

3. The USA and the Weimar Republic, 1919–1933

Through the compulsion to reduce complexity, future historians might be tempted to call our Saeculum the “American Century.” By winning two world wars and a Cold War, the liberal, capitalist, and free-market model of the United States, it might be said in the 21st century, had prevailed in the industrialized world. Neither National Socialism nor Fascism nor Communism turned out to be a match for the tremendous dynamics of this model. The partly manifest, partly latent world civil war of the twentieth century, that began in 1917 when Lenin and Wilson proclaimed antagonistic models for the whole world, and which from 1945 on was called the Cold War, came to a dramatic close at the end of the 1980s with the intellectual and material collapse of the communist side. Contemporaries could hardly have grasped the unexpected, the unforeseen: Gorbachev, the radical innovator, ingenious bankruptcy administrator, and sorcerer’s apprentice had tried to usher the market economy into Russia, American advisors had reorganized his presidential office along the lines of the White House, and, next to Red Square, a hamburger chain had demonstrated free-market efficiency.

At that time, a debate broke out in the USA about the end of history. It was claimed that the USA had now fulfilled its historical mission to lead history to its goal as an unfolding process of freedom—to *make the world safe for democracy*. The revolutions of freedom against communist dictatorships had been a new, perhaps final stage on the ladder of progress and, within the self-concept of American civil religion, comparable only to Moses coming down from the mountain with the commandments, the Magna Charta, the American Declaration of Independence, and the American Constitution.

However, the historians of the 21st century could add that, simultaneously with American power reaching its peak, there was a turning point in world history. For the USA was afflicted by the same disease

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from which the empires of the Spanish, the Dutch, the French, and the English had perished: imperial overstretch. In other words, the economic conditions of the country could no longer cope with its global projection of military power. Therefore, in the last decade of the 20th century, the world had become multipolar again. Central and Western Europe had seized the opportunity, while the Soviet Union continued to sink into anarchy and civil war.

Of course, it is impossible to interpret the totality of a century by the guideline of a single causal connection. Empirical historical knowledge is always partial and based on a specific perspective. Nevertheless, the hypothesis of the “American century” is a productive one. Not only does it allow us to interpret our century in terms of its presumably strongest driving force, but it also allows us to better understand and explain European history, German history, and American-German relations—my discussion focusing on the particular manifestation of these relations during the Weimar Republic. Germans in particular would do well to appreciate this perspective of our century. For it was the misjudgment by large sections of the German Reich’s foreign policy decision-making elite from 1871 to 1945 with regard to the strengths, values, and interests of the Anglo-Saxon naval powers, especially those of the United States, that significantly contributed to the catastrophes of this century’s German history—one need only recall 1917 and 1941.

American-German relations from the founding of the Reich to the present have taken the form of a dramatic alternation between war and cooperation.¹ Its essential content has been the strategic,

1 There are only two comprehensive accounts written by Americans on the history of American-German relations from the founding of the Reich to the 1970s: Hans W. Gatzke, *Germany and the United States. A Special Relationship?* Cambridge and London 1980; Manfred Jonas, *The United States and Germany. A Diplomatic History*, Ithaca and London 1984. In lieu of the lack of an overall German account, three anthologies can be consulted; Manfred Knapp/Werner Link/Hans-Jürgen Schröder/Klaus Schwabe, *Die USA und Deutschland 1918–1975*, Munich 1978; Frank Trommler (ed.), *Amerika und die Deutschen. Bestandsaufnahme einer 300jährigen Geschichte*, Opladen 1986, therein especially the contributions on foreign policy by Doerries, Schwabe, Junker, Weinberg, Maier, Hermand, Hanrieder, Sommer, and Stern; and a series of eight lectures given in Heidelberg in 1984/85 on American-German relations from 1890 to 1985; Detlef Junker (Guest Editor), *Germany and the United States 1890–1985*, with contributions by Ambrosius, Czempiel, Görtemaker, Hillgruber, Jonas, Junker, Knapp, Link (Heidelberg American Studies Background Paper, no. 2, Bonn 1986). The best analysis for the period after 1945 is Wolfram F. Hanrieder, *Germany, America, Europe: Forty Years of German Foreign Policy*, New Haven et al. 1989.

economic, legal and moral conflict between the twofold attempt of the post-Bismarck German Reich to break out of its semi-hegemonic position in the center of Europe and become a world power among world powers; and the twofold response of the United States to prevent this and to keep Germany in the position of a democratic, non-aggressive middle state that is integrated into a liberal economy and, if possible, linked to the United States. This is why out of all the Western allies, the Americans have the fewest problems with the newly unified Germany. In many ways, it is the Germany that Americans have always wanted since 1848: Left to its own devices, it is capable of neither offense nor defense. Germany has found its political borders within its geographical limits. For the first time in their history, Germans enjoy freedom, democracy, and unity. As a constitutional state, Germany guarantees basic liberal freedoms, has a federal structure, and adheres to the principle of a social market economy.

