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## Money and the Downfall of a Democracy Economic Crises and the Weimar Republic

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Money and the Downfall of a Democracy  
Economic Crises and the Weimar Republic

By Leshan Xiao

Bard Masters of Arts in Teaching

Academic Research Project

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“This is not peace. It is an armistice for 20 years,<sup>1</sup>” remarked Marshal of France and Commander-in-Chief of the Allied Armies Ferdinand Foch at the signing of the Treaty of Versailles in 1919, which officially put an end to the First World War. His words would come true with the beginning of World War Two in 1939, when Nazi Germany under Adolf Hitler and the Soviet Union under Joseph Stalin invaded Poland on two fronts. Despite the short-lived time of peace between the two World Wars, the end of World War One and the two decades that followed were crucial to the course of world and European history. Politically, the interwar era saw the transformation of old empires into new republics, and from republics to dictatorships; artistically, the previously fringe modernist movements had their day in the spotlight, radically reshaping the mainstream of visual art, literature, and architecture; and economically, the collapse of the classical capitalist model rapidly reshaped economic and social classes, and gave rise to new methods in combating monetary crises.

There is perhaps no nation that demonstrates all three aspects of interwar change better than Germany. The promising new republic established among the ashes of the old German Empire reorganized itself into one of the most terrifying fascist states in recent history; the myriad of modernist schools that rose to the forefront of international fame were scattered by the Nazi movement; and finally, the domestic and global economic crises created waves of terror and uncertainty within the Weimar population, and directly led to the eventual capitulation of the new state and society. The hyperinflation between 1921 and 1933, and the Great Depression of 1929, presented very different challenges to the Weimar government and public. While the hyperinflation resulted in the immediate depreciation of currency, the Depression caused mass

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<sup>1</sup> Ruth Henig, *Versailles and After, 1919-33* (New York, NY: Routledge, 1995), 52.

unemployment, and led to the quick rise of radical groups on both sides of the political spectrum, culminating in the Nazi Party's coming to power in 1933. It is impossible to understand Hitler's regime and World War Two without a comprehensive understanding of the economic crises of 1920s Germany, although historians do not all agree as to the exact inner workings of the causation effect between the events. German historians use the word "*Sonderweg*" (special path) to describe the unique trajectory of Germany's past, its uneasy road to modern democracy, and especially its role in the devastation of World War Two and the Holocaust.<sup>2</sup> While some writers have pointed to as early as Martin Luther's time as the foreshadowing to the Nazi regime, others such as Geoff Eley and David Blackbourn have come to the conclusion that the history of Germany was not so inevitable, and is in fact multi-causal and incidental in many of its stages.

As a crucial watershed moment in the history of the development of democracy in Germany, the fall of the Weimar Republic is naturally an important point of contention between different historians and schools of thought. In particular, the two economic crises suffered by the Weimar populace have been researched and debated by generations of historians looking at the same event through different lenses. Scholarship on the rise of Nazism and the personality of Adolf Hitler existed, naturally, before the start of World War Two, but the six years of renewed warfare - one that overshadowed the previous desolation in terms of scale and brutality - made the same story even more intriguing for scholars and the general public alike. However, despite the seemingly endless stream of materials on Nazi Germany itself, the amount of scholarly work regarding the Weimar Republic that preceded it pales in comparison. In the few decades after the end of World War Two, one of the most influential works on the phenomenon was *The Rise and*

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<sup>2</sup> William L. Shirer, *The Rise and Fall of the Third Reich: A History of Nazi Germany* (New York, NY: Simon and Schuster, 1960).

*Fall of the Third Reich*, written by American journalist William L. Shirer and published in 1960. Shirer, who witnessed these events first hand, had access to captured German documents after the capitulation of Nazi Germany, and had had fifteen years since the end of the war to reflect on the history of it all, almost omitted the Weimar Republic altogether. “On the very eve of the birth of the Third Reich a feverish tension gripped Berlin,”<sup>3</sup> reads the first sentence of the monograph, followed by the following: “The Weimar Republic, it seemed obvious to almost everyone, was about to expire.”<sup>4</sup> With his work, Shirer introduced the concept of *Sonderweg*, and the belief in the inevitability of Nazi Germany shared by Shirer and other scholars meant that the Weimar Republic was not important. If the development of Nazism in Germany was inevitable, then the Weimar democracy was destined to fail. Indeed, Shirer claimed that “the Republic, on the very day of its birth, was lost.”<sup>5</sup>

In time, however, Shirer’s almost fatalistic view of German history was challenged by subsequent historians, who presented vastly different explanations to the rise of Nazism, many of which were deeply rooted in the various aspects of the Weimar Republic. While there were many theories regarding the demise of democracy in interwar Germany, most scholars agreed that the hyperinflation between 1921 and 1923, as well as the Great Depression of 1929, were essential pieces to solving the puzzle. In the decades following the end of World War Two, most analyses of these phenomenon were done in the vein of economic history, which primarily investigated the causes and cures of the economic crises. These works largely ignored the more complex sociopolitical elements to the story, as well as the individuals who lived through this era. As time passed, the scope of study has been expanded by historians with different focuses. With the

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<sup>3</sup> Shirer, 3.

<sup>4</sup> Shirer, 3.

<sup>5</sup> Shirer, 51.

emergence of the “history from below” movement, historians began to pay more attention to the people that experienced first hand the rise and fall of Weimar democracy. These researches and scholarly works present the short-lived Weimar Republic in a new light, and gave those that lived through it - and the era itself - agency, rather than a helpless victim doomed to fail from the start.

The end of the First World War in 1918 saw the fall of the old European empires and the rise of new regimes. With the downfall of the German Empire after the overthrow of Kaiser Wilhelm II, the establishment of the new Weimar Republic saw many new opportunities and challenges. One of the most daunting challenges faced by the new regime was the rebuilding of the national economy, after the drastic downsizing of the workforce from the war, the destruction of institution, and the punitive reparations by the victors in the Treaty of Versaille. It is not surprising, then, that the Weimar years saw numerous economic crises during its short fifteen years. In the year of 1921, Germany suffered hyperinflation from the mass printing of money, and the 1928 Great Depression in the U.S. crippled German economy through deflation.

The early years of research after this series of events were focused almost exclusively on the economic aspects of the era, seen most intently in *The Collapse of the Weimar Republic: Political Economy and Crisis* by historian David Abraham and published in 1981.<sup>6</sup> With his research and analysis, Abraham attempted to better understand the economic structure and interactions of the Weimar Republic, as well as to establish a connection between them and the rise of Nazi Germany. In his monograph, David Abraham analyzed the economic situation of the Weimar Republic during the 1920s, and the reasons for the failure of the national economy, and

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<sup>6</sup> David Abraham, *The Collapse of the Weimar Republic: Political Economy and Crisis* (Princeton, NJ: Princeton University Press, 1981).

the downfall of the interwar democracy itself. Abraham began with his analysis of the Weimar society itself, followed by the interactions between its various sectors. As a prime example of economic history, the book naturally has a strong focus on economic structure, as well as on the businesses and industries that formed the very same structure.

*The Collapse of the Weimar Republic* did not focus on the political or industrial elites, but instead on the economy itself. While of course it is close to impossible not to mention important historical figures such as Paul von Hindenburg or Adolf Hitler when dealing with the fall of the Weimar Republic, the incorporation of “great men” in Abraham’s book was mostly for setting the stage for the interactions between the industries. As such, it is apparent that this monograph is not an example of what is generally known as “political history,” which revolves almost entirely around “the formal organization of power in society, which for the majority of human societies in recorded history means the state.”<sup>7</sup> In contrast, *The Collapse of the Weimar Republic* has more similarities with social history, as he closely analyzed the importance of various groups within the Weimar Republic, a theme in the writing of history that took inspiration from the writings and philosophies of Karl Marx. Like most social historians, Abraham was greatly interested in the various socio-economic classes, and how their interactions influenced the Weimar economy. Abraham was also interested in the political parties present in the Weimar Republic, of which there were many. In his book, he used the political parties in the national parliament as an indication of the strength and influence of different social classes, depending on whose interests they represented. In his analyses, the German Communist Party was used to represent the working class, while more conservative political parties represented the dominance

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<sup>7</sup> John Tosh, *The Pursuit of History* (Harlow, United Kingdom: Pearson, 2010), 59.



of aristocrats and industrialists. This is an unusual method of utilizing a top-down method to understand the entirety of the German population, and while information drawn from this comparison is both easier to acquire and to make comparisons, it is also very general and perhaps not entirely accurate to assume that economic status was the only important factor to one's political affiliation. As such, it reflects a blend of both diplomatic and social history: a work of political history without the elites, and a work of social history without the people.

