Conclusions to the Logic of Reparations and Fulfillment

Very quickly it seemed as if Rathenau had never been Foreign Minister. Fulfillment halted. It was not repudiated; it simply was not there. For a time Germany would proceed without a definable policy.

Fulfillment as Rathenau had conceived it, however, would later be revived under another name. Moreover, he had contributed perdurable elements to the composition of twentieth-century Germany and Europe.

A brief survey of events for a few months after Rathenau’s murder will show the immediate aftereffects of the ideas he represented. With that established, another view will use the present day as starting point and extend over the whole period of the Weimar Republic. Together, both views should suggest Rathenau’s importance in the republic’s life and death, and in the world’s progress from one great war to the next.

The assassination had shocked many persons in the Allied countries into thinking more clearly. France refused to admit it, but the international business community knew very well that Germany could not pay reparations much longer without going bankrupt. Economists might dispute whether it would occur in a month, six months, or $x$ months. No one could responsibly deny that it would happen if Germany received no help. There was no prospect of help.
The general operating deficit, at an annual rate of 3 billion gold marks, remained huge. The mark traced a luminous declining curve: 401 to the dollar on July 1, a week after the assassination, 670 by the end of the month, 1,725 by the end of August. The trading on the currency exchanges destroyed the sense of the budget in the course of any one day, reducing the scoldings of the Reparation Commission about budgetary virtue to repetitive absurdities. Germany now felt she had demonstrated her good will to the point of proving that fulfillment was indeed impossible. On June 30, with the mark at 374—a day before it broke through 400—Wirth told a cabinet committee meeting: “We will have to cut down on the payments. We will give the collapse of the mark as our argument.”

The British, as the cabinet meeting of June 16 showed, had given up on reparations. After Rathenau’s death, John Bradbury and Basil Blackett, in a talk with a member of the German embassy in London, said they wanted to see a moratorium on cash payments at least until 1924, but their government could not ask the British people to make sacrifices for the Germans. In France Poincaré’s position rested on the premise that he would get some sort of concrete satisfaction out of Germany. He was not obliged to act immediately, however, and British reluctance was restraining him.

Germany resumed her unhappy interchange of arguments with the Reparation Commission and the Allied governments. On July 12 Wirth sent a note saying that Germany would pay the next installment of 50 million gold marks, due in three days, as one more proof of good will. He then formally requested a moratorium through 1924. The commission members referred the question to their home governments, who found themselves in total disagreement. The commission’s answer was delayed for a month and a half. Wirth, meanwhile, attempted to deal directly with Poincaré about reducing the clearing payments—compensation to Allied private citizens (see Chapter II)—but the Premier held to his legal rights. Germany could only wait.

1 Germany, Statistisches Amt, Wirtschaft und Statistik (1924), vol. 9 of bound monthly bulletin, p. 276, table.
2 Ausführung, BA, R431/29.
3 Cabinet Conclusions, PRO, CAB 23/30. Mentioned in chap. IX.
4 Discussed at the German cabinet meeting of June 30, see n. 2 above. The diplomat was Albert Dufour-Feronce, a German despite the name.
5 Copy in Ausführung, BA, R431/29.
6 Copies of Wirth notes of July 14 and 31, and Poincaré note of July 26 in Ausführung, BA, R431/29 and 30.
Britain and France debated. The Balfour Note of August 1 put the British position forcefully. The sense of the note had been discussed at the important cabinet meeting of June 16, when the British government decided it could no longer delay in acceding to the American demand for debt payment. Britain regretfully explained to her debtors—France was first among them—that the United States was forcing her to turn around and require payment from them. Britain urged America and France to reflect once again on the wisdom of demanding money for war debts in the one case, reparations in the other. The note was partially a move to put the onus on the United States and, to a lesser extent, on France. It was meant also to gain an advantage over Poincaré, due to come to London for the Allied conference on reparations of August 7–14.

The British were asking Poincaré to relent on German reparations, although the Americans were remaining obdurate about the French debt. It was not fair. On August 7, at the opening of the conference, Poincaré told Lloyd George: “France is at her last gasp…” He argued that American and British policy were driving France into bankruptcy. His solution was reparations-as-usual, or “the occupation and exploitation of the Ruhr….” He threatened: “If we have to do it alone… we will not hesitate.” Against this, Lloyd George contended that Germany did not have the money and that an occupation would not magically create it. The Prime Minister told a cabinet meeting three days later: “There might be a great change in French public opinion if M. Poincaré… occupied the Ruhr at great expense and produced nothing for the French exchequer except quantities of useless paper.” On August 14 the participants admitted they could not resolve their disagreement and adjourned the conference sine die.

