

The History of the Twentieth Century

Episode 214

“1919 – Germany V”

Transcript

[music: Fanfare]

There are only two possibilities in Germany; do not imagine that the people will forever go with the middle party, the party of compromises; one day [they] will turn to those who have most consistently foretold the coming ruin and have sought to dissociate themselves from it. And that party is either the Left: and then God help us! for it will lead us to complete destruction —to Bolshevism, or else it is a party of the Right which at the last, when the people [are] in utter despair... is determined for its part ruthlessly to seize the reins of power.

Adolf Hitler.

Welcome to *The History of the Twentieth Century*.

[music: Opening Theme]

Episode 214. 1919: Germany, part five.

Last week, I finished out the episode by talking about the Kapp Putsch of March 1920 and the workers' uprising in the Ruhr Valley that it provoked. This is a revealing moment in the history of the Weimar Republic. The government's authority was challenged from the right and from the left, but the government was willing to compromise with the right, yield to them on a few issues, and grant a broad amnesty to soldiers who participated in the coup, many of whom would go on to have long careers in the new German Army. Contrast that with the Ruhr Uprising, in which a thousand people were killed, some by summary execution by the very same soldiers who had supported the putsch.

Afterward, the military and the civilian government worked out a *modus vivendi* that basically amounted to: live and let live. The military won't tell the government what to do, provided the government won't tell the military what to do. And indeed, during this period senior commanders of the German Army could be found openly declaring that the military would not fight to defend the Republic unless it judged it in their own best interest.

In return for this stirring show of support, the Bauer Cabinet, the government that had come to power in June of 1919 when its predecessors had resigned rather than sign the Treaty of Versailles, this government too, resigned. The end of this government had been one of the demands of the putschists; it had also been one of the demands of the leftists who complained that the Bauer Cabinet had been lax in its supervision of the Army and all too tough on the left. The new cabinet would have Hermann Müller, the foreign minister, move up to the chancellor position and was mostly a reshuffle of figures from the same three political parties that made up the Weimar Coalition: the Social Democratic Party, or SPD, the Center Party, and the German Democratic Party.

You'll recall that another putschist demand had been to dissolve the National Assembly and elect a new Reichstag. That election was held in June of 1920, and the result was a dramatic drop in the strengths of the three parties that made up the Weimar Coalition. The SPD went from 165 seats to 103, the Center Party from 91 to 64, and the Democratic Party from 75 to 39. The three parties that gained the most seats were all opposed to the Coalition: the Independent SPD went from 22 seats to 83, gaining almost exactly the same number of seats the SPD lost. It's tempting to interpret that as socialist voters put off by the government's handling of the Ruhr Uprising bolting from the main SPD for its left-wing opposition. The German People's Party, a center-right liberal party went from 19 seats to 65, while the German National People's Party, the main right-wing party, which had supported the putsch, gained 27 seats to come in at 71.

Where did that leave the Reichstag? The SPD was still the largest party, but the three-party Weimar Coalition no longer held a majority. The Independent SPD and the German National People's Party, the two largest opposition parties, one on the left and one on the right, were now the second- and third-largest parties, with the People's Party, also no friend of the government, in fourth place, and the Center Party and the Democratic Party, the SPD's coalition partners, in fifth and sixth place.

Chancellor Müller, as leader of the largest party in the Reichstag, got first crack at forming a government, but he couldn't, because the Independent SPD refused to partner with any non-socialist party, while the main SPD refused to work with the right-wing parties. And so, Constantin Fehrenbach of the Center Party became Chancellor. We first met him last week, when he was presiding over the National Assembly. Fehrenbach formed a minority government with the People's Party and the Democratic Party, which the SPD agreed to support, at least in the realm of foreign affairs.

And foreign affairs is going to be the biggest challenge to Chancellor Fehrenbach, because the reparations question is about to move onto the front burner. I already gave you the figures on reparations payments two episodes ago, but it was only in May 1921 that the figure was finalized at 12.5 billion US dollars. The first payment, \$250 million, due in 30 days, and \$500 million per year plus a percentage of all German export income after that. Reparations to be paid in gold or Allied currency, please, none of this German funny money.

