted. Germany, in a subordinate role, would do most of the work, contributing her expertise to the work in Russia. She would receive her reward in the profits produced by the enterprise, although half would be passed to the Reparation Commission as German reparation payments. Despite the humiliation and profits-sacrifice, this feature attracted Rathenau as a way of demonstrating German good will. It was, furthermore, a construction of a kind he liked, claiming to do several things at once. The word “profits,” however, was enough to put off the Soviets totally, while the British statement insisted on the maintenance of “economic principles . . . essential to the development and even existence of private enterprise.” To the Soviets the Economic Consortium was simply an instrument to exploit the proletarian homeland for the benefit of international capitalism. Rathenau, persisting, debated the excellences of the idea with Radek, who was back in Berlin, at meetings in late January. Rathenau was still a private citizen, and the meetings, with the industrialists Deutsch, Stinnes, and Wiedfeldt participating, had to do with the vague subject of economic cooperation between German business and the Soviet government. Stinnes, incidentally, supported Rathenau on the Economic Consortium. He also thought it was the only way of achieving German-Russian cooperation without angering the Allies.\textsuperscript{27} Radek was not convinced.

Radek, meanwhile, was pursuing a simple idea. Immediately upon his arrival in Berlin he had begun to work with Ago von Maltzan. By January 22, 1922, Maltzan could show Wirth the first draft of what would become the Treaty of Rapallo.\textsuperscript{28} At the second

\textsuperscript{20} Copy in Büro des Reichsministers: Genua, PA, AA, vol. 1, January 1–April 8, 1922.
\textsuperscript{27} Minutes of meetings on January 25 and 30, Politische Abteilung IV: Deutsch-russischer Vertrag von 16.4.22, PA, AA, vol. 1.
\textsuperscript{28} Laubach, \textit{Die Politik der Kabinette Wirth}, p. 186, according to a memorandum of Maltzan of that date.
meeting with the industrialists, on January 30, Radek made it clear that Russia looked on the Economic Consortium as a threat. He used a counterthreat himself, mentioning Article 116 of the Versailles Treaty, which specifically reserved Russian claims for reparations from Germany. Radek was insisting that Soviet Russia would press its claims under Article 116, if she could not work out an arrangement with Germany. On the other hand an arrangement between the two countries would repudiate the claims, and this was the case with the treaty draft he had written with Maltzan. Article 116 remained a powerful factor in Soviet and Allied diplomacy.

Rathenau himself, during his first weeks in the Foreign Ministry, still held to the consortium idea. He refused to admit that the article worried him when he spoke to the Foreign Affairs Committee of the Reichstag on February 21. He preferred to keep Allied good will, even at the cost of seeing France and England conclude agreements with the Soviets themselves—and he was aware that negotiations to that end were being held. The Allies could also deal in threats; their reparation policy, with a temporary relief arrangement that might be withdrawn, remained a pressing danger. Meanwhile, on February 16, Maltzan and Radek had produced a second draft of the proposed treaty.

The Russians wanted an agreement. Their Genoa delegation, headed by Foreign Minister Georgi Chicherin and Deputy Foreign Minister Maxim Litvinov, arrived in Berlin on April 1. On that day Radek and Maltzan had drawn up their third draft, which was very nearly in the final form the treaty would take. On Monday, April 3, Wirth and Rathenau received the delegation and resolved most of the differences with Soviet Russia. But, as Chicherin reported, Rathenau “spoke wonderfully in a pleasant baritone voice, but endlessly.” Rathenau mentioned “some misunderstanding or other.” It was a diplomatic way of rejecting the agreement. Rathenau tried to reassure Chicherin about the Economic Consortium and, at least, agreed to make any German initiative in that direction dependent on Soviet approval. That very nearly destroyed the consortium idea, which was becoming less and less substantial daily. But, as Chicherin reported, “he showed himself to be essentially negative.

30 Ibid., pp. 189–90.
in spite of the wealth of expressions of friendship." The Russians went on to Genoa.

The opening speeches on Monday, April 10, expressed the immense vacuity of the conference. Except for Chicherin the speakers matched each other in noncommittal commonplaces. Lloyd George did not dare make any promises. Poincaré gave his opinion of the conference itself by refusing to attend. Chicherin, confronting the obvious hypocrisies of the capitalist powers, could play the reckless idealist without danger. He demanded universal disarmament and, as proof of sincerity, offered to disband the Red Army. Louis Barthou, Poincaré's lieutenant and chief of the French delegation, was maneuvered into protesting against peace on earth. Lloyd George humorously and feelingly claimed a fondness for peace, too, but argued that the conference would accomplish nothing if it attempted everything. While he skilfully removed the embarrassment, the conference failed to produce anything positive.