The next reparation installment, 50 million gold marks, was due the following day. Germany was still waiting for an answer to Wirth’s moratorium request of July 12. Her finances were so bad that she let the day go by without paying. She also stopped clearing payments on August 17. Poincaré, controlling three of the five votes

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7 Balfour Note in The Times and world press, August 2; also in Moulton and Pasvolsky, War Debts and World Prosperity, pp. 112–13.
9 Ibid., 2: 14; Poincaré’s statement, pp. 10–17.
10 Ibid., 2: 19–30.
11 Cabinet Conclusions, PRO, CAB 23/30.
on the Reparation Commission,\textsuperscript{12} could have got the commission to declare Germany in default. Feeling, however, that it was not yet entirely safe to do anything so important, he found a way of postponing action without humiliating himself. Louis Dubois, the French commission president, was under great pressure from the other representatives to agree to a plan that was called a compromise. It was not a compromise; it was a deception. The commission would accept German treasury notes for the rest of 1922 although the notes were backed neither by Reichsbank gold nor other negotiable reserves. The notes were worthless. As usual in such circumstances, Dubois sought Poincaré’s guidance, but the Premier had become unavailable. Correctly interpreting this, the commission president approved the plan. On September 1, a day after the commission announced its decision, Poincaré wrote a recriminating letter that drove Dubois to resign.\textsuperscript{13} Poincaré had felt obliged to make a concession without appearing to do so. Using the privilege of the leader, he had transferred the blame to a lesser figure. The Reparation Commission’s statement of August 31, in the form of a reply to Wirth’s moratorium request, was an exercise in Aesopian language. It scolded Germany for economic frivolity, formally rejected the request—and granted it by accepting the unbacked treasury notes.\textsuperscript{14} Germany had her relief. It did little good.

Since Wirth had accepted the London Payments Plan, Germany had paid in cash reparations an initial 1 billion gold marks in 1921 and 450 million gold marks in 1922 (of the 720 million originally ordered under the provisional moratorium of March 21, 1922), plus 615 million gold marks in clearing payments.\textsuperscript{15} All during 1921 she had shipped coal and a few other varieties of goods worth about 400 million gold marks.\textsuperscript{16} The provisional moratorium pro-

\textsuperscript{12} Besides the original one vote for France, there was the extra vote of the commission president, who was French, while Belgium was obliged to support France.

\textsuperscript{13} Episode recounted in Jean Leyrette, “The Foreign Policy of Poincaré: France and Great Britain in Relation with the German Problem 1919–1924” (dissertation, 1955), pp. 130–35.

\textsuperscript{14} Copy in Ausführung, BA, R431/30.

\textsuperscript{15} Bergmann, Der Weg der Reparationen, p. 186.

\textsuperscript{16} I determined this figure by first taking the value credited Germany for the coal, in Gradl, Die Reparations-Sachleistungen von Versailles, p. 106, table. This value was calculated on the German domestic price of coal, which was about half of the international price (see chap. VI, n. 2). To the coal figure I add a few millions for the other goods.
vided for deliveries in kind of 1,450 million gold marks in 1922, and Germany had continued making these deliveries after she stopped cash payments. During 1922, in sum, she shipped 695.6 million gold marks worth; the Allies refused to take more—France, for example, accepted only 20 percent of the 950 million gold marks in goods to which she was entitled.\(^1\) The total of all these cash and value transfers was not enormous—about 3 billion gold marks in a year and one-half—but it contributed substantially to the increases in the general operating deficit at a time when stability required reducing that deficit.