Ah, yes, the German funny money. Here's the thing. Apart from the political dimension, in which a large portion of the German population had concluded the Allies' reparations demands were unjust and excessive, there was also the economic dimension.

To fully understand the reparations issue, we have to turn our attention to the German currency, the Reichsmark, and the German national treasury, because in 1921, both were in pretty sorry shape, and this story begins with the gold standard.

Before the Great War erupted in 1914, all the Western economies were on the gold standard. This helped facilitate international trade. If all major currencies are exchangeable for gold at fixed rates, they are effectively fixed relative to each other. International traders liked this arrangement, because they could accept payment in the local currency, confident that they can later convert that currency to their preferred one at a fixed, predictable rate.

The system isn't perfect, because if there is a run on one particular nation's currency for some reason, that nation's government and treasury might find themselves selling so much gold that their reserves run low, at which time they would be forced to suspend trade of currency for gold and the value of the currency would drop, to the detriment of anyone holding that currency. Before the Great War, this was mostly a concern for smaller countries with shaky economic foundations, like Spain or Greece. Large economies, like those of France or Germany or the UK, were all but immune to this kind of trouble. This was particularly true of the United Kingdom, the world's largest national economy, which was why during the Belle Époque, the pound sterling was universally regarded as the safest and most stable currency in the world.

Then came the Great War, which upset this world economic order. All the major combatants in the war had to suspend gold convertibility for the duration of the emergency. After the war ended, restoring the old system was more than just a matter of flipping a switch. Most of these nations had taken on heavy new debts. For any of these nations to restore the gold standard in these circumstances would have amounted to an invitation to creditors to raid that nation's gold reserves. No, in order to restore the gold standard, these nations first need to repatriate their national currencies and debts that have gone abroad during the war years. The way you accomplish this is by selling exports. A nation like, France, for example, needs to sell manufactured goods and agricultural products abroad. Exports go out, French francs come back home.

But here's the catch. Imagine, for the sake of argument, there are only two nations in the world. A and B. Now imagine the governments of both nations decide at the same time that their national interests are best served by adopting an economic policy emphasizing exports. You see the problem? If everyone is trying to sell exports at the same time, who is going to buy them?

I want to plant a big red flag on this hill, because this is a topic we're going to talk about a lot in the next twenty years. (Twenty years of historical time, not podcast time, I promise.) Everyone wants to go back to the pre-war economic expansion, but in order to get there, everyone needs to

sell a huge surplus of exports. Unfortunately, there's nobody around to buy all the goods everybody needs to sell.

So keep that big picture in mind for the next hundred episodes or so. In the meantime, let's narrow our focus back to Germany. No nation is suffering worse from the world's postwar economic woes than Germany. Germany's economic infrastructure escaped the Great War mostly unscathed. The farms and factories are still there. Germany still has a highly trained and educated workforce, a solid school system, world-class universities, and is on the cutting edge of science and technology. None of these things are the problem. The problem is that Germany needs cash.

When the war began, as you may recall from episode 78, the German SPD, then as now the largest party in the Reichstag, was torn over whether to support the war. The government didn't actually need the Reichstag to declare war, but it did need approval from the Reichstag to spend money on the war. The SPD grudgingly agreed to support that spending.

There was no consensus on how to pay for it, though. When the war began, practically everyone believed it would be over in a matter of weeks. Certainly by the end of 1914. And so, the simple and obvious way to raise money for the war was by borrowing it. Then the war was going to be over by the end of 1915. So the German government borrowed more. And so on. The entire German war effort was funded with borrowed money. By 1918, German government tax revenues only paid about one-third of the national budget, including war costs. The rest of it was paid for with borrowed money.

Germany lacked access to international capital during the war, so most of this money was borrowed from German people and businesses. No new taxes were levied to fund the war effort. The plan, from the beginning, had been that Germany would repay its war debts out of indemnities it collected from the Allies after the inevitable German victory.

