

Hope Springs Infernal:  
The Association of German Iron and Steel Industrialists  
(VdESI) and the Ruhr Crisis of 1923

by


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B.A., Trent University, 1998

A Thesis Submitted in  
Partial Fulfillment of the  
Requirements for the Degree of


*MASTER OF ARTS*

in the Department of History

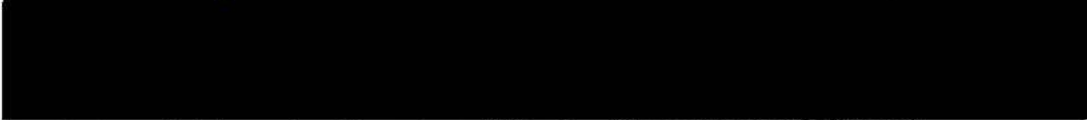
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## Abstract

This study examines the role of the Association of German Iron and Steel Industrialists (VdESI) during the Ruhr crisis of 1923. Following the First World War, iron and steel industrialists refused to adjust fully to post-war relationships and systematically opposed the provisions of the Treaty of Versailles. With the invasion of the heavily industrialized Ruhr valley by French and Belgian troops in January of 1923, the intransigent position of the VdESI moved into the mainstream of German policy. The association took the lead in the development of the passive resistance campaign and was effectively incorporated into the structure of governance of the Reich. However, over the course of the summer of 1923, the position taken by the Association became increasingly divorced from the actions of individual industrialists in the Ruhr. As the passive resistance campaign degenerated, the VdESI lost the influence it had previously been granted by the state.

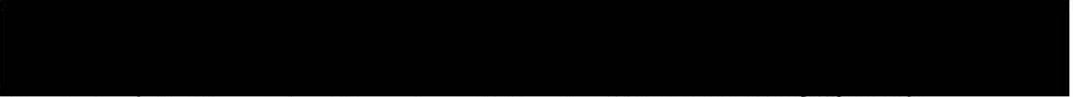
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# Introduction

In late nineteenth- and early twentieth-century Germany, industry was a powerful social and economic force. Immediately following the boom of the *Gründerjahre*, German industry rapidly expanded both its plant and productive capacity until, by 1913, the Reich was out-producing all nations save the United States.<sup>1</sup> The rapid expansion of industrial production was particularly notable in the Ruhr valley region, which contained approximately 85% of Western European hard coal deposits and was complemented by iron ore mines located in the territories annexed from France following the Franco-Prussian war.<sup>2</sup> Together, these two regions provided the raw materials for the formation of a single, coherent industrial system that allowed the German iron and steel masters to produce 19 million tons of pig iron and 17 million tons of crude steel in 1913 alone.<sup>3</sup> At the same time, the by-products of this system fueled a number of important industries, such as chemical and fertilizer production, while also encouraging the expansion of shipping firms, electrical power generation and a host of other dependant producers. Thus, the General Director of the Deutch-Lux concern, Albert Vögler, was not far from the truth when he boasted after the war that, "in Germany, the potato is a coal derivative."<sup>4</sup>

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<sup>1</sup> Wilfried Feldenkirchen, *Die Deutsche Wirtschaft im 20. Jahrhundert* (München: R. Oldenbourg Verlag, 1998) 2.

<sup>2</sup> Guy Greer, *The Ruhr-Lorraine Industrial Problem: A Study of the Economic Interdependence of the Two Regions and their Relation to the Reparation Question* (New York: The Macmillan Company, 1925) 24-25.

<sup>3</sup> Gerald D. Feldman, *Iron and Steel in the German Inflation, 1916-1923* (Princeton, N.J.: Princeton University Press, 1977) 52.

<sup>4</sup> Adrian Dariac, *The Dariac Report: Ruhr, Rhineland and Saar* (Manchester: the Manchester Guardian, Ltd., 1923) 9.

This economic expansion was complemented by the tendency of German industrialists to regulate their own industries. Prior to the First World War, German industrialists in general came to rely on their own organizations as a means of both ordering their own affairs and influencing the Reich government. Following the conclusion of the war and revolution in 1918, industry, as one of the few remaining organized and powerful interest groups, seemed poised to take over a long term role as the effective partner of a much weakened national government. This study examines the role of the Association of German Iron and Steel Industrialists (*Verein deutscher Eisen und Stahl Industrieller*, VdESI) in the Ruhr crisis of 1923 and the importance of short term crisis management in the development of the role of industrial interest groups in post-war German society.

As Germany became the "land of big industry, big agriculture, big unions, big banks and big government" in the late 19th century, economic interest groups began to emerge and develop formal organizations in order to regulate their relationships with each other and the state.<sup>5</sup> Industry in particular began to form formal trade associations, beginning with the *Verein Deutscher Stahlindustrieller* and the VdESI in 1874.<sup>6</sup> The VdESI was a voluntary organization founded to harmonize the political and social policies of the iron and steel industry. The association monitored and evaluated Reich political and economic policies, passed relevant information along to its members, provided a forum in which questions concerning the industry could be addressed and

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<sup>5</sup> Kenneth D. Barkin, "Germany's Path to Economic Maturity" in *Laurention University Review* 5 (1973) pp. 11-33.

<sup>6</sup> Helmut Bohme, "Big Business Pressure Groups and Bismarck's Turn to Protectionism, 1873-79" in *Historical Journal* 10 (1967) pp. 218-236. 224. And Gerald D. Feldman, *Iron and Steel in the German Inflation, 1916-1923* (Princeton, NJ: Princeton University Press, 1977) 43.

directed efforts to lobby the government for legislation favorable to industry. This was accomplished through the efforts of a permanent executive, a full time staff and through periodic general meetings. The association was divided into six regional and two branch groups to represent various geographical and productive characteristics. However, from its inception the VdESI was dominated by the powerful iron masters of the Ruhr (Northwest) group.<sup>7</sup>

The growing number of trade associations in Imperial Germany was complemented by a variety of cartels and syndicates that likewise began to emerge in the 1870's in order to regulate the domestic market and exploit advantages abroad.<sup>8</sup> Cartels and syndicates were generally constituted as either joint stock companies (*Aktiengesellschaften*, AG) or limited liability companies (*Gesellschaft mit beschränkter Haftung*, GmbH) which allowed the organizations to purchase and distribute goods on a large scale in the name of their members.<sup>9</sup> The composition of the boards of directors of these organizations was determined by the productive capacity or quota of the member firms while major decisions could be made in sessions attended by the delegates of each member.<sup>10</sup> In 1897 cartel agreements were declared to be "binding in law," and were thereafter effectively sanctioned and enforced by the state.<sup>11</sup>

The combined influence of industrial associations and cartels created a powerful economic and political bloc. Cartel pricing and quota policies conferred tremendous advantages on firms that were able to produce raw or partially refined materials

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<sup>7</sup> Feldman, *Iron and Steel in the German Inflation*, 43-44.

<sup>8</sup> Stephen B. Webb, "Tariffs, Cartels, Technology and Growth in the German Steel Industry: 1870 to 1914" in Wolfram Fischer, ed. *The Economic Development of Germany Since 1870, Volume 1* (Cheltenham, UK: Edward Elgar Publishing, Inc., 1997) pp. 331-351. 338.

<sup>9</sup> Hermann Levy, *Industrial Germany: A Study of its Monopoly Associations and their Control by the State* (London: Frank Cass & Co. Ltd., 1935, 1966) 16.

<sup>10</sup> Robert Liefmann, *Cartels, Concerns and Trusts* (London: Methuen & Co., 1932) 33.

<sup>11</sup> Feldman, *Iron and Steel in the German Inflation*, 39.

themselves. This encouraged the vertical expansion of firms, which contributed to close links among branches of various industries and resulted in individual industrialists belonging to a number of separate organizations. At the same time, executive members of the VdESI in particular were prominent members of other industrial associations.<sup>12</sup> In order to develop further a unified industrial lobby group, industrial organizations often met in joint sessions to establish complementary political policies.<sup>13</sup> Thus, while industry expanded its economic influence, its role as an interest group in Reich politics likewise grew, particularly in debates over tariff rates and naval construction.<sup>14</sup>

By late 1914 the demands of a prolonged war increasingly forced the Reich government to rely on the organizational abilities of industrial associations in order to meet the needs of the wartime economy. At the very beginning of the First World War the enigmatic industrialist and theorist, Walther Rathenau, pressured the War Department to establish a raw materials office in collaboration with major industrialists.<sup>15</sup> The result of these discussions was the establishment of the *Kriegsrohstoff Abteilung* (KRA) directed by Rathenau himself and staffed mainly by other industrialists.<sup>16</sup> The KRA functioned primarily through War Industries Boards (*Kriegswirtschafts Gesellschaften*), modeled after established industrial cartels and underwritten by both the Reich

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<sup>12</sup> Gerald D. Feldman and Ulrich Nocken, "Trade Associations and Economic Power: Interest Group Development in the German Iron and Steel and Machine Building Industries, 1900-1933" in *Business History Review* 49, vol. 3., 1975, pp. 413-445. 418.

<sup>13</sup> Arnold J. Heidenheimer and Frank C. Langdon, *Business Associations and the Financing of Political Parties: A Comparative Study of the Evolution of Practices in Germany, Norway and Japan* (The Hague: Martinus Nijhoff, 1968) 26.

<sup>14</sup> Helmut Bohme, "Big Business Pressure Groups and Bismarck's Turn to Protectionism, 1873-79" in *Historical Journal* 10. (1967), pp. 218-236. 224. And Geoff Eley, *Reshaping the German Right: Radical Nationalism and Political Change after Bismarck* (New Haven: Yale University Press, 1980) 257.

<sup>15</sup> Walther Rathenau, "Diary for 1914" in Hartmut von Strandman, ed., *Walther Rathenau: Banker, Industrialist, Intellectual and Politician, Notes and Diaries 1907-1922* (Oxford: Clarendon Press, 1985) 181-194. 186.

<sup>16</sup> "Address of Walther Rathenau Before the German Society 1914 on 'Germany's Provisions for Raw Materials'" in Ralph Lutz, ed., *Fall of the German Empire: 1914-1918, 2 Vols.* (Oxford: Octagon Books, 1969) pp. 77-91. 79.

government and industrialists themselves.<sup>17</sup> This tendency to graft industrial associations onto the wartime governing structures of the Reich was most dramatically demonstrated by the decision to establish a Central Bureau for Export Permits for Iron and Steel Products. This Bureau was placed directly under the authority of the VdESI itself in January 1916, which greatly increased the influence of the association and its executive.<sup>18</sup>

By the end of the war, the declining ability of the Reich government to manage either the homefront or the conflict itself successfully led the representatives of industrial associations and cartels to pursue a course that would have been unthinkable before the war by cultivating a relationship with organized labour. The war had brought industrialists and trade unionists together to sit on a number of boards and advisory councils for the first time. As the war effort collapsed, formal discussions between industry and labour were revived in the late summer of 1918 by *Geschäftsführer* Hans von Raumer of the Association of the German Electro-Technical Industry.<sup>19</sup> As a result, German industrial and labour associations, unlike the Kiel sailors and members of the civil government itself, did not find themselves to be "perplexed and planless before the ruins of authority" as the western front, the military command structure and the Imperial government simultaneously collapsed.<sup>20</sup> On October 9 the *Verein deutscher Eisen und Stahl Industrieller* empowered Hugo Stinnes to represent the iron and steel industry in negotiations with union representatives.<sup>21</sup> Throughout the course of negotiations in Berlin

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<sup>17</sup> Jürgen Kocka, *Facing Total War: German Society, 1914-1918* Barbara Weimberger, trans., (Princeton, N.J.: Princeton University Press, 1973) 29.

<sup>18</sup> Gerald D. Feldman, *Army, Industry and Labour in Germany: 1914-1918* (Princeton, N.J.: Princeton University Press, 1966) 60. And Feldman and Nocken, 425.

<sup>19</sup> Gerald D. Feldman, *German Big Business Between War and Revolution: The Origins of the Stinnes-Legien Agreement* (Berkeley: University of California Institute of International Studies, Reprint No. 369) 324-325.

<sup>20</sup> Maximilian von Baden, *The Memoirs of Prince Max von Baden, 2 Vols.* Calser and Sutton, trans. (London: Constable and Company, Ltd., 1928) 2:295.

<sup>21</sup> Feldman, *German Big Business Between War and Revolution*, 327.

and Düsseldorf in October, Stinnes and the chief representative of labour, Carl Legien, began to hammer out an agreement between the rival interests.<sup>22</sup> What would develop into the Stinnes-Legien agreement was interrupted, rather than facilitated, by the November revolution. A draft of the agreement was presented to the vice Chancellor on November 3, and a final agreement of the Stinnes-Legien *Arbeitsgemeinschaftsabkommen* was signed on the 15th in the wake of the revolution.<sup>23</sup>

Amidst the chaos of the military collapse and revolution, the *Arbeitsgemeinschaft* agreement established a foundation on which order could be re-established in Germany. This compelled industrialists to recognize trade unions as collective bargaining partners, to employ returning soldiers by maintaining production, to institute the long sought after 8 hour day and work together with labour in order to maintain the health of the economy throughout the demobilization.<sup>24</sup> These aims more or less corresponded with those of the civil government during the hectic weeks at the end of November. However, while Ebert found himself struggling to assume authority as the head of two governments of questionable legitimacy, the Stinnes-Legien agreement was signed by what Walther Rathenau had optimistically considered to be the only two powers left in Germany - industry and labour.<sup>25</sup> Along with the *Generalkommission der Gewerkschaften Deutschlands*, 20 industrial associations, including the important central and northwest (Ruhr) VdESI groups, committed their members to the terms of the agreement.<sup>26</sup> Industrialists likewise agreed to provide work to a population that had rebelled largely

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<sup>22</sup> *Ibid.*, 330.

<sup>23</sup> "Das Arbeitsgemeinschaftsabkommen vom 15 November 1918" in Gerald D. Feldman and Irmgard Steinisch, eds., *Industrie und Gewerkschaften 1918-1924: Die Überforderte Zentralarbeitsgemeinschaft* (Stuttgart: Deutsche Verlags-Anstalt GmbH, 1985) pp. 135-137. 135.

<sup>24</sup> *Ibid.*, Articles 1, 4, 8, 10. Pgs. 135-136.

<sup>25</sup> Von Strandmann, *Walther Rathenau*, 237.

<sup>26</sup> "Das Arbeitsgemeinschaftsabkommen" in Feldman and Steinisch, *Industrie und Gewerkschaften*, 136-137.

due to wartime privations by adding another shift to compensate for the end of the 12-hour day and in some cases by overstaffing plants. At the same time, industrialists and labour representatives agreed to establish a sitting body, the *Zentralarbeitsgemeinschaft* (ZAG), to extend their relationship beyond the issues directly addressed in the Stinnes-Legien agreement.<sup>27</sup>

The ZAG provided the administrative apparatus and central direction the demobilization demanded. By agreeing to work together during the demobilization, industry and labour provided the civil government with a parallel set of organizations through which order might be maintained throughout the latest crisis. Under the direction of Joseph Koeth, the Demobilization Office encouraged the devolution of administrative power to joint labour/industrialist committees at the *kreis* level, which reflected the formal mechanisms of the Stinnes-Legien agreement.<sup>28</sup> Koeth himself was primarily concerned with "muddling through" the crisis and was willing to accept almost any group or plan that seemed likely to ease his task. This acted as a bridge between industrial and labour associations and the authority of the civil government. The ability of industrialists and trade unionists to co-operate in local Labour Exchanges and Food Offices allowed a general national policy to be more or less implemented. The arrangement helped to keep the unemployment rate in Germany below 7% throughout the period of demobilization despite the fact that approximately 6.5 billion Marks in outstanding war contracts had not been paid by the German government by March of 1919.<sup>29</sup> At the same time, the process of collaboration with industrialists over the most pressing and immediate needs of the Reich drew some of the more radically minded trade unionists into what had become the

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<sup>27</sup> *Ibid.*, Article 10, pg. 136.

<sup>28</sup> Richard Bessel, *Germany After the First World War* (Oxford: Clarendon Press, 1993) 110.

<sup>29</sup> *Ibid.*, 98.

*de facto* structure of economic governance. Industrial associations and radical *Räte* alike were forced to come to terms with the practical questions of food and unemployment, which demanded co-operation between a variety of social and geographical groups. This helped to diffuse the revolutionary movement that had developed amidst wartime deprivations and to restore a measure of order to Germany.<sup>30</sup>

Thus, despite the birth of an allegedly "purely socialist government" in the fall of 1918, industry as an organized interest group entered the post-war period as an economically and socially vital pillar of the Reich.<sup>31</sup> Moreover, a significant number of industrialists came to believe that they had in fact saved Germany from chaos and bolshevism while the traditional middle class, the *Bürgertum*, had "crept into their mouseholes" as the Imperial government collapsed.<sup>32</sup> The growth of the economic power of heavy industry in particular led many industrialists to conclude that the influence of industry in social and political issues should increase correspondingly. Furthermore, the growth of formal industrial organizations served not only to regulate aspects of the German domestic market, but also to encourage the belief amongst industrialists that broader economic and social relations could be similarly controlled.<sup>33</sup> In this sense, German industrialists were haunted by corporatist thinkers of the nineteenth century who deplored both the centralized authority of a monarch and the "mere counting

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<sup>30</sup> Henry Pachter, *Weimar Etudes* (New York: Columbia University Press, 1982) 291.

<sup>31</sup> Hans-Hermann Hartwich, *Arbeitsmarkt, Verbände und Staat 1918-1933: Die öffentliche Bindung unternehmerischer Funktionen in der Weimarer Republik* (Berlin: Walter de Gruyter & Co., 1967) 9.

<sup>32</sup> (*in sämtlich Mauselöcher verkrochen hat*) in Feldman and Steinisch, *Industrie und Gewerkschaften*, 34.

<sup>33</sup> Rudolph Hilferding, *Finance Capital: A Study of the Last Phase of Capitalist Development* Morris Watnick and Sam Gordon, trans. (London: Routledge & Keegan Paul, 1910, 1981) 295.

of heads” of a popular democracy.<sup>34</sup> Very few industrialists went so far as to argue in favor of a formal corporatist state such as that described by Schmitter as a:

system of interest group representation in which the constituent units are organized into a number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories.<sup>35</sup>

However, the prospect of institutionalizing their influence through a more formal relationship with the state was both appealing and useful to industrialists. In a corporatist state, the role of interest groups would move from exerting influence in the hopes of changing governmental policy, to active participation in both the process of decision making and implementation.<sup>36</sup> Organized interest groups would thus accept a measure of the responsibilities and prerogatives of the Reich government itself as they were incorporated into the state. This would allow the state to effectively regulate and organize economic relationships in particular. In return, organized interest groups would be granted an expanded role in the governance of the state itself.

Charles Maier has argued that the increased importance and aspirations of organized interest groups in a period when Germany was governed by institutions of questionable legitimacy in fact resulted in the triumph of "corporate pluralism" as the chief effective governing structure of the Weimar Republic. This moderate form of corporatism was characterized by:

the displacement of power from elected representatives or a career bureaucracy to the major organized forces of European society and economy, sometimes bargaining directly among themselves, sometimes exerting influence through a

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<sup>34</sup> Ralph H. Bowen, German Theories of the Corporative State With Special Reference to the Period 1880-1919 (New York: McGraw-Hill Book Company, Inc., 1947) 61.

<sup>35</sup> Philippe C. Schmitter, "Still the Century of Corporatism?" in Philippe C. Schmitter and Gerhard Lehmbruch, eds. Trends Toward Corporatist Mediation (London: Sage Publications, 1979) pp.7-52. 13.

<sup>36</sup> Alan Cawson, Corporatism and Political Theory (New York: Basil Blackwell Ltd, 1986) 37-38.

weakened parliament, and occasionally seeking advantages through new executive authority.<sup>37</sup>

Under this system, "brokerage" between the state and major economic groups, rather than a formal corporative system, determined economic and, to a large extent, social policy. This allowed pre-war economic elites like the heavy industrialists represented by the VdESI to preserve, and often expand, their privileged position in the republic.<sup>38</sup>

Maier's description of corporate pluralism is often useful and provides an effective analytical tool for understanding both the behavior and successes of interest groups in the inter-war period in Western Europe in general and Weimar Germany in particular. Industry and a number of other interest groups did exert tremendous influence in Germany throughout the inter-war period and made substantial gains. However, Maier's analysis is dependent on acceptance of the ubiquitous term "industry" to represent a coherent and relatively disciplined interest group with a common, well articulated goal and strategy acting as an historical agent. At the same time, his "corporate pluralism" shifts emphasis from the formal relationship between interest groups and the state which characterizes formal corporatism, to the aims and actions of a variety of loosely related interest groups. While corporatist theory explains the political and social influence of particular interest groups through their role as an arm of the state, Maier often fails to account for the increased power of particular interest groups in Weimar politics. Maier's "corporate pluralism" thus tends to resemble the interest group politics of the Kaiserreich, while the source of the increased influence of interest groups such as industry remain unexplained or assumed.

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<sup>37</sup> Charles S. Maier, Recasting Bourgeois Europe: Stabilization in France, Germany, and Italy in the Decade after World War I (Princeton, N.J. Princeton University Press, 1975) 9.

<sup>38</sup> Ibid., 579.

The prolific historian Gerald D. Feldman took a similar approach to that of Maier in his 1966 work, *Army, Industry and Labour in Germany: 1914-1918*.<sup>39</sup> However, as the scope of Feldman's work narrowed, he identified important limits both to German corporatism and to industrial unity. His joint work with Irmgard Steinisch, *Industrie und Gewerkschaften 1918-1924: Die überforderte Zentralarbeitsgemeinschaft*, asserts that corporative institutions such as the ZAG depended on the limited ability of separate interest groups to reach mutually beneficial consensus agreements, particularly through the approval of simultaneous wage and price increases.<sup>40</sup> The ZAG depended more on expedient agreements reached between the "productive classes" designed to meet specific short term crises at the expense of the consumer than on the bargaining process Maier describes. In *Iron and Steel in the German Inflation, 1916-1923*, Feldman emphasized the conflicts and rivalries within various branches of industry that often prevented meaningful unified action. To be sure, industrialists in general constantly demanded lower wages and taxes along with a businesslike solution to the multitudinous problems of the young republic. However, industrialists were unable either to clearly define what was meant by these demands or explain how they might be implemented in the social and political climate of post-war and post-revolution Germany. Furthermore, industrialists, particularly the heavy industrialists of the VdESI, took great pains to avoid becoming bound to more formal corporative structures in 1919.<sup>41</sup>

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<sup>39</sup> See also V. R. Berghahn, "Corporatism in Germany in Historical Perspective", in Andrew Cox and Noel O'Sullivan, eds., *The Corporative State: Corporatism and the State Tradition in Western Europe* (Aldershot: Edward Elgar Publishing Ltd., 1988) pp. 104-122. 106.

<sup>40</sup> See Feldman and Steinisch, *Industrie und Gewerkschaften*, 58.

<sup>41</sup> Feldman, *Iron and Steel in the Great Inflation*, 145. For a discussion of the debate over the role of the state in the economy see Ralph Bowen, *German Theories of the Corporative State With Special Reference to the Period 1870-1919* (New York: McGraw Hill Book Company, Inc., 1947., Gerald D. Feldman and Ulrich Nocken, "Trade Associations and Economic Power: Interest Group Development in the German Iron and Steel Machine Building Industry, 1900-1933" in *Business History Review* 49, vol. 3.

Gerald Feldman's more recent ambitious study of the inflationary period, *The Great Disorder: Politics, Economics, and Society in the German Inflation, 1914-1924*, moves away from his previous focus on interest groups.<sup>42</sup> Instead, Feldman emphasizes the limited and short-term agreements between a wavering central government, various interest groups like heavy industry and the VdESI, radical politics and powerful individuals such as the great inflationary industrialist Hugo Stinnes, that characterized decision making in the young republic. The Byzantine process of policy formation and implementation examined in this text illustrates the multitude of small, short term and independent compromises employed by the government of the early Weimar republic in order to meet a series of crises.

Feldman's analysis of the role of interest groups in the process of crisis management is often consistent with the political mechanisms of corporatist theory. In Feldman's view, the Reich government consistently sought out practical, short term solutions to immediate problems. Because the extensive organizational structure of industrial groups in particular offered the opportunity to extend the state's authority over German economic life quickly and effectively, these organizations were often incorporated into the governing structure of the Reich. In return, these same organizations were granted privileges and influence beyond that enjoyed by other interest groups. The experience of the *Verein deutscher Eisen und Stahl Industrieller* during the Ruhr crisis of 1923 reflects the role of organized interest groups in the crisis ridden Weimar republic. However, the experiences of the VdESI likewise demonstrate the limits of industrial organizations and their ability to influence the state.

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1975. Pp. 413-445. And William L. Patch, Jr. Christian Trade Unions in the Weimar Republic, 1918-1933: the Failure of "Corporate Pluralism" (New Haven: Yale University Press, 1985).

Despite the proliferation of organizations during the war and revolution, the *Verein deutscher Eisen und Stahl Industrieller* emerged as one of the most important representatives of a cohesive interest group. Both the major post-revolutionary industrial associations, the *Zentralarbeitsgemeinschaft* and the *Reichsverband der deutscher Industrie* (RdI), suffered from serious internal divisions as a result of the presence of a variety of competitive interests.<sup>43</sup> Iron and steel industrialists also entered into a number of associations such as the German Steel Federation in April 1919 and the *Eisenwirtschaftsbund* (EWB) the following year. However, these organizations were intentionally emasculated by iron and steel industrialists as a method of preventing the expansion of the Reich government's involvement in economic life.<sup>44</sup> At the same time, a significant number of regulatory bodies collapsed in the wake of the war and inflation that followed. The Steel Works Association in particular quickly withered, lost its ability to regulate prices effectively and finally collapsed in March of 1920.<sup>45</sup> The uncertainties of the immediate post-war period likewise claimed a number of pricing and distributive cartels in what became known as the "period of the death of cartels" (*Kartellsterbenzeit*).<sup>46</sup> In the absence of more durable regulatory bodies, the Association of German Iron and Steel Industrialists became the *de facto* organized representative of the iron and steel industrialists following the war.

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<sup>42</sup> See Gerald D. Feldman, *The Great Disorder: Politics, Economics, and Society in the German Inflation, 1914-1924* (New York: Oxford University Press, 1993)

<sup>43</sup> Feldman and Nocken, "Trade Associations and Economic Power", 426.

<sup>44</sup> Feldman, *Iron and Steel in the German Inflation*, 103, 158.

<sup>45</sup> Liefmann, 101.

<sup>46</sup> Rudolph K. Michels, *Cartels, Combines and Trusts in Post-War Germany* (New York: Columbia University Press, 1928) 28.

The VdESI's flexible chief business manager (*Hauptgeschäftsführer*) for the period under discussion in this study, Jakob Reichert, dominated the association's decision making process. Reichert himself was an extremely important figure in the VdESI throughout the period and overshadowed the chairman of the association, Wilhelm Meyer. As *Hauptgeschäftsführer*, the ambitious but diplomatic Reichert retained his position, and a decisive role in the VdESI, and survived a number of governments, economic upheavals and two world wars throughout his career from 1913 to 1945.<sup>47</sup> Unlike the majority of his colleagues, Reichert joined the ultra-conservative German National People's Party (DNVP) rather than the more moderate and 'business minded' German People's Party (DVP), following the war and revolution and sat as a member of the party's *Fraktion* throughout the crisis years. He proved to be a diligent parliamentarian and was present for all but two Reichstag votes in 1923. As a professional representative of industry, talented administrator and political figure, Reichert represented the convergence of structures of governance during the war and post-war period. A significant number of the political discussions and communications of the VdESI appear above Reichert's signature or that of the pseudonym "Verdeuteisen."

The intransigent foreign policy and economic position taken by Reichert and his colleagues in the immediate post-war period is examined in Chapter One of this study. Like the DNVP and a variety of other industrialists and associations, Reichert and the VdESI expressed enormous dissatisfaction with the system established by the Treaty of Versailles. Despite the best efforts of the victorious powers, the end of the First World War left a number of loose ends. The capitulation of Germany in the fall of 1918 and the subsequent armistice agreement failed to produce an "intellectual demobilization" and, to

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<sup>47</sup> Feldman, *Iron and Steel in the German Inflation*, 45.

many observers, November 11 did not herald the outbreak of peace but rather the beginning of another phase of the conflict.<sup>48</sup> The most contentious issue of this "war by other means" was arguably the seemingly unresolvable issue of reparations payments. The question of the debt owed by Germany to the former Entente powers galvanized post-war Europe, called into question the future of the economic and diplomatic relationship between France and Germany in particular and overshadowed a great many post-war issues.<sup>49</sup>

However, the Treaty of Versailles also broke the powerful Ruhr-Rhine industrial system into two of its component parts: coal and ore. The repatriation of Alsace and Lorraine by France separated the Ruhr works and coalfields from their chief supply of iron ore. While this complicated production in the Ruhr considerably, it also raised the possibility of the development of a significant French iron and steel industry. The debate over the future distribution and method of iron and steel production drew the German iron masters directly into the larger question of reparations and the post-war settlement. German industrialists proved to be staunchly opposed to the establishment of a relationship between Germany and France in light of the Treaty of Versailles. The executive of the association was confident of its own importance in German society and furthermore seemed unwilling to accept the consequences of a lost war. As a result, the VdESI made ambitious demands on both the Reich and international governments for the

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<sup>48</sup> Henri Lichtenberger, Relations between France and Germany (Washington: Carnegie Endowment for International Peace, 1923) 125.

<sup>49</sup> For an overview of the reparations debate see Bruce Kent, The Spoils of War: the Politics, Economics, and Diplomacy of Reparations, 1918-1932 (Oxford: Clarendon Press, 1989), Marc Trachtenberg, Reparation in World Politics: France and European Economic Diplomacy, 1916-1923 (New York: Columbia University Press, 1980) and the dated but useful German perspective in Carl Bergmann, The History of Reparations (New York: Houghton Mifflin Company, 1927)

reorganization of the iron and steel industry at the expense of the terms, and spirit, of the Treaty itself.

Wolfram Fischer has argued that industrialists, particularly those in the iron and steel industry, have been misrepresented by historians who point to the fiery rhetoric of figures such as Stinnes as examples of industrial intransigence while ignoring the conciliatory overtures of German industry.<sup>50</sup> However, while Fischer correctly points out that German industrialists were willing to go to Paris to open discussions with the French, this did not mean that they were likewise willing to go to Canossa. Industrialists' public rejection of the terms of the Versailles system was accompanied by an unwillingness to take the necessary steps to work within the changed conditions of the post-war period. German iron and steel industrialists lacked the tools to impose a revision of the Treaty, but were capable of making a mockery of attempts to integrate industrial production into general reparations or reconstruction plans. The actions, or lack of action, of the *Verein deutscher Eisen und Stahl Industrieller* further illustrates both the intransigent attitude of German industry in the early Weimar republic and the importance of wishful thinking on the part of German industrialists. The association systematically rejected plans to re-organize iron and steel production to accommodate the post-war system and instead demanded a fundamental rejection of the terms of the Treaty of Versailles as the prerequisite for an economic relationship with France. This grandiose demand was beyond the power of the association to achieve. German industrialists and the VdESI were, rather, forced to content themselves with confounding attempts to re-organize their economic relationships through the imposition of a larger political settlement. Although

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<sup>50</sup> Wolfram Fischer, "Wirtschaftliche Rahmenbedingungen des Ruhrkonflikts" in Klaus Schwabe, ed. *Die Ruhrkrise 1923: Wendepunkt der Internationalen Beziehungen nach dem Ersten Weltkrieg* (Paderborn: Ferdinand Schöningh, 1985) pp. 89-101. 98.

this policy successfully staved off the integration of the French and German iron and steel industry under terms unfavorable to the Ruhr iron masters, it failed to address the concerns of the French government and contributed to a significant escalation of the crisis. With the French and Belgian invasion of the Ruhr valley of January 11, 1923, the ability of the iron and steel industry as an interest group to direct Reich policy in the reparations debate changed radically.