While Abraham chose to veer away from the “great men” of history in the writing of his book, he was not exactly operate in the vein of the “history from below”<sup>8</sup> trend that permeated the social and cultural history schools by researching and writing about the common people during times of historical change. Instead, he specifically focused on industries, and how the capitalist economic system created the inter-sectional interactions that made the coming-to-power of the Nazi Party a reality. This intense focus on the system itself could be seen from the chapters themselves. Beyond the initial analysis of the social classes (an analysis signature to social and Marxist historians), the book is broken down to focus on the interactions within and between the agricultural and industrial sectors, and one short chapter of what Abraham referred to as “the reemergence of the labor/capital conflict.”<sup>9</sup> In this respect, *The Collapse of the Weimar Republic* is clearly primarily a work of economic history, a historiographical school which attempts to “explain societies holistically while working on data... which raises fresh questions about past societies.”<sup>10</sup> Abraham was not very interested in the workers of the industries, but the industries themselves, and that is a component that sets him

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<sup>8</sup> Tosh, 70.

<sup>9</sup> Abraham, 229.

<sup>10</sup> Peter Claus and John Marriott, *History: An Introduction to Theory, Method and Practice* (New York, NY: Routledge, Taylor & Francis Group, 2017), 343.

apart from the mainstream social historians, while even though they are often guilty of reducing individuals to their class, are interested in the common people.<sup>11</sup> While the author claims that “the bulk of this work has been concerned with the various conflicts within and between the dominant class fractions,”<sup>12</sup> it is evident that he utilized the concept of “class” in a sense very much different from most social historians, one that is concerned of class without its human elements. Even in the chapter regarding the labor/capital conflict, the classic Marxist rhetoric of exploitation and the control over means of production, Abraham chose not to acknowledge the conditions of workers, and instead only wrote about industrial regulation and legislation. As such, while David Abraham’s work shares similarities with Marxist and social history, its primary focus on economic history still takes precedence, with the other forms of historiography used when necessary only as a supplement to the former.

As a work of economic history, there should be no surprise that economic data was the most important form of evidence utilized in David Abraham’s monograph. In Abraham’s *The Collapse of the Weimar Republic*, Abraham closely analyzed the material output of the industries, and utilized the statistics as pivotal evidence to support his argument. In the chapter regarding conflicts within the agricultural sector, for example, Abraham made use of the gross production, net production, gross import, net import, as well as the prices of 1924 to 1930.<sup>13</sup> Later in the chapter, the author broke down agricultural production into the individual sectors, in order to see the differences in the trends of prices between the different products.<sup>14</sup> In this aspect, this book fits straight into the tradition of economic history. In addition, the use of quantitative

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<sup>11</sup> Tosh, 72.

<sup>12</sup> Abraham, 238.

<sup>13</sup> Abraham, 71.

<sup>14</sup> Abraham, 81.

data is also an important aspect of social history, which seeks to understand group dynamics without focusing on any one individual within their respective groups.

It should be noted, that while economic historians do indeed focus on the economy and businesses in their research and analyses, they are usually not only interested in money.<sup>15</sup> Instead, they often use mathematical analysis in order to form questions that resonate with themes larger than the economy itself, and attempt to answer them using quantitative data. For Abraham, the question could be summarized as “how did the Nazi Party attain power in the Weimar Republic?” And to answer this question, Abraham utilized multiple models to explain the Weimar economy, an integral piece of the Weimar society. *The Collapse of the Weimar Republic* makes it clear that David Abraham was convinced that the capitalist system was responsible for the rise of Hitler and Nazi Germany, and the book is devoid of any discussion of other possible causes. While most historians would agree with Abraham, that the instability of the economy influenced the people of Germany and pushed the public towards more fringe movements like Nazism, they would also argue that there were many other causes. Essential themes of this time period, such as nationalism, anti-semitism, international relationships, and internal political struggles were not present in this monograph. While these aspects of interwar Germany were obviously not the focus for David Abraham in the writing of this book, their complete omission in the discussion of the Nazi Party’s coming to power still presents a problem. In what can be gleaned from *The Collapse of the Weimar Republic*, Abraham believes that the class division within the national economy of the Weimar Republic was the sole culprit of the downfall of the political structure.

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<sup>15</sup> Claus and Marriott, 344.

While David Abraham was convinced with the central role of the capitalist economic system in the downfall of the Weimar Empire as well as his methodology that resulted in *The Collapse of the Weimar Republic* (1981), his work also became very controversial with his fellow historians of modern Germany. Historians Henry Turner and Gerald Feldman, among others, questioned the models used by Abraham in coming to his conclusions, as well as accusations that he possibly edited primary sources in order to fit into his narrative. The pressure presented to Abraham from the academic community forced him to go into a lengthy period of re-editing his work, eventually resulting in a second edition that was published in 1986. However, while most scholars acknowledge that the revised book was a vast improvement over his original manuscript, many historians still took issue with this new edition. In particular, Peter Hayes from Northwestern University claimed that many issues still lingered, and published his article regarding the new publication in *The Business History Review*. In his review, Hayes criticized the amount of remaining errors in citations and attribution, but most importantly, the reductionist analysis for the fall of the Weimar Republic and the rise of Nazi Germany, in place of a “complex, multicausal explanation.”<sup>16</sup>

Of course, not every work of economic history necessarily followed the same methodology or came to the same conclusion as David Abraham did, and even those that wrote and published during his own time offered different interpretations of the same Weimar economy. In 1986 (as opposed to 1981 when Abraham published his work), historian William C. McNeil published his work regarding the Weimar economy, titled *American Money and the*

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<sup>16</sup> Peter Hayes. "History in an Off Key: David Abraham's Second "Collapse"," *The Business History Review* 61, no. 3 (1987), 455.

*Weimar Republic: Economics and Politics on the Eve of the Great Depression*.<sup>17</sup> It is evident just from the title, that McNeil operated with a wider scope than Abraham did, as it went broader than just the German economy, and expanded the scope to also include the United States. While World War One created immense animosity between different nations, the end of the war also saw the emergence of a world more connected than ever before. As David Abraham concluded that the rise of Nazism was solely due to the capitalist structure of the Weimar Republic, McNeil's monograph provides a link between Germany and the United States, giving more explanations to Germany's historical trajectory that historians like Hayes believed were lacking from Abraham's work.

In this monograph, William C. McNeal examined the role American capital played in the history of the Weimar Republic, and the roots of this phenomenon stretched to the First World War itself. While the United States did not officially participate in World War One until April of 1917, it had been funding the Entente nations' war effort since much earlier. And as the European continent lay in ruins after the war, the only way that the U.S. government and businesses could recover their expenses during the war was through the German war reparations, given to the allied states such as Great Britain and France, and then back to the United States - an amount that Germany was also not able to pay. It was for this reason American bankers decided to continue to inject capital into Germany in what was called the Dawes Plan in 1924,<sup>18</sup> shortly after the end of the Weimar hyperinflation. The Dawes Plan created and sustained a cash flow that goes from the United States to Germany in the form of investment, from Germany to Great Britain and France in the form of reparations, and from Britain and France back to the United

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<sup>17</sup> William C. McNeil, *American Money and the Weimar Republic: Economics and Politics on the Eve of the Great Depression* (New York, NY: Columbia University Press, 1986).

<sup>18</sup> McNeil, 1.

States to pay back wartime loans. From the Dawes Plan to its replacement, the Young Plan, American funding became integral to Germany's economic recovery during the interwar era. American capital funded the building of infrastructure, industrial output, as well as cultural and artistic production. Despite its prominent role in the recovery of the German economy, American money also created new tensions. McNeil provided a counterpoint to the influx of American capital that benefited the German economy, and noted some of the negative impacts of such investments. In particular, he believed that the injection of American loans exacerbated domestic conflicts, as different groups fought bitterly over how the money should be properly used within the German economy.<sup>19</sup> Conservative forces, according to McNeil, wished to allocate the capital into industrial output in the private sector, while the left-wing advocated for the money to be spent on government funded public programs such as gas, electricity, and public housing projects. One seemingly simple act of increasing the pay for government employees, for example, quickly became a bitter debate over its pros and cons.<sup>20</sup> The effects on the national and local level for an increase in salaries, the amount of the pay increase, and the effects it could have on the cost of living, all became heated topics of discussion. Even within the same party, different members and groups differed on their stances, creating even more confusion and conflict due to a drastic increase in budget.<sup>21</sup> The conflicts of interest was not only present on the domestic level. The victors of World War One pressured the Weimar Republic into paying more reparations at a faster rate, instead of spending the American investment in domestic economy, creating even more disagreements and conflicts of interest as a direct result of the extra money. McNeil argued that while the American capital seemingly alleviated both internal and external

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<sup>19</sup> McNeil, 169.