The suspension of the gold standard, combined with all this debt, drove down the value of the Reichsmark. In 1914, before the war, a US dollar would cost you about 4 marks 20 pfennig. By the time the Treaty of Versailles was signed, a US dollar would cost you about 40 marks.

The end of the war meant the end of wartime expenditures naturally, and the reduction of the Germany military was a blessing in disguise, as it further reduced government spending. But the new Weimar Republic had stability and legitimacy issues, as we've seen. The political right wanted the government to subsidize the *Freikorps*, and later, after demobilization, the military wanted the national German government to pick up the full cost of pensions for veterans and their families. These costs had been the responsibility of the constituent German state governments, but they were broke, too. It had been another one of the demands of the Kapp putschists that the national government assume responsibility for those pension payments.

And then there were the socialists, who wanted increased unemployment and pension benefits for civilian workers and an expansion of health insurance to cover all those who couldn't afford it. Aside from the ideological reasons why the SPD might support such things, there was also the pragmatic reason that it would appease the restless left, the Communists and the Independent SPD.

But it was expensive. Matthias Erzberger, during his tenure as finance minister streamlined the German system of taxation to make it more efficient and introduced income taxes, but the national government's fiscal position was still very shaky in 1921, when the Reparations Commission finally handed Berlin its payment schedule. By this time, it would cost you 90 marks to buy one US dollar. The Reparations Commission were not about to be conned into accepting the rapidly depreciating mark in payment. They demanded payment in gold or in Allied currencies.

The German government resisted reparations payments from the word "go." In-kind payments in commodities like coal were also accepted by the Allies, but they often came late, or not at all. Germany's reserves of gold and foreign currency were thin. But Germany's first reaction to Allied reparations demands was the fall of the Fehrenbach Cabinet. A new government was formed under Joseph Wirth, of the Center Party. This government reverted to the old Weimar coalition formula. It included the Center Party, the Democratic Party, and the SPD, a minority government kept afloat in the Reichstag with the votes of the Independent SPD, who supported the new government's policy of compliance with the Allied reparations demands.

Under the Wirth government, Germany began making its reparations payments, albeit unenthusiastically. Payments were often delayed and insufficient; "a day late and a dollar short," as the saying goes. Protests from the Reparations Commission and Allied governments became a common occurrence, while Germany's domestic political right continued to object to the payments being made at all.

Right-wing dissatisfaction went beyond protest. In August 1921, Matthias Erzberger was assassinated by right-wing extremists during a vacation stay in the Black Forest. He was taking a walk through the woods at the time. Erzberger, the war supporter who became war opponent, one of the architects of the Reichstag peace resolution, the man who agreed to sign the Armistice that the German military requested but would not assume responsibility for, the man who reformed the German tax code after the war to make it more equitable and help put the new republic on a sounder financial footing. He'd done about as much as you could ask any one person to do to reform Imperial Germany and make it a better neighbor and a nicer place to live, and he paid for it with his life. He was 45 years old. No one would be prosecuted for the murder for decades.

One of the ways the German government acquired gold and foreign currency on the international market to use to make what reparations payments it did make was by purchasing it with

Reichsmarks. This only aggravated Germany's inflation problem. By the beginning of 1922, a US dollar would cost you about 300 marks.

In June of that year, another major political figure in Germany was assassinated. This time, the victim was Walther Rathenau, whom we first met all the way back in episode 116, 98 episodes ago. He was a Jewish German engineer whose family owned AEG, which was at that time a major manufacturer of electrical equipment. During the war, he had done outstanding work in the German war ministry, organizing the distribution of scarce strategic minerals for the war effort. After the war, Rathenau had joined the German Democratic Party and had gotten elected to the Reichstag, serving in the Wirth Cabinet first as Minister for Reconstruction and later as Foreign Minister. In that capacity, he had negotiated the Treaty of Rapallo with Foreign Minister Grigori Chicherin of the Soviet Union in early 1922. I talked about this treaty a little bit back in episode 186. The treaty normalized relations between Germany and the Soviet Union, opening the way for trade between Europe's two major pariah states, an arrangement that allowed both of them to do a bit of an end run around Allied disapproval. This development was particularly alarming to the French, whose longstanding alliance with Imperial Russia had served as a useful check on German power back in the old days. Now France faced the prospect of a future confrontation with Germany without the benefit of an ally in Germany's rear.