The next day Lloyd George sent the conference off on a direction irrelevant to its announced objectives. At the meeting of the Political Commission he submitted the London Memorandum as a basis for proceeding. The memorandum was a statement of Allied claims which had been drawn up at the end of March. It repeated the old demand that Soviet Russia recognize the tsarist debts, but it also affirmed Russia's right to claim reparations from Germany under Article 116. Lloyd George's meaning was clear. He was not serious about the international program to reconstruct Russia: the Economic Consortium vanished. He was serious about making an old-fashioned bargain with Russia.

The bargaining began. The Russians requested a postponement to study the proposal. On Wednesday, April 12, they began conferring with the Prime Minister in the Villa de Albertis, his residence in Genoa. For the rest of the week rumors were the most important news. On Thursday an editorial in The Times complained that "Genoa has become a stage for the Bolsheviks" and on Friday its correspondent was reporting a "strange iridescence" in Genoa. All the hopefulness was gone. The conference had become an occasion for negotiating dangerously with the Soviets.

Rathenau was under tremendous pressure. He had to stand by passively while the British and the Russians engaged in mysterious initiatives. The dangers represented by Article 116 expanded. On Thursday, April 13, he tried unsuccessfully to reach Lloyd George three times, twice by note and once by telephone. Lloyd George was unavailable to the Germans. Carl Bergmann, in Genoa also, was still single-mindedly negotiating for reparation relief, his amiable French opposite number encouraging him to believe that Poincaré would approve concessions. Maltzan was advancing his Russian treaty with his own single-mindedness, as a memorandum he wrote on these events indicates. Rathenau's communications of that intense week describe the important realities of the conference with an accuracy which all subsequent historical research confirms. He was melancholy, but the facts justified it. In a fifteen-page letter to President Ebert he said that, while Germany's finances were moving unchecked toward disaster, French and British public opinion would prevent any real reparation relief. On the other hand, "the Russian matter holds out more dangers than opportunities for us."

This was the situation that drove Rathenau to act. One important guide to action, although a negative one, was the role of an Italian diplomat, Amedeo Giannini, a financial expert and secretary to his country's Foreign Minister. Almost a half-century of scholarship has failed completely to explain the sense of what Giannini did. It is a fact that the Italian cabinet, the last feeble parliamentary government before Mussolini, had desperate motivation for winning Britain's favor. In any case, Lloyd George was using Giannini to

32 Kessler, Rathenau, p. 336.
33 Der Weg der Reparationen, pp. 159–64. The French official was Jacques Seydoux, Deputy Director of Commercial Relations in the Quai d'Orsay.
34 The memorandum, entitled, "Last steps in the signing of the German-Russian Treaty," is in Büro des Reichsministers: Genua, Rapallo-Vertrag, PA, AA, vol. 1, April 10–September 2, 1922. It has a day-to-day account from April 11 to 17. Kessler in Rathenau (pp. 326–51) covers much of the same material, drawing from his own experience but also from the memorandum itself and other information deriving from Maltzan. Many other accounts confirm the essential details as recounted here, including Laubach (Die Politik der Kabinette Wirth, pp. 190–208), who has investigated the major German archives. I found additional confirmation in documents of the British government in the PRO.
36 Maurice Hankey, British cabinet secretary, reported to the cabinet on February 10—two months before Genoa—that Giannini, then in London, had ap-
deal with the Germans. Refusing to see them while he devoted himself to the Soviets, he passed on selected information to them through Giannini. Lloyd George was trying to avoid the danger that blank silence would drive the Germans into rash action. It might be better to tell them something, even if it were unpleasant. Furthermore, if the Germans were prepared for the actual conclusion of a British-Soviet agreement, they would be less likely to make difficulties when it was announced. Of course Giannini’s reports to the Germans could have the opposite effect, and Lloyd George was confusing his own people as well. John Gregory, his Russian expert, was enraged to find himself excluded from the negotiations in favor of another Russian expert favored by the Prime Minister. The favored expert was a former War Office official named Edward F. Wise, to Gregory “the infamous Wise.” On Friday, April 14, Gregory was sufficiently misinformed to report that the Russians “were really out for settlement,” while Chicherin was writing that his talk with Lloyd George confirmed the impossibility of any settlement. On Friday, also, Giannini intervened mysteriously and radically. According to Maltzan’s memorandum, the Italian saw Wirth at 11 P.M. and reported in circumstantial detail that the Russians and the British were close to agreeing. Giannini told Wirth that the Russians were willing to make some compensation for tsarist war debts and nationalization of foreign property, although on a long-term basis. It was frightening news. Wirth took Giannini to Rathenau, who said that Article 116 was a particular threat to Germany and that she would be obliged to make her own arrangements with Russia. When Giannini left, Rathenau told Maltzan to call the Soviet delegation. It was almost midnight.