On November 12 a lead article by Georg Bernhard in the *Vossische Zeitung* said that the Wirth cabinet was “used up.” Wirth had been maneuvering skilfully and desperately. The Reparation Commission, which had been in Berlin for nearly two weeks, had just returned to Paris. Now under the presidency of Louis Barthou, Poincaré’s close associate, it ignored Wirth’s pleas for mercy and, in a note of November 6, quite reasonably refused to believe his promises to undertake real financial reforms.\(^2\) Wirth had just persuaded a committee of experts that included John Maynard Keynes to come to Berlin. The committee submitted a report on November 7.\(^3\) Wirth had hoped that it would give him a usable recommendation, but although it called for relief, the committee said that Germany must initiate action by using its gold reserve to stabilize the economy. The decision was hardly consistent with Keynes’ views before or after, and Wirth had good reason to believe that the relief plan would cause bankruptcy before the relief could take effect. The gold reserve was the last barrier to the world financial community’s ultimate loss of faith in Germany. During all of 1922, despite the bitter need in the country, the government and the Reichsbank defended the reserve so well that it dropped by only 40.2 million gold marks, going from 995 to 954.8 million gold marks.\(^4\) Wirth the political man refused to let the dangerous report defeat him. Apprised of its contents in advance, he convinced

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\(^2\) Copy of note, minutes of meetings of Reparation Commission with Wirth, etc., in Ausführung, BA, R431/32.

\(^3\) Copy in *ibid.*, R431/32. Other signatories included the bankers R. H. Brand of Britain, Jeremiah W. Jenks of the United States, and Gustav Cassel of Sweden.

\(^4\) Germany, Kriegslastenkommission, *Deutschlands Wirtschaft, Währung u. Finanzen* (1924), p. 64, table.
two other experts, besides one of those who signed the original advice, to make still another recommendation on the same day. This called for relief without making any embarrassing suggestions about opening up the gold reserve.\textsuperscript{21} Wirth let the first recommendation remain in the files and sent the second to the Reparation Commission on November 8.\textsuperscript{22} Then, on November 14, he sent the commission another plan for financial reform to justify help.\textsuperscript{23} There was no real hope. Poincaré, giving precise orders to the new president of the Reparation Commission, was preparing a new movement, and German promises were irrelevant to it. An immediate answer, however, would have been irrelevant to Wirth himself. On the evening of November 14, 1922, at about 10 p.m., Wirth resigned.

For more than a month Wirth had been trying to broaden the government, a recurrent project in the history of the Weimar Republic. The objective was to share the terrible responsibility with more elements in German society, most particularly with the business community. Rathenau’s period in office had suggested—but only suggested—business support, and now he was dead. The plan, in its political specifics, meant bringing the People’s Party into the government. At a meeting on November 14, however, the Social Democrats rejected the idea. They feared for the eight-hour day, which business was then attacking as uneconomic.\textsuperscript{24} Once more the Germans could not agree on a division of the sacrifices. Domestically as well as internationally, the Wirth leadership was used up.

The new Chancellor was Wilhelm Cuno, managing director of the Hamburg-America Line. Never in his life had Cuno been more than a figurehead. That made little difference. The Social Democrats, preferring to avoid the responsibility for the while, refused to enter the government, and Germany found herself under the leadership of businessmen who talked budget-balancing in the midst

\textsuperscript{21} Copy in Ausführung, BA, R431/32. It was Brand who also signed this recommendation; the others were the bankers Gerard Vissering of The Netherlands and Leopold Dubois of Switzerland.

\textsuperscript{22} According to the covering letter to the commission. The letter used the second recommendation as support for another argument for relief, in \textit{ibid.}, R431/32.

\textsuperscript{23} Copy in \textit{ibid.}, R431/32. This time he sent the first recommendation as well.

\textsuperscript{24} Gustav Bauer, Wirth’s Social Democratic Vice-Chancellor, tried to explain it at a cabinet meeting at 9:30 p.m., November 14. The minutes end: “The Chancellor thereupon left to present himself to the President of the Reich” (Kabinettsprotokolle, BA, R431/1381).
of bankruptcy proceedings. Whatever the competence of Cuno and his associates, the Allies held the initiative.

At last Poincaré had to act. In London, at the failed conference in August, he had clearly stated what he wanted: “productive pledges” (gages productifs). These were the German mines and forests, which would yield a steady income to an Allied occupation while the loss of that income would persuade Germany to resume the honest payment of reparations. Impeccably and exclusively political, Poincaré’s reasoning had no relation to economics. The occupation would, after all, produce only goods, and not the cash which the Premier had claimed he would get. Actually, Germany was continuing to send goods into France and the other Allied countries, and only asked to send more. French public opinion, however, would no longer wait for satisfaction, even if the satisfaction had to be metaphysical. A final conference in London with the British Prime Minister, now Bonar Law, on January 2 to 4, 1923, produced a final disagreement, as Poincaré rejected a British plan for a four-year moratorium. On January 11 French and Belgian troops began the Ruhr occupation. The British said it was illegal.

