

Rentenmark

Negotiations with the USA led to Charles G. Dawes, an American banker, recommending a plan which became known as the Dawes Plan.

Germany would pay less money in reparations every year to make the payments easier.

In addition, the USA would lend Germany money to help put the country back on her feet.

Stresemann used this plan to stabilise the economy, introducing a new currency based on the value of all German land and assets.

This new currency became known as the Rentenmark. By limiting the amount of credit and the amount of money in circulation, the economy was brought under control.

The Dawes Plan – 1924

Stresemann also introduced reforms to help ordinary people such as job centres, unemployment pay and better housing.

Charles Dawes was the US budget director. In 1923, he was sent to Europe to sort out Germany's economy.

Under his advice, the German Reichsbank was reformed and the old money was called in and burned.

This ended the hyperinflation that had plagued Germany.

Dawes also arranged the Dawes Plan with Stresemann, which gave Germany longer to pay reparations.

Most importantly, Dawes agreed to America lending Germany 800 million gold marks, which kick-started the German economy.

The Young Plan – 1929

The Young Plan was a renegotiation of Germany's WWI reparation payments.

It reduced the amount of money due from Germany to 121,000,000,000 Reichsmarks in 59 annuities, set up the Bank for International Settlements to handle the transfer of funds, and ended foreign controls on German economic life.

However, the Young Plan had barely started operation than the Wall Street Crash and the world depression of the 1930s began.

Germany's ability to pay reduced to almost non-existence.

In 1932 the Lausanne Conference proposed to reduce reparations to the token sum of 3,000,000,000 marks, but the proposal was never ratified.

Adolf Hitler came to power in 1933, and within a few years all important obligations under the Treaty of Versailles—political as well as economic—were repudiated.

The Locarno Pact – 1925

In October 1925 representatives from Britain, France, Germany, Italy, Belgium, Poland and Czechoslovakia meet in Locarno, Switzerland to discuss world affairs.

Germany finally accepted the new borders with France and Belgium that had been decided in the Treaty of Versailles and Britain and Italy said they would protect France if Germany violated these borders. Germany also accepted that the Rhineland would stay a demilitarised zone

France and Germany agreed to settle any international disputes through the League of Nations.

The agreements seemed to resolve the problems left over from WWI.

France felt it was at last secure of its borders and Germany had shown better goodwill to France.

Germany would join the League of Nations in 1926. This meant that the only major European power that was not in the League was the USSR.

League of Nations – 1919

The League of Nations was the most ambitious attempt that had ever been made to create a peaceful global order.

The idea of the League was to eliminate four fatal flaws of the old European states.

1. No more monarchy driven countries but a new world of independent nation states free from outside interference.
2. No more secret treaties between countries – open discussions and dispute resolutions.
3. The system of military alliances would be replaced by a system of collective guarantees for security.
4. Disarmament would also prevent the recurrence of the arms race which had created international tensions leading up to the wars.

Kellogg-Briand Pact – 1928

The Kellogg-Briand Pact in 1928 marked the high point of international relations in 1928.

War was condemned as a means of solving international disputes and it was to be rejected as a policy and the settlement of all disputes would take place through peaceful means from now on.

In total 65 nations agreed to sign the Kellogg-Briand Pact so it looked like there would be peace in Europe.

There was nothing in the Kellogg-Briand Pact about what would happen if a country broke the terms of the agreement but the agreement didn't help the League of Nations with disarmament.

They countries all agreed that they had to keep armies for self-defence.

The Pact was seen as a turning point in history.

People believed that the Pact made the world a safer place than in the early 1920s.