1923 was an epic year in the short history of the Weimar republic. During this critical period, a number of developing or latent problems blossomed into a series of related crises that shook the fledgling democracy in rapid succession. The invasion of the heart of German industrial production precipitated a widespread economic crisis. This was compounded by the decline of the value of the mark as the continuing inflation developed into hyperinflation by the summer of 1923 and the currency finally sank to the absurd exchange rate of 4.2 trillion marks to the dollar by December.<sup>51</sup> At the same time, the invasion undermined the foreign policy position of the Reich government and called into question the post-war relationship between the former belligerents. As the year progressed, these crises spread to the internal politics of the Reich. The economic hardships associated with the inflation enflamed the conflict between the political left and right. This led to political violence, bitter strikes and, in some parts of the Reich, armed uprisings. By the fall of 1923 the bankrupt, occupied and internally divided Reich was on the verge of collapse.

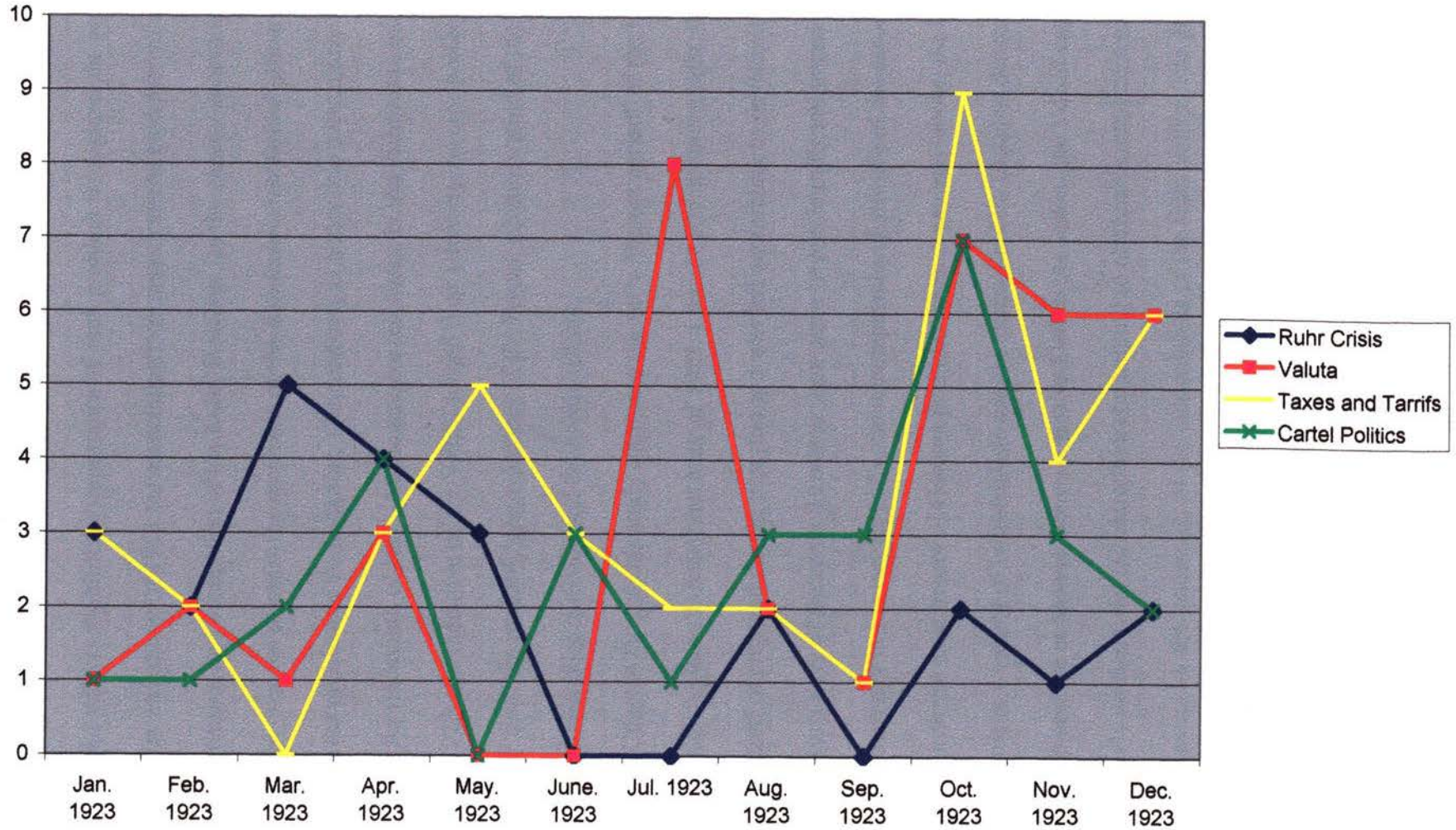
The records of the *Verein deutscher Eisen und Stahl Industrieller* both reflect the crises faced by Germany and the role played by the association throughout this critical year. This study relies heavily on the circular memorandum (*Rundschreiben*) of the

VdESI for the year 1923.<sup>52</sup> During this period the *Rundschreiben* were used as the primary method of conveying information from the association executive to individual members. Correspondence was generally addressed to the executive representative of each group and branch of the association, who were then instructed to circulate important documents amongst their members. As *figure 1* demonstrates, the major themes addressed in these formal and often blustery memoranda reflected the course of the crises that plagued Germany throughout 1923. For the purposes of this essay, the issues addressed in these communications have been grouped into four major categories. The first category corresponds to the number of *Rundschreiben* that directly refer to the occupation of the Ruhr, its effects on Germany and the measures taken to oppose the French and Belgian authorities. The second category, Valuta, refers to the issues of the value of the mark, the effects of the inflation on the German economy and the attempt to first bolster, then reform, the currency of the Reich. The twin issues of taxes and tariffs have been grouped together while the problem of the regulation of cartels and other industrial organizations fall under the category of Cartel Politics. All of these issues were closely related aspects of the broader crisis that gripped Weimar Germany in 1923.

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<sup>51</sup> Feldman, *The Great Disorder*, 5.

<sup>52</sup> *Bundesarchiv Berlin, Aussenstelle Dahlwitz-Hoppegarten (hereafter BAB-DH) Wirtschaftsgruppe Eisenschaffende Industrie, Wirtschaftspolitische Unterrichtung der Mitglieder: Sammlung vom Rundschreiben und Drucksachen zur Unterrichtung der Hauptvorstandsmitglieder über die Tätigkeit des Vereins sowie über allgemeine und spezielle Fragen der in-und ausländischen Eisen und Stahlwirtschaft.* R 13 I/201, Bd. 19, Heft 1., 1923 and R 13 I/202, Bd. 19, Heft 2., 1923-1924.

(Figure 1) Occurrence of Major Themes in VdESI *Rundschreiben*, 1923

*Figure 1* demonstrates the frequency with which the VdESI addressed these four issues and reflects the shifting importance of each problem throughout the year. During the winter and spring of 1923 the association's communications paid particular attention to the invasion and occupation of the Ruhr. However, as the general economic crisis deepened over the summer the emphasis of the *Rundschreiben* shifted primarily to address the problem of the inflation. This tendency is noticeable particularly in the records for the month of July. As the passive resistance in the Ruhr came to an end in the fall of 1923, the executive of the VdESI turned their attention towards protecting their industry from the probable consequences of the French administration of the Ruhr valley and the impending currency and economic reform.

Chapter Two of this study addresses the early "heroic period" of the Ruhr occupation between January and May of 1923. Like the Reich government, the VdESI found itself unprepared for the invasion and was left scrambling to develop a response in the opening days of the crisis. However, as a wave of public indignation and protest swept Germany in January of 1923, the uncompromising attitude of the association moved into the mainstream of German politics. When organized labour, the Reich government, a variety of industrialists and the general public began to denounce both the invasion and the economic demands that had led to the action, the VdESI capitalized on this newly unified front (*Einheitsfront*) by helping to establish a national resistance campaign under the leadership of the industrialists of the Ruhr valley. The general boycott and resistance campaign that developed out of these actions made enormous demands of both industry and the government while it also depended on the support of a wide variety of interest groups and institutions. The VdESI and a number of other bodies

thus moved from the role of an interest group to active participants in the organization of the passive resistance.

The movement towards corporatist governance during the early months of the Ruhr struggle allowed Germany to resist French and Belgian demands throughout the winter and spring of 1923. However, this policy offered few opportunities to resolve the crisis and the Germans and their opponents remained diplomatically deadlocked.<sup>53</sup> Worse, the occupation itself grew increasingly violent and repressive while support for radical groups within the Reich grew and the hydra of inflation plagued every level of German economic and social life.<sup>54</sup> Chapter Three examines the deterioration of the passive resistance campaign and the shifting priorities of the association during the summer months of 1923. During this period, the *Einheitsfront* quickly began to collapse under these trying conditions. Merchants and certain members of the civil service soon found it impossible to avoid a relationship with the occupying authorities and the Reich government itself was unable or unwilling to meet the increasingly exorbitant demands of industrial leaders. At the same time, the provisional truce between labour and industry that had permitted the administration of the passive resistance collapsed. Trade unionists who saw their suspicions about the duplicity of industrialists confirmed turned to more and more radical positions and organizations.

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<sup>53</sup> For a discussion of the diplomatic activity surrounding the Ruhr crisis see Klaus Schwabe, ed., *Die Ruhrkrise 1923: Wendepunkt der Internationalen Beziehungen nach dem Ersten Weltkrieg* (Paderborn: Ferdinand Schöningh, 1985), Elspeth O'Riordan, *Britain and the Ruhr Crisis* (New York: Palgrave, St. Martin's Press, 2001) and Walter A. McDougall, *France's Rhineland Diplomacy, 1914-1924: The Last Bid for a Balance of Power in Europe* (Princeton, N.J.: Princeton University Press, 1975)

<sup>54</sup> For an overview of events during the Ruhr crisis beyond the scope of this work see Gerald D. Feldman, *The Great Disorder: Politics, Economics, and Society in the German Inflation, 1914-1924* (New York: Oxford University Press, 1993), Alfred E. Cornebise, *The Weimar in Crisis: Cuno's Germany and the Ruhr Occupation* (Washington: University Press of America, 1977) and the seminal work, Paul Wentzke, *Ruhrkampf: Einbruch und Abwehr im rheinisch-westfälischen Industriegebiet* 2 Vols. (Berlin: Reimar Hobbing Verlag, 1930).

The collapse of the *Einheitsfront* did not exclude the iron and steel industry itself. As the authority of the occupying powers increased, and as the consequences of the passive resistance campaign became apparent, industrialists abandoned the hard line taken by the VdESI executive. The association was unable to combat the deterioration of discipline within its own ranks and the association became largely irrelevant in the crisis by the end of the summer of 1923. A number of industrialists ignored the association entirely and began their own negotiations with the French while the VdESI executive was left struggling even to determine the actions of its members. The combined effect of the collapse of the *Einheitsfront* and of the authority of the VdESI over its own members crippled the organization as an interest group.

The final chapter of this study addresses the end of passive resistance and the consequences of the collapse of the *Einheitsfront* and industrial unity. By the fall of 1923 the new chancellor, Gustav Stresemann, successfully reasserted the authority of the Reich government, eventually abandoning the passive resistance campaign itself. Responsibility for the negotiation of an economic relationship with France devolved to an *ad hoc* committee of industrialists who were, like the German Versailles delegation, forced to accept unfavorable terms. A number of firms abandoned any pretense of industrial organization or co-operation and cultivated individual relationships with the occupying powers. The VdESI itself withdrew from the debate over the fate of the Ruhr to concentrate on other pressing issues, such as the extension of the working day, over which they still retained some authority.

The role played by the *Verein deutscher Eisen und Stahl Industrieller* in the post-war debate over reparations and the distribution of production therefore undermines Maier's conception of corporatist "bargaining" and the role of interest groups in

Germany. The VdESI was able to function as an effective interest group to the extent that it was able to prevent a comprehensive settlement of the post-war crisis in the Ruhr-Lorraine industrial system. The association's ability to help create and maintain the passive resistance campaign in the first half of 1923 is a strong indication of the organizational ability and efficacy of the VdESI as an interest group representative. However, the successes of industry and the VdESI in particular were provisional, reactive and dependent on a variety of other factors and actors. The VdESI was able to meet the immediate demands of resistance, but was not able to move beyond a reactive strategy as the invasion developed into an occupation. As Germany was beset by a variety of crises, its position became untenable and the ability of the VdESI to function as an effective tool of the state collapsed. Responsibility for negotiations on behalf of the iron and steel industry thereafter fell either to individuals or to an *ad hoc* committee of industrialists dominated by mining interests.

This would suggest that the effective catalyst for action and change in the early Weimar republic was the short term management of a series of crises faced by the post-war German state through the integration of immediately effective organizations into the structure of the Reich government rather than the engagement of interest groups in negotiations over the re-organization of social and economic relationships in the wake of significant upheavals. Like General Koeth, the institutions and organizations of the early republic found themselves struggling to "muddle through" the crisis with whatever tools came to hand. As the representative of an important and powerful interest group, the VdESI was sometimes able to perform this function admirably. However, as the crisis progressed and deepened, the utility of the association declined and Reichert and the VdESI executive found themselves abandoned not only by their partners in passive

resistance, but also by the members of their own organization. As a result, the exaggerated hopes of Reichert and the VdESI were dashed and responsibility for representing iron and steel industrialists in the Ruhr struggle passed out of its hands.

## Chapter One:

### The War After The War

Following the conclusion of the First World War, industrialists on both sides of the Rhine quickly realized that the disposition of industrial production in western Europe would involve them intimately in a further “economic war.” This “war after the war” was significantly different for German industrialists in both form and function to that of the war and revolution. From 1914-1918 the focal point of the crisis faced by Germany was the war itself. Territorial expansion and military victories were the direct objects of contention while industrial production represented one of the most important tools in pursuing this goal rather than an end in itself. Success was largely made possible by industrial production, but was measured in movements at the front. During the revolution, the *Verein deutscher Eisen und Stahl Industrieller* and other industrial associations joined the government in the pursuit of the maintenance of some level of order, the return of the army and the preservation of the integrity of the Reich through their efforts to diffuse the revolution by increasing employment. In this situation the organizational abilities of industrial associations made them an extremely useful tool in the administration of the German economy in times of crisis. At the same time, the convergence of the interests of industrialists, trade unionists and the provisional government in the desire to preserve or restore order in Germany facilitated a new level of corporatist involvement in the governance of the Reich. However, in the post-war period the disposition and methods of production in the iron and steel industry of the Ruhr and Lorraine itself became the object of contention.

As the German government sought an armistice agreement in the fall of 1918 President Wilson in particular made it clear that a future peace agreement must be based on an international settlement that would remove the causes of European conflicts and fundamentally re-organize the relationship between states from above. Despite significant changes to the terms of Wilson's program, the Treaty of Versailles reflected this desire to alter European relationships through a larger political settlement. This resulted in, among other things, the return of Alsace and Lorraine to France, the opening up of limited tariff-free imports into Germany and the obligation of the Reich to provide coal stocks to France. However, the imposition of a political re-organization of Europe created a number of significant new conflicts that bedeviled the relationship between France and Germany.

Despite the fact that Alsace and Lorraine were culturally tied to France, Lorraine in particular was entangled in the German industrial economy. The mineral rich Lorraine Basin ceded to France contained an estimated 5.1 billion tons of ore which comprised 42% of all workable ores in Europe.<sup>55</sup> The Ruhr basin, on the other hand, contained over 313 billion tons of coal. Of this, approximately 106.783 billion tons was suitable for coking and represented 85% of western European hard coal deposits.<sup>56</sup> Moreover, ore from Lorraine tended to "go to coal" so that manufacturers were able to take advantage of both the by-products of production and the latent heat of molten metal. As a result, the Ruhr valley benefited disproportionately from the Ruhr-Lorraine industrial system. At the same time, vertical integration of German firms tended to make the productive plants of Lorraine vassals of the iron masters of the Ruhr. By 1913, the De Wendel Steel Company was the

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<sup>55</sup> Guy Greer, The Ruhr-Lorraine Industrial Problem: A Study of the Economic Interdependence of the Two Regions and their Relation to the Reparation Question (New York: The Macmillan Company, 1925) 24-25.

only firm producing steel in Lorraine that was not wholly owned by German industrialists.<sup>57</sup>

The annexation of Lorraine offered France the tantalizing opportunity to develop a powerful iron and steel industry. French iron production did in fact increase by approximately one fifth over 1913 production in the years immediately following the war. However, French producers suffered from a coal shortfall of approximately 50 million tons.<sup>58</sup> Conversely, German iron and steel producers were able to significantly reduce their need for French iron ores, particularly through the increased use of the Siemens-Martin process.<sup>59</sup> This process reduced the need for iron ore by incorporating large quantities of scrap. At the same time, the process made the extraction of the large amounts of phosphorous found in French minette exceptionally laborious and increased the desirability of higher quality ores, particularly those of Sweden.<sup>60</sup> Thus, French producers needed German coal more than German producers needed French ore. By 1922 Jakob Reichert was able to advise Foreign Minister Simons to, "let the French 'smother' in their new ore."<sup>61</sup>

German industrialists used this "natural" dependence of France on German coal as a means of justifying their rejection of a re-organization of the steel industry that would reflect the terms of the Treaty of Versailles. Iron and steel industrialists demanded a return to the pre-war status quo. Industrialists further took the position that a solution to the

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<sup>56</sup> *Ibid.*, 21,22.

<sup>57</sup> *Ibid.*, 302-303.

<sup>58</sup> Charles S. Maier, Recasting Bourgeois Europe: Stabilization in France, Germany, and Italy in the Decade After World War I (Princeton, N.J.: Princeton University Press, 1975) 195.

<sup>59</sup> *Ibid.*, 199.

<sup>60</sup> For a discussion of this process and its consequences see Bradley Stoughton, The Metallurgy of Iron and Steel (New York: McGraw-Hill Book Company, Inc. 1923) 48-70.

<sup>61</sup> Maier, Recasting Bourgeois Europe, 199.

international dispute must be arrived at through private, rather than public, efforts and rejected plans to impose a broad political solution. However, the power and influence of the iron and steel industry was limited in this matter to the ability to confound attempts to establish a working relationship between French and German industry. As the primary representative of this interest group, the *Verein deutscher Eisen und Stahl Industrieller* systematically rejected a series of plans designed to reconcile the facets of the Ruhr-Lorraine industrial system and divide the spoils of production in a more or less equitable fashion. The association furthermore demanded a comprehensive revision of the Treaty of Versailles as the precondition for negotiations with their French counterparts. The VdESI executive thus demonstrated a powerful contempt for the implications of the Treaty of Versailles and stubbornly "dug in" and refused to accommodate the changed post-war conditions. The intransigent position of the VdESI brought this aspect of the economic war to a deadlock and precluded the possibility of a compromise solution in the period leading up to the invasion of the Ruhr valley.

Prior to the war, 69% of Lorraine's supply of coal and coke had come from the Ruhr Valley.<sup>62</sup> However, monthly shipments of coke from the Ruhr to Lorraine dropped from 700, 000 tons in 1913 to 236, 000 tons in 1919. By 1922 shipments of coke had reached 497, 000 tons per month but still lagged significantly behind pre-war imports.<sup>63</sup> The French iron and steel industry was therefore unable to take advantage of the benefits that had accrued to Lorraine under German administration and faced the prospect of a potential fortune in iron and steel lost for want of coal. The necessity of obtaining

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<sup>62</sup> Greer, *The Ruhr-Lorraine Industrial Problem*, 41.

sufficient fuel supplies to develop a strong iron and steel industry led France to draw the question of trade and the process of production into international diplomatic discussions that were better suited to territorial, military and financial questions in the post-war period.

The close connections between the Ruhr and Lorraine were not ignored in the Treaty of Versailles itself, but the French government was unable to massage a workable industrial system out of the treaty. Germany was obliged to deliver 7 million tons of coal annually for ten years in addition to an amount of up to 20 million tons in the first five years of the treaty to compensate for destroyed French mines.<sup>64</sup> France was also entitled to substitute coke for coal at a ratio of 3:4.<sup>65</sup> This coal and coke was to be credited to Germany's reparations account at German domestic pithead prices.<sup>66</sup> However, while this potentially provided 11 million tons of reparations coal per annum, a coal deficit of 28 million tons remained. Worse still, France experienced great difficulty in actually obtaining this promised coal.

France's attempts to secure a stable supply of coke and coal to fuel her potential steel industry was seen by many of her critics as an attempt to substitute economic and productive dominance for the dismemberment or subjugation of the German Reich.<sup>67</sup> However, historians working in the French archives in the 1970's have refuted this characterization of a rapacious France determined to dominate continental Europe. Marc

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<sup>63</sup> *Ibid.*, 161.

<sup>64</sup> "Treaty of Peace between the Allied and Associated Powers and Germany" in H.W.V. Temperley, ed., *A History of the Peace Conference of Paris, Vol. III, Chronology, Notes and Documents* (New York: Oxford University Press, 1920, 1969) Part 8, Annex V Art. 2. Pp. 229-230.

<sup>65</sup> *Ibid.*, Part 8, Annex V, Art. 7. in Temperley, ed. 230.

<sup>66</sup> *Ibid.*, Part 8, Annex V Art. 6. in Temperley, ed. 230.

<sup>67</sup> Francesco Nitti, *The Decadence of Europe: The Paths of Reconstruction* F. Britain, trans., (Toronto: Ryerson Press, 1923) 104.

Trachtenburg in particular argues that, while the terms of the Treaty of Versailles itself might indicate that France intended to pursue an aggressive policy of wresting part of the iron and steel industry from Germany, French policy was generally moderate and geared towards an equitable settlement in the post-war period.<sup>68</sup> However, from the perspective of the German iron and steel industry, the notion of a moderate or equitable settlement with France in an exchange of coal for ore was inherently misleading. German industrialists considered themselves to be the masters of the Ruhr-Lorraine industrial system and were unwilling to entertain the notion that dividing the resources of the area between the two nations was either legitimate or equitable. German iron masters feared that the growth of a substantial French iron and steel industry would result in an unacceptable level of industrial competition in western Europe and likely constrain the expansion of German industry through the consumption of the raw materials and fuel needed in Germany. Such a reallocation was unconscionable to German industrialists. Moreover, the ability of the German iron and steel industry partially to free itself from dependence on French minette indicated that German industry occupied a strong bargaining position in the debate over the distribution of ore and fuel.

Hugo Stinnes in particular believed that the outcome of the war would not significantly affect the German iron and steel industry as the French lack of fuel would lead the nation's industries to rely on Germany to a greater extent than before the war.<sup>69</sup> This conclusion was predicated on the assumption that the realities of industrial production and economics demanded that French industry remain dependent on Germany.

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<sup>68</sup> Marc Trachtenburg, Reparation in World Politics: France and European Economic Diplomacy, 1916-1923 (New York: Columbia University Press, 1980) 166-170.

Stinnes, and German iron and steel industrialists in general, therefore sought to prevent the imposition of an international political agreement that might place notions of an equitable distribution of resources between nations above the current economic situation. German industrialists attacked plans to arrange for such a redistribution and poisoned negotiations between the former belligerents. Industrialists furthermore emasculated the international mechanisms designed to facilitate the transfer of resources and instead sought to substitute private trade at public expense.

In the summer of 1919 the “Commission of the Organization of the Reparation Commission” met with German representatives and signed the Versailles Coal Protocol.<sup>70</sup> This agreement committed Germany to deliver 1.6 million tons of coal each month until the Treaty was to take effect in April 1920. This coal was then to be credited to the deliveries scheduled to be made after April 30, 1920.<sup>71</sup> The hopes France placed in this protocol were soon disappointed. As a general coal crisis gripped Europe in the winter of 1919-1920 deliveries to France declined and by January 1920 monthly deliveries from Germany to France fell short by over one million tons.<sup>72</sup> The crisis was exacerbated by the French decision to occupy Darmstadt, Hanau, Homberg, Frankfurt and Duisburg on April 6 in response to the Ruhr uprising and German troop movements into the demilitarized

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<sup>69</sup> Gerald D. Feldman, The Great Disorder: Politics, Economics, and Society in the German Inflation, 1914-1924 (New York: Oxford University Press, 1993) 93.

<sup>70</sup> Bruce Kent, The Spoils of War: The Politics, Economics, and Diplomacy of Reparations, 1918-1932 (Oxford: Clarendon Press, 1989) 83.

<sup>71</sup> Carl Bergmann, The History of Reparations (New York: Houghton Mifflin Company, 1927) 26.

<sup>72</sup> McDougall, France's Rhineland Diplomacy, 106. and Kent, 90.

region.<sup>73</sup> The British government responded by suspending coal exports to France until French troops retired in mid-May to zones of occupation prescribed by the Treaty.<sup>74</sup> Following the Reparations Commission's demand for further coal shipments to Poland on May 29 the German government declared that deliveries to France would be reduced by 10 000 tons per day.<sup>75</sup> France now found itself facing a serious fuel shortage and receiving only 59% of the coal and coke guaranteed in the Treaty of Versailles.<sup>76</sup> As a result, German reparations deliveries were declared to be in default on June 30 by the Reparations Commission.<sup>77</sup>

On July 5, 1920 the former Allies and the German government met at Spa to discuss a final settlement of a reparations sum but focused on the current coal crisis for much of the conference. The Spa conference potentially offered an opportunity for both Germany and the Allied powers to discuss and reform delivery schedules that were obviously failing. However, the Reparations Commission's declaration of German default five days before the opening of the conference meant that the German delegation would be forced to overcome considerable animosity from France in particular. Despite this, industrialists who had been included in the German delegation quickly poisoned the negotiations and Hugo Stinnes made a particularly poor impression on the victorious powers.

Stinnes, who was permitted to speak as a representative of German industry, unwisely began his address to the conference by informing the delegates that he was only

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<sup>73</sup> Imperial War Museum, The Occupation of the Rhineland: 1918-1929 (London: Her Majesty's Stationary Office, 1987) 206.

<sup>74</sup> Kent, The Spoils of War, 93 and McDougall, France's Rhineland Diplomacy, 111.

<sup>75</sup> Bergmann, The History of Reparations, 30.

<sup>76</sup> Trachtenberg, Reparation in World Politics, 148.

<sup>77</sup> Kent, The Spoils of War, 104.

“standing up to deliver my speech so that I can look my enemies in the eye.”<sup>78</sup> He followed this speech during the coal negotiations with the accusation that a member of the British delegation was “sick beyond belief with the disease of victory.”<sup>79</sup> Stinnes’ performance left Lloyd George with the impression that he had finally, “met a real Hun” while the British Cabinet secretary Maurice Hankey was convinced that the representative of German industry was a “most sinister figure.”<sup>80</sup> Moreover, Hankey at least believed that Stinnes dominated the German delegation and represented political, as well as economic, circles.<sup>81</sup>

As a result, the meeting became extremely strained and tensions spilled beyond the conference to the square where a German journalist was struck by a policeman.<sup>82</sup> The accord that resulted was extremely dissatisfactory to German industrialists. However, diplomatic considerations argued against the rejection of the Spa protocol and the Fehrenbach cabinet decided to accept the Allied offer despite the objections of the industrialists in the delegation. The result of this conference was a coal accord that set German delivery responsibilities at two million tons per month. In return Germany would receive a 5 Mark premium per ton and a loan amounting to the difference between the world market price and German pithead price minus the premium.<sup>83</sup> Even this modest

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<sup>78</sup> Edmund H. Stinnes, A Genius in Chaotic Times: A Conversation Between E. Stinnes and Andreas Kohlschütter of Die Zeit (Bern: OFDAG, CH-3172 Niederwangen, 1979) 29.

<sup>79</sup> Kent, The Spoils of War, 105.

<sup>80</sup> Feldman, The Great Disorder, 314. and Maurice Hankey, “To Lady Hankey. Hotel Britannique, Spa. 13th July 1920” in Stephen Roskill, ed., Hankey: Man of Secrets, Vol. II, 1919-1931 (London: William Collins Sons & Co. Ltd., 1972) 178.

<sup>81</sup> Hankey in Roskill, Hankey, 178.

<sup>82</sup> Bergmann, The History of Reparations, 41.

<sup>83</sup> Ibid., 151.

demand was not met and by the end of January 1921 France had only received 1 825 000 tons of coal per month.<sup>84</sup>

French officials had in fact come to realize by 1920 that the German iron and steel industry could survive without minette from Lorraine while their French counterparts remained dependent on German fuel. This led a number of French industrialists and officials to entertain the notion that an economic agreement could be arrived at through direct negotiations between the French and German governments. In order to explore the possibility of a government mediated agreement that would allow both nations to benefit from the mineral deposits of the region, the French Minister of the Devastated Regions, Louis Loucheur, met with the German Reconstruction Minister, Walther Rathenau, at Wiesbaden in June 1921.<sup>85</sup> This led to the settlement of a series of agreements in October that were intended to draw private firms into a system of reparations payments.<sup>86</sup> The Wiesbaden accords attempted to establish an arrangement for the delivery of reparations in kind through a mixture of public and private organizations. In this sense Rathenau and Loucheur seemed to hope to solve the reparations dilemma through the use of agencies that resembled the mechanisms used to meet German wartime needs by commissioning private organizations to work under public supervision. Under the accords France would establish a private agency to collect orders for German goods from the semi-official French organizations overseeing reconstruction, the *sinistres* cantonal commissions. A complementary German agency would then distribute these orders amongst German firms and arrange for the Reich to cover the cost of purchases. The accords allowed an amount

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<sup>84</sup> Kent, *The Spoils of War*, 116.

<sup>85</sup> Carls, *Louis Loucheur and the Shaping of Modern France*, 230.

of up to 7 billion gold marks over five years to be credited to the German reparations account in return.<sup>87</sup> This would effectively draw the industries of both nations into co-operation under the auspices of their governments in order to facilitate reparations payments.

Unlike Germany in 1914, the industries of both Germany and France were unwilling to enter into such a relationship. French industrialists were disinclined to order manufactured goods from Germany and were appalled at the prospect of German firms profiting from the reconstruction of the devastated areas, despite the fact that Rathenau had failed to secure guarantees that Germany would participate extensively in the reconstruction<sup>88</sup>. German industrialists were unwilling to turn over the coal and coke that the French preferred and receive paper marks of questionable value in return.<sup>89</sup> Outraged that some industrialists had participated in the Wiesbaden negotiations, Stinnes attacked Emil Guggenheimer of the M.A.N. in a letter on October 19 for his role in the accords. Reichert likewise sharply criticized Rathenau and dismissed the agreement as unworkable.<sup>90</sup> Under increasing pressure from German industrialists, Rathenau declined to accept the position of Reconstruction Minister in the cabinet Wirth was assembling to replace that which had resigned on October 22 following the League of Nations decision to cede the coal basin in Upper Silesia to Poland.<sup>91</sup>

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<sup>86</sup> David Felix, Walther Rathenau and the Weimar Republic: The Politics of Reparations (Baltimore: The John Hopkins Press, 1971) 75-77.

<sup>87</sup> Carls, Louis Loucheur and the Shaping of Modern France, 231.

<sup>88</sup> Kessler, Walther Rathenau, 307. and Felix Walther Rathenau and the Weimar Republic, 77.

<sup>89</sup> Kessler, Walther Rathenau, 307.

<sup>90</sup> Feldman, The Great Disorder, 357.

<sup>91</sup> Ibid., 366-7.

