- Led the ‘Grand Coalition’ → DVP, SPD, ZP, DDP
- Brought in banker Schacht to oversee currency crisis
- Made controversial decision to order workers back to work and resume payments
- Introduced the Rentenmark and later the Reichsmark as new currency
- Pragmatic policy of cooperation with the West
  - Used Germany’s economic potential as lever for negotiation
  - Satisfied French demands for security
  - Built links with the USSR to put pressure on the West
- Dawes + Young plans helped the economy
  - Dawes 1924 → Lowered the amount Germany had to pay per year + 800m marks loaned by the US
  - Young 1929-30 → Reduced payments by 20% + US would keep loaning money
- Locarno Pact was a success
  - France/Belgium/Germany agreed to their borders
  - Germany’s Eastern borders to be negotiated peacefully
  - France felt safe → More willing to allow Germany to recover
- Germany’s position as a great power was acknowledged → LoN council
  - Germans wanted nothing with the LoN as they were the enforcers of the ToV
- Nationalists opposed the YP and launched a referendum
  - Hitler became well known → His fierce opposition to the YP would help him get votes in 1930 when unemployment escalated on the YP

**Did Weimar recover?**
- 1928 Industrial production was higher than in 1913 → But agricultural production never went back to pre-war levels
- 1929-29 exports rose → But by 1929 they spent more on imports than they earnt on exports

**Long Term Effects of the HI Crisis:**
- Middle class that lost its savings was alienated from W.R
- Loss of confidence in domestic investing
- Became dangerously dependent on US loans
  - Dawes Plan (1924) helped German industry recover between 1924-28
  - Great Depression hit Germany the hardest as the US recalled its loans

**Evidence of problems which would contribute to collapse**

**Economic:**
- Reliant on US loans
- Unemployment never fell below 1.3 million and rose to 1.9 million in 1929 before the crash
- Agriculture was not a part of the economic boom of the 20s and German farmers were undercut by more effective farming industries like in the US and Canada

**Social:**
- Farm workers’ wages were only over half the national average in 1929

**Political:**
Deficit financing → Spending money on job creation + large-scale borrowing

Wehrwirtschaft (dónde está la wircha) → Economy geared on demands of the war

- **New Plan 1934**
  - Government control of foreign exchange
  - Bilateral trade agreements (mostly with Balkans)
  - Peasant farmers helped by tariffs on imported food + cheap loans + tax exemptions

- **Unemployment** → Aided by recovery in world trade in 1933
  - Spent money on public work programmes
    - Government spending: **8.6 billion 1932 → 29.3 billion 1938**
    - Encouraged expansion of car industry by removing luxury tax on cars + cutting tax on petrol + **autobahn** building
    - Offered cash incentives for women to give up their jobs
    - Massive rearmament project **1935** that created hundreds of thousands of jobs
    - Reintroducing conscription

- **Germany was producing more (industrially) than in the best W.R years by 1937**
- Wages recovered, but were **never back to the level of the best years of Weimar**

- **Four Year Plan 1936**
  - Rearm → Needed to import more fuel + raw materials (rubber, bauxite, iron ore)
  - Worsened balance of payment problem (more imports than exports)
  - Guns or butter crisis → Could not afford raw materials but had all the food imported
  - Hitler did not want to risk an unpopular government by cutting down on food
  - Aimed to make Germany self-sufficient in raw materials
  - **Goering** → Put in charge of four year plan 1936
  - Intended to make synthetic substitutes for oil + rubber + use Germany’s low quality coal
  - Marked departure from traditional foreign policy + Schacht quit in 1937
  - **Overall not a success**
    - Scheme for synthetic oil and rubber worked (synth. oil production doubled)
    - Targets for other categories were not met
      - Still dependent on imported fuel + iron ore from Sweden when war broke
    - Subsidising of inefficient small peasant farmers → Importing 19% of food 1939

- **Rearmament** → **1936-9 66%** of German industrial investment was in war production

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**Total war or limited war?**

- Germany would not be ready for total war until mid-1940s
- Some historians argue that Hitler never intended to achieve full mobilisation of the economy
  - Aimed to wage series of short blitzkrieg campaigns + exploit econ. resources of invaded country
  - Failed when he got caught in a war of attrition with the USSR in 1941
- **Overy** → Planning total war but miscalculated in 1939 as he didn’t think invading Poland would provoke a European war