The rumors were very bad the next day, Saturday. The Russians were said to be close to an agreement with the Allies. During the
forenoon Maltzan saw two members of the Russian delegation, arranging the meeting in a public place so that the British would know about it, he later claimed. In the afternoon he spoke with Wise and told him about the meeting. He also emphasized German fears about Article 116, as he had done in interviews with John Gregory on Tuesday and Wednesday. Wise was noncommittal about Lloyd George's plans. He said, however, that the Prime Minister knew the German situation but "saw no way to bring about an alleviation." Wise also indicated that the British-Russian talks were going well and that they would continue on Easter Monday. Wise thus seemed to be confirming what Giannini had said the evening before and what the rumors were repeating. The German delegation went to bed unhappy that evening.

An hour or so later, about 1:15 A.M. on Easter Sunday, a member of the Russian delegation called Maltzan. He asked if the German delegation would come to Rapallo at 11 A.M. The German delegation held its famous "Pyjama" Conference. By now the decision had been made: Germany would sign the treaty. It seemed as if circumstances and not the active judgment of any person—not Rathenau, not Wirth, not both together—had made the decision. At that point the decision had simply become inevitable. There was only one question, whether the British should be informed. Rathenau said he wanted to tell Lloyd George. Wirth and Maltzan, the latter threatening to resign, dissuaded him. It was the last difficulty which Rathenau, sensitively aware of the other demands on German foreign policy, put in the way of the treaty. In Rapallo shortly before noon, Rathenau spent two hours discussing the draft with Chicherin. He then went off to visit a friend in Portofino while Maltzan and Litvinov cleared up the details. At 7 P.M. he returned to sign the treaty.

The Treaty of Rapallo itself was a simple document of six articles. It provided for the mutual repudiation of claims for war costs and damages. Russia gave up any possible claims under Article 116, while Germany renounced claims arising from the nationalization of Germany property in Russia, unless Russia made concessions on this point to a third power. In general, either party granted the other most-favored-nation treatment and promised to

cooperate economically. They would immediately reestablish diplomatic and consular relations. E. H. Carr, in a classic of understatement wrote: "The fact of signature was more important than the formal contents." 40

Among the exhausted fictions of Genoa the Treaty of Rapallo was a shocking reality. The fictions required a burst of moral indignation. "The excitement was indescribable and took on... grotesque forms," Kessler wrote. "The French delegation loudly packed its bags in the Hotel Savoy." 41 From Paris, Wilhelm Meyer, the German Ambassador, reported: "The news of the... treaty struck here like lightning." 42 The military was alerted throughout France. Kessler found that Lloyd George "raged picturesquely, but not very convincingly." 43 Kessler thought that the treaty was not at all unwelcome to the British Prime Minister as a counterforce to French power. In any case, Lloyd George quickly quieted down. After failing to get the Germans to repudiate it at a meeting on April 19, the first time he actually saw them in Genoa, 44 he worked amicably with them for the rest of the conference. Indeed, in the first week in May, he used Rathenau and Wirth as intermediaries in a vain effort to get a Soviet concession on the tsarist debts. 45 It was one way of admitting that the Germans had gotten their hands on firm substance.

Many illusions remained. The conference continued for more than a month after the signing of the Treaty of Rapallo. For Rathenau it meant lost time. He could do little besides play the game of international representation. At the final session of the conference, on May 19, he had another opportunity to put Germany's case before an unhearing world. Speaking in slow, impeccable French, he repeated the wretched old truths about the destructive

40 Bolshevnik Revolution, 3: 375.
41 Rathenau, p. 346.
42 Telegram to Auswärtiges Amt, Berlin, April 18, copy in Büro des Reichsministers: Collection entitled "Genoa," NA, 1734/3398/738406.
43 Rathenau, p. 346.
44 Report by Gregory to Foreign Office in telegram, April 20, Foreign Office 371, PRO, item 8187N3745. Gregory faithfully recorded the moral indignation: "The German delegates either did not, or pretended not to realize, how dishonorable it was to conclude behind the back of the conference, a treaty on the very questions with which the conference was dealing and Prime Minister found considerable difficulty in bringing this home to them." Rathenau's "manner throughout was intractable."
45 Laubach, Die Politik der Kabinette Wirth, p. 219.
effects of reparations and war debts, and reviewed, once again, the irony in the creditors’ policies which refused to permit the debtors to earn the revenues to pay their debts. Without apology, he defended Rapallo as a bridge between Russia and the world. He won hopeful applause when he finished by quoting Petrarch in Italian: “I go through the world and call, ‘Peace, Peace, Peace!’”

Superficial history sees a contradiction in Rathenau’s actions. He went to Genoa as the spokesman for Germany’s western orientation and left as an agent of an eastern Realpolitik. The change, however, was a matter of emphasis, depending on the tactical needs of day-to-day survival. Rathenau was no more inconsistent than the German frontier. “There was no choice between East and West . . . as there cannot be for any German Foreign Minister who tries to serve the interests of his country.”