<sup>20</sup> McNeil, 169.

<sup>21</sup> McNeil, 170.

tension put on the Weimar government by offering a larger sum of money for the national budget, it was never going to be a long-term solution as it did not truly resolve the conflicts already present in German society. The Dawes Plan and the subsequent Young Plan might have stabilized the Weimar economy after the hyperinflation, but it also exacerbated the existing divides between the various socioeconomic classes, and polarized the political situation in Germany.

In his research, McNeil utilized a two-pronged method in locating evidence for his analysis. Similar to David Abraham in *The Collapse of the Weimar Republic*, McNeil scrutinized the quantitative data available to him that could explain the status of the Weimar economy. In particular, *American Money and the Weimar Republic* presented the economic aspect of his research with the analysis of the business cycle as well as the reparations payment schedule.<sup>22</sup> With this information, McNeil was able to present a clear picture on the economic status of Weimar Germany at a certain point, and to corroborate any changes with socio-political changes within the nation.<sup>23</sup> In order to make this corroboration, the author also presented the readers with a large selection of primary materials which shed light on the political atmosphere within the Weimar Republic and the relationship between Germany and the United States. Materials from the German political archive (*Politisches Archiv des Auswärtigen Amtes*, shortened as AA in the bibliography), and correspondence between the leading figures within the realm of banking that heavily influenced German economy during this era, such as J.P. Morgan himself.<sup>24</sup>

The difference between the usage of primary evidence between David Abraham and William C. McNeil represents a larger difference between the ways the two historians looked at

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<sup>22</sup> McNeil, 302.

<sup>23</sup> McNeil, 136.

<sup>24</sup> McNeil, 287.

the Weimar economy, and how the very different scopes they operated under while only being five years apart. David Abraham focused intently on the Weimar economy itself, and presented an explanation for the downfall of the Weimar Republic that was exclusively contained in the economic aspect of this era. While his research and analysis are both sound and well supported with evidence, a large part of the story was also omitted in his narrative. McNeil, in comparison, was much more rounded in his monograph. While *American Money and the Weimar Republic* was still a work of economic history, first and foremost, it also presents its readers a broader spectrum of causes and effects. William C. McNeil acknowledged the importance of both domestic politics and international diplomacy in the shaping of the Weimar economy, and in the process presented a multicausal explanation to the downfall of the Weimar democracy.

As both historians published their works of scholarship during the Cold War, an era of hostility on a global scale between two opposing political and economic systems, it is not surprising that economic history would be one of the most important schools of historiography during this era. However, in addition to the scopes of their works, their conclusions also differ from one another, and fit well into the debate between capitalism and communism that was thematic for the Cold War era. David Abraham argued that the system of capitalism was the primary cause for the fall of the Weimar Republic, and that capitalism itself led to the rise of Hitler and Nazi Germany. While William C. McNeil did not directly argue against this conclusion, his emphasis on the complexity of the entire situation, especially the preexisting conflicts within the German society, shows that he did not believe that capitalism was the only cause.



Although titled *American Money and the Weimar Republic*, William C. McNeil's monograph focused more on the internal politics within Germany. While the author examined the world outside of Germany, he also treated Germany as the center of the interwar phenomenon, instead of a part of a grander world economy. In 1990, German historian Hans-Joachim Braun published *The German Economy in the Twentieth Century: The German Reich and the Federal Republic*,<sup>25</sup> and complemented McNeil and his complex, multicausal explanation for the Weimar economy, while still working within the realm of economic history. In this book, Braun followed closely the lineage of the various German governments, and examined the reservoir of reasons that sent Germany and its people down the *Sonderweg*.

As a work that examines an entire century of Germany's history, *The German Economy in the Twentieth Century* puts the economic situation of the Weimar Republic within context of a Germany (and Europe) after the devastation of the First World War, and not within a vacuum in terms of either time or space. Other than the decisions made by the Weimar government and the interactions within the free market system, Braun also noted the changes in the amount of labor and natural resources as a result of the German involvement in the war. In contrast to the final stages of World War One, the beginning of the interwar era saw the departure of "about 873,000 prisoners of war and 360,000 foreign civil workers," while supplemented by "almost ten million German soldiers" and "an additional one million German prisoners of war from the summer of 1919 onwards."<sup>26</sup> The author emphasized that Weimar Germany was not an enclosed system that was only influenced by itself (similar to how McNeil treated the same material), but a part of a larger economy that was very much influenced by the economics and politics of other states, and

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<sup>25</sup> Hans-Joachim Braun, *The German Economy in the Twentieth Century: The German Reich and the Federal Republic* (New York, NY: Routledge, 2003).

<sup>26</sup> Braun, 34.

one whose problems rooted in the events of early twentieth century Europe. According to Braun, the individuals that inhabited the Weimar Republic were not solely to blame for the economic crises of the 1920's. Various entities of the old German Empire as well as the members of other states also contributed to the situation that led to the hyperinflation that Germany suffered through. Especially in the context of the Great Depression, Braun emphasized on the helplessness of German individuals and institutions against the juggernaut of the economic crisis. "Generally, the German banks could not cope with the withdrawals of American deposits."<sup>27</sup> In this sense, Germany and its inhabitants were not only not completely responsible for their crises, there was also little they could have done in the situation not created by themselves. The analysis present in *The German Economy in the Twentieth Century* shows the complexity of the Weimar economy as a multicausal phenomenon that no one party was solely responsible for, and no single solution was available that could have dealt with all of the problems.

Similar to *The Collapse of the Weimar Republic*, Braun took a top-down view of the Weimar economy. In his analysis of the economy, the author focused on the economic system and its interactions, and not on the individuals who lived under the system. Within the realms of economics, Braun noted especially the importance of government leaders in the crises of the 1920's. In the section regarding the hyperinflation of 1923, for example, the role of Matthias Erzberger as the minister of finance of Germany was discussed in detail within the book, and his decisions in policy making was considered by the author to be one of the major driving forces behind the economic situation. When "at the end of 1919 he introduced taxes on property gains during the war the most important of which was the 'Reichemergency contribution,'"<sup>28</sup> it

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<sup>27</sup> Braun, 64.

<sup>28</sup> Braun, 36.

presents the importance of national leaders in the trajectory of national economy and national history. This aspect is very much different from the approach of David Abraham, who while also viewed the Weimar economy from the top in terms of the grand economy, did not care much about the policy makers themselves. In contrast, Braun noted the importance of the individual national leaders and their roles in shaping the economy, rather than Abraham's model of the economy as a self-sufficient system that runs without the need for human interaction. Other than individual members of the government, Braun also emphasized the role of the government bureaucracy as a whole in its influence on the economy, instead of the individuals who inhabited and participated in the market on a day-to-day basis.

Braun also made use of the social history strand, which focuses on the groups of people within history and tries to present the lives of the common people that lived within different eras. Despite not having the powers and authority of kings or other social elites, the daily business of the ruled also drove history in profound ways that should not be understated. In trying to decipher the meaning behind the stagnant productions of the late 1920's, Braun analyzed the dominant social trends of better labor benefits as a major influence over the increase of production costs, thus resulting in less national industrial output. In order to illustrate this point, Braun compared the proportions of national income that the working class had within the same decade, and concluded that "between 1924 and 1929 wages rose fast and generally surpassed the growth rates of industrial output."<sup>29</sup> While Braun argued that the conglomeration of workers had a tremendous ripple effect that significantly raised the cost of production and reduced gross

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<sup>29</sup> Braun, 52.

national product during the Weimar Republic, his methodology and analysis shows that he did not think that any individual worker had any significant amount of sway that could alter history.

Hans-Joachim Braun and David Abraham share many similarities in their writings. They were both mostly interested in the top-down perspective of national economy and the interactions within individual industries. However, while Abraham viewed the Weimar economy as an autonomous system that functioned on its own through class divisions without individual output or human interactions, Braun believed that the German government and the individual personalities played an important role in the unique trajectory of its national economy.

Furthermore, while Abraham attributed the economic crises and the downfall of the Weimar Republic to the class divisions and ever growing capitalist system, Braun believed that there were numerous causes for this development including the aftermath of World War One, as well as the global economy outside of what Germany and its leaders were capable of controlling. In that respect, Braun shares many similarities with William C. McNeil in terms of their arguments. Although their methodologies differ from one another, and Braun operated with a scope much grander than McNeil did in terms of time, they both believed that the economic situation of the Weimar Republic was a highly complex issue. The leaders of the Weimar regime, the socio-political divide in both the parliament and among the general population, as well as the looming threat of external pressure, all influenced the German republic on its path to destruction.