The occupation was a thorough disaster. All the participating Allies got a total of perhaps 1.1 billion gold marks in goods out of it, but such figures take on an insane meaning beside the losses which the various governments could calculate and did not, and the incalculable losses. The economic disorders, playing back on France, severely strained her finances and caused the franc to fall abruptly. Germany herself responded with a burst of unity and carried through an effective, if painful, policy of passive resistance, enlivened with strikes and the operations of revived Free Corps units. One estimate put the German loss during the occupation at 3.5 billion gold marks, but, again, this makes little sense against the immeasurable suffering and damage. It was the time of the great German inflation, when laundry baskets were needed to carry the payrolls of small shops, and when employees rushed from the pay windows to buy what they needed before the prices changed too

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25 Ministère des affaires étrangères, Documents relatifs aux réparations, 2: 10–17.
26 Gradl, Die Reparations-Sachleistungen von Versailles, p. 53.
much. The mark was at 7,260 to the dollar at the beginning of 1923. At the end of January it had reached 49,000. The government once more made use of its gold reserve and rolled the mark back to 20,975 at the end of March by purchases on the currency exchanges. But then the final fall began: 74,750 on June 1; 160,000 on July 1; 1,100,000 on August 1; 242 million on October 1; and 4.2 trillion on November 20, when the old mark was withdrawn in favor of a new currency, the Rentenmark. The middle classes lost their last savings and sense of security. Hitler, battenion the disorders and anger, became a real force. He attempted the Beer Hall Putsch on November 8–9.

The Ruhr occupation resolved a great deal. It established the conditions for the first real international economic cooperation since the war, an order of things that lasted for the rest of the decade. The sobered French were willing to admit more of the economic and political truth. They admitted that blind force would give them neither real reparations, nor real security. Poincaré fell after the election of May, 1924, to be succeeded by the conciliatory Édouard Herriot, accompanied by the conciliatory Briand. The Americans admitted more of the truth about their world responsibilities. It was not a great deal, but it was enough to make them reduce their demands and help a little. The result was the Dawes Plan, a new and bearable reparation settlement. Germany could stabilize her currency and economy, and enjoy five or six good years, as could most of the world.

The politics of fulfillment dominated the political life of the Weimar Republic until its breakup. Gustav Stresemann, Foreign Minister from August 14, 1923, to his death on October 3, 1929, worked out the policy called Verständigung. The word could be translated as “accommodation.” The policy was another approximation of fulfillment in what had become a somewhat different context. During these years, as Germany shared in the world’s recovery from the war’s dislocations, Stresemann had to strain all his political skill to satisfy both Allies and his increasingly irritable countrymen. He negotiated the Locarno Treaties in October, 1925, which guaranteed Germany’s western frontiers and eased relations with France; balanced that on April 24, 1926, by negotiating the Berlin Treaty with Soviet Russia as an extension of the Rapallo Treaty; and balanced that by taking Germany into the League of Nations
on September 10, 1926. He won the Nobel Peace Prize along with Aristide Briand and died in the month of the great stock market crash. Stresemann had been negotiating the change from the Dawes Plan to the Young Plan during the last year of his life. The first plan, which had begun with a loan and a virtual moratorium, was calling for payments of 2.5 billion Reichsmarks\textsuperscript{28} annually by 1928–29, and Stresemann had wanted to reduce the payments and get the Allied troops out of the Rhineland. According to the Young Plan, which went into force in May, 1930, Germany had to pay 1.9 billion Reichsmarks annually, while the occupation of the Rhineland was ended. Before then the Young Plan had provided the occasion for vicious chauvinistic responses to Allied exactions. The Nazis, joining with the Nationalists, won a new respectability through the anti-Young Plan campaign, a brilliant propaganda effort to persuade Germany to reject the plan. While it failed of that purpose, it had great destructive effect on the Weimar Republic. After that, the government of Heinrich Brüning, Chancellor from March 30, 1930, to May 30, 1932, was crushed under the weight of reparations and the World Depression. The need for a reparation moratorium had determined Brüning’s economic policies. Early in 1930 he told the Reichstag that Germany must balance her budget and foreign trade so that no one “could attribute to her a lack of good will . . .” as she sought relief.\textsuperscript{29} Pursuing this policy, Brüning achieved an extraordinary technical success. Through three rigorous wage-and-price reductions he brought costs down. He also restricted imports sharply. From 1929 to 1932 he reduced imports from 13.4 billion to 4.7 billion Reichsmarks, producing a trade surplus of more than a billion Reichsmarks in 1932; although, as other nations retaliated, German exports fell from 13.5 billion to 5.7 billion Reichsmarks between 1929 and 1932.\textsuperscript{30} Brüning’s plan worked: The Lausanne Conference of June–July, 1932, reduced German reparations to a nominal sum. Brüning, however, was out of office. His economic policy, combined with all the other effects of the Depression, had caused an increase in unemployment to about