The private agencies intended to administer reparations deliveries under the Wiesbaden accords were never formed.<sup>92</sup> However, some measure of the accords intent was preserved in the Cuntze-Belemans agreement of June 2, 1922. This agreement allowed for a partial cash payment to German firms but was largely concerned with light products or materials. The Gillet-Ruppel agreement of June 9 extended this agreement to other deliveries in kind.<sup>93</sup> Hugo Stinnes had likewise met with the president of the *Confédération générale des Cooperatives de Reconstruction des Régions*, the Marquis de Lubersac, in August of 1922.<sup>94</sup> The resulting Stinnes-Lubersac agreement was surprisingly similar to the Wiesbaden agreement reviled by Stinnes in 1921. However, this agreement removed the government from all but the final stage of payment and provided a handsome commission of 6% of reparations deliveries to Stinnes himself.<sup>95</sup>

These private agreements effectively turned that of Rathenau and Loucheur on its head. The Wiesbaden accords were intended to yoke private production to reparations payments and the reconstruction of France's devastated regions while still more or less compensating industrialists for their participation. The Belemans, Gillet and Lubersac agreements, on the other hand, burdened the Reich with the payment of normal business transactions. The effect on reparations and the finances of the Reich was much the same. However, the latter agreements allowed industry to take advantage of, rather than to assist in, reparations payments. German industrialists thus subverted attempts to arrive at an international political settlement regulating the relationship between French and German

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<sup>92</sup> Carls, *Louis Loucheur and the Shaping of Modern France*, 234.

<sup>93</sup> Bergmann, *The History of Modern France*, 94.

<sup>94</sup> John Francis Flynn, *The 1923 Ruhr Crisis as a Two-Front War: Intra-German and German-French Confrontations* (Ph.D. dissertation, Ohio State University, 1977) 15.

<sup>95</sup> Gerald D. Feldman, *Iron and Steel in the German Inflation, 1916-1923* (Princeton, N.J.: Princeton University Press, 1977) 329.

industry. Hugo Stinnes in particular attacked diplomatic attempts to negotiate a settlement and attempted to secure trade mechanisms that were private, rather than public, in nature. However, the influence of individual industrialists remained overwhelmingly negative. German industrialists in general were able to resist attempts to arrive at an international settlement of the Ruhr-Lorraine industrial crisis, but as individuals or a loosely defined lobby group industrialists were not able to present a solution to what was essentially a structural problem. This role fell to the organized representatives of German industry, particularly the *Verein deutscher Eisen und Stahl Industrieller*.

As an organization designed to harmonize the public position of the industry that lay at the heart of the dispute, the VdESI possessed the potential to represent the iron and steel industry as a whole. More importantly, the influence and regulative mechanisms that had enabled the organization to draw iron and steel industrialists into the organized war effort and Stinnes-Legien agreement raised the prospect of a potential private, businesslike, solution to the conflict between France and Germany which would affect the iron and steel industry as an organized group. The industrial organization's function as a complementary method of governance affecting the private realm of business and industry thus offered an alternative to the failed attempts to impose an international diplomatic solution to the crisis facing the iron and steel industry of western Europe. Unfortunately, the VdESI also proved unable to present a plausible solution to the conflict.

In December of 1922 Jakob Reichert presented a report to the executive of the association which outlined the international dispute over the iron and steel industry and the

position taken by the VdESI towards a variety of proposals for a solution.<sup>96</sup> Not surprisingly, this report favored German predominance in iron and steel production in the Ruhr-Lorraine region. However, Reichert and the VdESI executive refused to consider the international political conflict over the future disposition of the iron and steel industry. Rather, the report of 1922 proceeded from the assumption that the business conditions of the years following the war and the natural distribution of mineral resources supported German industrialist's aspirations once more to dominate the iron and steel production of the region.<sup>97</sup> This assumption formed the basis of the association's analysis of various plans to resolve the crisis and led the VdESI to reject a close trade relationship with its French counterparts, the establishment of an integrated international iron and steel industry or the establishment of an international cartel. The VdESI thus rejected potential private solutions to the international conflict over production as a result of the fear that an agreement with French industry, rather than its capitulation, would unconscionably constrain German iron and steel producers.

Immediately following the conclusion of the armistice, industrialists and economists on both sides of the Rhine were suspicious of the consequences of a potential change of ownership of the iron and steel plants of Lorraine. In order to minimize the potential effects of the cessation of Lorraine to France, industrialists from both Germany and France sought a provisional trade agreement in late 1918. This resulted in the

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<sup>96</sup> *Bundesarchiv Berlin, Aussenstelle Dahlwitz-Hoppegarten (herafter BAB-DH) Wirtschaftsgruppe Eisenschaffend Industrie, Förderung internationaler Wirtschaftsbeziehungen: Industrielle Verständigung mit Frankreich; Unterstützung der deutsch-französischen Wirtschaftsorganisationen, 1922-1931, R 13 I/255 Bd. 1, pgs. 227-265., Verständigungsmöglichkeiten zwischen der deutschen und der französischen Eisenindustrie*" December 1922.

<sup>97</sup> *Ibid.*, 227-242.

Luxembourg agreement of December of the same year which guaranteed an exchange of coal and coke for iron between French and German firms. However, in the chaos of the Allied advance into the Rhineland and the continuance of the blockade against Germany the exchange provided for in this agreement never took place.<sup>98</sup>

As the German iron and steel industry began to recover after the war while that of France struggled with fuel and coke shortages, it became apparent that the annexation of the minette deposits of Lorraine would not force German industry into an equitable exchange of resources. French officials had in fact realized by 1920 that German industry could survive without French minette while French industry remained dependent on German fuel.<sup>99</sup> More importantly, this fact was also recognized by the German iron and steel industry. Jakob Reichert's report to the executive of the VdESI in December 1922 emphasized the concerns expressed by senator Gaston Japy in the "*asnée industrielle*" in October of the same year.<sup>100</sup> Japy feared, perhaps too late, that Germany would continue to build Siemens-Martin forges in order to accommodate Swedish or even Canadian ore. The senator recognized that this would obviate the need to order ore or pig iron directly from Lorraine and effectively preclude a complementary relationship between the French and German iron and steel industry. Japy hoped that a general agreement could be reached that would allow both France and Germany to exploit successfully the resources of the Ruhr-Lorraine region.<sup>101</sup>

Reichert and the VdESI did in fact express interest in an economic *détente* that would allow German industry to exploit minette deposits in Lorraine once again and

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<sup>98</sup> Feldman, *Iron and Steel in the German Inflation*, 92.

<sup>99</sup> Maier, *Recasting Bourgeois Europe*, 199.

minimize the conflicts between the two nations.<sup>102</sup> However, Japy's plan offered very little to the German iron and steel industry beyond the expediency of lower transportation costs. The VdESI also feared that an equitable distribution of iron production simply meant the development of French industry at the expense of German industrialists.<sup>103</sup> Given the ability of the German iron and steel industry to obtain ore elsewhere, the VdESI regarded the simple exchange of fuel for iron as an unacceptable solution to the conflict between the German and French iron and steel industries.

In order to overcome the conflicts between the powerful German iron and steel industry and its weaker French counterpart the French iron industrialist and financier Jules Bernard proposed that the process of production be fundamentally changed in order to reflect the geographical realities of post-Versailles Europe.<sup>104</sup> Bernard proposed that the French iron and steel industry take on the responsibility of producing basic and partially machined iron while their German counterparts would rework this material into salable products. This was an extremely complicated proposal that depended both on a secure supply of coal and coke for France and iron products for Germany. In order to establish mutually dependent national industries Bernard demanded that German firms cease construction of new foundries. However, as compensation for the reduction of their role in iron production, Bernhard was willing to offer German industrialists capital participation

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<sup>100</sup> "Die Vorschlag des Senators Gaston Japy" in *Verständigungsmöglichkeiten zwischen der deutschen und der französischen Eisenindustrie*. BAB-DH, R 13 I/255 Bd. 1, Pt. 3c. pg 245.

<sup>101</sup> *Ibid.*, 246.

<sup>102</sup> "Die Stellung der deutschen Eisenindustrie zu den Verständigung Vorschlägen" in *Verständigungsmöglichkeiten zwischen der deutschen und der französischen Eisenindustrie*, BAB-DH, R 13 I/255. Bd. 1., Pt. 3g. pg 250.

<sup>103</sup> *Ibid.*

<sup>104</sup> "Der Vorschlag von Jules Bernard" in *Verständigungsmöglichkeiten zwischen der deutschen und der französischen Eisenindustrie*, BAB-DH, R 13 I/255, Bd. 1. Pt. 3e. pg. 247.

in the proposed Lothringian works of up to 25%.<sup>105</sup> This proposal would create a system of international dependency and remove the incentive for each nation to withhold resources from the other.

This suggestion that the distinction between German and French industry be removed by mingling industrial capital was carried further by the eccentric chemical industrialist, sculptor, critic and economist, Arnold Rechberg.<sup>106</sup> In 1917 Rechberg, a confidant of Matthias Erzberger, became convinced that Germany would not be able to win the war and impose a heavy reparations burden on the Entente.<sup>107</sup> As a result, Rechberg began to advocate the participation of English, and possibly French, firms in German industry as a method of integrating the former belligerents into a single economic block that would both minimize the potential for future conflicts and enable the western, capitalist, European powers to prevent the spread of Russian bolshevism.<sup>108</sup> Following the Treaty of Versailles Rechberg argued that reparations debts could be covered by a similar integration. He argued that the reparations burden could be partially met by issuing shares accounting for 30% of the working capital of German heavy industry to the French and English governments which could then be sold to their respective industries.<sup>109</sup> Rechberg believed that this investment in German industry would encourage the French and English

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<sup>105</sup> *Ibid.*, 248.

<sup>106</sup> Eric Sutton, ed. and trans., *Gustav Stresemann: His Diaries, Letters, and Papers* (London: Macmillan and Co., Limited, 1935) 92. (notes)

<sup>107</sup> Eberhard von Vietsch, *Arnold Rechberg und das Problem der politischen West-Orientierung Deutschlands nach dem 1 Weltkrieg* (Koblenz, 1958) 42.

<sup>108</sup> *Ibid.*, 43.

<sup>109</sup> "Die Vorschlag von Arnold Rechberg" in *Verständigungsmöglichkeiten zwischen der deutschen und der französischen Eisenindustrie*, BAB-DH, R 13 I/255, Bd. 1. Pt. 3f. 248.

governments to lighten the German reparations burden and ensure access to French minette.<sup>110</sup>

The sale of shares to foreign investors was not unknown in post-war Germany. Firms already burdened by the costs of re-tooling for peacetime production had sold large numbers of shares abroad, particularly in the Netherlands, in order to raise operating capital.<sup>111</sup> The danger of foreign influence was generally averted by either issuing shares with limited voting rights or by selling special shares with multiple voting rights at low cost to German interests.<sup>112</sup> Both Rechberg and Bernard argued that the difficulties of international industrial co-operation could be circumvented by creating a mixed, international, system of production and ownership while Rechberg concurrently presented this proposal as a means of partially settling reparations debts. Rechberg enjoyed a measure of popularity in France and had engaged in semi-private negotiations with the Entente powers in December of 1918.<sup>113</sup> His idea of using industrial capital shares to cover reparations debts and re-integrate the Ruhr-Lorraine industrial system was later taken up by Poincaré and Louis Loucheur, particularly in the French reparations proposal of December 18, 1921.<sup>114</sup>

German heavy industrialists, on the other hand, generally rejected this proposal as an attack on German industry.<sup>115</sup> The executive of the VdESI likewise expressed concern that Rechberg's plan would lead to the "foreignization" of German industry, particularly

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<sup>110</sup> *Ibid.*, 249.

<sup>111</sup> Feldman, *The Great Disorder*, 258.

<sup>112</sup> *Ibid.*, 278-279.

<sup>113</sup> von Vietsch, *Arnold Rechberg und das Problem der politischen West-Orientierung Deutschlands nach dem 1. Weltkrieg*, 51.

<sup>114</sup> Maier, *Recasting Bourgeois Europe*, 277.

<sup>115</sup> von Vietsch, *Arnold Rechberg und das Problem der politischen West-Orientierung Deutschlands nach dem 1. Weltkrieg*, 46-47.

by France, and feared that it “would open the floodgates to industrial espionage.”<sup>116</sup> The executive further feared that a formal integration of production would also effectively constrain potential German industrial expansion. As a result, the association executive unanimously voted to reject Rechberg’s plan in May 1921.<sup>117</sup> The VdESI further condemned the suggestion that private property, particularly that of industry, be used to settle reparations debts.<sup>118</sup> This unwillingness to further employ private capital effectively precluded the possibility of restructuring the ownership of the heavy industry of the Ruhr or the processes of production to account for the conditions of post-war Europe. At the same time, the VdESI rejected the involvement of industrial umbrella associations in regulating an industry that had demonstrated its inability to come to terms with the changed conditions in the early 1920’s.

In some ways the conflict between French and German industrialists over the distribution of the resources of the Ruhr-Lorraine region resembled the difficulties that had led to the formation of industrial cartels in the nineteenth century.<sup>119</sup> Intense competition and the desire to push other firms out of a limited market were leading industrialists into destructive policies and preventing the industries of both nations from fully exploiting their shared resources. With this in mind Louis Loucheur and a

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<sup>116</sup> (...der Handespionage würden Tür und Tor geöffnet.) , “Die Stellung der deutschen Eisenindustrie zu den Verstärkungsvorschlägen” in *Verständigungsmöglichkeiten zwischen der deutschen und der französischen Eisenindustrie*, BAB-DH, R 13 I/255, Bd. 1.Pt. 3g. pg. 250.

<sup>117</sup> *Ibid.*, 249.

<sup>118</sup> *Ibid.*, 250.

<sup>119</sup> For a discussion of the conditions and policies that led to organization in German industry see Robert Liefmann, *Cartels, Concerns and Trusts* (London: Methuen & Co., 1932), Wolfram Fischer, ed., *The Economic Development of Germany Since 1870, Volume 1* (Cheltenham, UK: Edward Elgar Publishing Limited, 1997), Rudolph Hilferding, *Finance Capital: A Study of the Last Phase of Capitalist Development* Morris Watnick and Sam Gordon, trans. (London: Routledge & Kegan Paul, 1910, 1981) and Karl Elrich Born, “Structural Changes in German Social and Economic Development at the end of the Nineteenth Century” in James J. Sheehy, ed. *Imperial Germany* (New York: New Viewpoint, 1976) pp. 16-30.

representative of the Schneider-Creusot firm had approached the German Versailles delegation on August 1, 1919 to propose that an international steel cartel be formed in order to arrive at the kind of mutually beneficial compromise that had served German industry so well on the domestic market prior to the war. Although Ernst Schmitt was sufficiently interested to take the proposal to Krupp, the German delegation refused to carry negotiations further.<sup>120</sup>

Despite this failure, the idea of an international iron and steel cartel retained a certain currency in France in particular. Belgium and France engaged in sporadic discussions in the years following the war aimed at the formation of such a cartel but made little progress.<sup>121</sup> However, the issue of the establishment of an international cartel that would include German firms was raised once again by Francis Laur in a letter to Walther Rathenau in August 1921.<sup>122</sup> Laur hoped to integrate French and German firms through a cartel or syndicate that would enable both nations to exploit the mineral deposits of the disputed region while partially maintaining their independence.<sup>123</sup> However, the cartel Laur proposed was distinctly disadvantageous for Germany. In order to take into consideration the changed productive capacities of France and Germany following the implementation of the Treaty of Versailles, Laur proposed that the productive quotas be identical for both nations and that prices be fixed for at least one year.<sup>124</sup> These conditions led the VdESI to reject Laur's suggestion and to advise Rathenau and the cabinet against pursuing the

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<sup>120</sup> Carls, *Louis Loucheur and the Shaping of Modern France*, 178.

<sup>121</sup> "Die Fragen eines internationalen Eisenkartelle" in *Verständigungsmöglichkeiten zwischen der deutschen und der französischen Eisenindustrie*, BAB-DH, R 13 I/255, Bd. 1. Pt. 3b. 242.

<sup>122</sup> "Der Vorschlag von Francis Laur" in *Verständigungsmöglichkeiten zwischen der deutschen und der französischen Eisenindustrie*, BAB-DH, R 13 I/255, Bd. 1. Pt. 3a., 242.

<sup>123</sup> *Ibid.*

<sup>124</sup> *Ibid.*

matter further.<sup>125</sup> Despite this decision, the German Association of Iron and Steel Industrialists did not reject the idea of an international cartel out of hand. Rather, the VdESI rejected the conditions imposed on German industry by Laur's proposal and expressed its doubts that the French and Belgian iron industry were prepared to come to terms with each other, much less with their former enemy.<sup>126</sup> The association likewise rejected overtures from Francois Delasi to draw the VdESI into a direct relationship with the *Comité des Forges de France*.<sup>127</sup> While Reichert and the executive were interested in a private accommodation with French industry, they feared that the French organization was acting as an instrument of the French government rather than industrialists.<sup>128</sup>

German industrialists and the VdESI thus turned down proposals to regulate the conflict with their French counterparts on several levels. Industrialists refused to support the French iron and steel industry through a simple exchange of goods or by purchasing minette. The executive of the VdESI likewise rejected proposals to integrate the process of industrial production in the two nations through either a division of labour, a financial integration or through a regulative body. The association therefore effectively removed the possibility of co-operation in the exploitation of the resources of the Ruhr-Lorraine region.

The intransigent attitude taken by the VdESI executive in late 1922 was underlined by two remarkable conclusions Reichert drew at the end of his report. Firstly, Reichert asserted that any close co-operative relationship with the French iron and steel industry would result in a "more modest role in the manufacturing of iron which will result

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<sup>125</sup> *Ibid.*

<sup>126</sup> "Die Fragen eines internationalen Eisenkartelle" in *Verständigungsmöglichkeiten zwischen der deutschen und der französischen Eisenindustrie*, BAB-DH, R 13 I/255, Bd. 1. Pt. 3b. 243.

<sup>127</sup> "Der Vorschlag von Francois Delasi" in *Verständigungsmöglichkeiten zwischen der deutschen und der französischen Eisenindustrie*, BAB-DH, R 13 I/255, Bd. 1. Pt. 3d. 246-247.

<sup>128</sup> *Ibid.*

in a dependence on France.”<sup>129</sup> Reichert therefore concluded that the German iron and steel industry should in fact attempt to free itself as far as possible from any dependence on foreigners and to “supply [themselves] with iron” (*...selbst zu versorgen*).<sup>130</sup> This assertion demonstrates the extent of industrialist's opposition to an international settlement more fully than the association's rejection of the proposals noted above. Reichert essentially rejected any possible future settlement with French industry by taking this position. Following the Treaty of Versailles the German iron industry was in fact dependent on foreign ores from a variety of sources. Given the poor German ore reserves and the increasing dependence on Swedish iron, this statement represented an angry rejection of the post-war settlement rather than a plausible goal for the German iron and steel industry.

Strangely, this assertion was followed up by a seemingly contradictory conclusion. Reichert acknowledged that a negotiated settlement with the French might in fact be advantageous. However, he tied the conclusion of an agreement to the adoption of a series of diplomatic demands that reflected the executive's perception of the association as a corporative body positioned to make demands on the political institutions of a variety of nations. The *Verein deutscher Eisen und Stahl Industrieller* demanded:

- (1) the end of obligatory coal shipments to France,
- (2) the end of toll-free imports from France,
- (3) “equal rights in commercial trade and imports”,
- (4) the erection of German protective tariffs,
- (5) the evacuation of the Saar and Rhineland, and
- (6) a revision of the Treaty of Versailles, particularly reparations.<sup>131</sup>

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<sup>129</sup> “Die Stellung der deutschen Eisenindustrie zu den Verständigung Vorschlägen” in *Verständigungsmöglichkeiten zwischen der deutschen und der französischen Eisenindustrie*, BAB-DH, R 13 I/255, Bd. 1. Pt. 3g. 250.

German iron and steel industrialists had attempted to attach specific political demands to trade negotiations in the post-war period. Paul Reusch claimed to have extracted a promise to end the occupation of the Rhineland from Poincaré during trade negotiations in the spring of 1922, but the promise was, unsurprisingly, never fulfilled.<sup>132</sup> Stinnes' attempt to attach the demand to vacate the Rhineland to his agreement with Lubersac in August of the same year likewise came to nothing.<sup>133</sup> In contrast, the VdESI demanded the removal or modification of all of the financial clauses of the Treaty as well as the end of Allied occupation. Reichert and the executive of the association thus rejected the possibility of an understanding between the industries of the two nations under the Treaty of Versailles.

This left French industry and government in an intolerable position. German iron and steel industrialists in general refused to accept a political settlement imposed from above and instead demanded that an agreement be left to private organizations. However, the organization responsible for representing the iron and steel industry considered German dominance of the industry to be natural and refused to accept co-operative solutions. Instead, Reichert and the VdESI hoped to subordinate Lorraine to the Ruhr once more or else to abandon an industrial relationship completely. At the same time, the association demanded that the post-war settlement itself be re-negotiated. These demands left little or no room for a solution that would satisfy either France's stillborn iron and steel industry or government. As a result, neither nation was able take full advantage of

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<sup>130</sup> *Ibid.*

<sup>131</sup> *Ibid.*, 250-251.

<sup>132</sup> "Aktenvermerk ueber die Ansprache des Herrn Kommerzienrat Dr. Reusch in der Sitzung des Hauptvorstandes am 15. Marz 1923 über die Verhandlungen mit der französischen Eisenindustrie im Jahre 1922", March 19, 1923. revised by Reusch March 20, 1923. R 13 I/255 Bd. 1. 191-192.

<sup>133</sup> Flynn, "The 1923 Ruhr Crisis as a Two Front War", 16.

the benefits of the Ruhr-Lorraine region and the prospects for a future settlement looked bleak indeed. Coal remained in Germany, iron in France, and the VdESI showed little inclination to resolve the problem.

## Chapter Two: "Perish or Prevail"

By the beginning of 1923 time had run out for a negotiated settlement of either the Ruhr-Lorraine industrial crisis or the more general concerns associated with the reparations question. On January 9 the Reparation Commission declared that Germany was once more in voluntary default in coal and had likewise failed to make adequate timber deliveries.<sup>134</sup> Poincaré took advantage of this decision and sent five French army divisions, supplemented by one Belgian division, into Essen and surrounding areas of the Ruhr valley.<sup>135</sup> Ostensibly, these troops were deployed to protect a corps of engineers, the *Mission Interalliée de Contrôle des Usines et Mines* (MICUM), sent to secure reparations deliveries for France, Belgium and, nominally, Italy.<sup>136</sup> MICUM was given the authority to demand the co-operation of industrial and commercial enterprises as well as employer and employee organizations in assessing and securing coal and coke stocks in particular.<sup>137</sup> Fuel use and exports were also made subject to the approval of the "*Industriellen*

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<sup>134</sup> Marc Trachtenberg, *Reparation in World Politics: France and European Economic Diplomacy 1916-1923*, (New York: Columbia University Press, 1980) 289.

<sup>135</sup> Imperial War Museum, *The Occupation of the Rhineland: 1918-1929* (London: Her Majesty's Stationary Office, 1987) 248.

<sup>136</sup> Ruth Nancy Lenoir, "The Ruhr and Anglo-French Diplomacy: From the Beginning of the Occupation Until the End of Passive Resistance" (University of Oklahoma, Ph.D. Diss., 1972) 59.

<sup>137</sup> "998. *Die Besetzung des Ruhrgebiets, Teil C. Vollmachung der MICUM (Übersetzung)*" in Herbert Michaelis and Ernst Schraepler, eds. *Ursachen und Folgen Vom deutschen Zusammenbruch 1918 und 1945 bis zur staatlichen Neuordnung Deutschlands in der Gegenwart: Fünfter Band, Die Weimarer Republik, Das Kritische Jahre 1923* (Berlin: Dr. Herbert Wendler & Co. Kommanditgesellschaft, nd.) pp. 20-21. 20.

*Ruhrmission*,” while failure to work with French authorities was made punishable by expulsion from the region or by court-martial.<sup>138</sup>

The invasion of the heavily industrialized Ruhr valley drew German industry directly into the heart of the international crisis. The German government was unprepared, and ultimately unable, either to create or control a national resistance movement to respond to the French and Belgian action. The *Verein deutscher Eisen und Stahl Industrieller* was likewise caught without a plan for opposing an invasion of the Ruhr valley. However, German iron and steel industrialists possessed the organizational abilities, influence and disposition to craft a comprehensive, if makeshift, opposition to the French and Belgians. As popular resentment over the Ruhr invasion grew in the first weeks of 1923, the VdESI's intransigent position towards an industrial relationship with France moved into the mainstream of German politics. By the end of January the association took advantage of the developing *Einheitsfront* to expand the Reich government's call to deny the French the reparations payments they demanded into a general economic boycott against the invading powers. In order to manage the current crisis successfully, the VdESI and a variety of other co-operating interest group organizations began participating in the governing structure of the Reich. A limited "corporatism of opportunity" was thus established in order to meet the immediate needs of the developing passive resistance. This provided the government in Berlin with a weapon with which to oppose the French.

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<sup>138</sup> “998. *Die Besetzung des Ruhrgebiets. Teil A. Note der französische Regierung über den Einmarsch*” in *Ibid.*, pp. 16-18. 18. and “*Vollmachten der MICUM*”, 21.

In the period immediately preceding the French and Belgian invasion the Cuno cabinet displayed a surprisingly naive attitude towards the difficulties of maintaining its authority in the Ruhr in the event of an invasion and occupation. The German government had considered the possibility of an invasion, but vaguely committed itself to emphasizing the illegality of an occupation to the international community while simultaneously preventing coal, in particular, from being transported to France.<sup>139</sup> While these policies generally formed the basis of the passive resistance, the government took no pains to establish the means by which they might be carried out. As late as January 5 the government hoped that German civil servants would remain at their posts, continue to administer the region and oversee opposition to the French and Belgians in an official capacity.<sup>140</sup>

Coal Commissioner Stutz institutionalized this intention immediately following the invasion by declaring that no coal was to be delivered to the invading powers on January 11.<sup>141</sup> On January 16 civil servants were instructed not to assist in coal deliveries and were ordered to obey only German authorities so far as possible on the 19th.<sup>142</sup> These instructions were later followed by a host of ordinances prohibiting collaboration with the French, particularly under the *Notgesetz* of February 24.<sup>143</sup> However, the French declaration of Martial Law and the powers granted to MICUM on January 11 effectively

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<sup>139</sup> Barbara Müller, *Passiver Widerstand im Ruhrkampf: Eine Fallstudie zur gewaltlosen zwischenstaatlichen Konfliktaustragung und ihren Erfolgsbedingungen* Berlin F.U. Diss. (Münster: LIT Verlag, 1995) 212.

<sup>140</sup> *Ibid.*, 97.

<sup>141</sup> Alfred E. Cornebise, *The Weimar in Crisis: Cuno's Germany and the Ruhr Occupation* (Washington, University Press of America, 1977) 99.

<sup>142</sup> Müller, *Passiver Widerstand im Ruhrkampf*, 131.

<sup>143</sup> Cornebise, *The Weimar in Crisis*, 176.

restricted the role of the Reich civil service in the dispute over the Ruhr.<sup>144</sup> In January the occupation authorities began to supplant the German government and assume responsibility for an increasing number of administrative duties in the region.

Demonstrations against the French occupation supported by the government were restricted by the occupation authorities. Civil servants who participated in protests were specifically targeted for expulsion from the region and by the middle of February the French and Belgian troops had disbanded the police forces in most cities in the Ruhr.<sup>145</sup> Thus, the presumed administrative authority of the Berlin government withered under the effective authority of the occupation forces.

As a result, the primary responsibility for an organized resistance to the French fell to semi-official or unofficial institutions such as the VdESI. However, this did not immediately result in an identifiable resistance movement. Despite their intransigent attitude towards the French throughout the period preceding the invasion, the VdESI appeared to be as unprepared to react effectively to an invasion as the Reich government itself. The association did not immediately join the government in calling for the end of reparations deliveries to France and initially did very little to unify the position of the powerful Ruhr iron and steel industry. Rather, the refusal to maintain either reparations payments or commercial ties to France and Belgium that came to characterize the passive resistance emerged from the convergence of a number of interests and actions in the early weeks of the occupation. However, as the combined effects of the attitude and ordinances of the Reich government, the reaction of coal industrialists and trade union

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<sup>144</sup> “1918. Die Besetzung des Ruhrgebiets. Teil B. Verordnung der französischen Besatzungsmacht über die Verhängung des Belagerungszustandes” in Michealis and Schraepfer, eds., *Ursachen und Folgen*, pp. 18-20. 19.

representatives, a wave of popular indignation and the spontaneous resistance of mine workers in particular coalesced into an identifiable resistance movement, the VdESI began to cobble together an opposition to the occupation authorities.

At the outset of the occupation, the VdESI assumed that the invasion itself, rather than any specific reaction on the part of the inhabitants of the Ruhr, would cripple German industry. This led the association executive to appeal to both the Reich government and, ultimately, the international community for assistance. Accordingly, *Geschäftsführer* Steinbrink issued an appeal on behalf of the VdESI for co-operation with the government in order to accumulate sufficient information to present an accurate picture of the effects of the invasion on iron and steel production.<sup>146</sup> However, rather than calling on industry to begin resisting the French, Steinbrinck anticipated that the French themselves would shut down production in the Ruhr by interrupting transportation and the procurement of raw materials, particularly coal. He went on to request information on these issues and on the behavior of workers in the occupied region and to place the VdESI at the government's disposal in this effort.<sup>147</sup> This in itself reflected the seriousness of the circumstances faced by German industry in early 1923. As the invasion of the French and Belgian forces threatened the conclusion of a private agreement which would favour

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<sup>145</sup> Müller, *Passiver Widerstand im Ruhrkampf*, 239 and Cornebise, *The Weimar in Crisis*, 113, 184.

<sup>146</sup> Bundesarchiv Berlin, *Aussenstelle Dahlwitz-Hoppegarten* (hereafter BAB-DH) *Wirtschaftsgruppe Eisenschaffende Industrie, Wirtschaftspolitische Unterrichtung der Mitglieder. Sammlung von Rundschreiben und Drucksachen zur Unterrichtung der Hauptvorstandsmitglieder über die Tätigkeit des Vereins sowie über allgemeine und spezielle Fragen der in- und ausländischen Eisen und Stahlwirtschaft*. R 13 I/201. Bd. 19, Heft 1, 1923. "*Eilt!*: 11 Januar 1923", pp. 217-218., 217.

<sup>147</sup> *Ibid.*, 218.

Germany, the VdESI resorted to an appeal to both the Reich government and international opinion for assistance.

The first indication given in the VdESI *Rundschreiben* of the developing passive resistance movement in the Ruhr did not occur until January 18, when the association informed its members of the January 13th ordinance prohibiting reparations deliveries to France and Belgium.<sup>148</sup> Despite the fact that the communication indicated that this applied to the private contracts arranged under the Belemans and Gillet agreements and might therefore draw VdESI members into a series of breach of contract disputes, Steinbrinck turned his attention away from the Ruhr crisis and toward a discussion of the conditions of reimbursement for previous reparations deliveries discussed the day before with the reconstruction commissar.<sup>149</sup>

In contrast to this rather limited response on the part of the VdESI, industrialists and a number of organizations that fell under the umbrella of the association in the Ruhr region were in fact already coming into conflict with the occupation authorities and developing the seeds of the future passive resistance campaign. A few days prior to the invasion Director Luebsen of the Rhenish-Westfalian coal syndicate notified the organization that negotiations with the French aimed at the conclusion of some kind of settlement of the coal question were going nowhere.<sup>150</sup> By January 9 the Syndicate's directors recognized that the French were in fact preparing to move into the Ruhr and

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<sup>148</sup> "An die Gruppen des Vereins und die Mitglieder der Norddeutschen Gruppe. 18 Januar, 1923", BAB-DH, R 13 I/201 Bd. 19, Heft 1., pp. 205-206. 205.

<sup>149</sup> *Ibid.*, 205-206. and Feldman, *Iron and Steel in the German Inflation*, 353.