Braun published his monograph in 1990. The year before saw the fall of the Berlin Wall. One year later, the Soviet Union collapsed, formally putting an end to the Cold War. As the end of the Cold War greatly attributed to the “delegitimation of the Marxist paradigm,”<sup>30</sup> historians

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<sup>30</sup> Winter, Jay and Antoine Prost. “Three Historiographical Configurations,” in *The Great War in History* (Cambridge: Cambridge University Press, 2005), 26.

began to deviate from Marxists' fixation on economic and social history. While it might have been hard to imagine a way to examine the history of the Weimar economy other than through economic history, a new wave of historians in fact took many new approaches to the same subject. In the couple of decades after the end of the Cold War, historians have examined the Weimar economy through the lens of cultural history, as a part of an ongoing internal conflict within Germany, and as an example of the Weimar government's active attempts to salvage itself from the onslaught of domestic and international plights.

The advent of cultural history was perhaps one of the most important developments in the realm of historiography in the last century, as historians began to examine and analyze historical events through the eyes of individuals that lived in the past. In 2001, Bernd Widdig applied this new method and historical philosophy to the history of the Weimar economy, in his book *Culture and Inflation in Weimar Germany* by Bernd Widdig.<sup>31</sup> As the title suggests, this monograph primarily focuses on the culture of the Weimar people as the nation plummeted into economic crises.

One of the major differences between Widdig and the three aforementioned historians and their works of economic history is that he was not at all interested in why and how the hyperinflation took place. While Abraham, McNeil, and Braun disagreed on the causes of the economic crises in the Weimar Republic, and who or what was truly responsible for them, to Widdig it was of no consequence. To the common people, how the chaos came to be was not important, and had no effect on how they lived their lives coping with the crises. Having experienced both World Wars and the Weimar hyperinflation, the author's grandfather was not

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<sup>31</sup> Bernd Widdig, *Culture and Inflation in Weimar Germany. Weimar and Now* (Berkeley: University of California Press, 2001).

able to provide a reason for how it came to. “It had just happened, and it had been terrible.”<sup>32</sup> It did not matter to the citizens of the Weimar republic how the hyperinflation began; instead, the most important question to the general public was how to cope with it. In his first chapter, Widdig quickly laid out the historical background of the hyperinflation - not the causes of the inflation, but the events that would be experienced by the everyday person.<sup>33</sup> In order for the (presumably primarily American) readers of the new century to be able to connect with the people that lived in a historical era, Widdig also made reference to the economic crisis in the United States during the Carter administration, inviting the readers to find empathy with the historical figures.<sup>34</sup> Widdig provided information regarding the leadership of the Weimar Republic (an example of political history) and the social classes within Germany (an example of social history), but neither was the focus of his work. The author made quick mentions of such top-down historical information merely as a backdrop so that the readers could understand what the German population was facing, and instead emphasized on the reactions of the people faced with this tremendous challenge.

As an example of cultural history,<sup>35</sup> *Culture and Inflation in Weimar Germany* focuses on culture and individual experience, and Bernd Widdig examined memory and artistic expressions of the German people. While not the research focus of his monograph, Widdig started with the memories of his grandfather. In fact, it was his grandfather’s recollections of wheelbarrows full of cash that started his interest in this era.<sup>36</sup> His grandfather represents the subject of Widdig’s research: the common people who experienced the hyperinflation, and had to react and cope with

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<sup>32</sup> Widdig, 4.

<sup>33</sup> Widdig, 36-39.

<sup>34</sup> Widdig, 33.

<sup>35</sup> Tosh, 280.

<sup>36</sup> Bernd Widdig, 4.

the situation in their own unique methods. Widdig gave the individuals their own individuality and agency in living their lives, in contrast to the generalization of how the collective German population suffered from the hyperinflation, as social historians might. Of course, some economic historians such as David Abraham would almost completely omit the story of the working class, favoring focus on the grand economic structure instead. *Culture and Inflation in Weimar Germany* is, however, not a work of *Alltagsgeschichte*.<sup>37</sup> It does not focus on the everyday life of German citizens and how it was changed by the inflation. While Widdig made passing mentions to the massive amount of money that needed to purchase most everyday objects,<sup>38</sup> as well as how the worthlessness of paper money changed simple activities such as playing,<sup>39</sup> it was never truly the focus of the book or any individual chapter. Instead, the monograph alternates between cultural/artistic production and personal experiences, still grounded within the cultural history stream, but without focusing on the history of everyday life.

While Bernd Widdig operated within the tradition of cultural history, he still employed much of social history's methodology in the early chapters of his book. Under "Part Two: Money," Widdig utilized not only the materialistic analysis of social historians, but heavily referred to the theories of Karl Marx. Widdig commented on the sheer power of money within human society. "Next to language, money is the most important medium through which modern societies communicate."<sup>40</sup> He commented on the problems that come with such a power, and made use of Marx to reinforce his own analyses, although Widdig also disagrees with some of Marx's assessments on the boundaries of money's powers. Nevertheless, the author agrees with

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<sup>37</sup> Alf Lüdtke, *The History of Everyday Life : Reconstructing Historical Experiences and Ways of Life* (Princeton, NJ: Princeton University Press, 1995).

<sup>38</sup> Widdig, 4.

<sup>39</sup> Widdig, 38.

<sup>40</sup> Widdig, 79.

Marx that money carries great power and value due to the capitalist consumer economy, and the amount and variety of goods and services that could be bought with money. “Indeed, money in many ways constitutes the way we conceptualize the world and ourselves.”<sup>41</sup> Despite having the third configuration as his primary focus, Bernd Widdig utilized social history and Marxist analysis to portray the importance of money to the population living within a capitalist economy, especially during a monetary crisis as severe as the Weimar hyperinflation.

In his monograph, Bernd Widdig also presents gender as an important factor to take into consideration within the context of the Weimar hyperinflation, referring to it as “a powerful rhetorical strategy to mark basic structures of difference such as the private and the public, authenticity and alienation, nature and society, desire and rationality.”<sup>42</sup> Within *Culture and Inflation in Weimar Germany*, Widdig only focused on the issue of gender in one chapter. However, he emphasized the importance of gender, and analyzed how the role of women had changed due to the hyperinflation. “Mothers begging for their starving children, all these prostitutes on the streets,”<sup>43</sup> according to Widdig, was a common perception by the German people that lived through the Weimar economic crises. In order to feed their children, women with the role of mothers had to turn to vastly different means. While women remained dependent on the agricultural production capabilities of the nation<sup>44</sup> as they did during World War One,<sup>45</sup> they also benefited from the war and were able to enter into jobs they would not have been allowed before the start of the war. However, their deviation from traditional norms were also

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<sup>41</sup> Widdig, 82.

<sup>42</sup> Widdig, 196.

<sup>43</sup> Widdig, 197.

<sup>44</sup> Widdig, 198-199.

<sup>45</sup> Belinda J. Davis, *Home Fires Burning: Food, Politics, and Everyday Life in World War I Berlin* (Chapel Hill, NC: University of North Carolina Press, 2000).



seen as a negative by the mainstream society, and have been blamed in various cultural mediums as the cause of the inflation, in accordance to a long history of representing disasters in a feminine fashion.<sup>46</sup> While not the focus of the entire book, issues of gender was identified by Bernd Widdig as an important factor within the memory and portrayal of the hyperinflation, and shows heavy influence from the women's history and gender history schools of thought.

Bernd Widdig provided a cultural history view of the Weimar hyperinflation that is very different from the more traditional narratives of the economic crises. While he did not underplay the importance of money within the capitalist economic system, he focused on the individual experiences and cultural production that came to be as a result of the economic crises. He utilized second configuration information as well as Marxist rhetoric to analyze the Weimar economy, yet also veered away from the generalized and materialistic methodology commonly used by social and Marxist historians. While not an *Alltagsgeschichte* work that deals with the everyday life of Weimar citizens, Widdig was still influenced by the various schools of thought that trace their roots to the "history from below" movement. Although not the central focus of his monograph, his chapter on the female experience and the perception of women during the hyperinflation was an example of gender history, creating more distinctions and dichotomies to analyze and understand this period in history.