But the German right weren't happy about the Treaty of Rapallo either. They saw the treaty as a sellout to the Bolsheviks, and the fact that Rathenau was Jewish was to them only further evidence that something underhanded was going on. Rathenau was killed in a spray of machine gun bullets while he was on his way to work at the Foreign Office on June 24, 1922. He was 54 years old.

There had also been an attempt on the life of former Chancellor Philipp Scheidemann just a few days earlier. This spate of violence backfired on the right wing, though; it engendered sympathy for the victims and support for the Republic among ordinary Germans. In a memorable speech before the Reichstag, Chancellor Wirth gestured to the right side of the Reichstag floor and declared, "There is the enemy... This enemy is on the right!"

Rathenau was seen as a martyr to the Republic. He received many posthumous honors during the 1920s. His home was converted into a museum. Streets and schools were named after him. Monuments were built to him, and this time, there would actually be prosecutions of his killers.

And in the 1930s, it would all be undone and a new monument raised, to his assassins.

[music: Brahms, *Symphony No. 3*]

Throughout this period, the political right in Germany clung ever more tightly to its stab-in-the-back explanation for the nation's woes. Germany had not been defeated in honorable combat, but from within by a cabal of traitors, the November Criminals. The same traitors who were now

gladly paying out the outrageous reparations demanded by the Allies. Why are they doing it? Because they hate Germany and want to keep our nation weak.

Let's wind the clock back to 1920 and check in once again with the DAP, the German Workers Party and its most prominent member, Adolf Hitler. Hitler and the DAP were too small and insignificant to have had any role in the larger flow of German politics, though they were all in with the German right and its stab-in-the-back explanation for the sad state of a once feared and respected nation.

In the fall of 1919, the DAP's meetings were attracting an audience of a couple of dozen. By spring of 1920, they were attracting a couple of thousand. And the main attraction was Adolf Hitler, now discharged from the German Army as it downsized to comply with the Treaty of Versailles, but popular enough to get top billing when the party advertised its public meetings. Also, they offered free beer, which was attractive, especially to young men with little money, who were likely also to be war veterans. As a fellow veteran, Hitler could speak to their frustrations, although whether it was Hitler's sympathetic eloquence that was packing them in, or the free beer, I leave to you to decide.

Free beer....

Hitler rose rapidly into leadership of the party, which underwent a makeover in 1920. The DAP got a new flag and emblem, designed by Hitler, who was an aspiring artist, remember. The official flag of the new German republic was a tricolor of black, red, and gold, a change from the black, white, and red color scheme of the old Empire.

The political right pined for the glory days of the former Empire and scorned this new flag in favor of the old one, so Hitler's party flag design fell back on the good old black, white, and red color scheme. Specifically, it was a red flag with a white circle in the middle, and inside that circle, a black *Hakenkreuz*, or "hooked cross." English speakers know this emblem better as a "swastika," which is the Sanskrit name for the symbol. I won't bother to describe it; you already know what it looks like.

Why a swastika? The swastika is an ancient and honorable symbol, found in the iconography of many peoples. It's been around for millennia in India and China. In North America, you can find it in Navajo art. It's also found in ancient German and Greco-Roman works. In all these cultures, the swastika is generally taken as a symbol of good luck.

The science of archaeology only really got going in the latter part of the 19th century. By the beginning of the twentieth century, archaeologists and anthropologists had taken note of how the swastika symbol occurred in many places in many cultures. There was speculation in academic circles that it was some forgotten ancient religious symbol. This conversation spilled over into popular culture, where there was something of a swastika renaissance. The symbol began to appear in modern contexts, where it was typically justified as "an ancient symbol of good luck."

