

The Treaty of Versailles & Post WWI German Economy

Further Demoralization and Defeat

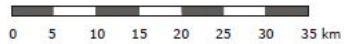
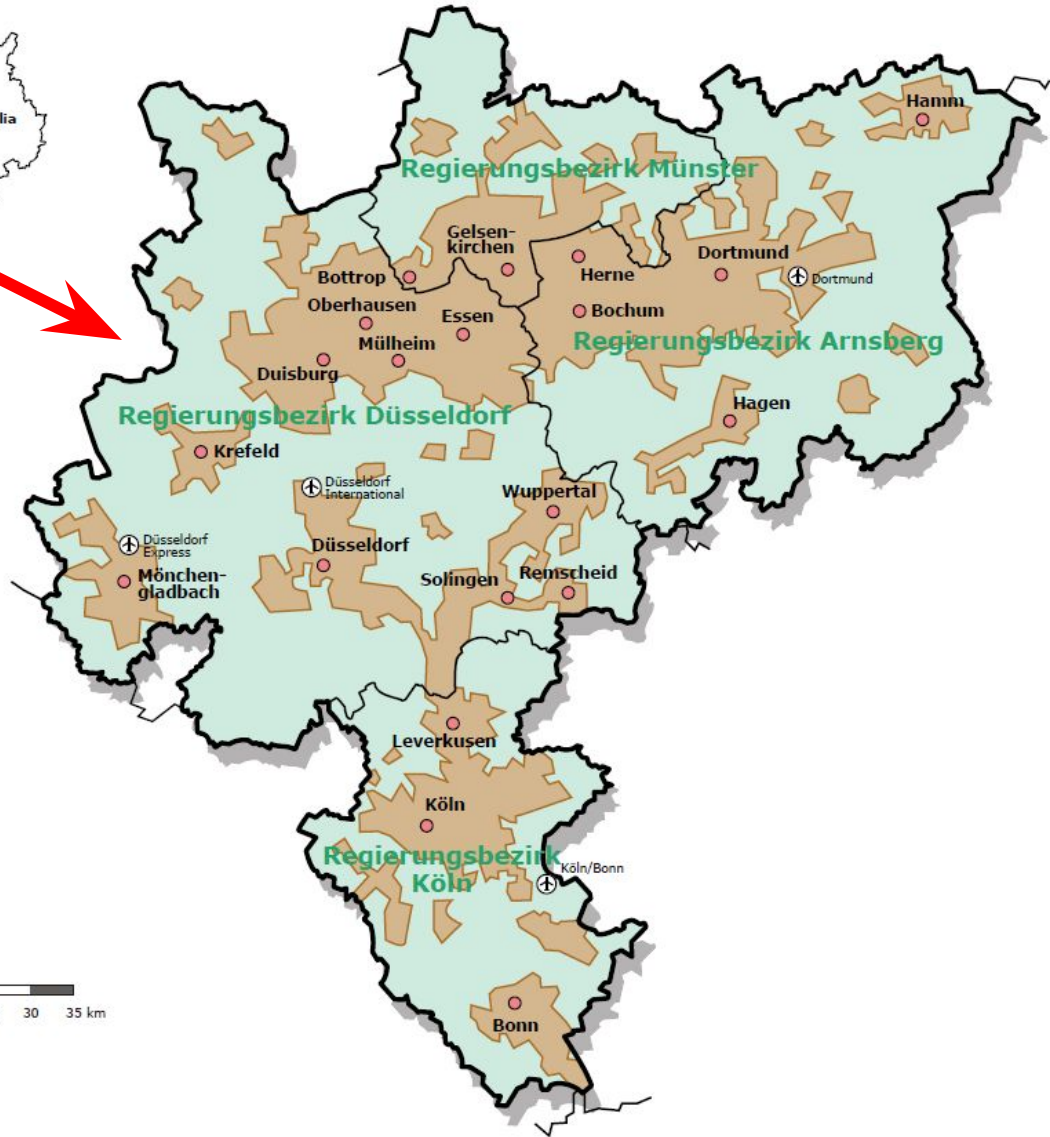


- World War I (1914-1918)
- Germany's defeat is made official on Armistice Day, November 11, 1928
- The Treaty of Versailles June 28, 1919
 - Established the peace terms and signed in Paris.
 - Article 231 “war guilt clause”
 - Required Germans to pay for all the damages people and nations suffered during the war.
 - London, May 1921:
 - Germany must pay 132 billion gold marks (about 31 billion dollars at the time)
 - To be paid at 6% interest over 37 years
 - 2 billion gold marks plus 26% of German exports a year
 - 7% of the nation's income & 3 times what it could afford.