With the previously mentioned monographs, as well as the predominant teachings of the era, the Weimar Republic had almost always been seen as a passive victim throughout its almost twenty years of existence. The Weimar Republic was created through the demise of the old German Empire, according to the mainstream historians, and throughout its existence gradually

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<sup>46</sup> Widdig, 202.

crumpled against the chaos left in the wake of World War One, besieged on all fronts by the intense conflict between the left and right wing forces within both the parliament and the general population. In these narratives, the regime itself, as well as the leading members of the government, had no agency, and were generally portrayed as being at the mercy of the Communists and the Nazis. However, there are also historians that have argued against this narrative, (and this does sound strange) empowering the Weimar government in the story of its own demise. In 2014, historian Anthony McElligott published his work, *Rethinking the Weimar Republic: Authority and Authoritarianism, 1916-1939*.<sup>47</sup> One of the most recent historical works to day, this monograph presents the Weimar regime in a brand new light.

Anthony McElligott argued that, like all governments and regimes, the Weimar government strived to garner the support of its citizens, and in order to achieve this goal, actively designed and altered its policies in order to appeal to the various demographics within Germany. Beginning with the First World War, McElligott retraced the collapse of the German Empire in what he referred to as the “erosion of authority,”<sup>48</sup> resulting in distrust of government, civil unrest, and eventually revolutions that not only put an end to the Hohenzollern monarchy, but also altered the government-people dynamic for the decades to come.<sup>49</sup> In *Rethinking the Weimar Republic*, McElligott focused mainly on four aspects of the Weimar government: diplomacy, economics, law, and culture. With all these aspects, the author reinforced the idea that the government was by far not the helpless victim popularly envisioned by the population, but

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<sup>47</sup> Anthony McElligott, *Rethinking the Weimar Republic: Authority and Authoritarianism, 1916-1936* (New York, NY: Bloomsbury Academic, 2014).

<sup>48</sup> McElligott, 11.

<sup>49</sup> McElligott, 25.

instead a potent political force that requires serious consideration as it fought for its own authority.

If one is to follow the author in his line of thought, it only makes sense that the economy was one of the most vital aspects for the Weimar government. As the end of World War One marked Germany as a defeated nation and the Treaty of Versailles marked Germany as a guilty party for the war, the successor state of the German Empire did not have much diplomatic sway. In addition, the Treaty of Versailles also heavily limited the German military in all three branches. As a result, the Weimar government only had the domestic front to prove to its citizens that it was a strong and stable regime, in order to secure the state authority that it desperately needed. Of course, as described earlier by William C. McNeil, the domestic economy of Germany was heavily influenced by the actions of the United States, Great Britain, and France, among other nations, and the Weimar government had to react to the demands of these states in designing its own policies. Earlier works of history of focused on this aspect of the Weimar economic policy, a method of focusing “on the question of constraints, with historians arguing over the degree to which there was room for policy manoeuvre,”<sup>50</sup> which again portrayed the Weimar state as helpless and passive. In contrast, McElligott began his chapter, aptly named “The Authority of Money,”<sup>51</sup> with the government’s proactive decision of providing cheap credits to manufacturers in order to stabilize the industry as the nation began to become adjusted to peace.<sup>52</sup> The use of the so-called *Rentenmark* as a transitional currency, according to the author, also marked the government’s active approach to economic stability, as well as transition

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<sup>50</sup> McElligott, 70.

<sup>51</sup> McElligott, 69.

<sup>52</sup> McElligott, 72.

from material reparations to monetary ones to the victors of World War One.<sup>53</sup> In order to support his claims, McElligott made heavy use of statistics regarding the payment of war reparations, including citing the calculations of Lujo Brentano, a German economist contemporary to the Weimar Republic.<sup>54</sup>

Of course, while *Rethinking the Weimar Republic* refrained from creating the Weimar narrative around that of the rest of the world, it is also near impossible to mention international pressure in the domestic policy making of the new republic government. However, despite the pressure put onto the German government for quick payment of the reparations, the Weimar republic was still not helpless, and actively responded to new situations. In particular, the German government “employed a battery of delaying tactics, resisting reparations as far as it was able to.”<sup>55</sup> However, while a proactive act that displays the agency of the Weimar government, the tension created from these tactics also greatly antagonized the French, which resulted in the 1923 occupation of the Ruhr region, which in turn helped fan the flames that would result in the disastrous hyperinflation.

The author of *Rethinking the Weimar Republic* also focused on the era of economic stability and perhaps even prosperity in the central years of the Weimar Republic, a half of a decade usually not mentioned in studies of German economic history. McElligott corroborated McNeil’s narrative regarding American capital influx during the interwar era, which helped the Weimar government in creating the stability it enjoyed during this time.<sup>56</sup> The relationship between the Weimar economy and that of the United States, in time, would also end in chaos, as

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<sup>53</sup> McElligott, 72.

<sup>54</sup> McElligott, 73.

<sup>55</sup> McElligott, 73.

<sup>56</sup> McElligott, 78.

the collapse of the American stock market also resulted in the crash of the world economy, with Germany taking a huge hit due to the importance of the Dawes Plan. However, the Weimar government still altered economic policies in order to adjust to the changing situations leading up to the Great Depression in order to appeal to business and property owners, despite it having little effect.<sup>57</sup> Even McElligott agrees, however, that the waning years of the Weimar Republic saw Germany mostly influenced by the conflict between the Nazis and the Communists, with the more central members of the parliament having little to do than stand in the sidelines against the coming storm.

In his monograph, Anthony McElligott followed the von Rankean stream of historiography, focusing intently on the German government in its dealings with the other western states and in its domestic policies. While some social history is also present in order to illustrate the success or failure of its decisions, it is mostly a work of political and diplomatic history. In the “The Authority of Money” chapter, economic history was also heavily featured, for obvious reasons. *Rethinking the Weimar Republic* primarily utilizes secondary sources, with some primary sources including economic statistics<sup>58</sup> and Joseph Goebbels’s diary<sup>59</sup> to support his own arguments. In particular, the author made reference to historian Detlev Peukert,<sup>60</sup> who discussed the rise of fascism and the fall of democracy in his monograph *The Weimar Republic. The Crisis of Classical Modernity*, published in 1991.<sup>61</sup>

In conclusion, *Rethinking The Weimar Republic* by Anthony McElligott reexamines the rise and fall of the Weimar Republic in a new light, not as a passive victim of the rise of Nazism,

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<sup>57</sup> McElligott, 88.

<sup>58</sup> McElligott, 258.

<sup>59</sup> McElligott, 263.

<sup>60</sup> McElligott, 70.

<sup>61</sup> McElligott, 255.

but as an active player that consciously fought to become a force of authority within the times of chaos. As a result, the achievements of the Weimar government is recognized as its own efforts, while the mistakes of the interwar government were recognized as its own in the downfall of the short-lived German republic.

Finally, as McElligott had mentioned, the conflict between Communism and Nazism characterized the waning days of the Weimar Republic. However, the divide between the left and the right had long been a mark of interwar Germany, and saw its start at the revolutions during the last years of World War One. Throughout the existence of the Weimar Republic, the same conflict had taken many different forms, as the different factions varied between the remnants of the German Empire to vanguards of the Nazi regime, and from Social Democrats to socialists and Communists. Similarly, the form in which these conflicts took place also varied, from the *Reichstag* parliament to actual fightings within the streets. In 2009, historian Dirk Schumann's monograph *Political Violence in the Weimar Republic 1918 - 1933: Fight for the Streets and Fear of Civil War* was published, focusing precisely on this thread throughout the existence of the new republic.<sup>62</sup> Both working against and providing a complement to McElligott's analysis of the Weimar government as an active force, Schumann characterized the political violence in interwar Germany as "anachronism."<sup>63</sup> Specifically, the author described political violence as the "exercise of physical coercion that essentially takes place collectively, can be aimed at both objects as well as individuals or groups, and whose actors seek - by selecting a specific target - to simultaneously strike a blow against the political system as a whole or against a political concept

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<sup>62</sup> Dirk Schumann, *Political Violence in the Weimar Republic, 1918-1933: Fight for the Streets and Fear of Civil War* (New York, NY: Bergahn Books, 2009).

<sup>63</sup> Schumann, xiii.

regarded as hostile.”<sup>64</sup> According to Schumann, the end of the war “offered German society the chance to pursue conflicts between class, interest groups, and ideological camps within democratic forms,”<sup>65</sup> an opportunity lost by the myriad of political chaos of the era.