It was used in architectural designs, in advertising. There were swastika postcards, sent to wish the recipient good luck. The Theosophical Society, which I'll have more to say about in a few episodes, incorporated the swastika into its emblem, along with other religious symbols like the ankh and the Star of David, to represent the Society's eclecticism. Military units of many nations, including the United States, incorporated the swastika into their emblems. Pause for a moment here to contemplate the irony of US Army soldiers fighting the Germans in France during the Great War while wearing swastikas on their shoulder patches.

But the significance of the swastika for Adolf Hitler and the DAP was specifically the connection to ancient German and Indo-European iconography. Nationalist-minded anthropologists in Germany connected the ancient Indo-Europeans to the Aryans, the semi-legendary ancient conquerors. In their eyes, modern Germans were the descendants of and the heirs to this ancient glory. This reading of history is highly dubious, but you can understand how some might see the swastika as a simple symbol that represented the promise and potential of Germany.

Of course, to understand that, you first have to put out of your mind the modern connotations the symbol carries in Western culture, those of totalitarianism and race hatred. In our time, the swastika is banned in some Western countries and held in contempt in all of them, much to the confusion of many Asian peoples, like the Chinese and the Indians, who still tend to see it as a harmless good luck symbol.

Hitler designed the party flag and emblem, but he was not responsible for the change in the party name. In early 1920, the name was changed, or I should say enlarged, to the National Socialist German Workers Party, known by its German initials, NSDAP. The name change was prompted by a desire to increase the party's appeal to the working class, and since socialism was all the rage in 1920 Germany, incorporating that word into the party name seemed like a good recruiting strategy. The German DAP was in this regard following in the footsteps of an older Austrian political party, also once called the DAP that changed its name to the German National Socialist Workers Party. Not quite the same thing as the National Socialist German Workers Party, but hey, Judean People's Front, People's Front of Judea, whatever.

Hitler didn't like this name change, ardent anti-socialist that he was. He wanted to call it the Social Revolutionary Party, but was outvoted. Do not be deceived by this name change. The party was, is and always will be ardently anti-socialist, because national socialism means something very different from plain old vanilla socialism. We first encountered this term, national socialism, back in episode 66. I'll definitely want to get into more detail on what all this means, but we'll save that for some future episode. For now, let me just caution you not to succumb to the peculiar form of historical illiteracy of our time that would suggest that since the national socialists have the word socialist in their name, this therefore means that they should be categorized as a socialist party, like the SPD or the KPD. Nothing could be farther from the truth. Remember, dear listener, always practice history responsibly.

Speaking of the SPD, the German Social Democratic Party, Germany's largest political party, it is properly called *Die Sozialdemokratische Partei Deutschlands* in German. That's a mouthful, so the party and its members were sometimes dubbed with the nickname *Sozi*, the first two syllables of that long German name. Sometimes the term was used for socialists in general, and was often intended as derogatory.

By analogy then, the NSDAP, which is called *Die National Sozialistische Deutsche Arbeiterpartei*, and its members might be called Nazi for short. And they were, by their detractors. This was a little joke in German. In Bavaria, where the NSDAP was based, Nazi could be taken as a nickname for Ignaz, or Ignatius, a man's name. But in Bavaria at the time, the name was also a colloquial term for what we might call a rustic, a country bumpkin, an Ignaz. Or a Nazi. So the party's opponents labeled party members as Nazis as a way of making fun of them and dismissing them. NSDAP members tried for a time to embrace the term and make it their own, but that never worked for them and they eventually abandoned it. After that brief experiment, the Nazis and the Nazi Party were never called that by themselves or their supporters. It was a derogatory term, favored by their opponents.

The party continued to grow rapidly through 1920. By the beginning of 1921, it had its own newspaper, *Der Völkischer Beobachter*, which means the "People's Observer," sort of. (It's complicated.) By that time, the party could also boast more than 2,000 members, a tenfold increase from a year ago. A few months later, Adolf Hitler outmaneuvered Anton Drexler to become the new party leader, or *Führer*, as one says in German. Adolf Hitler would continue to hold the title of party leader of the NSDAP until his death in 1945. Under his leadership, the party would become much more centralized under his personal control. Hitler's speeches continued to draw crowds now numbering in the thousands.