\textsuperscript{28} The Reichsmark replaced the Rentenmark in 1924; it had the same value.

\textsuperscript{29} On February 11, before he took office, quoted in Wolfgang J. Helbich, Die Reparationen in der Ära Brüning (1962), p. 30.

seven million—one-third of the work force—by February, 1932. The unemployment and despair gave Hitler the last materials he needed for gaining power. The politics of reparations had ended.

When it was over, what did Germany pay in reparations? All figures are untrustworthy, but it does not matter. Étienne Weill-Raynal, author of the three-volume study of German reparations mentioned in these pages, calculated that Germany paid a total of 22.9 billion marks (gold marks, Rentenmarks, and Reichsmarks added together indiscriminately) in reparations from the beginning to the end.\(^{31}\) The figure compounds innumerable questionable calculations about valuation of goods and interest payments, among others. It does not credit Germany with many transfers of wealth, including the mines of the Saar, and public works and steel mills in Lorraine. It ignores such factors as the malformations in the German economy, and the costs—and the trauma—of the Ruhr occupation. It can, however, begin to suggest part of the meaning. Compared with the 22.9 billion, foreign creditors and investors sent the equivalent of 25.5 billion marks into Germany from 1924 to 1930. This was the source of the money which Germany used to pay reparations under the Dawes and Young Plans.\(^{32}\) Before that time, Germany got foreigners to help pay reparations by innocently selling them marks or mark credits. From the Armistice until the inflation in 1923, speculators bought 7.6 to 8.7 billion gold marks worth of the paper mark values.\(^{33}\) They were risking their money in the expectation of an earlier German recovery, and this money had helped the Germany of Rathenau survive. Later, Hitler’s government defaulted on all the loans that could not be recalled, while also blocking the investments. Thus, admitting all the approximations and those factors not translatable into financial statistics, one can still say that by and large American and Allied creditors and investors paid German reparations. It was only reasonable: Germany did not have the money and they had. The Dawes Plan,

\(^{31}\) *Les réparations allemandes*, 3: 769–71. His figures: 10.5 billion marks before the Dawes Plan, 7.6 billion under the Dawes Plan, and 3.7 billion under the Young Plan, plus 1.1 billion as correction. This also includes the mark (gold mark, Rentenmark, Reichsmark, as the case may be) value of deliveries in kind.


which had made things bearable, helped construct this payment mechanism. Of course, it had not solved the transfer problem; Germany was never permitted to develop trade surpluses that would have given her the excess funds to finance real payments. In fact, Germany's trade balance was passive. She simply lacked the money, but she had to pay it. She solved the problem by paying interest rates of up to 9 percent, double those of other countries.\(^{34}\) This solution worked on the principle of the classic swindle, which attracts victims by offering returns greater than those of a sound business. The disproportionate returns bring in new waves of investors, whose money, and not the profits, is used to finance the large payments to the original investors. Eventually something creates a doubt, new investors are frightened away, the old ones try to sell out, and the operation collapses. This is what happened to Germany during the Depression and Brüning's chancellorship. Reparations meant an incalculable loss to everybody.

The reparation question was never an economic question. Keynes understood this well. Indeed, he made a temerarious leap into the arena of political judgment, offering advice to the politician Lloyd George. In June, 1919, Keynes resigned as Treasury representative at the Peace Conference to write his *Economic Consequences of the Peace*. He would not continue to help with the peace which would produce “that final civil war between the forces of Reaction and the despairing convulsions of Revolution, before which the horrors of the late German war will fade into nothing...”\(^{35}\) Two years later, in his *Revision of the Treaty*, he conceded “a plausible defense,” at least, for Lloyd George's “terrifying statesmanship.”\(^{36}\) Keynes recognized the argument that “public passions and public ignorance play a part in the world.” He granted that “the Peace of Versailles was the best momentary settlement which the demands of the mob and the characters of the chief actors conjoined to permit....” Keynes had not quite said that Lloyd George had been right and he himself wrong about the politics of the peace in 1919, but the admission was there to be deciphered in his verbal arrangements. In 1921, in any case, Keynes submitted proposals to alter the Versailles Treaty: “My concluding proposals assume that this element of


\(^{35}\) P. 268.