In trying to understand the variety of political violence during the interwar era, Dirk Schumann separated the fifteen years of the Weimar Republic into four stages: the early socialist revolutions from 1919 to 1921, the political murders and political violence during the years of the hyperinflation of 1922 and 1923, the relatively calm years between 1924 and 1929, and the last years of the Weimar Republic from 1929 to 1933 as a Nazi Party attained full power and defeated the German Communists both in the Parliament and on the streets.<sup>66</sup>

Specifically looking at Schumann’s analysis on the years of hyperinflation, the author characterized the political violence during the times of this economic crisis as “The Catastrophe that Did Not Happen.”<sup>67</sup> Although the chapter began with the collapse of the German currency, the political violence that the author focused on really closely followed the assassination of Walther Rathenau, the Jewish foreign minister of the Weimar Republic. Schumann noted that for the first time, the radical right became the “target of repression and, for the first time, careful surveillance by the authorities.”<sup>68</sup> The Occupation of the Ruhr region, on the other hand, also sparked nationalist and conservative factions within Germany, which serious clashes between the right wing *Stahlhelm* organization and the union members that resulted in numerous injuries on 10 May of 1923.<sup>69</sup> While the later Great Depression would end up polarizing the political scene

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<sup>64</sup> Schumann, xvii.

<sup>65</sup> Schumann, xiii.

<sup>66</sup> Schumann, v-vi.

<sup>67</sup> Schumann, 113.

<sup>68</sup> Schumann, 117.

<sup>69</sup> Schumann, 119.

to both sides of the spectrum, the German Communist Party quickly found out that it was not that easy to mobilize the population, despite the surging prices that could have been a proponent against the capitalist system that was responsible for the economic situation,<sup>70</sup> and even the strikes slowly petered out without much impact.<sup>71</sup> Despite the social tension that was exacerbated by the economic crisis, the same economic crisis also diminished the social tension to an extent as the main concern for the German public was diverted to basic survival, “fracturing society not along class lines, but into a multitude of smaller parts.”<sup>72</sup>

As is expected, *Political Violence in the Weimar Republic* is a work of social history, pitting various social classes and political groups against one another, in their struggle to gain superiority in the new government and society. While interested in leading political figures to an extent, Dirk Schumann mostly utilized them as catalysts for actions by the various groups, instead of agents of great social change. Walther Rathenau, for example, was only a focus of this book for the reactions of the left and right wings within the Weimar Republic to his murder, while his personal political stances and actions were not pivotal to Schumann’s research. In creating the narrative, Schumann made use of a multitude of police reports<sup>73</sup> of political violence, as well as official documents of the political groups engaged in such acts of violence.<sup>74</sup>

While still a work of social history, *Political Violence in the Weimar Republic* differs from that of David Abraham as it closely focused on the aspect of violence within the Weimar Republic, while Abraham was more interested in the economy itself as well as industrial output. Schumann’s work complements the existing literature regarding the economic crises within the

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<sup>70</sup> Schumann, 123-124.

<sup>71</sup> Schumann, 127.

<sup>72</sup> Schumann, 134.

<sup>73</sup> Schumann, 135-136.

<sup>74</sup> Schumann, 135.



Weimar Republic as it draws in a different approach to the unrest. Not only did the Weimar government itself respond to the hyperinflation proactively, although influenced by both internal and external factors, but the population itself also did not merely react to the coming crises passively, but organized itself, protested, and even engaged in political violence to improve their own chances of survival during this time of chaos and unrest.

Within the entirety of world history, the Weimar Republic might seem insignificant as it only lasted for fifteen years, and its importance is often overshadowed by the German Empire and Nazi Germany, regimes that participated in some of the most brutal wars in human history. In the current state, the amount of scholarly work on the Weimar Republic dwarfs in comparison to the books on Adolf Hitler and Nazi Germany, and oftentimes the history of the Weimar Republic is used simply as a lead up to the rise of Nazism. However, the short-lived democracy between two authoritarian regimes continues to be fascinating to many scholars, and the complexity of the multiple economic crises undoubtedly still has much to offer to historians and economists alike. With historians like Anthony McElligott still interested in examining the story of the Weimar Republic and in understanding the same story through new and interesting lenses, there is little doubt that future historians will continue to offer new narratives and new explanations regarding the economic strife of interwar Germany.

## Part 2: Primary Documents with Headnotes

### Food Shortages of the 1920s

*Despite the end of World War One, the German economy did not recover overnight. Instead, food shortages and government controls continued to the interwar era, greatly affecting the German population. In the following photograph taken around 1920, the whole family is shown sharing a single sausage.*



Source: [http://germanhistorydocs.ghi-dc.org/sub\\_image.cfm?image\\_id=4092](http://germanhistorydocs.ghi-dc.org/sub_image.cfm?image_id=4092)

## Prices in Germany after the Hyperinflation

*The hyperinflation in Weimar Germany had an immediate effect on the prices of everyday goods. In the following text written in 1923 by Berlin journalist Friedrich Kroner and published by the Berliner Illustrierte Zeitung newspaper, the cost of living had increased significantly for the German public. In this excerpt, the “mark” refers to the German currency, and “groats” refer to grains.*

Rice, 80,000 marks a pound yesterday, costs 160,000 marks today, and tomorrow perhaps twice as much; the day after, the man behind the counter will shrug his shoulders, “No more rice.”

Well then, noodles! “No more noodles.” Barley, groats, beans, lentils—always the same, buy, buy, buy. The piece of paper, the spanking brand-new bank note, still moist from the printers, paid out today as a weekly wage, shrinks in value on the way to the grocer’s shop. The zeros, the multiplying zeros! “Well, zero, zero ain’t nothing.”

They rise with the dollar, hate, desperation, and need—daily emotions like daily rates of exchange. The rising dollar brings mockery and laughter: “Cheaper butter! Instead of 1,600,000 marks, just 1,400,000 marks.” This is no joke; this is reality written seriously with a pencil, hung in the shop window; and seriously read.

Source: [http://germanhistorydocs.ghi-dc.org/sub\\_document.cfm?document\\_id=3841](http://germanhistorydocs.ghi-dc.org/sub_document.cfm?document_id=3841)

## Unemployment in the Aftermath of the Great Depression

*In her autobiography published in 1964, Jewish artist Lea Grundig recalls the Great Depression's effect on Germany during the later years of the 1920s.*

“The unemployed had to do a lot to get their benefits. They stood in endless lines in every kind of weather at the unemployment office on Materni Street, between Stern Square and Post Square. There we stood and waited until it was our turn.

The misery of years of unemployment had coloured everyone the same shade of grey. Work qualifications, special abilities, skills and knowledge based on experience – these were all as outmoded as vanished snow. The radiance and colour of particular occupations were lost in the grey of welfare misery. Endless conversations, discussions, resigned grumbling and cursing, simple, childish hopeful chatter, political arguments – all this was woven into the never-ending talk of those standing in line.

Unemployment became a tragedy for many. Not only because of the poverty that mutely sat at their table at all times. Not working, doing nothing, producing nothing– work that not only provided food, but also, despite all the harassment and drudgery, was satisfying, developed skills, and stimulated thinking; work, a human need – it was not available; and wherever it was lacking, decay, malaise, and despair set in.

Source:

[https://alphahistory.com/weimarrepublic/lea-grundig-recalls-the-great-depression-in-germany-19](https://alphahistory.com/weimarrepublic/lea-grundig-recalls-the-great-depression-in-germany-1964/)

[64/](https://alphahistory.com/weimarrepublic/lea-grundig-recalls-the-great-depression-in-germany-1964/)

## Money used as Wallpaper

*Taken in 1923, this photograph depicts the paper money in Weimar Germany being used as wallpaper, due to the rapid devaluation of money.*



Endersarchy, Bild 102.00104  
Foto: Pohl, Georg 1 1923

Source: [http://germanhistorydocs.ghi-dc.org/sub\\_image.cfm?image\\_id=4161](http://germanhistorydocs.ghi-dc.org/sub_image.cfm?image_id=4161)

## World War One Veterans Begging on the Streets

*Wounded veterans of World War One returning home found it hard to find work to sustain themselves after returning home, and the hyperinflation made their lives even harder. In the photograph below, taken in 1923, shows one decorated (honored for his service, identified by this medals) veteran begging on the streets of Berlin.*



Bundesarchiv, Bild 146-1972-062-01  
Foto: o. Ang. | 1923

Source: [http://germanhistorydocs.ghi-dc.org/sub\\_image.cfm?image\\_id=4096](http://germanhistorydocs.ghi-dc.org/sub_image.cfm?image_id=4096)

## **Unequal Effect of Hyperinflation**

*The hyperinflation did not affect all members of German society alike. Those who had most of their property in cash suffered more, while those with more non-monetary property (estates, for example) were in comparison not hurt as much. As those with more estates and similar forms of property were usually the rich, the class divide became even wider due to the hyperinflation. One German expressed his frustration at the situation as such:*

Of course all the little people who had small savings were wiped out. But the big factories and banking houses and multi-millionaires didn't seem to be affected at all. They went right on piling up their millions. Those big holdings were protected somehow from loss. But the mass of the people were completely broke. And we asked ourselves, "How can that happen? How is it that the government can't control an inflation which wipes out the life savings of the mass of people but the big capitalists can come through the whole thing unscathed?" We who lived through it never got an answer that meant anything. But after that, even those people who used to save didn't trust money anymore, or the government. We decided to have a high-ho time whenever we had any spare money, which wasn't often.