Rathenau has been roundly criticized for Rapallo, but most comments betray embarrassment. Some have substituted indignation for argument, imputing a peculiar villainy and cynicism to the agreement. A few German expressions at the time, demanding only advantages and unhappy about the drawbacks, approved the principle and objected to the details. On April 27 Die Weltbühne, the organ of left-wing Democrats, while admitting that “the contents of the treaty are splendid,” sharply attacked the timing. It could not suggest a moment that would have been more propitious. Bergmann thought that Rapallo destroyed the chance of a reparation settlement, but he was ignoring the whole weight of French public opinion and Poincaré’s leadership. He had a secondary argument, relevant to the logic of Article 116. He said that the article was a hollow threat, that the idea of Russian reparations was too insane to be considered, and that the British and Russians could never have come to an agreement. He was probably right, but Rathenau had a better sense of the real effects of unrealities. It would have

46 Speech in Gesammelte Reden, pp. 398–403. He got the idea for the quotation from Legation Councilor Kurt Riezler in a letter of April 27, and thanked him gracefully on May 2: “You have made me very happy with the choice of the beautiful citation . . . It is indeed the theme of all the Conference’s initiatives, but the first violins are so loud that they drown out the warm cello” (Riezler’s letter and carbon of Rathenau’s in Büro des Reichsministers: Persönliche Angelegenheiten des Ministers PA, AA, vol. 9).

47 Freund, Unholy Alliance, p. 244. He was discussing Stresemann, but his logic includes the other Foreign Ministers of the Weimar period—and of our own time. Walter Scheel is within that tradition.
been quite possible for the artful Lloyd George and the no less subtle Soviets to have flourished a piece of paper that claimed to be an agreement and was not, destroying German government and finances before it was evaluated. In any case a German arrangement with the Soviets had more value than that of merely preventing an Allied agreement with them. A German-Soviet agreement meant a substantial increase in strength for both nations, while Germany had absolutely nothing to gain by obliging the Allies. Bergmann was more concerned with justifying his own actions than with doing justice to all the important factors. At the other extreme, Maltzan thought Rathenau too timorous and argued that the treaty should have been signed in Berlin. Such an act, however, would have brought too heavy a condemnation upon Germany for destroying Genoa before the conference had a chance to organize international cooperation. It was more prudent to let the Allies try to fulfill their promises, or, as was demonstrated, play so obvious a Machiavellian game with the Russians that Germany would be free—or forced—to try to save herself. When all the irrelevancies were removed, the choice was simple—the sacrifice of worthless and temporary good will for long-term advantage resulting from an increase in German power. Rathenau was the first to recognize that the long-run advantage was no defense against short-run disaster. In a letter to a friend on May 5 he wrote: “The chance to carry out a positive foreign policy through Rapallo . . . seems to me to be slight.” Nevertheless, “there was no sense in a feeble and cringing policy. . . . We shall do better to advance our interests aggressively and tenaciously.”

It would be useless to regret that the Treaty of Rapallo, representing the pursuit of national interests, should have had so much effect on history, while the Genoa Conference, claiming to further international cooperation, had so little.

While in Genoa Rathenau had been distractedly trying to help in negotiations with the Reparation Commission. These concerned two objectives. One was negative. Germany still had to resolve the problem of the May 31 deadline, when the commission would or would not confirm the moratorium provisionally granted on March

21. The commission remained officially angry over the intran­sigence shown by Wirth and Rathenau in March and Wirth's disobliging note of April 7. Rathenau agreed that Andreas Hermes be dispatched to Paris to attempt to appease it. During the first week in May Rathenau spoke with the American Ambassador to Italy, who happened to be in Genoa, asking him to press the Americans on the commission toward favorable action on the deadline.49 He was also talking about reparations with Lloyd George. Although the Prime Minister had gotten over his anger about Rapallo, there was little he felt he could do.50 If this was all essentially negative, Rathenau was trying to assist positive action. He was working with the more sympathetic members of the Reparation Commission to interest international bankers in lending money to Germany, but he was well aware of the odds against success. In his May 5 letter he wrote: "We are facing extraordinarily difficult and critical negotiations, and we shall have to thank our Creator if we get through this Scylla-and-Charybdis voyage without damage." When Rathenau returned to Berlin in the latter part of May, he had to deal with an acute crisis in the German government caused by the Hermes negotiations and the problem of the deadline.

49 Letter of Rathenau to Auswärtiges Amt State Secretary von Haniel, May 6, in ibid.
50 Also mentioned in the letter to Raumer, Büro des Reichsministers: Persönliche Angelegenheiten des Ministers, PA, AA, vol. 11.