During the Franco Prussian War 1870 to 1871 France had suffered a humiliating defeat to Germany. Germany had taken the territories of Alsace and Lorraine which had been in French possession for around 200 years. France swore revenge and with the Allied victory in 1918 the Treaty of Versailles gave these territories back to France

- Germany was unable to make the payments right from the start
- France took the opportunity to weaken Germany further by reoccupying the Rhine-Ruhr region
 - This was an industrial region important to Germany's post-war recovery
- France sent troops in to oversee French interests
- Germany responded by refusing to work
 - 130,000 Germans refused to work
 - German productivity in the region declined by half
- France responded with arrests, imprisonments, evictions and executions
- French military presence rose to 100,000 troops



- 1923 German economy spiraled out of control with the worst inflation the country ever experienced:
 - Payment for WWI required printing more money with nothing to back it up
 - As soon as the money was printed its value had already decreased
 - Not only debt and payments but also depletion of Germany's raw materials crippled Germany's industrial capabilities
 - Plus Germany's high unemployment rate
 - Over 500,000 soldiers had to find work in this failing economy

- Early 1920s:
 - 100 German marks = 1\$
- January 1923:
 - 18,000 German marks = 1\$
- Later in 1923:
 - 4.2 billion German marks = 1\$
 - A liter of milk or loaf of bread cost billions of marks
- Hyperinflation ruined millions of ordinary Germans who depended on wages, fixed incomes and savings to live
 - Most Germans lost all their money as the economy and banks failed

Inflation is when a certain form of currency starts to have less value over time. Mainly two things cause it: people's perception of value, and the economic principle of supply and demand.

Let's say that one American dollar is worth 5 French francs. One day, the U.S. government announces that part of its economic policy will be to allow the value of the U.S. dollar to decrease slowly to about 3 francs (the U.S. government might do this to encourage foreign investors, among other reasons). The next day, the value of the dollar would likely drop sharply, which it has in similar situations. Why? The government announcement led people to believe that their dollars would be worth less -- therefore, they were worth less.

What is Hyperinflation?

Inflation is when money loses its value, so you need more money to pay for the same thing

Hyperinflation is inflation that is very high and out of control; prices increase so fast and by enormous amounts.

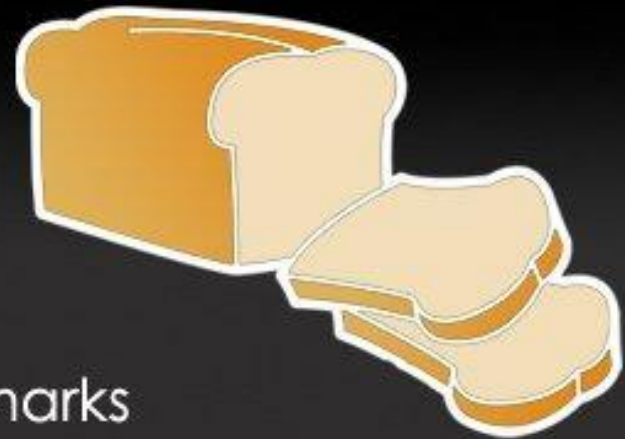
Eg; the cost of a loaf of bread in Germany due to hyperinflation –

Nov 1918: 1 mark

Nov 1922: 163 marks

Sep 1923: 1,500,000 marks

Nov 1923: 200,000,000,000 marks





The money in Germany during this time had no monetary value or buying power. People decorated with it, others burned it to stay warm and children used it to play with.



Paper money is stacked in a Berlin Bank in 1922



Bank lines. People scrambled to get their money from the banks.