<sup>150</sup> Paul Wentzke, *Ruhrkampf: Einbruch und Abwehr im rheinisch-wesfälischen Industriegebiet 2* Vols., (Berlin: Reimar Hobbing Verlag, 1930), Vol 1. 177.

considered their response.<sup>151</sup> Stinnes and Kirdorf managed to convince the other members to take a hard line against the French and to move the syndicate further from the French occupied zone under the direction of Stinnes and his son, despite the opposition of Heinrich Limbertz of the Socialist Miners Union.<sup>152</sup> The syndicate's staff and its most important files were therefore moved north to Hamburg or hidden in Essen, thus limiting the ability of the MICUM to assess and direct German production.<sup>153</sup> This act essentially marked the beginning of the development of the passive resistance in the Ruhr and was rewarded by the extension of credits to the syndicate by the Reichsbank.<sup>154</sup>

Despite the effect of the relocation of the Coal Syndicate as both a symbolic gesture and a considerable inconvenience for Coste and MICUM, resistance in the Ruhr was largely characterized by an undefined sense of public indignation until industrialists and union members began actively and systematically to prevent deliveries to the occupation authorities. Prior to the invasion, General Degoutte had advised the French government to cultivate a separate relationship with both Ruhr industrialists and trade unionists in order to secure their co-operation.<sup>155</sup> As early as January 11, General Simon of the French 128th Infantry division met with members of the *Stahlbund* and other industrial organizations. The following day, General Degoutte invited Krupp, Thyssen, Stinnes and representatives of the *Bergbau Verein* and *Roheisenverbände* to meet with

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<sup>151</sup> John Francis Flynn, "The 1923 Ruhr Crisis as a Two Front War: Intra-German and German-French Confrontations" (Ph.D. Diss., Ohio State University, 1977. University Microfilms Inc.) 51.

<sup>152</sup> *Ibid* and Gerald D. Feldman, *Hugo Stinnes: Biographie eines Industriellen, 1870-1924* Karl Heinz Siber, übersetzt, (München: C.H. Beck, 1998) 843.

<sup>153</sup> Peter Ackerman and Jack DuVall, *A Force More Powerful: A Century of Nonviolent Conflict* (New York: St. Martin's Press, 2000) 184.

<sup>154</sup> Feldman, *The Great Disorder*, 636.

<sup>155</sup> Michael Ruck, *Die Freien Gewerkschaften im Ruhrkampf, 1923* (Köln: Bund-Verlag GmbH, 1986) 64.

MICUM in order to discuss the transfer of coal in particular to the French authorities.<sup>156</sup> Following the industrialists' assertion that they were unable to act outside the authority of the coal syndicate, Degoutte both recalled the industrialists and convened a separate meeting with representatives of the Socialist Miners Union to explore the possibility of using trade union support to undermine the industrialists' position.<sup>157</sup> These meetings were inconclusive and ended with both Karl Wolf of the miners union and Fritz Thyssen leaving Degoutte and Coste with ambiguous answers. Thyssen in particular indicated that coal might be delivered if mine owners and industrialists were duly compensated despite the fact that rumors were already spreading beyond the Ruhr that industrialists there were beginning a "systematic obstruction to French attempts to secure dictatorial control of the German coal and metal industry."<sup>158</sup>

However, on the following day the spontaneous and scattered protests that had met the French invasion began to coalesce into an identifiable national policy of resistance. On January 13 Cuno delivered an address in the Reichstag that not only bitterly attacked the French action but also declared that reparations deliveries to the invading powers were to be suspended until the occupation of "*das Zentrum der deutschen Wirtschaft*" was lifted.<sup>159</sup> Foreign Minister von Rosenberg translated this position into Reich foreign policy and forwarded Cuno's statements to German embassies two days later.<sup>160</sup> Of greater relevance to the developing passive resistance was an order sent by Stutz on January 15, followed by an explanatory letter on the 16th, in which he "expressly forbade the delivery

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<sup>156</sup> Wentzke, *Ruhrkampf*, 2:179.

<sup>157</sup> Ruck, *Die Freien Gewerkschaften im Ruhrkampf*, 65.

<sup>158</sup> Cornebise, 101. and Morgan Philips Price, "January 13, Essen" in Tania Rose, ed., *Dispatches from the Weimar Republic: Versailles and German Fascism* (London: Pluto Press, 1999) 147.

<sup>159</sup> "1000. Die Reichstagsdebatten vom 13. Januar 1923. Teil A. Aus der Rede des Reichskanlers Dr. Cuno" in *Ursachen und Folgen*, pp. 28-31. 29.

of coal and coke to France and Belgium.”<sup>161</sup> By presenting economic non-co-operation as an important part of German foreign policy Cuno and Rosenberg helped to define the character of the developing passive resistance. Iron and steel industrialists in particular expanded on these relatively limited objectives to define a non-violent resistance policy in the Ruhr.

On January 15 Thyssen affirmed that the Ruhr industrialists would adopt the sanctions applied by the government in Berlin and refused to assist MICUM or deliver coal to the French.<sup>162</sup> This resulted in a dramatic intensification of the French military presence in the Ruhr. Following the expiration on January 17 of Degoutte’s deadline for the resumption of coal deliveries the French began seizing coal trains and occupied the state owned mines at Bauer, Nesterholt and Recklinghausen on January 19.<sup>163</sup> The occupation of the mines sparked instant protest strikes on the part of the miners who threatened to leave the coke ovens running until they exploded if the French troops did not withdraw.<sup>164</sup> On the same day Friedrich Thyssen and several other industrial managers were arrested, leading to a week of protests and demonstrations throughout their court-martial.<sup>165</sup> This was to be a critical turning point in the development of passive resistance in the Ruhr as industrialists began to assume leadership of the movement.

As the expansion of the invasion and the occupation of mines by French troops on January 19 spurred the emergence of a more coherent resistance policy, the *Verein deutscher Eisen und Stahl Industrieller* also began to play an active role in the resistance.

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<sup>160</sup> Cornebise, *The Weimar in Crisis*, 114.

<sup>161</sup> *Ibid.*, 102.

<sup>162</sup> Cornebise, *The Weimar in Crisis*, 103.

<sup>163</sup> Schmidt, *Versailles and the Ruhr*, 118.

<sup>164</sup> Ackerman and DuVall, *A Force More Powerful*, 190.

<sup>165</sup> Cornebise, *The Weimar in Crisis*, 129.

Prior to the membership meeting scheduled for the same day, the executive of the VdESI resolved to resist the French alongside their striking workers.<sup>166</sup> The general membership meeting itself began with an impassioned keynote address by Paul Reusch in which he outlined the position of the VdESI in the Ruhr.<sup>167</sup> In this address, Reusch accused the “archenemy” of “seizing the heart of the German economy,” asserted that the Ruhr was in a state of war, and exhorted the members of the association to boycott French industry.<sup>168</sup> This speech laid the responsibility for resistance to the French squarely at the feet of German industrialists and the population rather than the government in Berlin. Reusch’s appeal recalled the patriotic flourishes of the war years while he also invoked Goethe to assure the delegates that the gods would be with those who resisted the violent acts of the French.<sup>169</sup> This seems to have been the first decision undertaken by an organization that expanded the refusal to make reparations deliveries into a more general opposition to the French, and to a lesser extent, Belgians. Conversely, the *Reichsverband der deutschen Industrie* did not endorse a general boycott until March 15 while the Reich government refused to protect the iron and steel industry from breach of contract disputes by translating the voluntary boycott into law.<sup>170</sup>

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<sup>166</sup> “Die Eisen Industrie an der Ruhr, so legt der Vorsitzende dar, sei mit ihrer Arbeiterschaft fest entschlossen, bis zum äussersten auszuharren und alle feindlichen unmaßungen [unmäßige(?)] gebührend zurückzumessen” in BAB-DH Tätigkeit innerhalb der Gremien des Vereins bezw: der Wirtschaftsgruppe Vorbereitung und Auswertung der Hauptstandssitzungen des Vereins. “Aufzeichnung über die 19 Januar 1923 im Gasthof Esplanade zu Berlin (illegible) des Hauptvorstandes und des Fachgruppenausschusses” R 13 I/98, Bd. 20, 1922-1924. 87.

<sup>167</sup> BAB-DH Hauptversammlungen- Vorbereitung und Auswertung der Hauptversammlungen des Vereins bezw. der Wirtschaftsgruppe. “Aufzeichnung über die am 19 Januar 1923 im Gasthof Esplanade zu Berlin Mitgleider=Versammlung” R 13 I/118 Bd. 10, Heft 2., pp. 156-159.

<sup>168</sup> *Ibid.*, 157, 158.

<sup>169</sup> “Allen Gewalten zum Trotz sich erhalten, nimmer sich beugen, kräftig sich zeigen, rufet die Arme der Gotter herbei!” in *Ibid.*, 157.

<sup>170</sup> Feldman, *Iron and Steel in the German Inflation*, 353.

The reaction of the VdESI to the French invasion therefore followed, then expanded upon, that of the government and mirrored the reactions of an increasingly resentful population. The association met the invasion with a relatively vague sense of indignation before following the government's call to refuse French demands amidst an explosion of nationalist sentiment and spontaneous miners strikes. It is difficult to judge the reaction of individual concerns or industrialists to the *Verein deutscher Eisen und Stahl Industrieller* decision to adopt and expand on the government's policy of passive resistance. Some members undoubtedly questioned the wisdom of such a response, but seem to have accepted the association's decision. The files of the VdESI for the period do not seem to indicate that the association busied itself enforcing the boycott amongst its members in the Ruhr.<sup>171</sup> Although the VdESI reported that the RdI had unanimously decided to strengthen the boycott on March 15 and that the Reich government was about to introduce further penalties for collaboration, the association executives did not tie this reaffirmation of the passive resistance to the need to police the behavior of their members.<sup>172</sup>

Given the tide of popular indignation that swept through Germany in January 1923 it is difficult to imagine an industrialist or concern that could have publicly renounced the passive resistance. As noted in the previous chapter, the VdESI executive had itself demonstrated a distinct animosity towards co-operation with French industry or government prior to the invasion. At the same time, the increasing tendency of the French

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<sup>171</sup> Ibid. The VdESI did seem to have expressed concern over the number of firms outside of the occupied area that had resumed trade with France and Belgium by April 1923. This will be discussed in greater depth in the following chapter.

<sup>172</sup> "Aufzeichnung über die am 15. März 1923 im Gasthof Esplanade zu Berlin abgehaltene Sitzung des Hauptvorstandes und des Fachgruppenausschusses" BAB-DH, R 13 I/201 Bd. 19., Heft 1, pgs 110, pg. 4 of original publication. (document misnumbered in file)

authorities to seize goods, particularly coal, as reparations payments largely precluded the establishment of normal business relationships with the French and forced industrial concerns into a close collaboration with the Reich government. The broader aims and interests of iron and steel industrialists thus converged with those of the government in Berlin. In this sense the passive resistance was reactive and self regulating as the context in which it developed drew industrial associations into a policy that generally relied on the voluntary adoption of the passive resistance by a wide variety of individuals and organizations that collectively established the passive resistance as a viable campaign. However, the role in the resistance taken on by a number of industrialists and the VdESI's decision insured that the passive resistance would be characterized by industrialist, rather than trade unionist, sensibilities.

The Reich government itself joined in the developing passive resistance, but was generally unable to produce the same effects as industry. Despite the fact that Transport Minister Groener considered the civil service resistance to be "well organized," it was generally only able to withdraw services, while equipment and buildings reverted to French administration. This form of resistance was largely ineffective outside of Groener's own ministry and often affected the civil population in the Ruhr as powerfully as the occupation troops.<sup>173</sup> Thus, the nature of the military occupation undermined the authority of the government in Berlin and prevented Cuno from utilizing the normal structure of the government to directly control the passive resistance.

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<sup>173</sup> "Nr. 53. Besprechung mit der Beamtenorganisationen. 24 Januar 1923, 16 Uhr" in Karl-Heinz Harbeck, ed. *Akten der Reichskanzlei, der Weimarer Republik: Das Kabinett Cuno, 22 November 1922 bis 12 August 1923* (Boppard am Rhein: Harold Boldt Verlag, 1968) pp. 192-193. 192. and Mueller, 239. For a German governmental account of the initial effects of the French seizure of German railways and rolling stock see *The French Railway Administration in the Ruhr District* (Berlin: Verlag for Politik und Wirtschaft, 1923)

In order to maintain order in the Ruhr and to direct the passive resistance the central government relied on local organizations and coalitions to fill the gaps in authority caused by the occupation. Neighbourhoods formed *Selbstschutz* organizations in close collaboration with fire brigades to replace the collapsing police force with officials from other branches of the German authorities.<sup>174</sup> More importantly, local groups quickly organized *Abwehrrausschüsse* to co-ordinate protests, boycotts and acts of civil disobedience.<sup>175</sup> Like the organizations formed under the *Arbeitsgemeinschaftabkommen* during the revolution, these committees were usually composed of members of both industrial and labour organizations. Despite the efforts of the Berlin government to exert control over these groups, the central government was hampered by both distance and poor information gathered from a variety of sources.<sup>176</sup> As a result, active participants in the Ruhr crisis, particularly industrial and trade union organizations, came to the forefront in the administration of the passive resistance as it developed throughout January.

While Cuno's government received the support of 284 of 313 Reichstag members, the parties of the left initially approached the crisis from a very different perspective from those of the right. During the debate of January 13 Paul Frölich gave expression to the KPD fear not only that industry would shirk its responsibility in the crisis, but also that the invasion itself was the result industrialist machinations.<sup>177</sup> The SPD took a more moderate

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<sup>174</sup> "Deposition of Master Tinsmith K." in *A Collection of Depositions Under Oath Concerning the Acts of Violence Committed by the Franco-Belgian Troops in the Ruhr District* (Berlin: Reichsdruckerei, Nov. 6. 1923, First Series) 9.

<sup>175</sup> Mueller, *Passiver Widerstand im Ruhrkampf*, 174.

<sup>176</sup> *Ibid.*, 190, 177.

<sup>177</sup> "1000. Die Reichstagsdebatten vom 13. Januar 1923. Teil E. Aus Einer Rede des Abg. Frölich (KPD)" in Michaelis and Schraepfer, eds., *Ursachen und Folgen*, pp. 37-39. 38.

view, but still called on the government to begin negotiations to settle the crisis.<sup>178</sup> The same day the left, unwilling to be associated with the “bourgeois” demonstration scheduled for the following day, staged a protest of their own in unoccupied Germany “against the newest violation of international law, against all imperialism, for a free Europe and for an understanding between peoples.”<sup>179</sup> This action resulted in sharp criticism being directed towards the SPD, KPD and trade unions for fracturing what was rapidly becoming a national resistance movement.<sup>180</sup>

On January 15, the same day Thyssen finally refused to deliver coal to the French, the General Director of Deutsch-Lux, Albert Vögler, informed *Reichswirtschaftsminister* Becker that the Ruhr industrialists were determined to assume the leadership of the passive resistance and successfully pressured the government into drawing the railways into the action.<sup>181</sup> Vögler and other industrialists feared that spontaneous strikes in the Ruhr might escalate into a broader general strike and civil unrest as they had following the revolution and Kapp putsch.<sup>182</sup> Members of the SPD and moderate trade union leaders shared this concern but were forced to convene a special joint meeting of the party and union leadership on January 20 to prevent a split over the general strike issue.<sup>183</sup> As a result of the apparent popular support for unity in the face of the French invasion, the SPD

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<sup>178</sup> “1000. Die Reichstagsdebatten vom 13. Januar 1923. Teil C. Aus der Rede des Abg. Müller-Franken (SPD)” in Michaelis and Schraeples, eds., *Ursachen und Folgen*, pp. 33-36. 35.

<sup>179</sup> “gegen die neueste Verletzung des Völkerrechts, gegen jeglichen Imperialismus, für die Befriedung Europas, fuer die Verständigung der Völker” *Im Nationalen Interesse! Warum wir allein demonstrieren*, *Vorwärts*, Nr. 21, 13.1.23. in Ruck, *Die Freien Gewerkschaften im Ruhrkampf*, 127.

<sup>180</sup> Ruck, *Die Freien Gewerkschaften im Ruhrkampf*, 135.

<sup>181</sup> *Ibid.*, 75-76.

<sup>182</sup> Schmidt, *Versailles and the Ruhr*, 112.

<sup>183</sup> Ruck, *Die Freien Gewerkschaften im Ruhrkampf*, 136.

and Free Trades Unions fell in line by January 23 behind the passive resistance policy backed by the Ruhr industrialists.<sup>184</sup>

The tendency to rely on industrialists rather than trade unionists to direct the resistance was most clearly displayed in the means employed by the Cuno government to financially support the action. By January 22 the cabinet recognized the need to pay miners who had struck during expansion of the occupation three days before. Although a support fund was established under the direction of the Social Democrat Ernst Mehlich and representatives of both industry and labour, funds were distributed to workers through industrial organizations rather than trade unions or the civil service.<sup>185</sup> The Düren agreement of February 10 established an unproductive wage guarantee under a similar mixed committee.<sup>186</sup> This fund was also distributed through industrial associations and iron and steel industrialists were informed that responsibility for the administration of the credit lay with the *Vereinigung der Deutschen Arbeitgeberverbände*.<sup>187</sup> Attempts to establish a joint employer/employee assistance fund, the *Ruhrhilfe*, under the administration of the ZAG, could not overcome the suspicions of trade unionists and collapsed by the end of April, demonstrating the limits of co-operation between the two interest groups even in the early stages of the passive resistance campaign.<sup>188</sup>

However, despite the growing availability of wage guarantee funds, industrial associations, including the VdESI, urged their members to employ credit if at all possible. To this end Koeth's "Hika" credit (*Hilfekasse für gewerbliche Unternehmungen*) of 1919

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<sup>184</sup> *Ibid.*, 99.

<sup>185</sup> Corneise, *The Weimar in Crisis*, 118.

<sup>186</sup> Feldman, *The Great Disorder*, 671.

<sup>187</sup> "An die Gruppen des Vereins und die Verbände der Fachgruppe. Btr: Kredithilfe für die besetzten Gebiete, 24. März, 1923" R 13 I/201 Bd. 19 Hef 1., 1923. BAB-DH. 117.

<sup>188</sup> Feldman, *The Great Disorder*, 659.

was resurrected to provide favorable credit to smaller industries while bank credit was also extended to cover a wide variety of needs.<sup>189</sup> On April 14, after more than a month of negotiation, a Steel Finance Corporation was formed by the eleven leading steel firms in the occupied region as a limited liability company to arrange for the temporary purchase of warehoused stock by the government which would then be sold back to their producers at the end of the occupation and paid for in a mixture of paper marks and between 5 and 50 percent sterling.<sup>190</sup> Sales allotments were determined by the Corporation on the basis of productive capacity. These credit and sales arrangements accounted for approximately 404 million gold Marks and represented more than half of total government expenditures in the Ruhr.<sup>191</sup> More importantly, they maintained the fiction that production, or at least what might be described as “resistance employment,” characterized the resistance rather than a union led general strike, while effectively granting money to industrial firms.<sup>192</sup>

Industrialists were thus able to help avert what they considered to be the dangerous possibility of a general strike while at the same time helping the government to adopt a policy that would achieve the same effect. The notoriety achieved by Thyssen and other industrialists during their well publicized court martial and the tacit acceptance of a passive resistance policy based on wage payments and industrial credits by both the

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<sup>189</sup> *Ibid.*

<sup>190</sup> Gerald D. Feldman, *Iron and Steel in the German Inflation, 1916-1923* (Princeton: Princeton University Press, 1977) 364.

<sup>191</sup> It must be noted that accurate figures for expenditure in this period are extraordinarily difficult to divine. A substantial proportion of credits extended to the Ruhr were made in paper marks as an incentive for industrialists to accept additional, admittedly questionable, debts in the service of the nation. While this mitigated the future effects of the credits it also renders a precise expenditure figure improbable. See Feldman, *The Great Disorder*, 699-671.

<sup>192</sup> See also "Zur Entstehungsgeschichte der Stahlfinanz-Gesellschaft mbH: Bericht des GHH-Direktors Heinrich Klemme über die Verhandlungen zur Bildung der Stahlfinanz-AG (datiert vom 17. April 1923)" in Gerald D. Feldman and Heidrun Homberg, eds. *Industrie und Inflation: Studien und Dokumente zur Politik der deutschen Unternehmer 1916-1923* (Hamburg: Hoffmann und Campe Verlag, 1977) pp.350-352.

government and the general population placed industrialists, at least symbolically, at the head of the movement. By the end of January Reichstag members, particularly those on the nationalist right, pointed to the efforts of industrialists in the Ruhr as the defining characteristic of the passive resistance.<sup>193</sup> Moreover, Cuno now possessed some measure of political leverage in negotiations with the French. The Chancellor thereafter tied any meaningful negotiations with the French to their withdrawal from the newly occupied territory and refused to seek a compromise agreement.<sup>194</sup> As a result, the crisis was deadlocked by early February 1923. As the two nations stubbornly refused to compromise in the Ruhr, industrial associations expanded their role by attempting to guide their members through the perils of passive resistance.

Throughout the winter and spring of 1923 the VdESI and a host of other economic organizations lobbied the Reichsbank for the extension of credit to their members. At the same time, the VdESI advised its members as to the most favorable conditions under which to obtain credit that had previously been made available.<sup>195</sup> The association also advised that industrialists rely on 'self help' by merging firms that lay in the occupied and unoccupied regions in order both to extend the commercial viability of Ruhr firms inside the occupied region and to solicit a higher credit allocation.<sup>196</sup> The VdESI executive took a dim view of government wage security programs and instead

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<sup>193</sup> "Rede von dem Abgeordneter Dr. Helfferich, 291 Sitzung, Freitag den 26. Januar 1923" in *Reichstag Verhandlungen. Stenographische Berichte* Bd. 358, 291 Sitz., 9532.

<sup>194</sup> Flynn, "The 1923 Ruhr Crisis as a Two Front War", 83.

<sup>195</sup> "An die Gruppen des Vereins und die Verbände der Fachgruppe, 24. März 1923" BAB-DH, R 13 I/201 Bd. 19, Heft 1. 119.

<sup>196</sup> *Ibid.*

advised their members to rely on self help and credits which, as noted above, were often little more than elaborately administered grants.<sup>197</sup> However, by April *Geschäftsführer* Reichert seemed to be concerned that firms were meeting the terms of the passive resistance on an *ad hoc* basis. He therefore warned that firms seeking compensation would “do well” to collect and hold evidence of business damages quickly.<sup>198</sup> Firms were directed to appeal for compensation to regional government authorities and Reichert further extended an offer to represent industrial firms that were unsuccessful in compensation requests in appeals to the Reich government.<sup>199</sup>

At the same time, the VdESI attempted to push the Reich government into accepting measures that would ease the burdens placed on the iron and steel industry as a result of the passive resistance. When the association’s executive accepted participation in the passive resistance on January 19, the expanded campaign against the French and Belgians was explicitly tied to the demand that the government lower freight rates as a means of compensating industrialists for other losses.<sup>200</sup> This demand and the subsequent lobbying efforts of the VdESI resulted in limited success. Freight rates increases were first lowered and then arrested from February 15 until the last week of May while the currency depreciation meant that real freight rates tended to decrease.<sup>201</sup> Freight calculations were

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<sup>197</sup> *Ibid.*

<sup>198</sup> “Firmen, die infolge der widerrechtlichen Ruhrbesetzung Sachschädigen... erlitten haben, tun gut, das Beweismaterial baldigst zu sammeln und bestens aufzubewahren.” in “An die Mitglieder der Nordeutschen Gruppe usw., 3. April, 1923” BAB-DH, R 13 I/201 Bd. 19, Heft 1., 107.

<sup>199</sup> *Ibid.*

<sup>200</sup> “Aufzeichnung über die am 19. Januar 1923 im Gasthof Esplanade zu Berlin abgehaltene Mitglieder-Versammlung” BAB-DH, R 13 I/201, Bd. 19, Heft 1., 158.

<sup>201</sup> “An die Gruppen des Vereins, an die Verbände der Fachgruppe sowie an die Mitglieder der Nordeutschen und Süddeutschen Gruppe, 23. Mai, 1923” BAB-DH, R 13 I/201, Bd. 19, Heft 1, 64.

also limited to the rates appropriate to the shortest normal distance between depots when shipments were diverted by occupation troops, while storage fees were waived.<sup>202</sup>

This evidence suggests that the VdESI itself was a participant in a complex web of organizations and institutions that collectively fleshed out the desire to thwart French plans for the Ruhr valley. The VdESI did not clearly direct or police the actions of its members in the winter and spring of 1923. Rather, the Association of German Iron and Steel Industrialists participated in a ‘culture of resistance,’ the broad outlines of which were laid out by the Cuno government. However, the resistance itself was enacted through the participation of a wide variety of organizations contributing to the campaign. The cumulative efforts of a number of industrial and labour organizations allowed for the implementation of the passive resistance in the spring of 1923. This resistance was born out of the reaction to French actions in the Ruhr, particularly those of January 19, and was an aspect of broader reactions to the French invasion throughout Germany. In this sense the passive resistance was at once a government policy, a spontaneous uprising and the result of the efforts of organized labour and industry.

While the reaction to the French activities at the end of January resulted in the development of the passive resistance as an active policy, this relationship between industry and labour was not necessarily self sustaining. Because the resistance was not backed by a well defined administrative structure it relied on the support and co-operation of a wide variety of groups. However, despite the call of industrialists, particularly Paul

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<sup>202</sup> “*Betrifft: Güterverkehr und Ruhrbesetzung, 28. März 1923*” BAB-DH, R 13 I/201, Bd. 19, Heft 1, 112-113.

Reusch's, for the government to launch a "propaganda war" both at home and abroad, the VdESI seemed to forward surprisingly little encouragement to its members.<sup>203</sup>

The normal business reports of the association did provide some solace to industrialists in the early months of the Ruhr occupation. These reports indicated that the industry of the French occupied Saar had been virtually shut down by a miners strike while a number of furnaces in both France and Belgium were extinguished as a result of the small quantities and high price of coke and coal available to them.<sup>204</sup> The VdESI authors also expressed enthusiasm over Belgian wage and price index increases of 14% in February and speculated that Belgium was beginning to follow Germany into a significant inflationary crisis.<sup>205</sup> At the same time, French industry had begun to raise industrial product prices between the placing of an order and the day of delivery, indicating that the French industrial market was rapidly losing its stability.<sup>206</sup>

While this news would undoubtedly have cheered iron and steel industrialists, it was accompanied by the observation that Luxembourg, which was excluded from the boycott, was suffering most acutely from the conditions created by the passive resistance.<sup>207</sup> The VdESI also voiced its concern that Czechoslovakia might be in a position to develop its own coal, coke, iron and steel industries during the crisis and place

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<sup>203</sup> Flynn, "The 1923 Ruhr Crisis as a Two Front War", 77-78. and Mueller, *Passiver Widerstand im Ruhrkampf*, 222.

<sup>204</sup> "An die Gruppen des Vereins und Verbände der Fachgruppe., 21. März, 1923" BAB-DH, R 13 I/201, Bd. 19, Heft 1., pgs.120-121 (1-3 in original, documents misnumbered) and "An die Gruppen des Vereins, Verbände der Fachgruppe., 26. 3. 23" BAB-DH, R 13 I/201, Bd. 19, Heft 1, pgs. 114-116 (1-5 in original, documents misnumbered)

<sup>205</sup> "An die Gruppen des Vereins und Verbände der Fachgruppen, 21. März, 1923" BAB-DH, R 13 I/201, Bd. 19 Heft 1, 120.

<sup>206</sup> "An die Gruppen des Vereins, Verbände der Fachgruppe, 26.3.23" BAB-DH, R 13 I/201, Bd 19, Heft1, 114.

<sup>207</sup> *Ibid.*

itself in a position to compete within Germany and on the world market.<sup>208</sup> The VdESI further reprinted a disturbing speech by the president of the *Comité des Forges de France*, de Wendel, from the *Neuen Zürcher Zeitung*. In this speech de Wendel plainly acknowledged that the Ruhr crisis and miners strikes had “enveloped Lothringian industry with further painful losses.”<sup>209</sup> However, he concluded by observing that, as Germany was dependent on production in the Ruhr to a far greater extent than France on their own industries, France could hold out until the German economy collapsed.<sup>210</sup>

The VdESI thus offered very little to cheer industrialists engaged in passive resistance or to stiffen their resolve. Instead, the propaganda of the *Verein deutscher Eisen und Stahl Industrieller* was generally intended to be forwarded to non-members. As a result of the experiences of the war and continuing inflation many Germans and foreign nationals took an extremely poor view of the heavy industrialists of the Ruhr. Hugo Stinnes, in particular, felt that his reputation in this matter was so suspect that it would be better if he removed himself from the political stage during the crisis, while workers suspected that Stinnes’ absence indicated that he was in fact negotiating with the occupation forces in secret and would soon emerge with an agreement at the expense of the working class.<sup>211</sup> In the context of this general sense of mistrust the VdESI provided its members with information to be taken outside of the association. This was intended

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<sup>208</sup> *Ibid.*, 114-115.

<sup>209</sup> “...den lothringischen Industriellen weitere empfindliche Verluste beigelegt” in “An die Gruppen des Vereins und die Verbände des Fachgruppe. Btr: De Wendel-Rede in Metz., 4. Mai 1923” BAB-DH, R 13 I/201, Bd. 19, Heft 1, 74.

<sup>210</sup> “Es genügt, auszuhalten, um das letzte Wort zu haben” in *Ibid.*, pg. 2 (page not numbered in file)

<sup>211</sup> Feldman, *Hugo Stinnes: Biographie eines Industrieller*, 845. and Ruck, *Die Freien Gewerkschaften im Ruhrkampf*, 283.

both to improve the reputation of the iron and steel industry and to influence international opinion.

Three days after the general meeting of January 19 Jakob Reichert circulated a brief article outlining the proceedings of the meeting, particularly Reusch's keynote address, with the request that it be forwarded to the "sympathetic press."<sup>212</sup> The article itself asserted that Germany was in the midst of an "economic war (*Wirtschaftskrieg*)" as a result of the "unprecedented violent act" of the French troops and drew particular attention to the importance of iron in both the Ruhr valley and German economic life.<sup>213</sup> This stressed the link between Germany as a nation and a powerful industrial base and further supported the assertion that economic considerations should outweigh political ones.<sup>214</sup> Finally, the reader was reminded of the value of national pride in the face of the French actions.<sup>215</sup> The article seems to have been written exclusively for the VdESI in order to raise both its public profile and prestige and was accompanied by the previous year's business report tabled at the general meeting rather than a record of further discussions pertaining to the Ruhr invasion or the administration of the association.<sup>216</sup>

The meeting of the association's executive committee of March 15 was treated in a similar fashion. Paul Reusch once again addressed the meeting, but his speech was largely devoted to refuting the assertion of "defeatists," who accused the heavy industrialists of

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<sup>212</sup> "Anliegend geben wir, mit der Bitte um möglichste Weitergabe an die Ihnen nahestehenden Presse, einen Bericht über die am Freitag, den 19 d.mts., abgehaltene Tagung des Hauptvereines deutscher Eisen und Stahl Industrieller in Verbindung mit der Sitzung der Fachgruppe der Eisen schaffenden Industrie" in "An die Verbände der Fachgruppe und die Mitglieder der Nordeutschen Gruppe, 22 Januar, 1923" BAB-DH, R 13 I/201 Bd. 19 Heft 1., pp. 181-183. 181.

<sup>213</sup> "...ein Gewaltakt, wie er in der Weltgeschichte beispiellos dasteht" in *Ibid.*, 182.

<sup>214</sup> *Ibid.*

<sup>215</sup> *Ibid.*, 183.