American-German relations during the Weimar Republic, the focus of Manfred Berg's award-winning dissertation,² are a particularly complex period in the history of this bilateral relationship. The overwhelming influence of the United States on the Weimar Republic was initially underestimated by historians in the 1950s and 1960s and only adequately elaborated in the 1970s and 1980s by a broad body of international research, in which particularly Americans, French, and Germans have participated. Rather than a coincidence, it corresponds to the inner dynamics of progress in knowledge that a monograph on Stresemann's American policy which had been lacking for thirty years, was first achieved with Berg's work.³

2 Manfred Berg, *Gustav Stresemann und die Vereinigten Staaten von Amerika. Weltwirtschaftliche Verflechtung und Revisionspolitik 1907–1929*, Baden-Baden 1990 (Nomos).

3 On Stresemann's policy toward England, France, and Russia, cf: Werner Weidenfeld, *Die Englandpolitik Gustav Stresemanns*, Mainz 1972; Michael-Olaf Maxelon, *Stresemann und Frankreich 1914–1929*, Düsseldorf 1972; Martin Walsdorff, *Westorientierung und Ostpolitik. Stresemanns Rußlandpolitik in der Locarno-Ära*, Bremen 1971. Important works on the relationship between America and Germany during the Weimar Republic are: Dieter Bruno Gescher, *Die Vereinigten Staaten von Nordamerika und die Reparationen 1920–1924*, Bonn 1956; Robert Gottwald, *Die Deutsch-Amerikanischen Beziehungen in der Ära Stresemann*, Berlin 1965; Carl-Ludwig Holtfrerich, *Die deutsche Inflation, 1914–1923. Causes and Consequences in International Perspective*, Berlin/New York 1980; Peter Krüger, *Die Außenpolitik der Republik von Weimar*, Darmstadt 1985; Werner Link, *Die amerikanische Stabilisierungspolitik in Deutschland 1921–1932*, Düsseldorf 1970; Karl-Heinrich Pohl, *Weimars*

The following remarks will concentrate on two aspects in due brevity. First, structural preconditions and elements of American foreign policy toward the Weimar Republic will be outlined, then the main thesis of Mr. Berg's dissertation will be presented; namely, that the United States—not, say, France or England—was the linchpin of Stresemann's successful revisionist policy during his tenure as German Foreign Minister from 1923 to 1929.

As so often is the case with American history, a change in the domestic political mood led to profound changes in U.S. foreign policy in 1919/1920—in this case with far-reaching consequences for international policy in the interwar period.⁴ The U.S. Senate refused to ratify the League of Nations Charter that had been negotiated by President Wilson at Versailles, and thus the Treaty of Versailles as a whole. The collapsed system of equilibrium among the European powers was thus replaced not by a new and better system of collective security, as Wilson had wanted, but by an amputated League of Nations in

Wirtschaft und die Außenpolitik der Republik 1924–1926. Vom Dawes-Plan zum Internationalen Eisenpakt, Düsseldorf 1979; Klaus Schwabe, *Deutsche Revolution und Wilson-Frieden*, Düsseldorf 1971; Eckhard Wandel, *Die Bedeutung der Vereinigten Staaten von Amerika für das deutsche Reparationsproblem 1924–9*, Tübingen 1971; Gilbert Ziebur, *Weltwirtschaft und Weltpolitik 1922/24–1931*, Frankfurt/M 1984; Gerd Bardach, *Weltmarktorientierung und relative Stagnation. Währungspolitik in Deutschland 1924–1931*, Berlin 1976.

For Anglo-Saxon literature, see Derek H. Aldcroft, *Die Zwanziger Jahre. Von Versailles zur Wall Street, 1919–1929*, Munich 1978; Lloyd E. Ambrosius, *The United States and the Weimar Republic: America's Response to the German Problem*, in: Jules Davids (ed.), *Perspectives in American Diplomacy*, New York 1976, Arno Press; John Braeman, *American Foreign Policy in the Age of Normalcy*, in: *Amerikastudien / American Studies* 26 (1981) 2, pp. 125–158; Frank C. Costigliola, *Awkward Dominion. American Political Economic and Cultural Relations with Europe, 1919–1933*, Ithaca and London 1984, Cornell University Press; Jon Jacobsen, *Locarno Diplomacy. Germany and the West*, Princeton 1972; Melvyn P. Leffler, *The Elusive Quest. America's Pursuit of European Stability and French Security 1919–1933*, Chapel Hill 1979; Sally Marks, *The Illusion of Peace. International Relations in Europe 1918–1933*, London 1981; William C. McNeil, *American Money and the Weimar Republic. Economics and Politics in the Era of the Great Depression*, New York 1986, Columbia Univ. Press; Stephen A. Schuker, *The End of French Pre-dominance in Europe. The Financial Crisis of 1924 and the Adoption of the Dawes Plan*, Chapel Hill 1976; Marc Trachtenberg, *Reparation in World Politics. France and European Economic Diplomacy, 1916–1923*, New York 1980.

