Time for a change!

**Aim:** To understand the impact of Gustav Stresemann & decide if he solved Weimar Germany’s problems

What problems has the new Weimar Republic had to deal with since 1918?

- Hyperinflation
- Occupation of the Ruhr
- Lack of trust from foreign powers
- Reparation payments
- Destroyed economy and infrastructure
- Dolchstoss
- Early political violence (Spartacist / Kapp)

Of these problems, if YOU were the new leader of Germany, which would you tackle first and why?
Elections of 1923:

- Out of the dark of 1918 (WWI)
- Death in the water
- Strong horses leading us into the bright ‘sunny’ future “1924”
- German National People’s Party (DNVP)
Elections of 1923:

- Carrying Germany on his back, weighed down by the Treaty of Versailles
- Rocky road with challenges eg Kapp Putsch etc
- Communists & Nazis throwing rocks making the climb even harder
- Sun shining around the corner

A poster for the German Democratic Party (DDP) “Wer das Reich der Freiheit entgegen tragen will – wählt Deutsche Demokratische Partei” means “those who want to carry the Reich to freedom – choose the German Democratic Party”
Gustav Stresemann:

Leader of the German People’s Party (DVP).

Elected Chancellor in 1923 by President Ebert. He was Chancellor for 3 months but solved many of Germany’s problems.

Held office as Foreign Minister until his death.

He won the Nobel Peace Prize for improving relations between Germany and France after WWI.
What does this source tell us about Germany from 1923?

Who is the little girl representing?

Who has their arms beside her?

What is he supposed to be and why?

What is he doing? Why?

What is the best possible outcome?

Did Stresemann get Germany across?

What is the worst possible outcome?

Even though Stresemann has solved your 5 problems, could Germany still fall off?
Problem 1

• Striking workers in the Ruhr.

• Solution

• End the strike

• Workers making money again
Problem 2

• Reparations
• Solution

Dawes & Young PLAN
- Reparations temporarily reduced to £50m per year
- US Banks gave loans of $25billion to German industry (1924-30)
- Industrial output doubled, passing pre WWI levels
- Employment, trade and income from taxation increased
- Extreme parties were furious that Germany had again agreed to pay reparations
- Fragile recovery depended on US loans
The French invasion of the Ruhr had not led to Germany paying its reparations. In November 1923, France was forced to agree to take part in a review of reparations organised by an American banker, Charles G. Dawes. The Dawes Plan was agreed in April 1924:

There was to be a two-year freeze on the payment of reparations.
The level of German payments was to be scaled down.
The USA offered huge loans to Germany.
The French agreed to take their troops out of the Ruhr.

During the next five years the Germans paid a reparation bill of about $1 billion and received US loans of about $2 billion. Germany did well out of the Dawes Plan.

The Dawes Plan was initially a great success.
Currency was stabilised and inflation was brought under control.
Large loans were raised in the United States and the money used to invest in Germany and this reduces Unemployment.

Germany was also able to meet her obligations under the Treaty of Versailles for the next five years.
The German Reichsbank would be reorganised under Allied supervision and that the sources for the reparation money should include transportation, excise, and custom taxes.
The plan went into effect in September 1924

Much of the money was spent on building new factories. The French had wanted to keep Germany weak. The Dawes Plan helped Germany to become stronger. The results were spectacular. More goods were made and exports rose. As a result, the labour force increased and unemployment dropped. Most Germans were better off. However, there were important problems:

German politicians like Adolf Hitler and Alfred Hugenberg attacked the Dawes Plan because it did not reduce the total levels of reparations.
They also disliked the idea that foreigners would have control over the German economy.

Although German business picked up and reparations payments were made promptly, it became obvious that Germany could not long continue those huge annual payments. As a result, the Young Plan was substituted in 1929.