<sup>216</sup> *Ibid.*

the Ruhr themselves of having caused the invasion.<sup>217</sup> Reusch defended himself and his peers by asserting that, while German industrialists had been open to the prospect of a viable economic solution, the French insistence that negotiations be informed by the political goals embodied in the Treaty of Versailles had made a solution impossible.<sup>218</sup> He closed his speech to the approval of the assembled executives by noting that German industrialists stood firm in their opposition to a settlement imposed from above and would either “perish or prevail” in the Ruhr.<sup>219</sup> This address was not included in the minutes published by the VdESI and circulated to its members.<sup>220</sup> Rather, it seems to have been condensed and reprinted as a press release.<sup>221</sup> The inflammatory rhetoric of these documents was echoed in other publications likely to reach a wider audience. Both the minutes of the January 19th and July 4th membership meetings likewise referred to the Ruhr crisis in terms of an economic war, the “Ruhr struggle” (*Ruhrkampf*) or the “French invasion” (*Einbruch der Franzosen*).<sup>222</sup> While these documents were not released directly to the public, a number of members of the Reich government, representatives of major

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<sup>217</sup> BAB-DH *Förderung internationaler Wirtschaftsbeziehungen: Industrielle Verständigung mit Frankreich; Unterstützung der deutsch-französischen Wirtschaftsorganisation. “Aktenvermerk über die Ansprache des Herrn Kommerzienrat Dr. Reusch in der Sitzung des Hauptvorstandes am 15. März 1923 über die Verhandlungen mit der französischen Eisenindustrie im Jahre 1922”* R 13 I/255 Bd. 1, pp. 189-192.

<sup>218</sup> *Ibid.*, 191-192.

<sup>219</sup> “*Heir heisst es: Sterben oder Siegen. (Lebhafter Beifall.)*” in *Ibid.*, 192.

<sup>220</sup> See “*Aufzeichnung über die am 15 März 1923 im Gasthof Esplanade zu Berlin abgehaltene Sitzung des Hauptvorstandes und des Fachgruppenausschusses*” BAB-DH, R 13 I/201 Bd. 19 Heft 1, 108.

<sup>221</sup> “*Kommerzienrat Reusch über Verhandlungen mit der französischen Schwerindustrie*” BAB-DH, R 13 I/255, Bd. 1. Pp. 157-159.

<sup>222</sup> “*Aufzeichnung über die am 19. Januar 1923 im Gasthof Esplanade zu Berlin abgehaltene Mitglieder-Versammlung*”, BAB-DH, R 13 I/ 118, Bd. 10, Heft 2, 156-164. And “*Aufzeichnung über die am 4. Juli 1923 im Gasthof Esplanade zu Berlin abgehaltene Mitglieder-Versammlung*” BAB-DH, R 13 I/118, Bd. 10, Heft 2, 57-68.

ministries, opposition politicians and a variety other industrial organizations were invited to the meeting itself.<sup>223</sup>

In contrast to these public and semi-public flourishes of inflammatory rhetoric, private communications issued to members of the association were generally more subdued. *Rundschreiben* describing the general business and trade conditions that resulted from the Ruhr crisis tended to pragmatically refer to the "Ruhr occupation" (*Ruhrbesetzung*) or the "measures of the French government" (*Massnahmen der Französische Regierung*).<sup>224</sup> When the VdESI executive used terminology which established the violent nature of the occupation, the internal memoranda emphasized the questionable legality of the occupation rather than military aggression. These documents referred to the "unlawful Ruhr occupation" (*widerrechtliche Ruhrbesetzung*) or, more specifically, to the "unlawful arrest" (*widerrechtliche Verhaft[ung]*) of *association members in the Ruhr*.<sup>225</sup>

The circular memoranda of the *Verein deutscher Eisen und Stahl Industrieller* thus indicate that the association tended to concentrate on convincing the wider public, rather than their own members, specifically of the importance of the Ruhr conflict and of the VdESI position. Members of the association were exposed to the more inflammatory documents that were intended to reach a larger audience. However, the correspondence dispatched directly to the members of the VdESI did not reinforce the intransigent public position taken by the association to the same degree. This implies that support for the

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<sup>223</sup> Preparatory notes for the July 4 *Mitglieder* meeting, BAB-DH, R 13 I/118, Bd. 10, Heft 2, 40-51.

<sup>224</sup> See R 13/1 201 Bd. 19, Heft 1, pgs. 135, 120, 117, 114, 112, 82 and 68.

<sup>225</sup> "an die Mitglieder der Norrdeutschen Gruppe usw., 3 April 1923", BAB-DH, R 13 I/201, Bd. 19, Heft 1, 107. And "An die Mitglieder des Hauptvorstandes, des Fachgruppenausschusses sowie die

passive resistance campaign by iron and steel industrialists was implicit, or at least taken for granted by the VdESI executive. This tendency to assume an important role for the VdESI in the Ruhr conflict was further reflected in the attempts of the association to encourage their members to take an active role in public debate. This involved the association in a propaganda campaign both at home and abroad and underlined the role of industrialists in sustaining the passive resistance campaign.

Despite the troubled relationship between industry and labour, the VdESI placed considerable value on the ability of workers in the occupied region to convince their fellows of the conditions and importance of the passive resistance in the Ruhr. To this end the association's executive approved not only the granting of generous vacation time to individual workers, but also the provision of a travel subsidy. Reichert further offered the services of the VdESI as an intermediary to arrange visits to firms that did not have branch plants in the Ruhr.<sup>226</sup> This transformed the occupations of some workers from "resistance employment" to "resistance propagandist," or at least to a cautionary example to workers in the unoccupied district. At the same time, this use of employees as tools of the passive resistance maintained the authority of industrialists over their workers. The VdESI executive was willing to recognize the importance of labour in 1923 as it had occasionally done in the past, but was unwilling to relinquish the managerial role of their members throughout the crisis. This expanded the role of iron and steel industrialists in the

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*Herren Geschäftsführer der Gruppen und Verbände, 3. April 1923*" BAB-DH, R 13 I/201, Bd. 19, Heft 1, 106.

<sup>226</sup> "An die Mitglieder der Norddeutschen Gruppe usw., 3 April 1923" BAB-DH, R 13 I/201, Bd. 19, Heft 1., 107.

propaganda campaign that accompanied the passive resistance and further marginalized trade union organizations.

Furthermore, the association joined in the government's effort to sway foreign opinion. The Cuno government hoped that Britain, which had refused to sanction an invasion of the Ruhr at the Paris conference of early January, and the United States would intervene to prevent a broad European economic and political collapse.<sup>227</sup> Reichert and his colleagues supported Cuno's effort to appeal to the international community and encouraged VdESI members to use their business contacts to this end. For weeks leading up to the invasion of the Ruhr, the VdESI communicated the potential economic danger of a French occupation of the industrial heart of Germany to the foreign press.<sup>228</sup> As noted above, the first communication to the membership of the VdESI following the invasion urged iron and steel industrialists to provide the Reich government with information that might be used to appeal for assistance from the international community. Steinbrinck and the executive of the association hoped to "keep the concerns of economic circles in the forefront" by providing the government with accurate documents relating to the effects of the invasion.<sup>229</sup> The VdESI thus joined a variety of makeshift *Informationsknotenpunkten* that served to supplement or replace the official information services disrupted by the invasion.<sup>230</sup> At the same time, the association warned its members of the dangers and penalties of providing the French authorities with the same information.<sup>231</sup>

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<sup>227</sup> Klaus Schwabe, "Grossbritannien und die Ruhrkrise" in Klaus Schwabe, ed. *Die Ruhrkrise 1923: Wendepunkt der internationalen Beziehungen nach dem Ersten Weltkrieg* (Paderborn: Ferdinand Schöningh, 1985.) pgs. 53-88. 60. and Klaus Schwabe, "Zur Einfuehrung" in *Ibid.*, pp. 1-10. 5.

<sup>228</sup> "Eilt!, 11 Januar 1923" BAB-DH, R 13 I/201 Bd. 19 Heft 1., 209.

<sup>229</sup> *Ibid.*

<sup>230</sup> Mueller, *Passiver Widerstand im Ruhrkampf*, 177.

<sup>231</sup> "An die Gruppen des Vereins und die Verbände Fachgruppe, Berlin, 20 February, 1923" BAB-DH, R 13 I/201 Bd. 19 Heft 1., 145.

As the occupation progressed industrialists and businessmen themselves became important points of contact with foreign observers. By the beginning of May it had come to the attention of both the Reich government and the VdESI that a number of businessmen in the unoccupied region were engaged in discussions with foreign business contacts over the effects of the Ruhr invasion.<sup>232</sup> The association approved of this contact with foreign businessmen and requested that “all members would themselves decide to characterize the exceedingly difficult situation.....resulting from the invasion of the Ruhr at a suitable opportunity.”<sup>233</sup> The VdESI also began to compile a record of these communications in collaboration with the Rdl Export and Import Advisory Board, an organization that was already offering advice to businessmen on the position to be taken in foreign correspondence.<sup>234</sup>

This corresponded with an attempt on the part of industrialists to avoid political initiatives altogether and seek out an agreement between business interests. By late February Director Schäffer of Krupp wrote to explore the possibility of a merger with English businessmen.<sup>235</sup> This was followed by a visit to the United States by Karl Haniel (GHH) and Franz Bergers (*Gelsenkirchner Bergwerk*) in order to appeal to American industrialists for assistance.<sup>236</sup> As a result, the president of the United States Steel Trust, Judge Gary, met with both Stinnes and Schneider of Creusot in spite of the protests of

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<sup>232</sup> “An die Hauptvorstandsmitglieder, Mitglieder des Vereins im unbesetzten Gebiet, an die Gruppen des Vereins, an die Verbände der Fachgruppe, 1. Mai, 1923” BAB-DH, R 13 I/201

<sup>233</sup> “Wir würden es dankbar begrüßen, wenn sich alle Mitglieder entschliessen würden, bei passender Gelegenheit die überaus schwierige Lage zu kennzeichnen, in die wir durch den Einbruch ins Ruhrgebiet geraten sind.” in *ibid.*

<sup>234</sup> *ibid.*

<sup>235</sup> Flynn, “The 1923 Ruhr Crisis as a Two Front War”, 85.

<sup>236</sup> *ibid.*, 86.

Krupp and Thyssen, to explore the possibility of a mediated agreement in early April.<sup>237</sup> Hugo Stinnes also met with representatives of the reparations commission in Berlin to propose that French and German industries co-operate in the exploitation of French colonies.<sup>238</sup> None of these initiatives was successful; industry proved to be less adept at negotiations than at the management of the passive resistance.

While industrialists attempted to open negotiations with neutral powers the VdESI did not moderate its approach to an understanding between French and German industry. Throughout the Ruhr crisis Arnold Rechberg continued to advocate a 30 % French and British involvement in German firms as a means of overcoming the reparations dilemma. On January 12 he submitted a preliminary report to the German foreign office outlining his plan.<sup>239</sup> This was followed on January 21 by an article published in the *Berliner Börsen Courier*.<sup>240</sup> Industrialists reacted violently to Rechberg's ideas and in February Reusch argued that any industrial manager who allowed the French to participate in his firm "would be justly beaten to death by the local population and the workers."<sup>241</sup> The VdESI executive likewise reaffirmed their opposition to Rechberg's proposal at their meeting on March 15.<sup>242</sup>

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<sup>237</sup> Cornebise, *The Weimar in Crisis*, 225. and D' Abernon, *The Diary of an Ambassador*, 201.

<sup>238</sup> Flynn, "The 1923 Ruhr Crisis as a Two Front War", 88.

<sup>239</sup> Cornebise, *The Weimar in Crisis*, 156.

<sup>240</sup> Eberhard von Vietsch, *Arnold Rechberg und das Problem der politischen West-Orientierung Deutschlands nach dem 1. Weltkrieg* (Koblenz, N.P., 1958) 249.

<sup>241</sup> Feldman, *Iron and Steel in the German Inflation*, 448, n.

<sup>242</sup> "Aufzeichnung über die am 15. März 1923 im Gasthof Esplanade zu Berlin abgehaltene Sitzung des Hauptvorstandes und des Fachgruppenausschusses" BAB-DH, R 13 I/201, Bd. 19, Heft 1, pgs. 108-109 (documents misnumbered in file, original paginated 1-4) 2.

Soon afterwards, Reichert also asserted that Rechberg's suggestion was unacceptable.<sup>243</sup> However, Reichert tied the rejection of Rechberg's ideas to the assertion that reparations deliveries themselves were an unnatural obstruction to business and to the needs of the German population in general.<sup>244</sup> The implication that the reparations burden must itself be lifted in order to resolve the crisis was symptomatic of the widespread belief that the passive resistance would somehow lead to a fundamental revision of the treaty of Versailles and reflected the broader post-war goals of the VdESI.<sup>245</sup> Reichert further protested against the one sided sacrifice of the Germans and argued that, instead, German and French firms should enter into a cartel or concern on business terms in order to take full advantage of the natural wealth of both regions.<sup>246</sup> Reichert concluded with the assertion that a business-like solution to the problem would be "free of political direction".<sup>247</sup> This intransigent speech in the face of a significant economic crisis indicates that the VdESI *Hauptgeschäftsführer* continued to ignore both the full implications of the German responsibilities under the Treaty and the French demands on the Ruhr-Lorraine industrial system that had led to the occupation.

The VdESI thus occupied a precarious position. The passive resistance developed out of a combination of government directives, spontaneous strikes and the involvement of a variety of organizations that together resulted in the will and means to resist the demands of the French occupation authorities in the first months of 1923. The VdESI and

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<sup>243</sup> "Die deutsch-französische Interessenverflechtung von Dr. Reichert M.d.R." (n.d.) BAB-DH, R 13 I/255, Bd. 1, pgs. 175-180. This appears to be a speech written for an unnamed audience shortly after March 15.

<sup>244</sup> "Schon der Zwang zu Reparationslieferungen hat gegen die Natur des alles Geschäfts und gegen die Lebensnotwendigkeiten unserer Volkswirtschaft verstossen" in *Ibid.*, 176.

<sup>245</sup> Ruck, *Die Freien Gewerkschaften im Ruhrkampf*, 278.

<sup>246</sup> "Die Deutsch-französische Interessenverflechtung" BAB-DH, R 13 I/255 Bd. 1, 179.

its members contributed to this consensus and the association did not find it necessary to convince its members to accept the passive resistance policy or to reprimand those who did not. Rather, the VdESI's propaganda efforts were directed outside of the association and intended to garner support for the passive resistance and the iron and steel industry. At the same time the *Verein* helped to flesh out the passive resistance by linking its members to a wide variety of organizations and offices that supported the passive resistance.

However, as in the period immediately preceding the establishment of the passive resistance, the VdESI and industrial associations in general offered very little towards a solution to the conflict between France and Germany. The result was political deadlock. Cuno refused to negotiate until French forces were withdrawn from the newly occupied regions while Poincaré refused to negotiate until the passive resistance was terminated.<sup>248</sup> Industrialists were thus able to contribute significantly to the passive resistance, but were unable to participate meaningfully in the establishment of a solution to the crisis. The conflict between France and Germany therefore remained unresolved.

In the first months of 1923 the policy of passive resistance appeared to be successful. Coal deliveries to France almost ceased in the late winter months and by April had not yet reached 10% of 1922 levels.<sup>249</sup> French industries were denied access to German raw materials while German firms continued to export their products out of the occupied zones well into February.<sup>250</sup> Wage support payments and a variety of credit and

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<sup>247</sup> "...das ist eine geschäftsmännische Regelung der Interessenfrage, (Erz und Kohle) die frei von politische Machtprüchen bleibt" in *Ibid.*, 180.

<sup>248</sup> Jacques Bariety, "Die französische Politik in der Ruhrkrise" in Schwabe, ed., *Die Ruhrkrise 1923*, pp. 11-28, 19,20.

<sup>249</sup> Flynn, "The 1923 Ruhr Crisis as a Two Front War", 102.

<sup>250</sup> Feldman, *Iron and Steel in the German Inflation*, 357.

purchasing arrangements prevented unemployment and maintained the fiction that the resistance in the Ruhr was based on business principles.

However, as the occupation authorities established themselves more fully in the Ruhr valley, the French ban on unapproved exports was enforced with increasing efficiency and the Ruhr was economically cut off from the rest of Germany by the middle of March.<sup>251</sup> While the French had managed to transport only limited quantities of fuel out of the Ruhr, these deliveries indicated that they were beginning to open up the complex Ruhr railway system. The occupation itself was becoming increasingly violent and the death of 11 workers on March 31 at the Krupp works illustrated the increased tensions in the Ruhr.<sup>252</sup> While these events intensified the feeling of indignation amongst many groups of Germans they were also a powerful reminder of the desperate situation in which Germany found itself as its industrial heart ceased to beat and an already alarming rate of inflation continued to increase, partially as a result of the expenditures in the Ruhr. As the gravity of the situation and the power wielded by France became apparent, the intransigent position represented by the passive resistance became increasingly untenable.

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<sup>251</sup> Feldman, *The Great Disorder*, 653.

<sup>252</sup> Corneise, *The Weimar in Crisis*, 247.

## Chapter Three:

### Work Under French Bayonets

The ability of the *Verein deutscher Eisen und Stahl Industrieller* and other interest groups to come together quickly and develop a resistance policy provided the weakened Reich government with a weapon to be used against the invading powers. The passive resistance was, however, a blunt and clumsy instrument. This was particularly true when it was placed at the disposal of Cuno's foreign minister, Fredric von Rosenberg. As the self-described "man of Brest-Litovsk," Rosenberg was unwilling to accept a significant compromise with France.<sup>253</sup> This attitude, which was mirrored by that of Poincaré, brought the diplomatic relationship between Germany and France to a standstill. On May 2 1923, the German government dispatched a hostile note to the French authorities. In this communication, the German government indicated that it would maintain the passive resistance until the French and Belgian forces had evacuated the Ruhr.<sup>254</sup> The French government responded by stating that it would refuse to discuss either the end of the occupation or the larger reparations question until Germany had abandoned the passive resistance.<sup>255</sup> The German government then made a second, more moderate, proposal on June 7 in which the Reich expressed its hope for a negotiated, possibly mediated, settlement of the crisis.<sup>256</sup> Despite the fact that this note scrupulously avoided a discussion of ending the passive resistance in the Ruhr, the French quickly made it clear that there

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<sup>253</sup> Viscount D'Abernon, *Rapallo to Dawes, 1922-1924: The Diary of an Ambassador* (New York: Doubleday, Doran & Company, Inc., 1930) 163.

<sup>254</sup> Ruth Nancy Lenoir, "The Ruhr and Anglo-French Diplomacy: From the Beginning of the Occupation Until the End of Passive Resistance" (University of Oklahoma, Ph.D. Diss., 1972) 173.

<sup>255</sup> *Ibid.*, 183.

would be no negotiations until Germans in the Ruhr agreed to co-operate with the occupation authorities.<sup>257</sup> The passive resistance campaign thus proved to be an ineffective diplomatic weapon. Moreover, by the early summer of 1923 it had in fact become an obstacle to negotiations.

The passive resistance campaign developed to meet the immediate needs presented by the invasion. However, it failed to produce a plausible method of resolving the crisis itself. As the occupation continued and hardships for the population multiplied, the *Einheitsfront* that had underwritten the resistance movement began to break down. Co-operation between interest organizations declined and the latent conflict between industry and labour reasserted itself, often in radical form. As the full implications of the passive resistance became apparent, the VdESI found itself struggling to cope with the questions associated with supporting an industry that was refusing to produce. At the same time, the association itself faced increasing administrative difficulties as a result of the occupation. These problems were compounded by Germany's transition from a period of inflation to that of hyperinflation in the summer of 1923.

As the terms of the crisis facing Germany changed, the VdESI became increasingly occupied with other matters. However, the association also refused to moderate its position on the establishment of a co-operative relationship with their French counterparts. As this intransigent stance became untenable, the VdESI became increasingly alienated from both its partners in the resistance and its own membership. As the summer of 1923 progressed, various groups began to abandon the failing tools of resistance employed in

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<sup>256</sup> *Ibid.*, 208.

<sup>257</sup> Elspeth O'Riordan, *Britain and the Ruhr Crisis* (New York: Palgrave, St Martin's Press, 2001)

January and sought to manage the crisis themselves. For industrialists, this meant entering into individual relationships with the occupation authorities. The actions and position of the VdESI and its executive were thus divorced from that of its membership and its former partners in the passive resistance by the summer of 1923. As a result, the association was left bewildered and impotent as the crisis came to a head.

From the beginning of the invasion, a number of trade unionists feared that the invasion of the Ruhr and subsequent crisis would lead to a greater exploitation of the labour force in Germany.<sup>258</sup> These fears seemed to be confirmed when the German Metal Workers Union procured a “secret circular” indicating that the engineering employers intended to use the crisis in the Ruhr to “initiate wage cuts, extension of hours, and depletion of union funds.”<sup>259</sup> This enraged German trade unionists and exacerbated the resentment that followed the continued currency depreciation and the difficulties faced by workers in the Ruhr. The suspicion that industrialists were using the Ruhr crisis to force concessions on labour led to an increasing radicalization among workers in the Ruhr that found expression both through the activities of established unions and, more alarmingly for industrialists, through the growing influence of the German Communist Party (KPD).

By February 17 1923, the Ruhr communists had issued a program that incorporated both resistance to the French occupation and the demand for the establishment of a worker’s republic.<sup>260</sup> The KPD assertion that resistance to the French

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<sup>258</sup> Michael Ruck, *Die Freien Gewerkschaften im Ruhrkampf, 1923* (Köln: Bund-Verlag GmbH, 1986) 283.

<sup>259</sup> Morgan Phillips Price, “Essen, 17 February” in Tania Rose, ed., *Dispatches from the Weimar Republic: Versailles and German Fascism* (London: Pluto Press, 1999) 151.

<sup>260</sup> Alfred E. Corneise, *The Weimar in Crisis: Cuno’s government and the Ruhr Occupation* (Washington, D.C.: University Press of America, 1977) 187.

should be separated from the aims and influence of industry undermined the position of the moderate left and the Social Democrats (SPD) began to experience difficulty maintaining its more moderate stance between the “orgy of chauvinism” on the right and the call to use the crisis to strike at the capitalist state on the extreme left. On February 21 this conflict was illustrated on the shop floor when, in a narrow election, the SPD was replaced on the executive board of the Krupp factory council by the KPD.<sup>261</sup> By March the KPD had organized armed bands which occupied a number of farms, workshops and small factories and appeared to be operating outside of the authority of the party’s own Berlin *Zentrale*.<sup>262</sup> At the same time, the *Dolchstoßlegende* was rehabilitated by the extreme left, who accused German capitalists of undermining the passive resistance efforts in the name of profit.<sup>263</sup>

Despite the co-operation demanded by the passive resistance campaign, industrialists in general had failed to reconcile themselves either to the expanded role of trade unions in Germany or to a more interventionist government which included the SPD. This latent animosity led Jakob Reichert to demonstrate an astonishing lack of tact in early April by advising the Reichstag to take advantage of the decline in rail traffic and general chaos caused by the Ruhr crisis to dramatically reduce railway staff.<sup>264</sup> These tensions were exacerbated when the *Reichsverband der Deutschen Industrie* (RdI) presented the Cuno cabinet with a set of conditions under which the RdI would consider offering

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<sup>261</sup> Toni Sender, *The Autobiography of a German Rebel* (London: The Labour Book Service, 1940) 194. and Flynn, 72.

<sup>262</sup> Cornebise, *The Weimar in Crisis*, 189.

<sup>263</sup> “Bild 380. *Kommunistisches Flugblatt gegen die Industrie vom Frühjahr 1923*” in Hans Spethmann, ed., *Der Ruhrkampf 1923 bis 1925 in Bildern* (Berlin: Reimer Hobbing, 1931).

<sup>264</sup> See Jakob Reichert’s Speech to the Reichstag of Friday, April 13, 1923. 340 *Sitzung, Verhandlungen des Reichstages*. (Hereafter VR) *Stenographisches Berichte und Drucksachen*. Berlin 1920-1924. Pp.. 10487-10492.

industrial capital as reparations guarantee.<sup>265</sup> This proposal, which confirmed many of the fears of trade unionists, demanded the dismantling of state economic controls, the privatization of the railroads and the end of the eight hour day.<sup>266</sup> The cabinet immediately recognized the dangers of such a proposal and advised Cuno to reject the offer.<sup>267</sup> However, Hugo Stinnes unwisely allowed the offer to be published a few days later in his *Deutsche Allgemeine Zeitung*.<sup>268</sup> Trade unionists in both the occupied and unoccupied regions were understandably incensed at this offer as it not only obviously attacked the achievements of labour over the previous four years but also implied that industry considered itself to be in a position to set the terms of its relationship with the civil government. The cracks that were beginning to appear in the *Einheitsfront* in the Ruhr caused considerable alarm in Berlin and industrial circles. Moreover, these disruptions were not confined to trade unions or the extreme left.

The German business community in general had joined with other social and economic groups in the last days of January 1923 in supporting the developing passive resistance. This was particularly true in the occupied regions where merchants attempted to avoid selling goods to the occupation troops or to restrict their hours of business to times when the majority of French soldiers would be occupied with their duties.<sup>269</sup> However, as French authorities began to put pressure on local merchants they found that they were forced to abandon the passive resistance or face the loss of their

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<sup>265</sup> "Nr. 168. *Der Reichsverband der Deutschen Industrie an den Reichskanzler. 25. Mai 1923*" in Karl-Heinz Harbeck, ed., *Akten der Reichskanzlei, der Weimarer Republik: Das Kabinett Cuno, 22. November 1922 bis 12. August 1923* (Boppard am Rhein: Harold Boldt Verlag, 1968) pp. 508-513.

<sup>266</sup> *Ibid.*, 510, 513.

<sup>267</sup> "*Vermerk des Staatssekretärs Hamm über die Aufnahme des Industrieangebots. 26. Mai 1923*" in *Ibid.*, pp. 513-515. 515.

<sup>268</sup> Flynn, "The 1923 Ruhr Crisis as a Two Front War", 141.

<sup>269</sup> Cornebise, *The Weimar in Crisis*, 181.

establishments.<sup>270</sup> German merchants further disappointed the Cuno cabinet by avoiding subscription to the government's dollar loan program. This program, launched on March 2 1923, was intended to secure foreign currency from business, and industry in particular, in the form of Treasury Bills denominated in American dollars.<sup>271</sup> Despite the fact that heavy industry contributed significantly to the effort, the government was only able to place one quarter of the proposed 50 million dollar loan by the middle of April. Cuno in particular was bitterly disappointed in the merchants of his own city of Hamburg, who had contributed a mere \$400, 000 rather than the \$2, 500, 000 Warburg had hoped to acquire.<sup>272</sup> This disinclination to support a government that was beginning to drown in the sea of paper marks required to support the passive resistance had ominous implications for the future.

The spontaneous *Einheitsfront* that had underwritten the passive resistance in late January was thus beginning to deteriorate noticeably by the late spring of 1923. The radical left was making gains in the Ruhr while moderate trade unionists and Social Democrats saw their authority begin to evaporate. The capitulation or reticence of merchants and bankers both in the Ruhr and in unoccupied Germany likewise demonstrated the limits of passive resistance in the German business community. At the same time, the decline of the *Einheitsfront* was accompanied by increased pressure placed on German industrialists by the French authorities as the occupation continued. Degoutte's attempt to secure reparations coal led to an increasingly expansive series of

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<sup>270</sup> Ibid.

<sup>271</sup> Gerald D. Feldman, The Great Disorder: Politics, Economy, and Society in the German Inflation, 1914-1924 (New York: Oxford University Press, 1993) 648.

<sup>272</sup> Niall Ferguson, Paper and Iron: Hamburg Business and German Politics in the Era of Inflation, 1897-1927 (Cambridge: Cambridge University Press, 1995) 373.

measures that stifled German production and export and undermined the ability of individual concerns to continue to resist the occupation authorities.

Despite the fears of the Cuno government, the invasion and occupation of the Ruhr valley by French and Belgian forces did not result in the opening of another “hole in the west.” Rather, Degoutte “threw up an economic frontier around the Ruhr” in the early stages of the occupation.<sup>273</sup> In order to assume a measure of control over the raw materials and industry the French had intended to secure, the occupation forces restricted the export of coal in particular and demanded that traders obtain permission to transport goods in or out of the region. These regulations were extended to the territories occupied by France and Belgium under the Treaty on January 25 1923.<sup>274</sup> The occupation authorities further applied a 10% flat tax on exports and imports for the entire occupied region.<sup>275</sup> At the same time, the French occupation authorities inexplicably allowed German authorities to continue to collect their own import and export duties. This double taxation, coupled with the possibility of sporadic confiscation, made trade between the Ruhr and the rest of the world extremely costly and risky.<sup>276</sup> On May 1st this situation was partially alleviated by resurrecting the German tariff schedule of 1921 under French administration, circumventing the Reich collection officials and retroactively exempting orders placed before February 1 from further duties or licenses. However, foreign

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<sup>273</sup> Maier, *Recasting Bourgeois Europe*, 357.

<sup>274</sup> Paul Wentzke, *Ruhrkampf: Einbruch und Abwehr im rheinisch-westfälischen Industriegebiet* 2 Vols. (Berlin: Reimar Hobbing Verlag, 1930) 1:197.

<sup>275</sup> “The Secretary of State to the Ambassador in France (Herrick), Washington, May 14, 1923-6 pm” in U. S. Department of State, *Papers Relating to the Foreign Relations of the United States: 1923* 2 Vols. (Washington: United States Government Printing Office, 1938) pp. 208-209. 209.

<sup>276</sup> “The Secretary of State to the Ambassador in France (Herrick), Washington, March 5, 1923-4pm” in *Ibid.*, pp 194-198. 196.

exporters were required to make applications to remove goods from the occupied regions through the Rhineland Commission or a diplomatic envoy.<sup>277</sup>

These provisions allowed for limited trade with the Ruhr by the late spring of 1923. However, the above mentioned ordinances had far reaching effects. The American government initially refused to accept responsibility for obtaining export licenses for its citizens, resulting in considerable confusion and apprehension in American business circles.<sup>278</sup> The Dutch, Swiss and Swedish governments were likewise uncomfortable with the lengthy and irksome process required to export goods from the newly occupied regions.<sup>279</sup> These difficulties contributed to the impression that it was difficult, if not impossible, to trade with the Ruhr under French and Belgian occupation. By June of 1923 the British Board of Trade in fact expressed concern that English firms were failing to apply for export licenses because they believed that it was forbidden to transport manufactured products such as heavy steel out of the Ruhr.<sup>280</sup> Trade with the Ruhr was thus stifled by both the policies of the occupation authorities and the impressions these produced abroad.

The difficulties faced by the iron and steel industry in particular were compounded by the intensified efforts of the occupation authorities to extract reparations payments from the Ruhr. On March 23 Degoutte issued an ordinance authorizing the seizure of reparations payments from the German government. However, the ordinance conflated public and private reparations payments by including privately owned stocks of goods

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<sup>277</sup> "Resolution of the Interallied Rhineland Commission, March 15, 1923" in *Ibid* pp. 199-200.

<sup>278</sup> "The Secretary of State to the Ambassador in France (Herrick): Washington, May 8, 1923-6pm" in *Ibid.*, pp. 206-207.

<sup>279</sup> "The Ambassador in France (Herrick) to the Secretary of State: Paris, April 24, 1923" in *Ibid.*, pp. 202-203. 203.

<sup>280</sup> Nancy Lenoir, "The Ruhr in Anglo-French Diplomacy", 251.

covered by the Treaty of Versailles and the subsequent London schedule of payments. French authorities were thus permitted to seize private goods that would, presumably, eventually be paid for by the German government.<sup>281</sup> This ordinance was followed on May 28 by an order compelling German firms to evaluate and report the value of goods which might fall into this category. Failure to do so might result in the confiscation of any stocks and imprisonment for five years.<sup>282</sup> Finally, iron and steel stocks were directly threatened in early June when Degoutte declared that metallurgical products could be seized as compensation for unpaid coal taxes.<sup>283</sup>

At the same time, the Reich government, and the Transport Ministry (RVM) in particular, were unwilling to accept iron and steel industrialist's demands that were not directly linked to the passive resistance itself. The VdESI attempted, unsuccessfully, to lobby the RVM to decrease freight rates for the "tariff category 'iron and steel'" or conversely to increase the tariff rate on the import of goods normally procured in the Ruhr.<sup>284</sup> More galling, the railway authority refused to waive freight fees on seized shipments and were reluctant to investigate consignment losses *gratis*.<sup>285</sup> The Reich Railway itself was experiencing significant difficulties by mid-May as its returns, already substantially affected by the Ruhr crisis, continued to decrease as a result of the alarming rate of inflation and raised concerns that the Transport Ministry would not be able to cover its foreign obligations.<sup>286</sup> After a scandalous attempt to procure foreign currency through the Stinnes concern, the RVM abandoned its stable freight and tariff policies in

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<sup>281</sup> Wentzke, *Ruhrkampf*, 213.