Source:

<https://www.facinghistory.org/weimar-republic-fragility-democracy/economics/personal-accounts-inflation-years-economics-1919-1924-inflation>

## The Dawes Report

*After the stabilization of the German economy, an international committee was set up in 1924 to create a new plan for collection war reparations from Germany. Led by American banker and diplomat Charles G. Dawes, the committee assessed the German economy and issued the "Dawes Report" to the Allied Reparations Commission. The following text an excerpt from the report. In the passage, rentenmark refers to the German transitional currency, and the Reichsbank refers to the German national bank.*

Germany therefore is well equipped with the resources she possesses and the means of exploiting them on a large scale. When the present credit shortage has been overcome she will be able to resume a favored position of activity in a world where normal conditions of exchange gradually are being restored. Without undue optimism it may be anticipated that Germany's production will enable her to satisfy her own requirements and to raise the amounts contemplated in this plan for reparation obligations. The restoration of her financial situation and her currency, as well as the world's return to a sound economic position, seem to us the essential but adequate conditions for obtaining this result.

We propose to deal in the first place with the currency problem. The present financial and currency position of Germany is stated in Part II. It will be seen that by means of the rentenmark stability has been attained for a few months, but on a basis which in the absence of other measures can only be temporary. The committee proposes the establishment of a new bank of issue in Germany or, alternatively, a reorganization of the Reichsbank as an essential agency for creating in Germany a unified and stable currency. Such a currency, the committee believes, is necessary for the rehabilitation of Germany's finances, balancing of her budget and restoration of her foreign credit.

Source: [http://germanhistorydocs.ghi-dc.org/sub\\_document.cfm?document\\_id=4417](http://germanhistorydocs.ghi-dc.org/sub_document.cfm?document_id=4417)



## Unemployment Figures of the Weimar Republic

*The following numbers trace the unemployment numbers in interwar Germany. 1924 saw the stabilization of German economy, while the Great Depression began in 1929.*

### Unemployment in Germany, 1924-1932

1924	1928	1930	July 31, 1932	October 31, 1932
978,000	1,368,000	3,076,000	5,392,000	5,109,000

Sources: <http://weimarandnazigermany.co.uk/unemployment-weimar-germany/#.XEY8lFz0lPY>

With data from *Statistisches Jahrbuch (Statistical Yearbook)*, 1933.

## Price Fluctuation during the Depression

*In contrast to the earlier hyperinflation, the Great Depression caused deflation, meaning that prices lowered as the currency increased in its value. This phenomenon can be seen in the following table. However, it should be noted, that while prices lowered, the purchasing power of the German population did not increase. As unemployment surged, people could not find jobs to pay for everyday items.*

\*In the following graph, the numbers are calculated based on the statistics from 1928, with 100 as the base number of that year. 102, for example, means that that statistic is 102% of the same statistic from 1928. A consumer good that costs 100 marks in 1928, for example, would cost 98 marks in 1929, and only 67 marks in 1934.

Price/wages	1929	1930	1931	1932	1933	1934
Capital goods	102	101	96	86	83	83
Consumer goods	98	91	80	67	64	67
Cost of living	102	98	90	80	78	67
Real wages	101	97	93	87	91	95

Source: [http://germanhistorydocs.ghi-dc.org/sub\\_document.cfm?document\\_id=4423](http://germanhistorydocs.ghi-dc.org/sub_document.cfm?document_id=4423)

## Report of the Meeting between Adolf Hitler and Franz von Papen

*On January 4, 1933, a meeting took place between Adolf Hitler and Franz von Papen, the conservative former chancellor of Germany. Hoping to benefit from Hitler's popularity, von Papen proposed a political alliance that he believed surely would be under his control. Von Papen assumed he could keep the upper hand in this relationship, as Hitler lacked political experience. The meeting took place in the estate of banker Kurt Baron von Schröder in the city of Cologne in western Germany, and the following testimony is excerpted from von Schröder's post-World War Two memoir.*

On 4 January 1933 Hitler [and other leaders of the Nazi Party] arrived at my house in Cologne. Hitler, von Papen and I went into my study where a two-hour discussion took place. Hess, Himmler and Keppler did not take part but were in the adjoining room. [ . . . ] The negotiations took place exclusively between Hitler and Papen. [ . . . ] Papen went on to say that he thought it best to form a government in which the conservative and nationalist elements that had supported him were represented together with the Nazis. He suggested that this new government should, if possible, be led by Hitler and himself together. Then Hitler made a long speech in which he said that, if he were to be elected Chancellor, Papen's followers could participate in his (Hitler's) Government as Ministers if they were willing to support his policy which was planning many alterations in the existing state of affairs. He outlined these alterations, including the removal of all Social Democrats, Communists and Jews from leading positions in Germany and the restoration of order in public life. Von Papen and Hitler reached agreement in principle whereby many of the disagreements between them could be removed and cooperation might be possible. It was agreed that further details could be worked out later either in Berlin or some other suitable place.

Source: [http://germanhistorydocs.ghi-dc.org/sub\\_document.cfm?document\\_id=3941](http://germanhistorydocs.ghi-dc.org/sub_document.cfm?document_id=3941)

### Part 3: Textbook Critique

In *World History: Patterns of Interaction*, the 10th grade textbook for global history, there is little information regarding the rise and fall of the Weimar Republic. In fact, there was not even a single mention of the Weimar Republic within the chapter on the Treaty of Versailles. The first time the Weimar Republic is mentioned in this book is in Section 2, “A Global Depression” of Chapter 31, “Years of Crisis, 1919-1939.” While this section focuses on the Great Depression of 1929 and its effect on a global scale, the Weimar Republic and the hyperinflation was also briefly mentioned as one of the events leading up to the Depression.

Titled “Weimar Republic Is Weak,” the textbook laid out three reasons why the Weimar government had serious weaknesses from the start. First, according to the textbook, Germany lacked a strong democratic tradition. However, a parliamentary system had been in place in Germany ever since the beginning of the German Empire in 1871. And although the Kaiser and the chancellor held considerable power, the *Reichstag* had been very active even during World War One, with Social Democrats and Communists arguing for and against the merits of continuing the war, when during the same time other more established democracies were weeding out dissidents as unpatriotic.

The second reason for the predestined failure of the Weimar Republic given out by the textbook was that Germany had several major political parties and many minor ones, which in itself is not necessarily a problem without further explanation. As any political party could be represented nationally as long as they had any votes, it gave radical fringe movements the chance to have their voices heard on a national scale, which was very much beneficial to the Nazi Party. This oversight was rectified in the post-World War II West Germany (*Bundesrepublik*), whose

constitution included a “five percent rule,” establishing a minimum proportion of total votes in order to be represented in the parliament. However, while the number of parties represented in the *Bundestag* during the Weimar Republic was indeed a weakness, it would be hard for students to understand precisely why it was so, and especially in the current political environment of polarization, students might even think that the multiplicity of political parties to be a benefit of the Weimar regime, which could further complicate matters.

Finally, the textbook cited the negative attitude towards the new civilian government by the German public for signing the Treaty of Versailles, which is an accurate statement that makes sense without any further explanations. However, the Weimar Republic was not mentioned anywhere previously, and not in the section regarding the Treaty of Versailles, which does not seem like the optimal method of structuring the historical narrative. Furthermore, the origin of the Weimar Republic was not touched upon anywhere in the textbook, and the Communist revolution(s) as well as the abdication of Kaiser Wilhelm II were all absent, leaving the transition from the German Empire to the Weimar Republic completely blank.

After setting the stage for the hyperinflation, the textbook offers a simple yet effective summary of the phenomenon, as well as the Dawes Plan that was central to the economic recovery. One detail I would like to add, however, is that the Dawes Plan was not completely selfless, as Germany’s reparations to France and Britain (which required German economic stability) were needed for the latter countries to pay back debt to the United States during World War One.