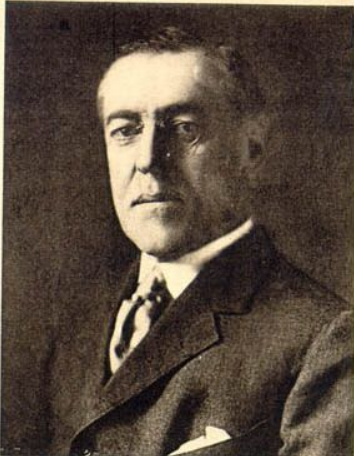
The Weimar Republic

- The existing form of government in Germany at this time was called the *Weimar Republic*
 - *Germany formed this government in the wake of her defeat in WWI in 1918 and it lasted until 1933*
- Named after the city of Weimar which was the temporary capital of Germany until it was able to move to Berlin
- Experiment in German democracy
 - *Anti-democratic Germans view this as the victors of WWI forcing democracy on a defeated Germany (Like Napoleon forcing Enlightenment ideas on them)*
 - *Yet this attempt at German democracy did achieve good things:*



- Germany became the first major European power to give women the vote.
- Produced the most modern, innovative film industry in the world at that time.
- Germany regained respectability with its incorporation into the League of Nations in 1926.

ORIGIN OF THE LEAGUE OF NATIONS

<p>January 8th, 1918. Fourteen Points laid down by President Wilson as the basis of world peace. (*)</p> <p>January 25th, 1919. League accepted in principle.</p> <p>April 28th, 1919. Covenant adopted.</p> <p>January 10th, 1920. League came into being; Secretariat established in London.</p>		<p>January 16th, 1920. First meeting of Council at Paris.</p> <p>November 1st, 1920. League Headquarters moved from London to Geneva.</p> <p>November 15th, 1920. First Meeting of Assembly at Geneva.</p>
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Woodrow WILSON

(*) THE FOURTEENTH POINT :

" A General Association of Nations must be formed under specific covenants for the purpose of affording mutual guarantees of political independence and territorial integrity to great and small States alike."



Standing (left to right): Constantine Diamandy (Rumania); Unidentified; Col. Edward M. House (United States); Unidentified; Roman Dmowski (Poland); Milenko R. Vesnitch (Serbia); Unidentified; Jan Smuts (British Empire); Woodrow Wilson (United States); Karal Kramar (Czechoslovakia); Paul Hymans (Belgium); V.K. Wellington Koo (China); Jaime Batalha-Reis (Portugal); Vittorio Scialoja (Italy); Unidentified

Seated (left to right): Sutemi Chinda (Japan); Nobuaki Makino (Japan); Leon Bourgeois (France); Robert Cecil (British Empire); Vittorio Emanuele Orlando (Italy); Epitacio Pessoa (Brazil); Eleftherios Venizelos (Greece)

League of Nations

- The League of Nations came into being after the end of World War One.
- The League of Nation's task was simple - to ensure that war never broke out again. After the turmoil caused by the Versailles Treaty, many looked to the League to bring stability to the world.
- America entered World War One in 1917. The country as a whole and the president - Woodrow Wilson in particular - was horrified by the slaughter that had taken place in what was meant to be a civilized part of the world.
- The only way to avoid a repetition of such a disaster was to create an international body (of countries) whose sole purpose was to maintain world peace and which would sort out international disputes as and when they occurred. This would be the task of the League of Nations.



American Isolationism

During the 1930s, the combination of the Great Depression and the memory of tragic losses in World War I contributed to pushing American public opinion and policy toward isolationism. Isolationists advocated non-involvement in European and Asian conflicts and non-entanglement in international politics.

Dolchstoß: “Stab in the back”

- Hitler and others mistakenly believed Germany’s defeat in WWI and especially the Treaty of Versailles were both the result of German Jews and their collaborators working against Germany.
- Known as the “November Criminals”
 - Jews and Marxist politicians in Germany who signed the Armistice on November 11, 1918 ending WWI and issuing in the Weimar Republic form of government.

- In reality, Germany just did not have the resources to continue the war
- German Generals Paul von Hindenburg and Erich Ludendorff insisted on seeking peace.
 - But placed the blame for defeat on the German civilian population.
 - Claimed the people lost their nerve for the fight and gave up, not the military forces.
 - The people had stabbed the fighting men in the back
- The “Stab in the back” myth spread quickly
- Many Germans needed an explanation for the defeat since the country’s leadership never told them they were losing.
 - They accepted the belief that it was the Jewish and Marxist politicians and their followers who were to blame for losing the war.