Even so, very few could have predicted the chaos of the Wall Street Crash and the problems for the German economy.
Problem 3

- Destruction caused due to World War One
- Solution
- Money from the USA to put into industry
Problem 3 – ‘Young Plan’ 1929

- Dawes Plan had dealt with hyperinflation and massive unemployment, but Germany still complained about levels of reparations. US banker, Owen D Young asked to look into it by the allies.
- Suggested reduction of reparations from £6.6b to £2b and given till 1988 to pay it, still at £50m a year!
- Lower reparation payments allowed the government to tax less and more money could be spent on industry.
- By now, Hitler was very well known and popular, and he was furious at this, saying “Stresemann was passing on the penalty to the unborn”
- Very popular with Germans and adopted by allies and put into effect in 1930.
- Allied troops were withdrawn from the Rhineland.
Problem 4

• Printing too much money

• Solution

• Printing Money

A new currency called the Rentenmark was introduced, then replaced by the Reichsmark which had full confidence from businesses.

Old currency was traded in for the new and people had confidence in it. It was based on Germany’s gold reserves, so it was trusted at home and abroad. It couldn’t bring back peoples losses though!
Problem 5

- Germany is not trusted by other countries

- **Solution**

- Make treaties with other European countries (Locarno)

- Promise to keep to the ToV
Problem 5

- **LOCARNO TREATY 1925**
  - France sought a long-term solution to the ‘Germany problem’ after failure of the Ruhr Invasion.
  - Locarno Conference involved France, UK, Germany, Italy and Belgium amongst others.
  - Germany, France and Belgium agreed the borders set out at Treaty of Versailles – Germany involved this time and equal
  - Rhineland would be permanently demilitarised.
  - Confidence grew in the Weimar Republic in Germany, pushing out extreme alternatives (eg Nazis & Communists)
  - Extreme parties still angry at apparent weakness of Germany
  - Agreement to discuss letting Germany join the League of Nations
  - Stresemann given the Nobel Peace Prize in 1926
What is the message of this source?

- The hands represent Germany
- The figures on the top represent Germany’s war time enemies
- It’s a tombstone
Problem 5

- **League of Nations 1926**
  - In 1926 Stresemann took Germany into the League of Nations council
  - Reconfirmed Germany’s place as a great nation in Europe. Took a permanent seat on the League’s council alongside Britain and France.
  - Further boosted confidence in the Weimar Rep.
  - Extreme parties still hated this, saying it was a reminder of the Treaty of Versailles
Problem 5

- **Kellogg-Briand Pact 1928**
  - Germany and 61 other countries signed the Kellogg-Briand Pact saying they would not use war to achieve foreign policy aims
  - The importance was it showed Germany really was part of the world’s elite again and making important decisions
  - Weimar Republic was now respected and stable and trusted at home
  - Extreme parties still angry with Treaty of Versailles
<table>
<thead>
<tr>
<th>Problems</th>
<th>Stresemann's Policy</th>
<th>Positive Results</th>
<th>Negative Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hyper-Inflation</td>
<td>Introduce a new currency, the Rentenmark.</td>
<td>Inflation was quickly brought under control.</td>
<td>The German people were very bitter and blamed the Weimar Republic.</td>
</tr>
<tr>
<td>French occupy the Ruhr</td>
<td>Call off Passive Resistance. Promise to pay reparations.</td>
<td>The French left the Ruhr.</td>
<td>This was unpopular and made Germans think the government was weak.</td>
</tr>
<tr>
<td>Germany not trusted by other countries</td>
<td>Co-operate with other countries in Europe.</td>
<td>1925 Locarno Pact (no more war), 1926 League of Nations (more power).</td>
<td>Germany still does not have its land back, Stresemann seen as weak. Should he have rebuilt the army?</td>
</tr>
<tr>
<td>Germany is facing massive reparations</td>
<td>Promise to pay reparations. Hope the Allies reduce them eventually.</td>
<td>1924 The Dawes Plan (longer to pay), 1929 The Young Plan (reduced repayments)</td>
<td>Hated by the German people, they didn’t want to pay anything. Germany would still be paying until 1988.</td>
</tr>
<tr>
<td>Germany needs to rebuild its economy</td>
<td>Get big loans from the USA as part of the Dawes Plan (1924)</td>
<td>Improvements to housing, hospitals etc. Loans given to German business and US firms build factories. Pensions and wages rise.</td>
<td>German economy dependent on USA. Unfair on certain people, e.g. Farmers. Unemployment remains high. Rich people unhappy to pay for poor.</td>
</tr>
</tbody>
</table>
What can you infer (What is suggested) by this source?
What can you infer (What is suggested) by this source?
As the economy improved, so social conditions stabilised and political violence died down. Between 1924 and 1929, no major political figures were assassinated. The Weimar government had been in power for long enough for many people to accept that it was now the political system in Germany – as long as things continued to improve. Support for extremist parties (both left wing and right wing) reduced... Coalition governments were still the norm, although they changed less often: between 1924 and 1929, there were just six different coalitions. Stresemann’s influence was vital to this. However, none of the weaknesses of the constitution had been resolved. And in 1929, Stresemann died.