\(^{36}\) P. 1; the introduction is dated December, 1921.
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make-believe has ceased to be politically necessary.” Keynes was only assuming; he had produced no proof that the element of make-believe had really disappeared. Lloyd George still knew better. Public passions, at least in France and the United States, prevented the kind of sensible revision Keynes wanted. Whatever honor his economics won for him, Keynes never demonstrated that he could compete in political judgment with Lloyd George.

Many economists have remarked upon the connection between the peace of 1919 and the economic collapse beginning in 1929. None, however, has fully developed the subject. Keynes, who could claim prophetic force for what he wrote in 1919, preferred to study other causes in his General Theory, published in 1936. Was the Depression not one of the greatest of the consequences of the peace? The economist Lionel Robbins has written: “The financial convulsions of the Great Depression were, in part at least, the product of the system of international borrowing and lending...” The thought might be profitably pursued much further, with particular attention to the borrowing and lending caused by reparations and the Dawes Plan.

In view of all this, what alternatives did Rathenau have? All the reparation payment plans had their inherent difficulties. No one can argue credibly that Rathenau and Wirth missed the opportunity for a less destructive mode of paying reparations and satisfying the Allies. Beyond such details, one might argue that it would have been better for them to have declared incompetency. They might conceivably have let the Allies accept the immediate consequences of their demands and occupy the whole country. But no national leadership gives up even a tortured sovereignty for none at all. Moreover, the German government reasonably feared the loss of the Rhineland to French-encouraged separatism, as well as other territorial losses to Poland in the East. It would have been politically impossible. Another kind of advice was given by an economist of our generation in a study of the Versailles Treaty. He argued that the Wirth-Rathenau government should have carried through radical financial measures to show the Allies the unlimited extent of its good will. The Germans should have stabilized the currency,

37 Ibid., pp. 2, 7.
38 Introduction to Bresciani-Turroni, Economics of Inflation, p. 5.
whatever the risks of a depression. "It seems very improbable that [the Allies] would have let Germany go the deflationary road straight up to the door of hell, that is to say, up to radical-revolutionary destruction of the republic," the economist wrote.\textsuperscript{39} To this one must say that in the first place Lloyd George believed that Great Britain would indeed have to stand by while Germany suffered, as he put it, her "terrific collapse."\textsuperscript{40} In the second place, the author is accurately describing what happened ten years later. Most criticism of Rathenau has concentrated on the unquestionably negative effects of his policy while failing to offer any firm alternative. This was the case with Helfferich and the other Nationalists, who went on and on about Germany's humiliation without suggesting anything to end the humiliation. Then there were alternatives that vanished upon examination. The fiercer rightists wanted to fight, but they had neither troops nor weapons to throw against the Allied armies. Arthur Rosenberg, a distinguished historian of the Weimar Republic and a man of the Left, was reasoning in the same way when he said that Germany missed her chance to do something in 1919: "Germany should at that time have laid stress upon her desire for an understanding with France, but at the same time have refused to do anything that could not be reconciled with a fair interpretation of the Peace Treaty."\textsuperscript{41} Just how could she have refused? The advice was as useless to Rathenau and his successors as it would have been to the leaders of the prostrate Germany of the spring of 1919. Few persons have taken any of the alternatives seriously, except the authors themselves.

Fulfillment, as the major factor in all government policy in the Weimar period, thrust an engine of deceit into the hands of the German people. They had to operate it. Fulfillment was impossible, at least by normal standards. Any effort to live with it meant the production of all manner of falsehoods. The lies soaked into all those issues that are normally fought out among the interest groups. If the class war was not entirely an honest issue, fulfillment reduced the amount of truth in it. Workers and employers might think they were struggling against each other over wages and hours, but they

\textsuperscript{40} Cabinet meeting, May 23, 1922, Cabinet Conclusions, PRO, CAB 23/30.
\textsuperscript{41} \textit{A History of the Weimar Republic} (1936), p. 154.
were really trying to save themselves from the foreigners, chiefly the Americans. The fact that a worker's family was suffering from malnutrition was not due, or not so much due, to the selfishness of the German capitalists, who controlled the situation even less than they thought, but to the international obtuseness, however forgivable it might have been, of the ordinary American citizen. The deceptions were no less destructive for all the innocence of their origins.