<sup>282</sup> *Ibid.*

<sup>283</sup> *Ibid.*, 207.

<sup>284</sup> "Betriefft: Gütenverkehr und Ruhrbesetzung, 28. März, 1923" in BAB-DH, R 13 I/201, Bd. 19, Heft 1, 112.

<sup>285</sup> *Ibid.*, 113.

favour of an increase to compensate for the inflation and lost revenues.<sup>287</sup> These price changes began to undermine state support for the increasingly embattled Ruhr industrialists.

On April 21 1923, Jakob Reichert, who was a DNVP representative in the Reichstag as well as the business director of the VdESI, delivered a speech before the Reichstag which demonstrated that the *Geschäftsführer* was developing serious concerns over the effects and prosecution of the passive resistance.<sup>288</sup> In response to the attacks of the left he presented a general criticism of the effects of the war, revolution, peace treaty and socialist cabinets on the economic life of Germany.<sup>289</sup> He also disputed the notion that German workers now faced “hunger wages” and instead lamented industry’s “hunger dividends” and the inability of formerly wealthy individuals to live off of their fortunes as a result of the inflation.<sup>290</sup> Reichert furthermore lumped unskilled workers, whom he accused of having profited from the chaos of the inflation and occupation, together with inflationary profiteers.<sup>291</sup> However, Reichert concluded his speech with the condemnation of the “*Elemente des Schiebertums*” that was undermining the passive resistance, in which he included firms in the unoccupied region that continued to deal with France and Belgium.<sup>292</sup>

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<sup>286</sup> Feldman, *The Great Disorder*, 656.

<sup>287</sup> *Ibid.*, 657 and “An die Gruppen des Vereins, an die Verbände der Fachgruppe sowie an die Mitglieder der Nordutschen Gruppe und Sueddeutschen Gruppe., 23. Mai, 1923” BAB-DH, R 13 I/201, Bd. 19, Heft 1., 64-65.

<sup>288</sup> Jakob Reichert’s Speech to the Reichstag of Monday, April 21, 1923, 340. VR. pp. 10688-10693.

<sup>289</sup> *Ibid.*, 10688-10690.

<sup>290</sup> *Ibid.*

<sup>291</sup> *Ibid.*, 10690.

<sup>292</sup> *Ibid.*, 10692-10693.

This oblique reference to collaboration between German business and industrial enterprises and the occupying nations was echoed in the Association of German Iron and Steel Industrialists *Rundschreiben* in two communications in May of 1923. In early May an undated publication entitled “No Trade with France and Belgium!” taken from the *Deutschen Aussenhandelskorrespondenz* was included in the VdESI’s circular correspondence.<sup>293</sup> This document addressed “those firms that are still not clear about trade with France and Belgium” and emphasized that all German firms were in fact expected to abstain from trade with the occupying powers.<sup>294</sup> The communication further informed association members of the hardships faced by firms in the occupied region before reiterating that German plants must send “no goods to France and Belgium, and [take] none from them either.”<sup>295</sup> This was followed on May 12 by a communication reporting on the results of the Reichstag committee discussions regarding commercial links between Germany, France and Belgium.<sup>296</sup> While the VdESI approved of the decision to restrict imports from France and Belgium it was concerned that the Reichstag economic committee refrained from limiting exports to the occupying powers. The question was then turned over to the Reichstag foreign committee where, despite the concerns of the nationalist (DNVP) representative, the SPD and DDP members expressed their reluctance to restrict all trade with France and Belgium. The association document condemned the hesitance of the government and argued that “the present situation is unbearable as many firms directed by the patriotic spirit abstain from business relations

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<sup>293</sup> “Kein Geschäftsverkehr mit Frankreich und Belgien! (Einverdruck aus der Deutschen Aussenhandelskorrespondenz)” BAB-DH, R 13 I/201 Bd. 19, Heft 1, 95.

<sup>294</sup> “Diejenigen Firmen, die über den Geschäftsverkehr mit Frankreich und Belgien immer noch im Unklaren finden” in *Ibid.*

<sup>295</sup> *Ibid.*

with France and Belgium, while others are profiting just at the present time by establishing new business relations.”<sup>297</sup> The VdESI further expressed the concern that a lengthy debate would result in the failure of the central government to suppress trade with the occupying nations and be interpreted abroad as a sign of weakness.<sup>298</sup>

The *Verein deutscher Eisen und Stahl Industrieller* was thus left in a curious position. Reichert’s speech before the Reichstag on April 21 indicated that firms in the unoccupied region were continuing to trade with the occupying powers while the circulation of the *Deutschen Aussenhandelskorrespondenz* communication implied that VdESI members were participating in this activity. This was confirmed at the July 4, 1923 membership meeting in Berlin in which, despite Chairman Meyers’s assertion in his opening address that iron and steel industrialists continued to stand united in passive resistance, Reichert’s Manager’s Report acknowledged that a number of producers were in fact trading with France and Belgium.<sup>299</sup> However, the association tentatively approached those firms that were breaking the boycott.

The first circular to VdESI members addressed firms that had potentially misunderstood the terms of the boycott rather than accusing industrialists of undermining the passive resistance. Both this and the May 12 communication reiterated the importance of the boycott to the successful resolution of the Ruhr crisis. The DNVP member of the Reichstag foreign committee was likely Reichert himself. In both this meeting and in his

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<sup>296</sup> “Nicht für die Presse!, an die Herren Mitglieder des Hauptvorstandes sowie an die Gruppen des Vereins und die Verband der Fachgruppen, 12. Mai” in BAB-DH, R 13 I/201 Bd. 19 Heft 1, 68.

<sup>297</sup> “Jedenfalls sei der jetzige Zustand unerträglich, dass viele von vaterländischen Geist geleitete Firmen sich jeglichen Geschäfts mit Frankreich und Belgien enthielten, während andere gerade die jetzige Zeit benutzen, um neue Geschäftsverbindungen anzuknüpfen.” in *Ibid.*

<sup>298</sup> *Ibid.*

speech to the Reichstag, Reichert called on the state to act in order to prevent industrialists and businessmen from breaking the boycott. These circulars were not followed by any further discussions of the importance of the boycott or an attempt to draw wayward firms back into the fold. As a centralized organization that encompassed a wide variety of productive firms in both the unoccupied and occupied regions, the VdESI was well placed to help maintain unity among German industrialists. Given the importance of the boycott to the passive resistance, and the preponderance of Ruhr firms within the association, the failure to pursue this matter was a serious omission. At the same time, the limited reaction of the VdESI and its request for state regulation provides reasonable evidence to suggest that the passive resistance was becoming unmanageable. Unlike the Stinnes-Legien agreement of 1918, industrialists did not simply fall reluctantly in line behind the VdESI and other industrial peak associations. Rather, as the passive resistance campaign dragged on, the Association of German Iron and Steel Industrialists was forced to admit that, like the trade union leadership, it was in fact losing its ability to maintain authority over its own constituency.

Germany thus entered the summer of 1923 with an increasingly fragmented and fictional unified front. As the first waves of patriotic resistance subsided, the long standing disputes between industry and labour resurfaced and began to undermine the passive resistance movement. At the same time, internal divisions hampered the ability of economic interest groups to function. Trade unionists and the SPD were increasingly concerned about the unpredictable activities of the Ruhr communists and struggled to

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<sup>299</sup> *Hauptversammlungen Vorbereitung und Auswertung der Hauptversammlungen des Vereins bzw. der Wirtschaftsgruppe. BAB-DH. R 13 I/118, Bd. 10, Heft 2. "Aufzeichnung über die am 4. Juli 1923 im Gasthof Esplanade zu Berlin abgehaltene Mitglieder-Versammlung"* pp. 57-66. 59.

maintain order and their authority in the occupied regions. The VdESI likewise experienced difficulties maintaining order amongst its membership and turned to the government in Berlin for assistance. The unified front that formed the foundation of the passive resistance was thus showing signs of serious decay.

Despite the fact that the *Einheitsfront* appeared to have reached, and passed, its zenith by the late spring, Rosenberg and Cuno refused to begin negotiations with the French over the end of passive resistance. On the contrary, the German note of June 7, 1923 to the British Foreign Office assiduously avoided a discussion of the campaign of passive resistance and instead offered to submit to an international tribunal which would determine their capacity to make reparations payments.<sup>300</sup> This was predictably met by the French and Belgian governments with the demand that the passive resistance be abandoned before either government entered into further negotiations.<sup>301</sup> This compelled the German government to continue the support for the passive resistance program into the summer months.

It is extraordinarily difficult for the student of history to address the German experience of the summer of 1923 comprehensively.<sup>302</sup> During this period, the value of the German mark, which had resumed its decline in April 1923, began to collapse entirely. In June the average dollar exchange rate was 1:109 966, by July it was 1:353 412, and in August the American dollar was worth 4 620 455 marks.<sup>303</sup> The Ruhr crisis itself was largely responsible for an increase of the Reich budgetary expenses by 75% over that of

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<sup>300</sup> Elspeth O'Riordan, *Britain and the Ruhr Crisis*, 71.

<sup>301</sup> *Ibid.*, 72.

<sup>302</sup> For an ambitious recent study of the processes and effects of the inflation see Gerald D. Feldman, *The Great Disorder: Politics, Economy, and Society in the German Inflation, 1914-1924* (New York: Oxford University Press, 1993)

<sup>303</sup> Feldman, *The Great Disorder*, 5.

1922 and continued to consume vast numbers of paper marks.<sup>304</sup> As the deep inflation evolved into the absurd hyperinflation throughout the summer months the problem of the currency depreciation and its diverse consequences came to dominate the lives of many Germans. Despite frequent wage demands, employees generally saw their real wages diminish daily as the inflation deepened.<sup>305</sup> Germans attempted to sink their paper marks into goods before they became worthless, fueling an artificial boom in consumer goods and supporting the inflationary *Schieber*.<sup>306</sup> The memoirs of many observers of Germany in the 1920s, such as those of Toni Sender and Lord D'Abernon, reflect the overwhelming effects of the inflation and often abandon discussions of the Ruhr crisis in favour of the more immediate problems of the currency depreciation.<sup>307</sup>

As the inflation progressed, Ruhr industrialists and the VdESI likewise turned their attention to the currency crisis. By early July the payment system that had supported passive resistance was experiencing considerable difficulties. Support payments issued by the government to the Ruhr suffered from the same devaluation as other forms of wage payments and the efforts of the French occupation authorities to delay or seize currency shipments to the occupied territories resulted in further depreciation or loss.<sup>308</sup> During this period occupation authorities intensified their efforts to exploit the resources of the Ruhr and used spotter aircraft to ferret out coal, raw material and production stock. The

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<sup>304</sup> Adam Fergusson, When Money Dies: The Nightmare of the Weimar Collapse (London: William Kimber & Co. Limited, 1975) 369.

<sup>305</sup> Robert Scholz, "Lohn und Beschäftigung als Indikatoren für die soziale Lage der Arbeiterschaft in der Inflation" in Gerald D. Feldman, et. al., eds. Die Anpassung an die Inflation: The Adaptation to the Inflation (Berlin: Walter de Gruyter, 1986) pp. 278-322. 286, 294.

<sup>306</sup> Feldman, The Great Disorder, 553.

<sup>307</sup> For examples see Toni Sender, The Autobiography of a German Rebel, Katharine Tynan, Life in the Occupied Area (London: Hutchinson & Co., nd.) and Viscount D'Abernon, Rappallo to Dawes, 1922-1924: The Diary of an Ambassador (New York: Doubleday, Doran & Company, Inc., 1930)

<sup>308</sup> Adam Fergusson, When Money Dies, 160.

inflation itself made raw materials extremely expensive while the border erected between occupied and unoccupied Germany made their procurement difficult.<sup>309</sup> Also, the French authorities began to seize train stations and prohibited the storage of stock along waterways in an attempt to prevent firms from shipping wares by canal.<sup>310</sup> As a result, an increasing number of smelting and foundry works that had formerly been producing quantities of stock were shut down.

This led the VdESI to re-negotiate the wage guarantee agreement on July 13. Following the supplemental agreement, the Reich government agreed to provide wage supports for unproductive labour on a sliding scale beginning at 50% of 1922 production and covering full wage costs if the firm was unable to produce more than 10% of its former capacity. Two thirds of the wage support payments were delivered up to a month in advance in order to offset partially the cost of inflation.<sup>311</sup> While this system helped to avoid some of the effects of unemployment as plants doused their furnaces, it did not cover unproductive operating plant costs.<sup>312</sup> Moreover, the prospect of being partially compensated for producing at less than 10% of the previous year's capacity gave cold comfort to increasingly frustrated industrialists.

By the end of July of 1923, the inflation had rendered virtually all extensive foreign trade impossible. This was followed in early August by the Reich's withdrawal of reparations payments to all other signatories of the Treaty of Versailles.<sup>313</sup> While the inflation and occupation had previously supported a thriving black or gray market this form of trade also became increasingly difficult by the late summer. By the latter half of

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<sup>309</sup> *Ibid.*

<sup>310</sup> Nancy Lenoir, "The Ruhr in Anglo-French Diplomacy", 248.

<sup>311</sup> Feldman, *Iron and Steel in the German Inflation*, 371.

August, the VdESI advised its members in a circular memorandum to refrain from transporting goods to and from the Ruhr through bribed officials and other extra-legal means.<sup>314</sup> This communication informed VdESI members of the Reich transport minister's warning that the occupation authorities were being informed of the movement of smuggled goods through both French agents and German collaborators. VdESI members were also informed that the Reich government would not compensate firms for seized goods unless they were confiscated as a direct result of the terms of the passive resistance.<sup>315</sup> As a result, the occupation became increasingly onerous for German industrialists as the year progressed.

While the inflation and occupation strangled economic life in the Ruhr and unoccupied Germany, the VdESI as an organization struggled with the same problems. On March 8 "criminal investigators" interrupted a meeting of the association's Northwest Group and arrested four VdESI members, including *Geschäftsführer* Steinbrinck.<sup>316</sup> These men were held until March 31 before being released "upon deposit of a high bail."<sup>317</sup> On April 5 the VdESI auditor and Syndic of the Mainz Chamber of Commerce, Meesmann, was arrested and expelled by the occupation forces for distributing unsuitable mail and financial records.<sup>318</sup> This compelled the association to monitor its communications with its members in the occupied region very carefully in order to avoid further arrests.<sup>319</sup>

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<sup>312</sup> *Ibid.*, 372.

<sup>313</sup> Fergusson, *When Money Dies*, 159-160.

<sup>314</sup> "An Die Gruppen des Vereins, die Verbände der Fachgruppe, die Mitglieder der Norddeutschen Gruppe" in BAB-DH R 13 I/202 Bd. 19, Heft 2, 237.

<sup>315</sup> *Ibid.*

<sup>316</sup> "An die Mitglieder des Hauptvorstandes, des Fachgruppenausschusses sowie die Herren Geschäftsführer der Gruppen und Verbände. 3. April 1923" in BAB-DH, R 13 I 201, Bd. 19, Heft 1, 106.

<sup>317</sup> *Ibid.*

<sup>318</sup> "An die Mitglieder der Sueddeutschen Gruppe, 8. April, 1923" in BAB-DH, R 13 I/201, Bd. 19, Heft 1, 102.

<sup>319</sup> *Ibid.*

Furthermore, Meesman was subsequently arrested again in the occupied territory and only released shortly before the membership meeting of July 4.<sup>320</sup> Despite the fact that his duties were taken over during his arrest by Herr Kühn, the currency crisis prevented either man from presenting an “exact” audit.<sup>321</sup> Nevertheless, the auditor’s report was “unanimously” accepted by the assembly.<sup>322</sup> The budget presented similar difficulties and Meesmann and Kühn simply gave up any hopes of calculating future expenditures. The budget for the VdESI was instead valorized for the future and the annual contribution set at one gold pfenning per work unit in the hopes that this would make the association’s finances more manageable.<sup>323</sup>

These difficulties were compounded by renewed efforts by the French authorities to break industrialist resolve in the late summer of 1923. At the end of August Degoutte had a number of industrial officials, particularly Krupp directors, arrested and “kept in mild confinement.”<sup>324</sup> At the same time, a number of VdESI officials were expelled from the occupied region. On August 30 the VdESI informed its members that the *Geschäftsführer* of the Northwest Group of the association, Dr. Beumer, had been expelled along with Herr Heinson, Dr. Buschmann, Dr Zentgraf and their families.<sup>325</sup> This seriously disrupted the relationship between VdESI groups in the occupied and unoccupied region. As a result, the executive of the association directed members to address future communications to “*die Firma Esti, Eberfeld, Schliessfach 27*” rather than

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<sup>320</sup> “Aufzeichnung über die am 4. Juli 1923 im Gasthof Esplanade zu Berlin abgehaltene Mitglieder-Versammlung” in BAB-DH, R 13 I/ 118, Bd. 10, Heft 2., 64.

<sup>321</sup> *Ibid.*

<sup>322</sup> *Ibid.*

<sup>323</sup> *Ibid.*, 64-65.

<sup>324</sup> Feldman, *Iron and Steel in the German Inflation*, 405.

<sup>325</sup> “an die Gruppen des Vereins, Verbände des Fachgruppen, Mitglieder der Norddeutschen Gruppen. 30. August. 1923” in BAB-DH, R 13 I/202 Bd. 19, Heft. 2, 232.

representatives of the Northwest Group.<sup>326</sup> This hampered the association's ability to function effectively in the occupied area and demonstrated the resolve of the occupation authorities to the iron and steel industry.

The VdESI was thus experiencing serious difficulties by the summer 1923. As the *Einheitsfront* that had underwritten the passive resistance began to deteriorate, the intransigent position of the Association of German Iron and Steel Industrialists no longer reflected the realities of the relationship between Germans, particularly in the Ruhr, and the occupation authorities. At the same time, the VdESI itself was suffering from the consequences of the French administration and the deepening inflation. This deepening economic crisis began to draw an increasing amount of attention during this period. Consequently, the *Rundschreiben* collected in the association's files for the late spring and early summer reflect the growing importance of other political concerns that occupied the VdESI during this period (see figure 1). While communications directly addressing the Ruhr occupation generally dominated the organization's *Rundschreiben* from January to April, the Ruhr crisis was overtaken by other subjects in May of 1923. In June and July the subject of the Ruhr occupation is entirely missing as a major theme. At the same time, discussions of tax and tariff questions and cartel policies, subjects which were sometimes related to the occupation of the Ruhr, received increased attention from the association. More importantly, as the German inflation deepened throughout the summer of 1923, the question of valuta and currency reform came to dominate the VdESI circular communications.

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<sup>326</sup> *Ibid.*

Despite the fact that the passive resistance was deteriorating and the VdESI itself was turning its attention elsewhere, the association executive refused to moderate their stance on a potential relationship between French and German industry. As noted above, the association executive confirmed their continued commitment to the passive resistance despite some concerns at the July 4 *Mitglieder* meeting. This was followed by an internal document four days later which re-affirmed the association's attitude toward French industry.<sup>327</sup> This document refuted the position of Viktor Truant, a French observer who maintained that the iron and steel industries of the two nations could indeed be bound together under terms other than those of the German industrialists, and essentially incorporated the events of the Ruhr invasion into the VdESI position of 1922.

The association executive asserted that, like the Germans, much of the French population hoped to see a "true peace" in which the two nations could come to a general understanding.<sup>328</sup> However, the association expressed its concern that the French government was, as Nitti noted, attempting to subjugate Germany economically through the iron and steel industry.<sup>329</sup> The document cited the invasion of the Ruhr by "100, 000 men," the use of coloured troops and French abuse of power in the Saar as reasons for having dissuaded the German public and industry from co-operating with the French iron and steel industry.<sup>330</sup> The association also maintained the position that it would be better to avoid becoming reliant on France as a source of ore while also claiming that German industry had met almost all of its coal delivery responsibilities.<sup>331</sup> It likewise claimed that

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<sup>327</sup> "Bemerkung zu der Antwort des Herrn Victor Truant: "Können Frankreich und Deutschland Verbündete in der Stahlindustrie sein?, 8. Juli 1923" BAB-DH, R 13 I/255, Bd. 1., 160-164.

<sup>328</sup> *Ibid.*, 160.

<sup>329</sup> *Ibid.*, 160, 163.

<sup>330</sup> *Ibid.*, 161.

<sup>331</sup> *Ibid.*, 162.

the German iron and steel industry had in fact offered to collaborate with their French counterparts in order to bring together minette and coal, but deftly sidestepped the issue of production or the relationship between the industry of the two nations.<sup>332</sup> Finally, the VdESI once again expressed its opposition to Rechberg's suggestion that the ownership of Ruhr plants be mixed, and voiced its concern over any measure of foreign ownership of the German iron and steel industry.<sup>333</sup>

Six months of French and Belgian occupation had thus failed to moderate the dogmatic refusal of the *Verein deutscher Eisen und Stahl Industrieller* to compromise with France and its industry. Despite the difficulties of the preceding months, the VdESI continued to demand that Germany maintain its dominance in the iron and steel industry. The association still refused to consider becoming bound to France through the open exchange of ore for coke or to split the iron and steel industry to reflect the realities of the post-Versailles borders. Worse, the VdESI used the events surrounding the Ruhr crisis to bolster its 1922 position. This left very little room for any future negotiations between the VdESI and the French government on an industrial relationship.

As the summer wore on, the situation in the Ruhr became increasingly more desperate for both the VdESI and its membership as the *Einheitsfront* that had underwritten passive resistance deteriorated further. The inflation of the summer of 1923 had disastrous results on labour relations in both the Ruhr and the rest of Germany. Workers who saw themselves as the backbone of passive resistance were dismayed to find

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<sup>332</sup> *Ibid.*,

<sup>333</sup> *Ibid.*, 163-164.

their real wages threatened by the unseen hand of inflation.<sup>334</sup> As a result, trade unions made frequent and increasingly high wage demands that both industrialists and the Reich government were reluctant to meet. By the last week of July 1923, the situation had become unbearable and a series of strikes broke out in both the occupied and unoccupied regions of Germany.<sup>335</sup> In early August these strikes became exceptionally violent as clashes between workers and police turned into “labour riots.”<sup>336</sup> By August workers were hanging Cuno, Ebert, Stinnes and other industrialists in effigy.<sup>337</sup> Despite the fact that they were unable to conjure up a general strike, the communist far left made significant gains in this strained situation.<sup>338</sup> The privations and tension in the Ruhr placed workers under tremendous pressure and by July 24 Karl Wolff, the secretary of the metal workers union, believed that the increasingly strict occupation policy was turning German workers against the Ruhr industrialists rather than the French.<sup>339</sup> He was further concerned that the trade union leadership was losing the confidence of its own membership and he “feared for his life.”<sup>340</sup>

The conflict between industry and labour in the summer of 1923 was compounded by indications that industrialists were in fact collaborating with the French occupation authorities. On August 10 Paul Frölich, a KPD representative, attacked industrialists in the Reichstag for having allowed “despicable” (*schmödesten*) profit motives to lead them to

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<sup>334</sup> Sender, *The Autobiography of a German Rebel*, 203.

<sup>335</sup> Charles S. Maier, *Recasting Bourgeois Europe*, 371.

<sup>336</sup> Feldman, *The Great Disorder*, 705. and D’Abernon, 252.

<sup>337</sup> Flynn, “The 1923 Ruhr Crisis as a Two Front War”, 154. and “Bild 379. Ein von den Kommunisten im August 1923 gegen die Regierung und die Bergwerksdirectoren auf Zeche Rheinlbe errichteter Galgen” in Hans Spethmann, ed., *Der Ruhrkampf 1923 bis 1925 in Bildern* (Berlin: Reimer Hobbing, 1931)

<sup>338</sup> D’Abernon, *Rapallo to Dawes*, 252.

<sup>339</sup> Ruck, *Die Freien Gewerkschaften im Ruhrkampf*, 423.

<sup>340</sup> *Ibid.*

collaborate with the French.<sup>341</sup> Frölich cited reports in the KPD *Parteiblatt* which indicated that the Thyssen works had begun directing employees to “work under French bayonets” on July 21.<sup>342</sup> He further charged that Rheinmetall directors had co-operated with French troops in order to turn over several locomotives in spite of the opposition of the firm’s employees. Krupp was likewise accused of forcing his men to work for the French while employees at the pit works “*Unser Fritz*” were threatened with dismissal if they refused to return to their jobs.<sup>343</sup> Frölich concluded that the real “archenemies” of Germany were in fact Krupp and Stinnes and that the German “great capitalists” (*Grosskapitalisten*) had stabbed the passive resistance and the German people in the back.<sup>344</sup>

The accusation that German firms were co-operating or negotiating with the French did not only come from the extreme, or even moderate, left. Germans received word through the French press in early August that French and German industrialists had already entered into negotiations.<sup>345</sup> These allegations were substantiated by British sources reporting to the British Foreign Office from Cologne in early July.<sup>346</sup> The British furthermore expressed concern that these negotiations were being carried on without the direct participation of either government and feared that it would lead to an agreement which bound German industry directly to that of France outside of the provisions of the

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<sup>341</sup> Paul Frölich’s speech to the Reichstag of Friday, August 10, 1923, 380. *Sitzung*, VR, Bd 361. 11805.

<sup>342</sup> *Ibid.*, 11806.

<sup>343</sup> *Ibid.*

<sup>344</sup> *Ibid.*

<sup>345</sup> Von Gräfe’s speech to the Reichstag of Friday, August 10, 1923. 380. *Sitzung*, VR, Bd. 361. 11819.

<sup>346</sup> *Förderung internationaler Wirtschaftsbeziehungen: Industrielle Verständigung mit Frankreich; Unterstützung der deutsch-französischen Wirtschaftsorganisation*. BAB-DH, R 13 I/255 Bd. 1, 1922-1931. “*Streng vertraulich!*, London meldet unter dem 7.8.” nd., 154

Treaty of Versailles and contrary to the interests of England.<sup>347</sup> Following the abandonment of passive resistance in late September, the newly appointed Stresemann justified his decision before the Reichstag by stating that the resistance was “deteriorating in quality.”<sup>348</sup> Given the nature of the passive resistance, it is reasonable to conclude that Stresemann was referring to the fear that the French were beginning to successfully exploit the resources of the Ruhr with the assistance, or at least sufferance, of Ruhr industrialists.

The accusations brought against Ruhr industrialists in the summer of 1923 were not far off the mark and the KPD was not the only organization to note that Rheinpreussen had become more co-operative. Both Phoenix and Rheinpreussen were part of the loosely affiliated Otto Wolff concern. Wolff himself was primarily an industrial wholesaler who had expanded his own production facilities considerably during the war.<sup>349</sup> He was also an independent-minded businessman who had resented being forced into export syndicates during the war.<sup>350</sup> Wolff’s various concerns had been deeply affected by the Ruhr occupation and Phoenix had been forced to double its stock issue in June in order to attract enough Dutch credit to maintain the firm’s liquidity.<sup>351</sup> Phoenix had also been the victim of a number of French seizures and had been forced to suspend its ore purchases by August 7.<sup>352</sup>

The increasing hardship of the occupation helped lead Wolff into a relationship with French authorities in the summer of 1923. In July, MICUM officials informed

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<sup>347</sup> Ibid.

<sup>348</sup> “Speech in the Reichstag, 6th October, 1923” in Gustav Stresemann, Essays and Speeches on Various Subjects Christopher R. Turner, Trans., (New York: Books for Libraries Press, 1930, 1968.) pp. 162-172. 164.

<sup>349</sup> Robert Liefmann, Cartels, Concerns and Trusts (London: Methuen & Co. Ltd., 1932) 136.

<sup>350</sup> Gerald D. Feldman, Army, Industry and Labour in Germany: 1914-1918 (Princeton: Princeton University Press, 1966) 60.

<sup>351</sup> Feldman, Iron and Steel in the German Inflation, 379.

Degoutte that they no longer needed military escorts in order to gather statistical information at Phoenix plants while one of the firm's directors began advising General Denvignes on German political divisions.<sup>353</sup> On August 17 Wolff himself approached General Denvignes, informed the general of the difficulties faced by his firm and indicated that he was attempting to secure Stresemann's permission to negotiate independently with the French occupation authorities.<sup>354</sup> The head of the Phoenix concern also maintained links with Rhenisch separatists and employees at works such as the Phoenix-Neumuehl mine were considered to be particularly sympathetic to the movement.<sup>355</sup> However, when Wolff finally met with General Degoutte himself at the end of August, the commander of the occupation forces insisted on discussing broad political issues rather than the Phoenix concern exclusively.<sup>356</sup> While Wolff declined to endorse Degoutte's suggestions regarding long term French or joint control in the Ruhr rail system or tariff policy, the broad implications of the French desire to include political demands in negotiations with individual firms was an ominous indication of future possibilities.<sup>357</sup>

The accusations brought against German industry in the mid and late summer of 1923 called into question the resolve of the German iron and steel industry. However, despite the fact that the *Einheitsfront* and passive resistance was publicly coming apart at the seams, the VdESI did not address the issue of possible negotiations with the French

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<sup>352</sup> *Ibid.*, 418.

<sup>353</sup> Marc Trachtenberg, "Poincaré's Deaf Ear: The Otto Wolff Affair and French Ruhr Policy, August-September 1923" in *Historical Journal* 24, 3, 1981. pp. 699-707. 702.

<sup>354</sup> Trachtenberg, "Poincaré's Deaf Ear", 703. and "Feeling in the Rhineland: Note by Stresemann, August 21, 1923" in Eric Sutton, ed., trans., *Gustav Stresemann: His Diaries, Letters, and Papers, Vol. 1* (London: Macmillan and Co., Limited, 1935) pp. 91-93.

<sup>355</sup> Trachtenberg, "Poincaré's Deaf Ear", 703-4.

<sup>356</sup> "Nr. 30. Aufzeichnung über eine Unterredung Otto Wolffs mit General Degoutte am 29. August 1923" in Karl Dietrich Erdmann and Martin Vogt, eds., *Akten der Reichskanzlei, Weimarer Republik: Die Kabinette Stresemann, 13 August bis 6 October 1923 (Bd. 1)* (Boppard am Rhein: Harold Bold Verlag, 1978) pp. 142-144.

through the organization's *Rundschreiben*. Rather, the rumors and developments of the summer of 1923 sparked concern among the association's executives and demonstrated the limits of the influence and information of the Association of German Iron and Steel Industrialists in the increasingly chaotic German economy. Although it was not circulated among the association's members, a memorandum outlining the British reports of negotiations between French and German industry appears in the files of the VdESI.<sup>358</sup> This presented the association executive with evidence from an external source which suggested that negotiations were indeed underway. However, the VdESI appears to have been unaware of any relationship between German industrialists and French authorities or industry and approached the reports with caution. In an effort to determine if this allegation was correct, *Geschäftsführer* Baare dispatched telegrams to Paul Reusch, Albert Vögler and Gerwin of the Stahlwerksverband on August 22 requesting information regarding the rumored negotiations.<sup>359</sup>

The files of the VdESI do not contain any reference to a response from Vögler or Gerwin. However, Reusch dispatched an indignant letter to Reichert himself the following day in which he assured the association's business manager that:

“Nothing in the least is known to me of this sort of negotiation, and I would ask you to communicate to me if you have perhaps heard any details from other quarters and if the names of the individuals who may have entered into negotiations are known to you”.<sup>360</sup>

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<sup>357</sup> *Ibid.*, 143.

<sup>358</sup> “*Streng vertraulich! London meldet unter dem 7.8.*” nd., R 13 I/255, Bd. 1, 154.