The Weimar Republic was not mentioned until the chapter on the Great Depression and the rise of Nazism, which is unfortunate. While factually correct and most likely not intentional,

the structuring of the events makes the Weimar Republic seem completely chaotic throughout its existence, with one economic disaster followed by another. The years between the two economic crises saw Germany becoming relatively peaceful and prosperous, with the political center holding strong, and new ideas flourished. Germany became a hub for liberal, progressive, ideas and activities. The arts prospered, with numerous avant-garde art styles becoming much more mainstream than ever before, and modernist German films revolutionized filmmaking in methods that are still used to this day. While it makes sense that the textbook focused more on the rise of Hitler and Nazism, it is a shame that these developments are ignored, and the depiction of the Weimar Republic reduced it to a society of chaos and crisis.

In describing the events in Germany following the Great Depression, the textbook claims that “Germans now turned to Hitler, hoping for security and firm leadership,” which is inaccurate. While the Nazi Party did grow quickly following the second round of economic crisis, it was not the only one to do so, as such unusual turn of events made both ends of the political spectrum more appealing due to their proposed drastic measures. The Communist Party also grew significantly, although slightly smaller in scale.

To summarize, while mostly factually accurate, the textbook structured the history of the Weimar Republic as one of continuous disaster and unrest, and was not detailed enough in certain areas to be clear enough for students to have a complete understanding of the era, and the economic crises that was experienced by the people of interwar Germany.

## **Part 4: Textbook Section Rewrite**

*[This first part would be placed in a new chapter by the name of “The Interwar Era.” This new chapter follows the Treaty of Versailles chapter, and assumes that the abdication of Kaiser Wilhelm II and the establishment of the Weimar Republic had already been covered in the previous chapter]*

### **Germany - The Weimar Republic**

#### **Early Woes**

The Weimar Republic was the democratic government in Germany set up in 1919 after the abdication of Kaiser Wilhelm II. Soon after its establishment, the new government faced a considerable challenge in the form of an economic crisis.

World War One left Europe in ruins when the war ended in 1918. Throughout the 1920s, the various European nations struggled to rebuild and recover from the catastrophic four years of war. In contrast to the other European powers, Germany suffered more in some aspects, and less in others. During the war, the British blockade of German waters created huge material shortages within the German home front and caused starvation well until the early twenties. Furthermore, Germany’s status as a defeated power also came with another economic burden. The German economy did not miraculously recover in a day after the end of the war, and the need to pay for reparations [refer to the previous chapter, “Treaty of Versailles”] only made matters worse. On the other hand, as most of the fighting took place in France and Belgium, Germany suffered less destruction. For example, Germany’s train tracks and factories remained mostly intact, unlike those of France or Belgium.

However, despite the many negative effects of the war, the overall German economy was fairly stable, if not exactly prosperous. Germany made the first payment of war reparations in late 1921. After that, the German currency (the *Reichsmark*) began to devalue steadily.

The Weimar government was stuck between two opposing requirements. On the one hand, they needed to spend government funds to help the nation recover from the war. On the other hand, the Treaty of Versailles's terms required they make reparation payments to France and Belgium. Sometimes they were late with making reparation payments. France and Belgium became impatient with the payment delays. They too were desperate for funds to rebuild *their* damaged roads, railroads, and factories. Hoping to directly extract the war reparations from Germany themselves, French and Belgian military forces occupied Germany's industrially rich Ruhr river valley region early in 1923. This action proved to be widely unpopular among the German population and government. The Weimar national government ordered what was essentially a general strike in protest, which then resulted in the death of around 130 Germany civilians for participating in passive resistance efforts in the hands of the French. As can be expected, this whole ordeal also attracted international sympathy for the Germans, and criticism against the French.

The French and Belgian occupation of the Ruhr valley did not end until 1924, and the actions of the Weimar government created even more economic problems. As the workers ordered to go on strike by the Weimar government would not be paid by their job, the government instead had to pay for the workers. The government managed to do so by printing massive amounts of paper money, which only sped up the inflation that was already underway.



Some historians also believe that the hyperinflation was deliberately created by the Weimar Republic as a form of passive resistance against the French.

The value of the German Mark continued to plummet, and the cost of living rose drastically and steadily for the common people. This phenomenon was known as hyperinflation.

*“Rice, 80,000 marks a pound yesterday, costs 160,000 marks today, and tomorrow perhaps twice as much.”*

During the years of hyperinflation, it was not an uncommon sight to see wheelbarrows full of money used to purchase a small number of basic groceries, or for paper bills to be used as toy blocks, wallpaper, or even firewood, as the value of even the paper itself was more than the amount printed on them.

The hyperinflation eventually came to an end in 1923, after the Weimar government introduced of a new currency known as the *Rentenmark*. Unlike the *Reichsmark* that was plummeting in value, this new currency had its value directly tied to the value of gold. As the price of gold generally remains stable, the value of the *Rentenmark* was also not easily changed. Prices in Weimar Germany were reduced to one-one trillion of the original prices (that is twelve zeros removed!). One loaf of bread, for example, would cost 200,000 million marks in November of 1923, and dropped to around 0.2 mark (or 20c) after the reform.



Germany's inability to pay reparations to the allied nations also proved to be a problem to the United States. Although the United States entered World War One late in 1917, it provided a significant amount of financial aid to the allied countries. The money that Britain and France owed to the United States as of 1934 had not been paid back. If the Weimar Republic could not pay war reparations, the allied nations could not pay back their debts to the United States. In 1924, the Dawes Plan spearheaded by American banker and diplomat Charles G. Dawes put an end to the international crisis surrounding war reparations. France and Belgium forces pulled out of Germany and ended the Ruhr occupation, a step-by-step plan for reparations was formalized, and \$200 Million worth of loan was issued by the United States, in the form of Wall Street bonds. With the influx of American capital, the Weimar Republic would be able to pay war reparations, and the allied countries (such as Great Britain and France) could pay their debts to the United States.

The five year period after the end of the hyperinflation, 1924 to 1929, was relatively peaceful for Germany. With their livelihoods secured, German domestic society and politics were at ease, and radical left-wing and right-wing organizations lost their appeal. The centrists within the German parliament managed to hold the country together, forming an alliance with moderate liberal and conservative groups. With economic and political stability, as well as an influx of American capital, the Weimar Republic prospered, and it would seem that Germany was on its way to full recovery from the horrors of World War One and the hyperinflation that followed.

*[Here would be the section on the Great Depression, from the crash of the U.S. stock market to its effects throughout the world, before going into specifically Germany and the rise of the Nazi Party]*

Due to the interconnected nature of the post-World War One global economy, the Great Depression which began in 1929 caused tremendous ripple effects throughout the world. While most nations attempted to find solutions through standard economic means, others turned toward extreme political ideas to try to solve their problems.

In an earlier section, it was explained that the Weimar Republic of Germany had recovered from the 1921-1923 hyperinflation and remained relatively stable for half a decade. This new economic crisis - the global Great Depression - shook German society and politics down to its very core. Radical left-wing and right-wing parties promised to end the problems through quick and drastic measures, claiming that the Weimar government was too weak and corrupt. The Communist Party and the Nazi Party gained popularity both in the parliament and in the general public, with the Nazi Party becoming the largest political party in the 1932 parliamentary elections at 37%.

However, the Nazis could not form their own government with less than half of the total votes, and they needed allies. Conservatives in the Weimar government hoped to benefit from Hitler's popularity, and convinced President von Hindenburg to appoint him as chancellor. The traditional conservatives believed that they had the ability to keep the Nazis under their control, as Hitler was inexperienced in national politics. They were greatly mistaken, and the Nazi Party began to gradually take over the government, taking away power from both liberals and

conservatives alike. In 1933, a lone Dutch Communist committed an arson attack on the German national parliament (or the *Reichstag*), an incident that would be known as the “Reichstag Fire.” Hitler and the Nazis quickly used this event as an opportunity to completely destroy the German Communist Party, their most vocal and powerful political opposition. The Communist Party held the most seats in Parliament of any other party except the Nazis. The Nazi government publicly blamed the Communist Party for the arson attack, even though it had been done by an individual without the Party’s approval or instruction. Within weeks of the arson attack, the Nazi-controlled government suspended civil liberties for members of the Communist Party, arrested Communist leaders, and effectively crippled the organization.

Later in the year of 1933, the Enabling Acts allowed Hitler and his government four years of absolute power, to create and act on laws without the approval of the parliament, and to ignore the constitution. The government under Hitler now had almost unlimited power, effectively removed the parliament as a political entity, with only the president able to challenge them. While Paul von Hindenburg, the president of Germany, had been consistently opposed to Hitler, there was little he could have done to effectively keep the Nazis in check. And when he died in 1934, Hitler quickly abolished the position of both the presidency and the chancellorship, combining them to create the title of *Führer* (leader) for himself as the supreme dictator of Germany.

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