The lying was ubiquitous. If the Germans were lying to each other, they were also turning their deceptions upon the foreigners, and the outside world was lying to itself and back at the Germans. Of course the Wiesbaden Agreement did not work; it was not meant to work. Of course Americans and other foreigners paid reparations in the end. Similarly, the Reparation Commission never thought that Germany should listen to its lessons in financial responsibility. The commission knew they would bankrupt her overnight. If her policy was a concentrate of deceptions, Germany was part of a world in which big lies were normal currency. The international fictions and distortions appeared in the form of the unadjusted trade deficits and surpluses, the American farming depression in the midst of prosperity, chronic British unemployment, financial manipulation by the French government, economic war among the successor states of Central and Eastern Europe, the fumbling rejection of what Soviet Russia and international communism represented, the futile peacemaking by the League of Nations, and all the disguised expressions of self-destructive nationalism. In this ocean of mendacity, as Rathenau knew, the fulfillment policy had to mean evading fulfillment as much as possible. Later, Brüning fulfilled only too well.

This was the situation in which Rathenau had been obliged to act. How well or badly had he dealt with it?

Any account of the 1921–22 period shows what Rathenau's services meant in Germany's day-to-day survival. Even before he took office he had raised a screen of ideas that became the fulfillment policy. He carried it out as Reconstruction Minister, expert extraordinary, and Foreign Minister. His negotiation and manipulation of the Wiesbaden Agreement, his diplomacy in London and Cannes, his ability to keep a balance between fulfillment and the
demands of power politics—Rapallo!: these were the indestructible evidences of his effectiveness. But it was a short-term success.

The need to survive drove the government to take certain actions that inevitably resulted in long-range evils. To Germany fulfillment meant unjust sacrifice, and the association of fulfillment with responsible parliamentary government harmed that government. Alan Bullock wrote in his biography of Hitler: “All events were on the side of the extremists.”

Bullock made the point that Hitler attracted his first important crowds to protest the Allied reparation demands of early 1921. The bitter necessity of fulfillment had given him his initial strength as well as the final force to capture the power. Without Rathenau the career of Nazism would have been significantly different.

The subject is not exhausted when it is admitted that Rathenau’s ideas and actions led to disaster in the long run. The Weimar Republic was much more than an antechamber to the Nazi period. It was the forcing bed of a creativity that has enormously enriched the twentieth century. Its products can only be hastily catalogued here: the Bauhaus, with its revolutionary union of the beautiful and the practical; the paintings of Kandinsky, Klee, Kokoschka, Grosz, and Feininger, most of them associated with the Bauhaus; the music of Schönberg, who came to Berlin from Vienna, and the other great innovators; the work of Einstein; the theater of Bertolt Brecht, which got its violent truth from the evils of the time; the writings of Thomas Mann, Heidegger, Tillich, and of Max Weber, who died too early; and the vital journalism, publishing industry, and cinema. All this coexisted with the republic’s murderous potentials. The good and evil cannot be separated, and Rathenau was a part of it all.

Beyond Weimar and Nazi Germany, beyond the good and evil, contemporary Germany lives in a new long run, as measured from Rathenau’s era. From this newer vantage point, what other judgments can be made of Rathenau?

It cannot be denied that Rathenau’s influence helped improve German politics. After World War II, the West German government could take up the parliamentary mode so smoothly because men

like Rathenau had given it so much vigor in the twenties. The national leadership has been trying more or less honestly to build on the irreducible values which Rathenau had defended and enhanced. The world lives easily with this bland Germany. If it might feel some regret, it has no right to complain that the new Germany has accomplished very little in the area of culture that can be compared with the legacy of Weimar Germany. The mediocre can be a relief after so much tragedy.

We move insensibly past the point in time when Germany was a leading nation. If we are American, we should appreciate the irony in the fulfillment logic that reduced her to second rank. For American policy, insisting on the impossible payment of war debts and refusing to accept the country's responsibilities, accomplished that effect while driving Europe and the world into disaster. Now the United States accepts its responsibilities and risks disaster in newer forms.