On the day Walther Rathenau was killed, a US dollar cost about 600 marks. By October 1922, it would cost you about 5,000 marks. In that very same month, as you know from episode 198, Benito Mussolini parlayed the March on Rome into the office of Prime Minister of Italy. Up north, in Munich, Adolf Hitler and the NSDAP sat up and took notice. If one strong and determined right-wing nationalist party could seize control of a weak and divided government, perhaps another one could as well. The situation in Germany was getting as bad as it had been in Italy. Perhaps the same outcome could be arranged, by a comparable party of the Right, one determined ruthlessly to seize the reins of power, as Hitler himself put it in the quote I read to you at the top of the episode, which comes from a speech he gave in Munich in 1922. As Hitler warned, so did he believe, that the Right had to move first, or else the Left, the Communists, would seize power, and that would be the ruin of the nation.

We'll have to stop there for today. I thank you for listening, and I'd especially like to thank Cyril for his donation, and thank you to Jack for becoming a patron of the podcast. Donors and patrons like Cyril and Jack help cover the costs of making this show, which in turn keeps the podcast available free for everyone, so my thanks to them and to everyone who has pitched in and helped

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And I hope you'll join me next week, on *The History of the Twentieth Century*, as we enter the next chapter of Germany history. Inflation goes from excessive to ridiculous, and Adolf Hitler makes his bid to become the German Mussolini. Or maybe the German Lenin. That's next week, here, on *The History of the Twentieth Century*.

Oh, and one more thing. Not everyone who attended those early meetings of the NSDAP to hear Adolf Hitler speak came because they liked what he had to say. Some of them were leftists, who came to boo and heckle. Hitler's most ardent supporters in the party, many of whom were veterans like him, took it upon themselves to forcibly eject those who came to disrupt the party meetings. In 1920, the party created an official designation for these members, the Saalschutzabteilung, which you could translate as "department of meeting room protection." You'll notice at this point it already bears the initials "SA." The following year, 1921, Hitler redesignated the group Sportabteilung, meaning the "sports department" or the "athletic department." still bearing the initials SA, you'll note. This was to deflect the attention of the authorities by making the department look more benign and less like a paramilitary organization, which would have been illegal.

By 1921, the department was already being referred to informally as the Sturmabteilung, the Storm Division, a name inspired by the Stoßtruppen or Sturmtruppen, those specially trained assault troops who used infiltration tactics to attack enemy trenches during the Great War. In November, at one of the party's many beer hall meetings, a large number of Communists crashed the event and made trouble, which led to serious fighting between them and the SA. This event became enshrined in party lore, and afterward the department became officially known as the Sturmabteilung, or SA. They adopted a brown uniform that could be assembled from cheap and readily available war surplus, which led them to be nicknamed "brownshirts," analogous to the blackshirts of the Italian Fascist Party.

A few months later, Hermann Göring joined the NSDAP. Like so many others, Göring was an embittered war veteran who bought into the stab-in-the-back myth as an explanation for Germany's defeat, and was won over after listening to one of Hitler's speeches. Unlike many others, Göring had a distinguished military career. He was the seventh of eight children of Heinrich Göring, whom you may recall we have met, back in episode 103, when he was Governor-General of German South West Africa.

The younger Göring began the war in the infantry, serving in Alsace, but he took an interest in aviation and got himself transferred into the air service. He became a pilot, became an ace, and was awarded the Blue Max. By the end of the war, he was commander of the “Flying Circus” that had been earlier led by Manfred von Richthofen. Göring admired Hitler and the NSDAP so much that he moved his family to Munich to be closer to the Party, while Göring’s military record lent the Party respectability in return. In 1923, Hitler put Göring in charge of the SA, and Göring set to work organizing what Hitler himself referred to as a “rabble” into an effective paramilitary force.

[music: Closing Theme]