4 The following remarks are based on: Detlef Junker, *Der unteilbare Weltmarkt. Das ökonomische Interesse in der Außenpolitik der USA 1933–1941*, Stuttgart 1975; Junker, *Die Außenpolitik der USA 1920–1941*, in: Otmar Franz (ed.), *Am Wendepunkt der europäischen Geschichte*, Göttingen 1981, pp. 200–217; Junker, *Kampf um die Weltmacht: Die USA und das Dritte Reich 1933–1945*, Düsseldorf 1988.

which the Soviet Union, Germany, and the United States were absent. Equally consequential for Germany, France, and Europe as a whole was the simultaneous refusal of the U.S. Senate to even discuss a U.S.-French alliance treaty, thereby rendering the British pledge to France moot. The Cold War between France and Germany from 1919 to 1922, which led to the 1923 invasion of the Ruhr, resulted in no small part from this weakness in the French security system. Despite the Treaty of Versailles, the French felt both threatened by the Germans in the long term and betrayed by the Americans. For at Versailles, French Prime Minister Clemenceau, the “Tiger,” had given up his demand for the Rhine river to be France’s eastern border in exchange for Wilson’s promise of an American-French alliance. Now the French had neither the American alliance nor the Rhine border.

These decisions of the American Senate served as the prelude and the basis for the much-cited political isolationism of the USA between the two world wars: From 1919 to 1941, the United States refused to enter into alliances that would prevent the country from having a free hand, refused to support collective sanctions under the League of Nations, and would not even consider intervening militarily in Europe or Asia. Thanks to the country’s strategically secure position between the Atlantic and the Pacific, the U.S. could continue to pursue a “free hand” policy. Until the second half of the 1930s, the U.S. felt threatened neither from Europe nor from Asia. On the contrary, its security problem was simple: bordered to the north and south by weak neighbors and to the east and west by fish.

This absence of the U.S. from alliance politics and military affairs has long led contemporaries and then historians to underestimate the real weight of the U.S. in the fate of Europe and Germany after 1919. For U.S. influence did not come from guns, but resulted from the country’s dominant position in the world economy. Anyone who wants to understand American-European relations in this period, must turn his or her attention to the world economy, world markets, balances of payments, and foreign exchange holdings. The U.S.’s military and political isolationism stood in stark contrast to its influence in the world economy and to the active foreign economic policy that the Americans pursued in Europe and Germany.

The U.S. had become the world’s leading economic and trading power as a result of World War I and continued to expand this position in the 1920s. It increased its lead as the foremost producer and became both the largest exporter and the largest consumer of raw materials. Its

share of world production of industrial goods grew from 35.8% in 1913 to 46% on average for the years 1925 to 1929. Measured in dollars, U.S. national income was as high as that of the next following 23 nations combined—Britain, Germany, France, Japan, and Canada included. New York became the world's second financial center next to London, and the world economic system became bicentric, if not America-centric. Perhaps the most consequential factor for world trade and for the U.S.-European relationship was the abrupt change of the United States from a debtor nation to a creditor nation. U.S. export surpluses and war bonds left foreign countries, especially England, France, and Italy, indebted to the United States in 1919, and this indebtedness continued to grow throughout the 1920s thanks to U.S. foreign trade policy. The consequence was the often-described latent dollar shortage of the 1920s, which basically was artificially bridged by U.S. long- and short-term loans.

The overriding goal of the Republican administrations of the 1920s, which were heavily influenced by “big business” and “big finance,” was to try to use this economic position of the country to simultaneously maintain an open world market for exports, credit, and raw materials within the framework of a stable, liberal, and capitalist world order that would remain at peace. A telling principle of the Harding administration was “Less government in business and more business in government.” The means considered appropriate included a renewal of the U.S. trade treaty system on the basis of unconditional, multi-lateral most-favored-nation treatment, encouragement of U.S. banks to lend money and promote currency stabilization, and, in general, the demand for equal legal treatment of the United States in foreign markets—otherwise known as the open-door policy.

Given this definition of U.S. national interest, the European market was too important to be left to Europeans alone. The U.S. did not want to watch an unchecked Franco-German conflict over German reparations plunge Europe into economic chaos. The invasion of the Ruhr by the French and Belgians in 1923 made it clear to the Americans that important U.S. interests were at stake and that without the United States, the Europeans would neither solve the reparations problem nor return to economic stability. However, the Americans were able to wait until the supposed winner of the Ruhr struggle, French Prime Minister Poincaré, had no choice but to accept a solution on largely American terms. These were formulated and enforced not by the U.S. government directly, but through businessmen and bankers suggested by the administration, such as Charles G. Dawes and Owen D. Young.

