

The German republic was weak.

The new democratic government set up in Germany in 1919 was known as the Weimar (VYE-mahr) Republic after the city where the national assembly met. The Weimar Republic had serious weaknesses from the start. Under Bismarck and William II, few democratic traditions had had a chance to take root. Furthermore, post-war Germany had seven major political parties and many minor ones.

Worst of all, the democratic government bore the burden of defeat. It was not the Hohenzollerns who had signed the Treaty of Versailles but representatives of the new republic. As a result, millions of Germans always viewed the Weimar government and its supporters as traitors.

Germany also faced enormous economic problems that had begun during the war. Unlike Britain and France, Germany did not increase taxes greatly during the war. Thus, while Germany spent \$37 billion fighting World War I, its government collected only \$1.5 billion in taxes. To make up the difference, the Germans simply printed money when they needed it. This paper money began to collapse after Germany's defeat in 1918. The result was a time of skyrocketing inflation (page 680).

Most Germans blamed the Weimar government and its weak leaders for Germany's problems. They failed to see that the war had caused most of their difficulties. As far as many Germans were concerned, Germany had made only one wartime mistake: It had lost. Next time, they swore, the result would be different.

The Dawes Plan brought stability.

Germany recovered swiftly from the 1923 inflation, thanks largely to the work of an international committee headed by Charles Dawes, an American banker and statesman. The committee worked out a financial plan to strengthen Germany's economy. The Dawes Plan provided for a \$200 million loan from American banks to stabilize German currency. The plan also set a more realistic schedule for Germany's reparations payments.

Put into effect in 1924, the Dawes Plan worked extremely well. As the German economy began to recover, it attracted further loans and investments from the United States. By 1929, Germany's factories were producing as much as they had in 1913.

In the summer of 1923, the printing presses at Germany's mints were rolling, and they were turning out money. Germans counted their currency in *marks*, and the presses printed 400 quadrillion (400,000,000,000,000) marks a day! Crushed by its huge war expenses and burdened with heavy payments to the Allies, Germany was in the midst of disastrous inflation. From 1918 to 1923, the value of the mark fell, slowly at first and then with terrifying speed.

What did inflation mean for the people of Germany? At the war's end, a loaf of bread cost two marks in Berlin. By December 1921, the price had risen to 40 marks, and just 1 year later a loaf cost more than 1,500 marks.

Bad as inflation already was, it went completely out of control in 1923. By summer, a glass of beer cost 2 million marks and a loaf of bread 4 million. Workers collected their pay twice a day so

that they could rush out to buy the things they needed before prices rose even higher. People took cartons and wheelbarrows full of money to buy food for supper. By autumn, the mark was worthless. Bank notes for billions of marks lay in street gutters.

Upper-class Germans suffered least from inflation because their lands and factories rose in value, keeping up with rising prices. Ordinary people faced harder times. Prices rose faster than wages, so people could not buy as much food or clothing as before. The inflation was a great shock to Germany's middle class. Civil servants, professionals, and people with fixed incomes or pensions saw their life savings become worthless. People discovered that the money they had saved to buy a house now barely covered the cost of a table.

What was the good of saving or planning for the future? Germans asked one another. What was the good of Germany's new democratic government, asked many, if people lost everything they had worked for? Germany eventually strengthened the mark, but the confidence of the German people was harder to rebuild.

In Germany and throughout Europe, the 1920's were a time of doubts and uncertainties. Embittered by the past war, people also feared the future. Some artists and writers expressed this bitterness in their work. Many people hid their fears by living for the pleasure of the moment. Thus, a thin shell of gaiety covered dark doubts and unanswered questions.