Do you agree with this interpretation?
What economic changes from 1923-29 were permanent?

Rentenmark, then the Reichsmark based on gold reserves

What depended on America?

Dawes & Young Plan

How far do you agree with Stresemann’s quote below?

The economic position is only flourishing on the surface. Germany is in fact dancing on a volcano. If the short-term credits are called in, a large section of our economy would collapse.

— Gustav Stresemann —
People's savings had been destroyed through hyperinflation.

Dawes Plan invested in industry & commerce leading to economic recovery.

By 1928, production levels better than pre-WW1.

1930, Germany was one of world's leading exporter of manufactured goods.

Dependent on US loans which could be withdrawn.

Economy not creating jobs fast enough for rising population.

Employers said taxes were too high; too much spent on unemployment benefit.

Farming was in trouble - income from agriculture dropped and farmworkers earnings were only half the national average.

Extremes of wealth and poverty - only a few ran industry.
Election results to the Reichstag

May 1924

- Moderate parties (SPD, DDP, ZP, DVP): 40%
- Extreme parties (KPD, DNVP, NSDAP): 10%
- Other parties: 50%

May 1928

- Moderate parties (SPD, DDP, ZP, DVP): 28%
- Extreme parties (KPD, DNVP, NSDAP): 14%
- Other parties: 58%

Key

- Moderate parties (SPD, DDP, ZP, DVP)
- Extreme parties (KPD, DNVP, NSDAP)
- Other parties

Figure 1.6 A breakdown of the election results.

What can you infer from this source?
POLITICAL PROBLEMS

• No single party ever won a majority in the life of the Weimar Republic.
• Up to 1930 Social Democrats always won but relied on partnerships (coalitions) with other parties to govern.
• These Coalition Governments were highly unstable, some only lasted a few weeks – 25 separate governments in 14 years.
• Many Nationalists opposed Stresemann's foreign policy as being too cautious – wanted the Treaty of Versailles overthrown!
• Extremist parties made no secret of their desire to overthrow the Republic and rule in their place.
• In 1925 General Hindenburg was elected as President – he’d been a war leader under the Kaiser and was an open critic of the Republic, he was very popular. Ebert was seen as a ‘November Criminal’ who led the revolution, so his death was greeted well!
• He even asked the Kaiser’s permission to take his post!
How did the Weimar Republic survive the crises of 1919-23?

Left Wing Opposition

- The communist leaders were executed without trial.
- Communist revolutionaries lacked support - they never gained more than 15% of the vote in elections.
- Ebert took immediate action against the Communists by calling in the Freikorps and Army.

Right Wing Opposition

- Stresemann calls state of emergency and orders the army to restore law and order which proves successful.
- They had no outstanding leaders.

Stresemann calls off passive resistance, restarts reparation payments & negotiates Dawes Plan

New governments in Britain and France in 1924 proved more sympathetic to Germany.

Ruhr Invasion

Hyperinflation

America lends money to Germany (Dawes Plan & Young Plan) - this allows investment & break from reparations

Stresemann reforms currency and introduces the RENTENMARK restoring faith in the economy

The Army was suspicious of extreme groups such as the Nazis, and failed to support them.

German people resisted by striking, effectively ending the Putsch in 1920.

The Nazis lacked the support of the people - they received only 6.5% of the vote in 1924.
Or did Stresemann just paper over the cracks and leave Germany in trouble in the long term?

Hyper inflation was solved and Germany had a strong leader.