This informal but nevertheless effective economic influence had dramatic effects that went beyond the economy. The concrete result of this American stabilization policy in Germany was the well-known Dawes Plan of 1924, which solved the reparations problem for a transitional period with the help of a large American bond, i.e., through an American loan. Thus, as one contemporary wryly remarked, the dollar sun rose over Germany—this being an important foundation for the Republic's period of stability until 1929.

On the one hand, the Dawes Plan placed Germany under foreign control in terms of monetary and fiscal policy; on the other hand, it protected Germany from reparations payments that threatened its stability and from future military sanctions by France. The economic security provided by the Dawes Plan made possible the political security treaty of Locarno, Germany's entry into the League of Nations, and the evacuation of the Rhineland. American economic intervention through the Dawes Plan was the beginning of the end of France's political dominance in Central Europe after World War I. Germany was thus able to emerge from its helplessness position of 1919 with American help.

In the same way the Americans found Konrad Adenauer since 1949, the first Chancellor of the Federal Republic of Germany, to be a potent political figure for their policy of integrating the Federal Republic into the West. So, in the middle phase of the Weimar Republic there was a politician with a knack for foreign affairs, without whom these foreign policy successes would certainly not have been achieved: Gustav Stresemann. It is the great merit of Berg's work to have shown for the first time, in detail and saturated with sources, the extent to which the world market, the interdependent world economy, and the paramount economic importance of the U.S. were at the center of Stresemann's thinking from the beginning of his political career in 1907. As an economist with a doctoral degree, a representative of the business interests, and a member of the Reichstag from the National-Liberal party, he declared in the Reichstag as early as 1910 that "politics and international policy today are first and foremost world economic policy."⁵ On a trip to America in the fall of 1912, he became convinced of the economic power of the USA. Even after the First World War and the upheaval of 1918, these insights remained central elements of his foreign policy frame of reference. This is precisely why Stresemann

5 Berg, Stresemann, p. 19.

already had a strategy when he took office in 1923. It was a concept centered on revising foreign policy for Germany's benefit that relied on global economic interdependence and the paramount importance of the United States. Because all capitalist states were in the same boat, he calculated, Germany's economic recovery was in the well-understood interest of yesterday's enemies—especially the U.S., which defined its foreign policy primarily as world economic policy.

However, according to Stresemann, this economic rationality would only prevail if Germany committed itself to the principle of peaceful change, strictly adhered to the multilateral and cooperative method, took sufficient account of the interests of *other states*, such as the security interests of France, and domestically kept the nationalist right in check, as they lacked any sense of proportion or potential.

With decisive help from Stresemann, this reorientation strategy was able to prevail during the period of dramatic national and international crisis management in 1923 and 1924. To domestic opponents who deplored Germany's loss of sovereignty, Stresemann explained that the greater U.S. economic interests in Germany was, the more American credits would flow, and in turn, the greater U.S. interest in a peaceful change would be—the ultimate goal of which, in Stresemann's view, being the revision of the Treaty of Versailles and the restoration of Germany to the status of an equal partner and a great power within Europe. Stresemann very effectively explained this debtor's strategy in a speech in December 1925:

“But the decisive thing for me is . . . Germany's position as a debtor. Gentlemen, you can be very strong as a creditor, but you can also be strong as a debtor, you just have to have enough debt, you have to have so much debt that the creditor sees his own existence at risk if the debtor collapses. I once knew a gentleman in Dresden, a private citizen, who held a high position and was up to his neck in debt. Someone once said to me: This is the healthiest person in Dresden, when he coughs on the telephone, every creditor sends him a special doctor so that nothing happens to him.”⁶

Stresemann's work did not survive for long after his death in 1929. The Great Depression of 1929 to 1933, the most severe world economic

6 Akten zur Deutschen Auswärtigen Politik (ADAP) 1918–1945, Serie B, vol. I, 1, Göttingen 1966, p. 733.

crisis since the beginning of the Industrial Revolution, ate away at the substance of American-German relations. The crisis devastated both the open world market and the factual basis for cooperation. The withdrawal of American capital, the collapse of the world monetary system in the summer of 1931, the shrinking of world trade, the move to protectionist policies by nations around the globe which only aggravated the crisis, and, finally, the actual end of the problem of German reparations and war debts of the Allies destroyed the parallel economic interests. The National Socialist attempt to establish a racially-based dominion over Europe then led Germans and Americans into a world war for the second time in this century.

If Stresemann's work did not last, he nevertheless left a legacy. If a reunified Germany wants to preserve its security in cooperative structures and its welfare within the framework of a world economy that is as open as possible, it is advisable for the nation to study Stresemann again.