<sup>359</sup> “*Baare an Reusch, 22. August 1923*” pg. 151, “*Baare an Gerwin, 22. August 1923*” pg. 152 and “*Baare an Vögler, 22. August 1923*” pg. 153 in BAB-DH, R 13 I/255 Bd. 1.

<sup>360</sup> “*Da mir von derartigen Verhandlungen nicht das Geringste bekannt ist, bitte ich um Mitteilung, ob Sie vielleicht von irgendeiner Seite Näheres darüber gehört haben und ob Ihnen die Namen [der] Persönlichkeiten, welche die Verhandlungen angeknüpft haben sollen, bekannt sind.*” in “*an Herr Reichert, Betr. Verhandlung zwischen der deutschen und französischen Industrie. 23. August 1923*”, BAB-DH, R 13 I/255, Bd. 1, 150.

This letter was printed on Reusch's new letterhead which now listed his address as Nürnberg, rather than the occupied city of Oberhausen and was both appropriately and defiantly signed, "Faithfully, Reusch."<sup>361</sup>

By the time Reichert responded on August 30, Otto Wolff had already met General Degoutte and largely rendered the discussion moot.<sup>362</sup> Nevertheless, Reichert informed Reusch that, despite their efforts to investigate the "alleged negotiations," neither the German Foreign Office nor the embassy in London was able to provide solid evidence of this. Reichert furthermore informed Reusch that the VdESI executive was "of the opinion that the reports of the foreign press have been pulled out of thin air" and were "merely a trial balloon."<sup>363</sup> He also assured Reusch that despite the acceptance of these rumors by the French, English and even German press, the German Foreign Office categorically discounted the rumors of negotiations.<sup>364</sup>

Paul Reusch had recommended Reichert for the position of VdESI business manager in 1913, and the two men were longtime friends and colleagues.<sup>365</sup> It therefore seems reasonable to assume that this was an open exchange that accurately reflected the state of the VdESI at the end of the summer of 1923. Both Baare's telegram and Reichert's letter suggest that the association executive was unaware of the lengths to which the hardships of the passive resistance and inflation had already driven some of their members. At the same time, Paul Reusch, one of the most patriotic of the German industrialists and leaders of the passive resistance, was also unaware of the extent of the

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<sup>361</sup> "Hochachtungsvoll, Reusch" in *Ibid.*

<sup>362</sup> "Reichert an Reusch, Betr.: Verhandlungen zwischen der deutschen und französischen Industrie. Ihr schrb. vom 23.," BAB-DH, R 13 I/255, Bd. 1, 149.

<sup>363</sup> *Ibid.*

<sup>364</sup> *Ibid.*

<sup>365</sup> Feldman, *Iron and Steel in the German Inflation*, 44.

deterioration of the *Einheitsfront* among his colleagues. The actions of VdESI members in the latter stages of the Ruhr crisis thus had a double effect on the association as an interest group representative. Negotiations with the French rendered the intransigent attitude of the association's executive irrelevant and destroyed the ability of the VdESI to represent the iron and steel industry effectively in this matter.

By the summer of 1923 it was no longer possible to speak seriously about a unified front between industry and labour against the French invaders as both interests accused the other of having stabbed Germany in the back. At the same time, the gaps in the *Einheitsfront* went beyond the traditional division between industry and labour. Trade unionists found themselves struggling to maintain order as the inflation and the new appeal of the KPD undermined their authority. The position in which Reusch and the VdESI executive found themselves by August 1923 demonstrates that the association was experiencing similar difficulties. As the summer of 1923 progressed, the *Verein deutscher Eisen und Stahl Industrieller* became preoccupied with the problems of the devaluation of the currency. Furthermore, the association began to lose touch with the concerns and actions of a number of its members in the Ruhr. The growing gap between the VdESI executive and its members limited the ability of the association to unify the position of the iron and steel industry in the latter stages of the crisis, or to effectively regulate the passive resistance. As Reichert and his colleagues lost control of their membership, the association ceased to function as an effective partner of the state government. As a result, the VdESI was caught outside of the developing negotiations throughout the late summer and early fall of 1923. It would not re-enter the debate until mid November, when it was already too late.

## Chapter Four:

### Capitulation

By the fall of 1923 Germany was on the verge of collapse once again. The occupation forces in the Ruhr had extended their authority and begun a more comprehensive campaign to counter both passive and active resistance. Moreover, they had begun to make the occupation pay by extracting an expanding number of products and payments from the industries of the Ruhr. At the same time, the hyperinflation made even the most basic economic relationships and transactions extraordinarily difficult as the mark sank to absurd new lows. By the end of the summer, the *Einheitsfront* had effectively collapsed under these pressures. Industrialists began to co-operate with the French authorities and some began courting an active relationship with Degoutte and MICUM. Trade unionists and workers in general believed that they were being both exploited and "stabbed in the back" by German industrialists. As a result, the working class became increasingly radicalized. Other groups likewise took advantage of the chaos of the occupation and hyperinflation to assert their own agendas. By the fall of 1923 Germany was poised on the brink of financial collapse, territorial dismemberment, social revolution and civil war. The new Stresemann government was thus forced to face a number of daunting crises.

The events of the summer of 1923 had a profound effect on the ability of the VdESI to participate in the resolution of the Ruhr crisis. The combined effect of the uncompromising attitude of the VdESI and the harsh realities of the situation in the Ruhr alienated individual industrialists from the association. By September the *Verein deutscher*

*Eisen und Stahl Industrieller* had not only lost the ability to direct the actions of iron and steel industrialists, but also seemed unaware of their member's activities. This rendered the association an unsuitable tool for managing the crisis. The VdESI was quickly marginalized as Stresemann turned to other, more effective, groups. The Association of German Iron and Steel Industrialists itself turned its attention to other pressing questions and largely withdrew from the debate over the fate of the Ruhr. As industrialists themselves came to believe that the survival of their firms depended on the speedy negotiation of an understanding with the French authorities, they quickly established *ad hoc* groups to approach the occupation authorities. Unlike the VdESI, the most important of these groups, Stinnes' "committee of six," was not committed to a broad range of demands or long term goals. Rather, Stinnes and his colleagues hoped to establish a provisional agreement that would meet the immediate needs of industry. Thus, while the Reich government and German industrialists addressed the problems of the fall of 1923 with the same approach to crisis management that had characterized the development of the passive resistance, the VdESI was no longer a significant actor. Germany survived the deep crisis of late 1923, but the aspirations and assumptions of Reichert and the VdESI did not.

On August 11 the British Government stirred itself from its position of "benevolent neutrality" and dispatched a note to the French and Belgian governments in which it condemned the occupation, questioned its legality and contemplated the possibility of

intervention.<sup>366</sup> This, however, was too little and too late to save the Cuno government. On the previous day the KPD had presented a series of criticisms against the “Business Cabinet” and introduced a motion of confidence.<sup>367</sup> That same day the Berlin Printers Union, which was responsible for producing the huge quantities of paper notes demanded by the Cuno government to support the passive resistance, struck.<sup>368</sup> On August 11 the Social Democrats, under pressure from their increasingly radical and discontented members, advanced their own motion of non-confidence. Cuno resigned the same evening.<sup>369</sup>

In the midst of a variety of crises the Weimar Republic once again seemed to demand a chancellor who would be willing to shoulder heavy burdens. As in 1918, Germany in 1923 required a “peace chancellor” to oversee what would almost certainly be a capitulation. In the midst of what he described as a “strained” situation, Gustav Stresemann formed a cabinet backed by a “great coalition” composed of the DVP, DDP, Center and SPD and resolved to set both the nation’s internal and external problems in order.<sup>370</sup> However, Stresemann maintained a more pragmatic position than Cuno. Since the early months of the invasion and occupation of the Ruhr Stresemann had insisted that narrow economic questions should be subordinated to larger political concerns in order to serve the nation’s interests.<sup>371</sup> Following Stresemann’s attempt to secure foreign currency

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<sup>366</sup> Elspeth O’Riordan, Britain and the Ruhr Crisis (New York: Palgrave, St. Martin’s Press, 2001) 84-85.

<sup>367</sup> Alfred A. Cornebise, The Weimar in Crisis: Cuno’s Germany and the Ruhr Occupation (Washington: University Press of America, 1977) 377.

<sup>368</sup> Kenneth Paul Jones, “Stresemann and the Diplomacy of the Ruhr Crisis, 1923-1924” (Ph.D. Diss, University of Wisconsin, 1970) 86.

<sup>369</sup> Cornebise, The Weimar in Crisis, 377.

<sup>370</sup> “Ebert and Stresemann: Press Release of August 13” in Sutton, ed. Gustav Stesemann., 87. and Henry Ashby Turner, Jr., Stresemann and the Politics of the Weimar Republic (Princeton: Princeton University Press, 1963) 114.

<sup>371</sup> Jones, “Stresemann and the Diplomacy of the Ruhr Crisis”, 65.

through a compulsory gold loan the new chancellor and his cabinet began seriously to consider the possibility of giving up the Ruhr struggle. At a joint meeting of the Prussian and Reich cabinets on August 23 members of both bodies agreed that the Ruhr population could not survive the upcoming winter without coal and food provisions from outside of the occupied territory.<sup>372</sup> The conditions of the railway system under the French occupation raised the possibility of mass starvation and once more compelled the cabinet to consider the “question of potatoes” that had plagued the government of Prince Max five years previously.<sup>373</sup> On August 28 Stinnes and Vögler added to the gloomy outlook by informing the chancellor that the Ruhr could hold out for no more than four weeks.<sup>374</sup> That same day Stresemann informed the economic committee for the occupied region that he considered it to be “absolutely necessary” to return to productive work in the Ruhr.<sup>375</sup>

By the beginning of September Stresemann was actively attempting to prepare the population for the end of passive resistance in public statements, while also making overtures to the French and especially Belgian governments.<sup>376</sup> However, Poincaré reacted angrily to Stresemann’s attempts to divide the two occupying nations and reaffirmed his demand that passive resistance must be ended before negotiations could begin.<sup>377</sup> On September 24 the chancellor invited a number of industrialists and representatives from the

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<sup>372</sup> *Ibid.*, 92.

<sup>373</sup> Gerald D. Feldman, *The Great Disorder: Politics, Economics, and Society in the German Inflation, 1914-1924* (New York: Oxford University Press, 1993) 706.

<sup>374</sup> Jones, “Stresemann and the Diplomacy of the Ruhr Crisis”, 93.

<sup>375</sup> “Nr. 27. Sitzung des Wirtschaftsausschusses für die Besetztes Gebiets. 28. August 1923” in Karl Dietrich Erdmann and Martin Vogt, eds. *Akten der Reichskanzlei, der Weimarer Republic: Die Kabinette Stresemann* 2 Vols. (Boppard am Rhein: Harold Boldt Verlag, 1978) pp.132-134. 134.

<sup>376</sup> “The Great Man Knows When to Yield, Address to representatives of the Foreign Press, September 6, 1923” in Eric Sutton, ed., trans. *Gustav Stresemann: His Diaries, Letters, and Papers* (London: Macmillan and Co., Limited, 1935) pp. 103-104. 104. and Henry Ashby Turner, *Stresemann and the Politics of the Weimar Republic* (Princeton, NJ: Princeton University Press, 1963) 117.

<sup>377</sup> Walter A. McDougall, *France’s Rhineland Diplomacy, 1914-1924: The Last Bid for a Balance of Power in Europe* (Princeton: Princeton University Press, 1978) 291-2.

occupied district to a meeting where he informed them that the government was about to declare an end to the Ruhr campaign.<sup>378</sup> On September 26 Stresemann and Ebert made good on this promise and officially announced that the program of passive resistance was over.<sup>379</sup>

Despite this official announcement, the state of the Ruhr conflict remained highly ambiguous. Stresemann and his cabinet were painfully aware that the complete abandonment of the mechanisms of passive resistance would almost surely lead to chaos in the Ruhr valley. As a result, wage supports and steel finance credits were maintained until October 31 and 20 respectively.<sup>380</sup> Unemployment relief was likewise maintained, although Stresemann hoped that this expense could be shifted onto the occupation authorities with the end of passive resistance.<sup>381</sup> The declaration of September 26 was thus a symbolic admission of defeat in the Ruhr conflict rather than a definitive resolution of the crisis. Despite the official announcement of the end of passive resistance, industrialists still faced the prospect of the confiscation of their materials and products in the Ruhr, the railroads in the occupied region still ran infrequently at best, workers were left idle and support payments continued. Furthermore, the future of the relationship between the German iron and steel industrialists and their French counterparts remained unresolved.

Poincaré was well aware of this situation and simply dismissed Stresemann's declaration of the end of passive resistance as empty words. The premier further informed the occupation authorities that there "would be no negotiation with Berlin until deeds have

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<sup>378</sup> "Cabinet Meeting of September 24, 1923" in Sutton, 131-133. 132.

<sup>379</sup> Turner, *Stresemann and the Politics of the Weimar Republic*, 118.

<sup>380</sup> Gerald D. Feldman, *Iron and Steel in the German Inflation, 1916-1923* (Princeton, NJ: Princeton University Press, 1977) 407.

<sup>381</sup> Dietrich Orlow, *Weimar Prussia, 1918-1925: The Unlikely Rock of Democracy* (Pittsburgh: University of Pittsburgh Press, 1986) 201.

been done in the Rhineland and the Ruhr.”<sup>382</sup> Stresemann nevertheless persisted in attempting to make formal contact with the French and Belgian governments. On October 9 councilors Hoesch and Rödiger, who had been serving in the place of the absent ambassadors to France and Belgium, presented a request to resume negotiations regarding reparations payments and production in the Ruhr.<sup>383</sup> However, these overtures were undermined by the developing relationship between the occupation authorities and individual German industrialists.<sup>384</sup> This raised the prospect of excluding the German government through negotiations directly with German industry, which both enraged Stresemann and dissuaded Poincaré from accepting official overtures.

Following the official cessation of passive resistance, Ruhr industrialists quickly realized that they would have to reach some form of agreement with the occupation authorities on their own in order to resume productive work. To this end the German Mining Association established a delegation to meet privately with the French.<sup>385</sup> This “committee of six” was composed of “Stinnes and Vögler, Klöckner, Director von Velsen of the State owned Hibernia Mining Company, and Directors Herbig and Janus of the Coal Syndicate.”<sup>386</sup> This committee met with General Degoutte on October 5, but was left with mixed feelings.<sup>387</sup> While the French general refused to return confiscated coal stocks or cash used for the maintenance of the occupation troops, he indicated that the French government would be willing to return confiscated articles that were not directly named in

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<sup>382</sup> McDougall, *France's Rhineland Diplomacy*, 293.

<sup>383</sup> “From the Belgian Telegraph Agency, October 10” in Sutton, pp. 153-154.

<sup>384</sup> “From the Havas Bureau, October 10, 1923” in Sutton, 154.

<sup>385</sup> John Francis Flynn, “The 1923 Ruhr Crisis as a Two Front War: Intra-German and German-French Confrontations” (Ohio State University, PhD. Diss., 1977 University Microfilms Inc.) 167.

<sup>386</sup> Feldman, *Iron and Steel in the German Inflation*, 408.

<sup>387</sup> “Nr. 111. *Besprechung der Sechserkommission mit General Degoutte in Düsseldorf vom 5. Oktober 1923, 17 Uhr*” in *Die Kabinette Stresemann*, Erdmann and Vogt, eds., pp. 474-483.

reparations demands, particularly raw materials, half-machined products and cast, if the industrialists agreed to pay back coal taxes.<sup>388</sup> Degoutte further indicated that if productive work and reparations payments were resumed, industrialists would not face further confiscations, the railways would be re-opened and French troops would evacuate occupied mines, leaving only a civil observer.<sup>389</sup>

Hugo Stinnes in particular felt that this meeting could be used as the basis for a workable agreement if industry were relieved of certain burdens. He therefore wrote to Stresemann requesting that the chancellor assure him that the Reich would cover industrialist's expenses in both the coal tax and reparations payments.<sup>390</sup> Stinnes further wanted to know if he was empowered to discuss the question of the control of the Ruhr rail system, reparation delivery procedures and Reich pricing agencies.<sup>391</sup> He also hoped that the Berlin government would allow industrialists to extend the working day in order to boost production to meet the French demands.<sup>392</sup> In putting these questions to the chancellor, Stinnes was essentially asking Stresemann to empower the committee of six to negotiate on matters of German sovereignty while also absolving industrialists of any responsibility that might follow. Stresemann, however, had already authorized a "committee of fifteen" in the Rhineland at a conference with the region's authorities on October 5. This committee included representatives of industry and other economic

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<sup>388</sup> *Ibid.*, 476, 478.

<sup>389</sup> *Ibid.*, 477-478.

<sup>390</sup> "1086. Der Briefwechsel Hugo Stinnes- Dr. Stresemann zur Klärung von Reparationsfragen: a) Schreiben von Hugo Stinnes an Dr. Stresemann, 7 Ocktober 1923" in Herbert Michaelis and Ernst Scheapler, eds., *Ursachen und Folgen vom deutschen Zusammenbruch 1918 und 1945 bis zur staatlichen Neuordnung Deutschlands in der Gegenwart: Fünfter Band, Die Weimarer Republik, Das Kritische Jahre 1923* (Berlin: Herbert Wendler & Co. Kommanditgesellschaft, nd.) pp. 222-223.

<sup>391</sup> *Ibid.*

<sup>392</sup> *Ibid.*, 223.

groups.<sup>393</sup> Despite the fact that Stinnes requested an answer by October 9, Stresemann stalled until the 12th.<sup>394</sup> The chancellor was also absent from the meeting of October 9 in which the committee of six reported the results of their discussions with French authorities and reiterated Stinnes' demands.<sup>395</sup>

Although Stresemann and the cabinet took a cautious approach to the Mining Association committee, the situation was rapidly progressing beyond their control. On the same day the committee of six reported to the cabinet, two firms associated with the Wolff concern, Rheinpreussen and Neumühl, signed agreements with MICUM.<sup>396</sup> This agreement was reported in the French newspapers and immediately undermined Stresemann's attempts to negotiate between governments.<sup>397</sup> The next day Otto Wolff reported to the cabinet on the protocol that was to form the basis of negotiations between his other works and MICUM, which stipulated that MICUM would not return the 45 000 tons of iron confiscated from Phoenix and Rheinpreussen as this was to be used to partially cover a staggering 12 million dollar coal tax and penalty bill.<sup>398</sup> The civilian head of MICUM, Paul Frantzen, also demanded that the Wolff firms deliver reparations coal free of charge, provide the occupation troops with coal, pay a coal tax to the French authorities and secure permission for exports out of the occupied region.<sup>399</sup> Frantzen made

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<sup>393</sup> Orlow, *Weimar Prussia*, 202.

<sup>394</sup> "Schreiben von Hugo Stinnes an Dr. Stresemann, 7. Oktober 1923" in *Ursachen und Folgen*, 223. and "1086. Der Briefwechsel Hugo Stinnes- Dr. Stresemann zur Klärung von Reparationsfragen: b) Antwort Stresemann, 12. Oktober 1923" in *Ibid.*, 223.

<sup>395</sup> "Nr. 121. Besprechung mit Ruhrindustriellen im Reichstagebäude vom 9. Oktober 1923, 17 Uhr" in *Die Kabinette Stresemann*, pp. 513-518.

<sup>396</sup> Hans Rycken, "Die Micum=Abkommen des Ruhrkohlenbergbaus (1923-24)" (Ph.D. Diss, Hessischen Ludwigs=Universitaet, 1931 ) in *Dissertation Collection*, Vol. 93, Nos. 1-7. (No. 3) 36.

<sup>397</sup> Wilhelm Sollman's Speech to the Reichstag of October 9, 1923, VR, Bd. 361, 12060. and "From the Havas Bureau, October 10, 1923" in Sutton, ed. 154.

<sup>398</sup> "Nr. 123. Besprechung über Verhandlungen der Phoenix- und Rheinstahlgruppe mit den zivilen Besatzungsbehörden. 10. Oktober 1923, 16.30 Uhr" in *Die Kabinette Stresemann* , pp. 520-522.

<sup>399</sup> *Ibid.*, 521.

it further understood that German iron and steel production would be held to the equivalent of French productive capacity of the year 1922.<sup>400</sup> Despite the fact that this agreement between Phoenix, Rheinpreussen and MICUM was not finalized until October 20, reports of the agreement enraged the Social Democrats and KPD who were already seething over the inclusion of the hours of work question in the discussion of the resumption of passive resistance.<sup>401</sup> While Frölich and the KPD wondered why Wolff, in particular, was still allowed to "run around free" after giving in to the French, even the conservative Karl Helfferich expressed his concern over the conduct of the head of the Phoenix works.<sup>402</sup> The concessions that Wolff had agreed to also set a dangerous precedent for other Ruhr industrialists. The interests of the Wolff concern lay primarily in the export of iron and steel rather than coal mining and the agreement outlined above indicated that Wolff was willing to trade the coal production of Rheinpreussen for other export and marketing opportunities.<sup>403</sup> Finally, this private agreement represented a serious setback for German foreign policy and Stresemann both angrily rebuked Wolff and implied that the Reich would not cover his reparations costs.<sup>404</sup> The Rheinpreussen and Neumühl agreements thus undermined both the government and industrialists at the very beginning of the negotiation process.

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<sup>400</sup> Ibid.

<sup>401</sup> Rycken, "Die Micum=Abkommen des Ruhrkohlenbergbaus", 36. and August Müller's speech to the Reichstag of October 9, 1923. 387 *Sitzung* VR, Bd. 361, 12046. and Paul Frölich's speech to the Reichstag of October 9, 1923. 387 *Sitzung* VR, Bd. 361, 12040.

<sup>402</sup> "Wie ist es möglich, dass Herr Otto Wolff, ein von der Regierung überführter Bertrüger, heute noch frei herumlaufen kann?" in Frölich's speech to the Reichstag of October 9, 1923. 387 *Sitzung* VR, Bd. 361, 12040 and Karl Helfferich's speech to the Reichstag of October 9, 1923. 387 *Sitzung*, VR, Bd. 361, 12067.

<sup>403</sup> Feldman, Iron and Steel in the German Inflation, 418.

<sup>404</sup> "Besprechung über Verhandlungen der Phoenix- und Rheinstahlgruppe" in Die Kabinette Stresemann., 522.

The immediate threat of individual firms undermining governmental authority by entering into agreements one by one helped to focus the energies of both the Reich government and industrialists in October 1923. On October 10 the DVP Reichstag *Fraktion* announced that it officially endorsed the efforts of the committee of six and considered Stinnes and his colleagues to be working in the government's interest.<sup>405</sup> Stresemann, whose views had diverged somewhat from those of other DVP members, cautiously endorsed the efforts of the committee of six but warned Stinnes not to venture into questions of the sovereignty of the Reich and not to expect compensation from the government, at least not until the nation's currency and financial problems had been solved.<sup>406</sup> The committee of six thus assumed the status of semi-official negotiators. However, as the Reich plunged deeper into chaos a unified negotiation effort seemed increasingly implausible.

When the committee of six met with MICUM on October 17 they found Frantzen to be considerably more demanding than Degoutte.<sup>407</sup> The head of MICUM now insisted that, as in the Wolff agreement, the French authorities retain control of a number of mines, that resumption of exports would be dependent on reparations deliveries and that the Coal Syndicate be stripped of its regulative powers.<sup>408</sup> The industrialists' task was further complicated by the conclusion of similar agreements between MICUM and Dahbusch on October 12, Stahlwerk Becker on October 23 and, most notably, Krupp on November 1.

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<sup>405</sup> "1090. *Die Verhandlungen deutscher Industrieller mit dem französischen Militärbefehlshaber, General Degoutte: b) Vertrauenskundgebungen der Reichstagsfraktion der Deutschen Volkspartei für die Industriellen Stinnes und Vögler vom 10. Oktober 1923*" in *Ursachen und Folgen* ., 246.

<sup>406</sup> "1086. *Der Briefwechsel Hugo Stinnes- Dr. Stresemann zur Klärung von Reparationsfragen: b) Antwort Stresemann, 12. Oktober 1923*" in *Ursachen und Folgen*, 223-225.

<sup>407</sup> "Verhandlung der Sechserkommission mit der MICUM in Düsseldorf am 17. Oktober 1923" in *Das Kabinett Stresemann*, V 2.:618-620.

Four other smaller German mining firms likewise signed separate agreements with French authorities in October 1923.<sup>409</sup>

The industrialists' negotiation efforts were thus intolerably fragmented and German industry was left divided and uncertain in the wake of the collapse of passive resistance. The end of the passive resistance campaign and the economic crisis it precipitated compelled German industrialists to take up negotiations with the occupation authorities and MICUM. However, individual concerns had already begun to seek terms with MICUM, members of the mining association were engaged in negotiations with both the French authorities and the Reich government and industrialists on the committee of fifteen under Louis Hagen sought a larger agreement between France and the Rhineland. The future of the German iron and steel industry was thus an open question as a variety of groups and individuals, sometimes working at cross purposes, attempted to sort out a solution in the Ruhr. At the same time, the association charged with harmonizing the interests of the various members of the iron and steel industry had very little to offer German industrialists.

Despite the role the VdESI had played earlier in the occupation the association was, in effect, shut out of the important decisions and events of late 1923. The problems that reduced the association's ability effectively to represent and advise the iron and steel industry in the passive resistance continued to hamper the VdESI throughout the period of capitulation and negotiation. The association, or at least Jakob Reichert, was aware by September 15 that Otto Wolff was in the midst of negotiations with the French occupation

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<sup>408</sup> *Ibid.*, 619.

authorities.<sup>410</sup> However, the VdESI paid very little attention to the Ruhr conflict and the association's executive was unable to provide suitable information or advice to a membership that was badly in need of both. As the policy of passive resistance collapsed, the intransigent attitude of the VdESI towards co-operation with the French quickly became irrelevant. However, rather than re-evaluating their position or actively asserting themselves in the Ruhr, the association's executive seemed to stand helplessly by as their members entered into the kinds of relationships they had opposed since the end of the war.

As noted above, financial concerns and the need to arrest the collapse of the mark came to dominate the cabinet in the last months of the passive resistance. However, despite the obviously declining quality of the resistance campaign and the circulation of increasingly plausible rumors regarding contacts between German industrialists and French authorities, Jakob Reichert resolutely refused to consider ending the public campaign. As an important participant in the passive resistance, Reichert was consulted during a cabinet meeting of August 18 convened to discuss the budget and currency crisis. However, Reichert's was a voice in the wilderness when he forcefully asserted that there could be "no hopes" for reducing expenditures in the Ruhr.<sup>411</sup> The VdESI committee assigned to negotiate the release of funds to cover unproductive labour in the Ruhr also attempted to dig in its heels in September. When the government threatened to pay only eight-ninths of previous unproductive wage costs, the association members, particularly Paul Reusch, threatened to begin laying off workers in the Ruhr.<sup>412</sup> However, when it became apparent that the government did not intend to back down and that layoffs would appear to confirm

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<sup>409</sup> Rycken, "*Die Micum=Abkommen des Ruhrkohlenbergbaus*", 37.

<sup>410</sup> Feldman, *Iron and Steel in the German Inflation*, 396.

allegations that industry itself was undermining the passive resistance, the VdESI committee withdrew its threat.<sup>413</sup>

At a meeting of the VdESI executive and its branch committees following the collapse of the passive resistance, the association concentrated on the financial plight of the Reich as the primary cause of the decision to call off the campaign.<sup>414</sup> The *Verein* executive itself blamed the passive resistance in the Ruhr for the collapse of the German currency and the difficulties that accompanied the continuing inflation and credited Finance Minister Hilferding with the decision to end the Ruhr support.<sup>415</sup> Although this analysis circumvented the failure of the resistance policy by begging the question to some degree, it remained essentially correct. However, as noted in the previous chapter, the collapse of the currency was not the only problem associated with the resistance campaign. The VdESI executive avoided discussing the declining quality of the resistance or the developing relationship between Ruhr industrialists and the French. Instead, it concentrated on defending the amounts spent to support the iron and steel industry during the crisis.<sup>416</sup>

Strangely, the executive of the *Verein deutscher Eisen und Stahl Industrieller* did not discuss the question of a return to productive labour or the implications of the end of passive resistance for iron and steel industrialists in the Ruhr.<sup>417</sup> Rather, VdESI *Rundschreiben* indicate that, in the fall of 1923, just as in the summer, the association was

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<sup>411</sup> “*Besprechung über die Währungsanierung, 18. August 1923*” in *Das Kabinette Stresemann* V. 1., pp.23-28. 25.

<sup>412</sup> Feldman, *Iron and Steel in the German Inflation*, 404.

<sup>413</sup> *Ibid.*, 405.

<sup>414</sup> “*Ausszeichnung über die am 5. October 1923 im Gasthof Esplanade zu Berlin Sitzung des Hauptvorstandes und des Fachgruppenausschusses*” in BAB-DH R 13 I/202. pp.183-186.

<sup>415</sup> *Ibid.*, 183. (R.S., pg. 2 in original)

<sup>416</sup> *Ibid.*

increasingly preoccupied with more immediate problems. The association did not in fact issue a circular memo to its members directly addressing the passive resistance during the month of September 1923. During the critical negotiations between industry and the occupation authorities in October and November, the VdESI published only three discussions of this situation. However, during the same period the association continued to issue a large number of *Rundschreiben* addressing a number of other topics.<sup>418</sup>

The circular memoranda of the *Verein deutscher Eisen und Stahl Industrieller* in the fall of 1923 indicate that the association, like the Stresemann government, turned much of its attention towards German internal problems rather than the conflict with France (see figure 1).<sup>419</sup> By the late summer the hyperinflation had negated the advantages on the world market of the early stages of inflation and the tremendous instability of the currency made many commonplace economic transactions risky and complicated.<sup>420</sup> Heavy industrialists in particular began to fear the consequences of turning inflationary paper credit into real debts through currency reform and revaluation.<sup>421</sup> At the same time, wage earners continued to see their real wages decline while unemployment increased to reach a high of 28% in December.<sup>422</sup> Salaried workers likewise saw their real wages steadily decline between pay periods while creditors were virtually ruined.<sup>423</sup> The inflation

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<sup>417</sup> *Ibid.*

<sup>418</sup> See figure 1.

<sup>419</sup> *Wirtschaftspolitische Unterrichtung der Mitglieder: Sammlung von Rundschreiben und Drucksachen zur Unterrichtung der Hauptvorstandsmittglieder über die Tätigkeit des Vereins sowie über allgemeine und spezielle Fragen der in- und ausländischen Eisen und Stahlwirtschaft.* R 13 I/201 Bd. 19 Heft 1, 1923. and R 13 I/202 Bd. 19, Heft 2, 1923-1924.

<sup>420</sup> Feldman, *Iron and Steel in the German Inflation*, 396-397.

<sup>421</sup> Michael L. Hughes, *Paying for the German Inflation* (Chapel Hill: University of North Carolina Press, 1988) 51.

<sup>422</sup> Richard Bessel, *Germany After the First World War* (Oxford, New York: Clarendon Press, 1993) 129.

<sup>423</sup> Stephen B. Webb, *Hyperinflation and Stabilization in Weimar Germany* (New York: Oxford University Press, 1989) 81. and Michael Hughes, "Economic Interest, Social Attitudes and Creditor

had a profound psychological impact on Germans in general and fostered the impression that the German economy and society were mortally wounded. To make matters worse, the left wing uprisings in Saxony and Thuringia and right wing violence in Bavaria threatened the young republic.<sup>424</sup> Under these circumstances, the influence of heavy industry in particular was suspiciously regarded in the collapse, and the Reich government began to take measures to regulate the activities of German cartels.<sup>425</sup> Discussions regarding a reform of the currency and resolution of the crisis thus represented attempts to re-organize and re-order German economic relations in the wake of their collapse.

The circular memoranda of the association in the fall of 1923 demonstrate that, like the Stresemann government, the VdESI turned its attention towards the internal problems of the Reich and the question of reform of both the currency and economy. As pictured in figure 1, the association circulated 20 *Rundschreiben* between September and December which directly addressed the questions of currency reform and valuta. During the same period the VdESI issued a further 20 communications regarding taxes and tariffs.<sup>426</sup> At the end of the summer of 1923 the number of *Rundschreiben* addressing cartel policy and politics increased substantially, particularly during the lead up to the introduction of the Cartel Law of November 3.<sup>427</sup> The question of the end of the eight

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Ideology: Popular Responses to the Inflation” in Gerald D. Feldman, et. al., eds. The German Inflation (Die Deutsche Inflation) (Berlin: Walter de Gruyter, 1982) pp. 285-408.

<sup>424</sup> Detlev J.K. Peukert, The Weimar Republic: The Crisis of Classical Modernity Richard Deveson, trans. (New York: Hill and Wang, 1987, 1993) 72-75.

<sup>425</sup> Hugo Stinnes in particular was blamed for the excesses of the inflation. For a discussion of some aspects of public perception of Stinnes see Bernd Widdig, Culture and Inflation in Weimar Germany Berkely: University of California Press, 2001) pp. 134-165.

<sup>426</sup> See figure 1.

<sup>427</sup> See figure 1. The “Ordinance against the Misuse of Economic Power”, instituted on November 3, came to be known as the Cartel Law of Nov. 3. This law expanded articles 138, 134 and 826 of the civil code addressing business practices in Germany by establishing a cartel court and regulating cartel agreements deemed to function against the public interest or the national economy. It also served to

hour day likewise became increasingly important and accounted for five communications in the critical month of October.<sup>428</sup> The Ruhr crisis and end of passive resistance, on the other hand, was directly addressed in only five *Rundschreiben* between September and December.<sup>429</sup>

Although the Association of German Iron and Steel Industrialists had formally adopted the policy of passive resistance in January of 1923 and continued to be one of the principal supporters of the opposition to the French and Belgian invasion throughout the spring and summer, it did not circulate information to its members during the discussion about the end of the official resistance and the beginning of discussions with the French occupation forces. In fact, the VdESI did not produce a *Rundschreiben* or memorandum which directly addressed the Ruhr occupation in the month of September (see figure 1), and the association executive did not publicly respond to the cessation of the passive resistance until the third week of October.<sup>430</sup> This circular memo was dispatched to members of the VdESI more than twenty days after the official end of passive resistance. In the meantime, industrialists had not only begun negotiating with French authorities and MICUM, but had organized themselves into two separate groups while three other firms had already finalized separate agreements that had serious implications for the iron and steel industry. However, in late October the VdESI did not discuss negotiations with the French authorities or the resumption of productive work. Rather, Reichert forwarded a memo from the *Reichsverband der deutschen Industrie* which stated that, in light of the

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bring cartel arrangements to public attention to a certain extent. See Robert Liefmann, *Cartels, Concerns and Trusts* (London: Methuen & Co. LTD., 1932) 167-171.

<sup>428</sup> R 13 I/201 Bd. 1, Heft 2. 1923-1924.

<sup>429</sup> See figure 1.

<sup>430</sup> "An Die Gruppen des Vereines und Verbände der Fachgruppe, 18. Oktober 1923", BAB-DH, R 13 I/202, Bd. 19, Heft 2, 209.

end of passive resistance, the RdI ordinances discouraging trade with France and Belgium were no longer in effect.<sup>431</sup> Reichert added a postscript indicating that “this was also the standpoint” of the VdESI executive.<sup>432</sup> This effectively reversed the relationship between the VdESI and RdI regarding transactions between French and German firms. While the *Verein* had led the boycott campaign in spite of the reticence of the *Reichsverband* at the beginning of the French occupation, the VdESI now meekly followed the lead of the RdI.

Despite the termination of passive resistance and economic boycott, the VdESI did not take up the question of negotiations with the occupation authorities again until November 12 when Reichert forwarded a report from the German Foreign Office to the association’s group leaders.<sup>433</sup> However, while this communication recognized the fact that they were negotiating, it painted a grim picture of the prospects of resolving the crisis favorably. In this report councilor Hoesch conveyed the results of a series of conversations between a “trusted source” (*Vertrauensmann*) and French authorities. This informant questioned a member of the Ruhr region propaganda bureau, Francois Poncet, about the possibility of arriving at a general reparations agreement through an understanding between French and German industry in light of recent developments in the Ruhr.<sup>434</sup>

This question was tremendously important to the VdESI. As noted in chapter one, German industrialists had argued since 1919 that the exploitation of German industrial development and the disposition of natural resources could be used to alter the conditions imposed by the Treaty of Versailles. This was predicated on the assumption that despite the outcome of the war and its political and economic consequences, German industry

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<sup>431</sup> Ibid.

<sup>432</sup> Ibid.

would still be able to dominate that of France. As a result, German industrialists systematically opposed a political solution to the international economic crises of the post-war era in the hope that they would be able fundamentally to alter the post-war settlement. Industry had in effect gone to war in January 1919 in order to prevent France from imposing a larger political solution. However, Poncet's answer indicated that industrialists had failed in this respect. He told Hoesch's informant that the necessity of reaching an agreement with German industry as the basis of a final reparations solution had faded into the background of French thought as the stubborn resistance of German industrialists collapsed along with the passive resistance campaign.<sup>435</sup> The report further indicated that German industrialists would be mistaken to consider current negotiations to be a "bridge" to a future settlement and stated that Poincaré had effectively ruled out this possibility.<sup>436</sup> The VdESI thus informed its group leaders that, despite the fact that German industrialists were now forced to negotiate, the hopes of the association in late 1922 had proved to be largely illusory.

Hoesch's report also ruled out the likelihood of a change in French policy in the near future. The councilor had spoken to Painlevé, a member of Briand's opposition group, and been assured that a coalition of the parties of the left would be able to defeat Poincaré and the National Block in the upcoming election. While Hoesch was cheered by the fact that this developing left opposition was opposed to the hard line taken by Poincaré in the Ruhr, he recognized that it had little practical benefit for Germany as the opposition refused to alienate the French public before an election by attacking Poincaré in what

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<sup>433</sup> "Vertraulich!, An Die Herren: Vorsitzenden der Gruppen und an die Gruppen des Vereines 12. November 1923" BAB-DH, R 13 I/202, Bd. 19, Heft 2, 169.

<sup>434</sup> Ibid.

seemed to be his moment of victory.<sup>437</sup> Both observations were in fact correct. The revival of the left in French politics would eventually fundamentally alter France's policy in the Rhineland, but this would not occur until June of 1924.<sup>438</sup>

This report ruled out the possibility of using German productive capacity and economic power to bring down the Treaty of Versailles. The association itself had consistently rejected plans to share coal and coke with their French counterparts. In December 1922 the VdESI had hoped to use German coal deposits and the productive capacity of the Ruhr iron and steel industry to overcome the conditions set out or implied in the Treaty of Versailles. However, less than one year later the grounds for this intransigent attitude were rapidly disappearing. The *Verein deutscher Eisen und Stahl Industrieller* thus appeared to be a helpless bystander during the final phase of the Ruhr occupation. In the critical months of September to November of 1923, VdESI *Rundschrieben* focused on the debate over the future organization of economic and, to a lesser extent, social relationships within the Reich. The association's circulars generally ignored the collapse of passive resistance and the question of the development of a relationship between German industrialists and the French occupation forces in the Ruhr. The social and economic chaos reflected in the circular memoranda of the VdESI was likewise reflected in a renewed call for a centralized, authoritarian government. Despite the experiences of both the war and conflict with the RWM immediately following the revolution, the VdESI called for "strong men" to take control of both the government and

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<sup>435</sup> "...sei aber in den Hintergrund getreten" in *Ibid.*

<sup>436</sup> *Ibid.*

<sup>437</sup> *Ibid.*

<sup>438</sup> McDougall, *France's Rhineland Diplomacy*, 359. and Paul Guinn, "On Throwing Ballast in Foreign Policy: Poincare, the Entente and the Ruhr Occupation" *European History Quarterly* Vol. 18, Nr. 4, October 1988. pp. 427-437. 434.

economy at an October 5 executive meeting.<sup>439</sup> While individual industrialists, the committee of six and the committee of fifteen each began to negotiate with MICUM and the French, the VdESI passively forwarded gloomy reports of both the end of the boycott against France and Belgium and the futility of attempting to use negotiations in the Ruhr as the basis for a re-evaluation of the Treaty of Versailles.

The new reticent attitude of the VdESI did not help the industrialists who were attempting to reach a working agreement with MICUM and the French. Despite progress made towards an agreement that would have partially compensated German industrialists for reparations deliveries on October 31, MICUM officials increased their demands significantly in early November.<sup>440</sup> MICUM negotiators, apparently under pressure from Poincaré, demanded that reparations deliveries be made free and that they be counted towards a variety of costs before being credited to the general reparations account itself.<sup>441</sup> When the committee of six indicated that they were unwilling to enter into further negotiations on these terms Frantzen threatened to break off negotiations completely and resume the seizure of goods and works.<sup>442</sup> The German negotiators thereafter returned to the negotiating table and reached an agreement with French authorities which was finalized on November 23.<sup>443</sup>

The MICUM agreement of November 1923 was singularly disadvantageous to German industry in the Ruhr. On the surface, it was primarily concerned with coal and

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<sup>439</sup> "Aufzeichnung über die am 5. Oktober im Gasthof Esplanade abgehaltene Sitzung des Hauptvorstandes und des Fachgruppenausschusses" in BAB-DH R 13 I/ 202, Bd. 19, Heft 2. 184.

<sup>440</sup> Rycken, "Die Micum=Abkommen des Ruhrkohlenbergbaus", 33.

<sup>441</sup> "Besprechung betreffend Verhandlungen der Sechserkommission 13. November 1923, 13 Uhr" in *Die Kabinette Stresemann*, 1049-1051.

<sup>442</sup> Rycken, "Die Micum=Abkommen des Ruhrkohlenbergbaus", 35.

compelled German mine owners to agree to pay both outstanding and future taxes on coal and coke.<sup>444</sup> The coercive measures of the occupation authorities were partially maintained as stocks seized before October 1 remained in occupied hands, MICUM retained powers of observation and access to industrial statistics and the threat of further confiscations as punishment for failure to meet the conditions set out in the agreement was written into the accord itself.<sup>445</sup> Reparations deliveries were likewise to be resumed immediately.<sup>446</sup> In return, Ruhr coal mines were permitted to resume production while export and plant locomotives were to be returned.<sup>447</sup>

While this agreement was negotiated, or at least signed, by Vögler on behalf of the Mining Association's committee of six, MICUM officials used the agreement to regulate the iron and steel industry in general as well. As in the agreement between the occupation authorities and the Otto Wolff concern, export of metallurgical materials was restricted to 1922 levels.<sup>448</sup> Internal consumption of fuel and export to affiliated firms in the unoccupied regions was likewise tied to the previous year's production.<sup>449</sup> While the engines, locomotives and other transport vehicles were returned to the mines and coke furnaces relatively quickly, the iron and steel industry experienced difficulty regaining possession of this equipment.<sup>450</sup> At the same time, the French administrative branch responsible for the administration of the German railway, the *Regie*, retained its authority

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<sup>443</sup> *Ibid.*

<sup>444</sup> "1102. Vorläufiges Abkommen mit der 'Micum', 23. November 1923" in *Ursachen und Folgen*, pp. 268-273. Art. 2, 3.

<sup>445</sup> *Ibid.*, 270-271. Art. 11, 8, 10.

<sup>446</sup> *Ibid.*, 270. Art 4.

<sup>447</sup> *Ibid.*, 272, Art 13.

<sup>448</sup> *Ibid.*, 272. Art 15.

<sup>449</sup> *Ibid.*, 272. Art 16, 17.

<sup>450</sup> "An die Nordwestliche Gruppe, Sueddeutsche Gruppe und die im besetzten Gebiet liegenden Eisenhüttenwerke. 22. Dezember 1923" BAB-DH, R 13 I/202, Bd. 19, Heft 2., 110.

over the Ruhr rail system and imposed export tariffs of 10% for scrap iron, 5% on pig iron and 4% on iron bar, extruded iron (*Formeisen*), sheet iron, pipe and wire.<sup>451</sup>

This arrangement occupied a curious position between a private and public agreement. Strictly speaking, the MICUM agreement bound the Interallied Control Commission for Furnace and Mining works and specific firms represented by the committee of six. However, the agreement was conceived of as a “skeleton agreement” (*Mantelsverträge*) which would form the basis of future contracts.<sup>452</sup> Furthermore, the enactment of the MICUM agreement itself was dependent upon the acceptance of its terms by 80% of Ruhr mining firms within ten days of the conclusion of negotiations.<sup>453</sup> The agreement with the committee of six drew the iron and steel works of Thyssen, Stinnes and Klökner into the arrangement while, as noted above, much of the Otto Wolff concern and Krupp himself had already signed similar agreements. Given the high degree of vertical concentration in the industry of the Ruhr valley, the imposition of the MICUM agreement on coal mining firms would have netted a large number of iron and steel producers. The MICUM agreement thus had serious implications for the German iron and steel industry and effectively imposed a larger political and economic solution on German industry by forcing industrialists to agree to the terms of both the Treaty and the occupation authorities. French authorities also proved unwilling to alter the terms of the

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<sup>451</sup> “An die Gruppen des Vereins, Verbände Fachgruppe, Mitglieder der Norddeutschen Gruppe. Betr. Ausfuhr von Eisen -und Stahlerzeugnissen aus dem besetzten Gebiet. 18. December 1923” BAB-DH, R 13 I/202 Bd. 19, Heft 2. 119.

<sup>452</sup> Ryken, “Die Micum=Abkommen des Ruhrkohlenbergbaus”, 38.

<sup>453</sup> “Es gilt als vereinbart, dass die Bedingungen des gegenwärtigen Abkommens keine Geltung behalten würden, wenn nicht 80 v.H. (nach Massgabe der Brutto-Kohlenförderung des Jahres 1921) der Zechen innerhalb einer Frist von zehn Tagen alle Bedingungen des vorliegenden Abkommens angenommen haben” in “1102. Vorläufiges Abkommen mit der ‘Micum’” *Ursachen und Folgen*, pp. 268-273. 268. Art 1.

agreement after it took effect and in fact rejected the efforts of the VdESI and *Stahlbund* to negotiate new export regulations in mid-December.<sup>454</sup>

The initial duration of the MICUM agreement was set from November 1923 until April 1, 1924. However, the question of international trade and reparations deliveries did not revert back to the domain of national governments following the expiration of the November 23 contracts. The MICUM agreement was renewed on April 15, June 15, June 30, July 31 and September 3.<sup>455</sup> At the same time, the French government and MICUM officials refused to acknowledge the German government as a legitimate negotiating partner. Throughout this period the committee of six continued to negotiate on behalf of German industry, but met with limited success.<sup>456</sup> The first renewal of the agreement on April 15 maintained the terms of the original contract, but added a clause preventing large scale layoffs.<sup>457</sup> Following the collapse of the Poincaré government, Herriot's cabinet reduced the export tariff provisions of the Treaty by 1% in the June 30 contract renewal. On July 31 these tariffs were halved and coal taxes reduced somewhat.<sup>458</sup>

The MICUM agreement thus dashed the hopes of the VdESI for a 'businesslike' solution to the Ruhr-Lorraine industrial crisis that would be both free of political impositions and defer to the authority of the German iron and steel industry. With the collapse of the passive resistance campaign in the early fall of 1923, the responsibility for negotiating an economic settlement with the French in the wake of the treaty of Versailles passed almost entirely to industrialists in the Ruhr valley. However, by this time German

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<sup>454</sup> "An die Gruppen des Vereines, Verbands Fachgruppe, Mitglieder der Norddeutschen Gruppe. Btr. Ausfuhr von Eisen -und Stahlerzeugnissen aus dem besetzten Gebiet. 18. Dezember 1923" BAB-DH, R 13 I/202, Bd. 19, Heft 2. 119.

<sup>455</sup> Rycken, "Die Micum=Abkommen des Ruhrkohlenbergbaus", 42, 48, 52, 57, 59.

<sup>456</sup> *Ibid.*, 52.

<sup>457</sup> *Ibid.*, 42.

industrialists found they lacked the advantages they believed they had possessed at the beginning of the year. The passive resistance campaign and boycott of French and Belgian firms had exhausted German industry and left many great industrialists, particularly Otto Wolff, desperate to resume productive work and begin to export once again. At the same time, the decay of the industrial unified front and the termination of the official policy of passive resistance on September 26 made a mockery of the intransigent attitude of the VdESI towards co-operation with the French government or French industry. By October of 1923 negotiations between French occupation authorities and German industrialists were a well publicized reality. The attitude of the VdESI had consequently become largely irrelevant and the association, founded to harmonize the actions and policy of the iron and steel industry withdrew from the debate, leaving much of the industry divided and desperate.

The results of negotiations with the French authorities and MICUM officials were disastrous for the aims of the VdESI. The MICUM agreement of November 23 effectively functioned as a trade and reparations treaty and an “amendment to the Treaty of Versailles.”<sup>459</sup> French authorities were able to use their victory in the *Ruhrkampf* to force considerable concessions on Ruhr coal producers. This set the relationship between the French and German iron and steel industries on its head. While the VdESI had previously put its faith in superior coal stocks to subordinate their French counter-parts to Ruhr firms, the MICUM agreement allowed the French to exploit negotiations over coal and coke production in the occupied region to regulate the German iron and steel industry.

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<sup>458</sup> *Ibid.*, 57.

<sup>459</sup> *Ibid.*, 68.

The VdESI feared that the MICUM agreements themselves would deprive the German iron and steel industry of fuel and coke.<sup>460</sup> The successful invasion and occupation of the Ruhr by the French and Belgian forces in 1923 thus wrested many of the weapons of the Ruhr iron and steel industry from Germany.

The reaction of the VdESI executive to the MICUM agreement speaks to the hopes the association had invested in the possibility of forcing a revision of the Treaty of Versailles to their own advantage. At the last meeting of the executive of the *Verein deutscher Eisen und Stahl Industrieller* in 1923 the president of the assembly, Wilhelm Meyer, declared that, while the “Treaty of Versailles had set back iron production by a decade, the MICUM *Mantelsvertrag* had set it back by a generation.”<sup>461</sup> Factually, this statement might best be described as hyperbole. However, in terms of the VdESI plan to bring Lorraine back under the sway of the German iron and steel industry and dispense with the Treaty of Versailles, Meyer’s disappointed pronouncement was accurate. Despite its earlier intransigent position, the VdESI was unable to muster support either among other interest groups or from its own membership in the last, critical, phase of the *Ruhrkampf* and thus withdrew from the debate over the future relationship between German and French industrialists. Conversely, the Reich government and industrialists themselves employed the tools that would best allow them to meet the short term needs of the period. This approach to crisis management resulted in an agreement between German industry and MICUM in November of 1923. However, while this agreement allowed the

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<sup>460</sup> “Aufzeichnung über die am 7. Dezember 1923 im Gasthof Esplanade zu Berlin abgehaltene Sitzung des Hauptvorstandes und des Fachgruppenausschusses” BAB-DH, R 13 I/202, Bd. 19. Heft 2., 93.

<sup>461</sup> Ibid.

iron and steel plants of the Ruhr valley to resume production and exports, it turned the expectations of 1922 upside down.

## Conclusion

In the years immediately following the First World War, German industrialists demonstrated a dogged resistance to the "intellectual demobilization" necessary for the resumption of a peaceful relationship with their former enemies. The *Verein deutscher Eisen und Stahl Industrieller* in particular systematically rejected any plan that might lead to a compromise between the industries of France and Germany. Industrialists uniformly deplored the changes to economic and social relationships that were brought about by the lost war, revolution and peace treaty. As a result, industrialists refused to admit defeat. The executive and members of the VdESI thus retained the belief that they were fighting a war, albeit an "economic war," to maintain or recover their sovereignty over the Ruhr-Lorraine industrial system. This unwillingness to acknowledge the realities of the post war world led German iron and steel industrialists into a disastrous confrontation with the French and Belgian authorities in 1923. Industrialists themselves did not abandon this intransigent attitude until French troops and policies left them no other option. The end of the *Ruhrkampf* effectively represented the end of the First World War to the bitter and defeated VdESI.

A number of months after the conclusion of the MICUM agreement, Jakob Reichert published a venomous attack on the more recent efforts to negotiate a workable reparations settlement. Reichert's essay, "The 'Non-Political' Reparations Policy" attacked the recommendations of the Dawes Commission in a pamphlet co-written with Karl Helfferich, *Das Zweite Versailles*, and aggressively linked the latest settlement plan

with French efforts to subdue Germany economically.<sup>462</sup> In this instance, Reichert directly represented the DNVP rather than the VdESI. Accordingly, he linked the effects of the Dawes plan on German industrial and economic life to the failure of the statesmen of the republic and the center-left Weimar parties.<sup>463</sup> The almost hysterical tone of this document reflects the increasingly radical position of the Nationalists and demonstrates the surprising difference between Reichert's calm administration of the VdESI and the acrimony of German popular politics in the post-war period. However, Reichert's sense that Germany had somehow undergone the experiences of 1918-1919 a second time was not entirely unjustified. German industry, and the VdESI in particular, suffered an overwhelming defeat in 1923 that invited comparisons with the collapse of the western front and the Imperial government.

The crises that beset the late Imperial and early Weimar governments were linked by their reliance on short term solutions to immediate problems. This often took the same form as the reliance on powerful interest groups that became apparent in the earliest months of the First World War. In 1914, the Reich government and the Military High Command discovered that their resources were insufficient to meet the needs of a modern war. They therefore turned to German industrialists, particularly Walther Rathenau, and then to the organizations that represented industry as an interest group in order to manage the war effort. This ultimately blossomed into the "total war" effort and incorporated virtually every aspect of German society. The war effort itself was paid for by the expedient method of printing paper marks on the pretext that the entente powers would be

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<sup>462</sup> *Handakten Dr. J. Reichert, Hauptgeschaefsfuehrer (seit 1913) des Vereins und der Wirtschaftsgruppe mit Vortragmanuskripten, Aufsuetzen, Zeitungsartikeln und Rezenionen, vorwiegend*

forced to pay the cost of the war. This policy more or less met the needs of the war. However, it also laid the groundwork for a number of future crises and established a pattern of crisis management.

The great sacrifice of the war effort produced correspondingly high expectations in Germany. When the German army began to disintegrate, Germans quickly responded by repudiating the failing Imperial government. In the crisis that followed the military collapse and subsequent revolution, the new Reich government quickly came to rely on the ability of industrial and labour organizations to maintain a measure of social and economic order. Like Koeth and the Demobilization Office, the German government relied on the tools that were at hand in order to simply "get from one day to the next."<sup>464</sup> At the same time, wartime fiscal policies developed into a tacit acceptance of an increasingly serious rate of inflation.

Prior to the French and Belgian invasion of the Ruhr valley the *Verein deutscher Eisen und Stahl Industrieller* had itself developed a set of short term policies to meet a broad range of problems and demands. Iron and steel industrialists rejected the full implications of the Treaty of Versailles for the Ruhr-Lorraine industrial system and demanded a return to the pre-war relationship between ore and coal producing regions. The VdESI maintained that the dependence of French industry on German products, particularly coal, would force the French to accept an economic relationship that was dictated by the iron masters of the Ruhr. Furthermore, the association ignored the changes in international relations wrought by the war and fundamentally rejected the terms of the

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*über Fragen der Eisen und Stahl-industrie. (z.t. Druck) in BAB-DH, R 13 I/609. "Die "unpolitische" Reparationenpolitik" in Reichert and Helfferich, Das Zweite Versailles, pp. 138-143.*

<sup>463</sup> Ibid.

Treaty of Versailles. The VdESI thus sought to use the value of the industries of the Ruhr as a lever to change international relations in the post-war period and restore European economic relations to a "businesslike" footing. However, iron and steel industrialists lacked the power and support to make good these demands and were instead occupied with obstructing a series of political and economic solutions to the developing crisis. This prevented the imposition of a larger political settlement by aggravating the post-war tension between France and Germany.

When French and Belgian troops invaded the Ruhr valley, organized interest groups once more stepped into the breach and provided the tools necessary to meet the current crisis. Amidst a wave of public hostility towards France, the VdESI committed its members to a general boycott against the occupying nations. The association was then joined by a host of other interest group organizations which collectively constituted the structure of the passive resistance. This campaign depended on the co-operation of these groups and their refusal to work with or for the occupation authorities. The VdESI in particular was employed to help assess and distribute the funds necessary to support "resistance employment" of the Ruhr population. Reichert and his colleagues likewise acted as intermediaries between their members and other facets of the passive resistance, both by advising their members and lobbying the Reich authorities. While this incorporated the VdESI into the structure of the governance of the Reich it also expanded the association's influence. The intransigent position of the VdESI towards co-operation with the French was thus effectively transformed into Reich policy.

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<sup>464</sup> Gerald D. Feldman, The Great Disorder: Politics, Economics, and Society in the German Inflation, 1914-1924 (New York: Oxford University Press, 1993) 115.

The passive resistance campaign provided the government with a weapon to be used against the occupation authorities. However, this campaign also proved a diplomatic dead end and a financial disaster. Industrialists in the Ruhr quickly became disillusioned with the passive resistance campaign and deserted the VdESI as they began to feel the full effects of the occupation. As Reichert and his colleagues lost the ability to manage the crisis, the star of the *Verein deutscher Eisen und Stahl Industrieller* faded. The association became increasingly irrelevant and responsibility for resolving the crisis on behalf of industry fell to Stinnes and his committee of six. This group was created specifically to deal with the immediate needs of industry and dissolved once production resumed. The VdESI itself largely abandoned the field to Stinnes and turned its attention towards other problems. From Reichert's perspective, the results of the Ruhr crisis were disastrous. The MICUM agreement of November 1923 dashed the hopes expressed by the VdESI executive in December 1922. Instead of using German coal as a foil for French production, the agreement yoked German industry to French productive capacity. The subsequent Dawes report mitigated this agreement, but also imposed a 5 billion Gold Mark mortgage on German industry.<sup>465</sup>

The VdESI did not recover its authority after the Ruhr crisis. When some semblance of order was restored to the German economy through the "miracle of the *Rentenmark*," many industrialists were horrified to discover that their creditors, shareholders and workers now demanded payment in real money. As a result, a number of overextended firms shared the Stinnes concern's spectacular fate and collapsed in 1924

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<sup>465</sup> "The Dawes Committee Report" in Anton Kaes, et. al., eds., The Weimar Republic Sourcebook (Berkeley: The University of California Press, 1994) pp. 64-67. 67.

and 1925.<sup>466</sup> However, a number of firms once again sought shelter in tighter organization. A new cartel, the *Rohstahlgemeinschaft*, was established in November 1924 and assumed responsibility for regulating 90% of the industry.<sup>467</sup> In 1925 Thyssen, the Rhein-Elbe Union and the troublesome Otto Wolff's concerns, Phoenix and Rheinstahl, entered into a massive trust, the *Vereinigte Stahlwerke A.G.* and became the largest steel producer in Europe.<sup>468</sup> This organization also maintained a significant influence over its central German counterpart, the *Mitteldeutsche Stahlwerke A.G.*<sup>469</sup> During this period the VdESI's Northwest (Ruhr) group began acting independently of the central organization in the RdI.<sup>470</sup> These developments expanded the role of large unified concerns and regional groups at the expense of more broadly based central organizations like the VdESI.

The stabilization crisis that drove firms together once more was compounded by the dramatic advantage conferred on the French iron and steel industry as they took advantage of the inflationary conditions that had assisted German iron and steel industrialists since the war.<sup>471</sup> The recovery of French industry and its ability to compete with German firms, often by lowering the price substantially, finally led German iron and steel industrialists to come to an understanding with their French counterparts, despite the continued opposition of Jakob Reichert.<sup>472</sup> In late 1926 French firms entered into the

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<sup>466</sup> Robert A. Brady, *The Rationalization Movement in German Industry: A Study in the Evolution of Economic Planning* (Berkeley: University of California Press, 1933) 107.

<sup>467</sup> Gerald D. Feldman, *Iron and Steel in the German Inflation, 1916-1923* (Princeton, N.J.: Princeton University Press, 1977) 452.

<sup>468</sup> Brady, *The Rationalization Movement in German Industry*, 108.

<sup>469</sup> *Ibid.*

<sup>470</sup> Karl Heinrich Pohl, *Weimars Wirtschaft und die Außenpolitik der Republik, 1924-1926: Vom Dawes-Plan zum Internationalen Eisenpakt* (Düsseldorf: Droste Verlag, 1979) 76.

<sup>471</sup> Stephen A. Schuker, *The End of French Predominance in Europe: The Financial Crisis of 1924 and the Adoption of the Dawes Plan* (Chapel Hill: University of North Carolina Press, 1976) 53 and Charles S. Maier, *Recasting Bourgeois Europe: Stabilization in France, Germany and Italy in the Decade after the First World War* (Princeton, N.J.: Princeton University Press, 1975) 531.

<sup>472</sup> Pohl, *Weimars Wirtschaft und die Außenpolitik der Republik*, 202.

*Rohstahlgemeinschaft* and an International Steel Agreement (*Entente Internationale l'Acier*, EIA) was established between the industrialists of Germany, France, Belgium and Luxembourg. They were joined by Hungary, Austria and Czechoslovakia the following year.<sup>473</sup> The EIA agreement acted much like a cartel and established quotas for both France and Germany at 32% and 40%, respectively.<sup>474</sup> This agreement, which closely resembled Francis Laurs' 1921 suggestion, marked the end of the political conflict over the distribution of iron and steel production in western Europe, and the end of the VdESI campaign to re-assert the power of German industry over Lorraine.

In *Recasting Bourgeois Europe*, Charles Maier correctly points out the power and importance of organized interest groups in early Weimar Germany. Maier emphasizes the importance of the conflict between corporatist interest groups and minimizes the importance of the visible and immediate crises faced by the young republic.<sup>475</sup> This argument implies that historical agency was invested in the interest group organizations themselves. However, the experiences of the VdESI in 1923 call aspects of Maier's thesis into question. While a great deal of responsibility did pass to industry and the VdESI in 1923, this was largely due to the expediency of employing important organizations in order to manage an immediate crisis. As the utility of the VdESI declined, so too did its role in the governance of the Reich. In this context, historical agency may be seen as diffused and conditional. Immediate crises caused a variety of powerful institutions, including the Reich government, to grope for whatever tools came conveniently to hand.

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<sup>473</sup> Clemens Wurm, *Business, Politics and International Relations: Steel, Cotton and International Cartels in British Politics, 1924-1939* Patrick Salmon, trans. (Cambridge: Cambridge University Press, 1993) 14-15.

Often, the most convenient and useful of these tools was an interest group organization that could be incorporated into the Reich structure of governance.

This provisional "corporatism of opportunity" conveyed broad powers on the *Verein deutscher Eisen und Stahl Industrieller* only so long as it was useful. As the terms of the crisis changed in 1923, the VdESI was correspondingly marginalized. The utility of interest group organizations to German society and government thus appears to be of greater relevance than Maier assumes. As an interest group, industry undoubtedly exercised a powerful influence over the government and society of the early Weimar republic. This was often expressed through the ability of industrialists to lobby the Berlin government successfully, distribute funds and forge political alliances, but was also occasionally manifested through the integration of industrial organizations into the structure of the governance of the Reich. However, the power of German industry as a group remained diffused amongst many organizations, was conditional and, more often than not, reactive. This allowed German industrialists to exert a great deal of influence over the government of the Weimar republic. However, industrialists were ultimately forced to accept a place, at least for a time, in a pluralist state.

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<sup>474</sup> Maier, *Recasting Bourgeois Europe*, 540.

<sup>475</sup> *Ibid.*, 580.

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### **Title of Thesis:**

**Hope Springs Infernal: The Association of German Iron and Steel Industrialists (VdESt) and the Ruhr Crisis of 1923**

**Author**



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March 3, 2002