

# Notes on the Failure of the Weimar Republic

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## „The Failure of Democracy“- „The weaknesses of Weimar“

Do headlines<sup>1</sup> such as these suggest that the whole architecture of the first German republic was wrong, that it was doomed right from the start, that the “collapse” was unavoidable?

In my short comment I will argue for the antithesis to this view: Powerful personalities, who can be clearly identified, and the pressure groups behind them, deliberately destroyed the democratic structure of Germany’s first republic. A closer look at the biography of one of them, Paul Reusch, the boss of the “Steelworks of Good Hope” (GHH) can reveal what the industrial power elite was responsible for in the crucial years from 1918 to 1930.

### 1) 1918-1920: Revolution and the foundation of a parliamentary republic.

The founding fathers of the Weimar Republic knew that they had to fulfill at least some of the demands of the workers, but they were hesitant with respect to the socialization of the coal mines. For the owners of the mines not only socialization but most of the workers’ demands were “Bolshevism” pure and simple. Paul Reusch, the boss of most of the mines and all the steelworks in Oberhausen, dramatized the situation in a telegram to Berlin: “If the government intends to save the coal mines from certain ruin, decisive actions have to be taken immediately.”<sup>2</sup> At this time, in at least one of his mines Freikorps soldiers had already been stationed. They used machine guns to end workers’ demonstrations. Two people were killed, several wounded.

A few weeks later Alfred Hugenberg, before the war CEO of the Krupp Works, later the leader of the nationalists, characterized the state of the German Reich in these words: “The only thing that really helps is power and the use of power.” The right people had to use power “ruthlessly to eliminate everything unhealthy, rotten and weak”.<sup>3</sup>

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<sup>1</sup> Richard J. Evans, *The Coming of the Third Reich*, London 2003, contents.

<sup>2</sup> Telegram published in the local papers 28/29 December 1918; Langer, *Macht*, p. 182

<sup>3</sup> Speech in the National Assembly, 8 March 1919; personal letter Hugenberg to Reusch, 5 April 1919; quoted in Langer, *Macht*, p. 218.

The first republican government led by Social Democrats did what the bosses of industry expected them to do: A wave of extreme violence by government troops ruthlessly suppressed strikes, demonstrations, disorder in the streets of the big cities.

It is true that leftwing revolutionaries sometimes used violent means, but the unrestrained cruelty of the Reichswehr-troops surpassed them by far. The government troops killed several thousand men in the period from January 1919 to April 1920. Millions of workers held their “comrades” in the government responsible for this massacre. They never voted for the Social Democrats again till 1933!

## 2) 1923: The Hyper-inflation.

Millions of people lost all their savings, but not everybody suffered. Whoever was in a position to borrow money to buy goods or real estate or industrial equipment could pay the money back, when it was worth a fraction of its original value. During the war already, in 1916, Paul Reusch, CEO of the “Steelworks of Good Hope”, knew that financing armaments by war bonds would result in inflation. *Personally* he profited from this by buying a castle in southern Germany, using his war bonds to pay for that nice piece of real estate. *His company* profited from the inflation when it expanded into manufacturing through the acquisition of a huge shipyard (“Deutsche Werft”) and, after the war, of one of the most important machine-building companies, the MAN in Nuremberg (trucks, later tanks and submarine engines).

The postwar inflation helped the German steel industry to recover faster from the war damages than their French counterparts. This is why they declined any reconciliation with the victors as long as the Versailles treaty was not revised completely. Feldman’s comment on this obstinacy reads like this: “The German steel men virtually courted French action in the Ruhr.”<sup>4</sup> The most obstinate Ruhr baron was Paul Reusch.

When French and Belgian troops occupied the Ruhr, passive resistance – proclaimed by the government, supported by the businessmen – ignited the hyper-inflation of 1923. Government had to print tons of money every day to support millions of jobless workers. But this was never enough to prevent food riots.

Big business paid lip service to passive resistance – Reusch even supported active terrorist actions – but at the same time tried to roll back the achievements of 1918: the 8-hours-workday, decent wages, and all forms of government interference in the economy. When the new currency was finally introduced, workers and large parts of the middle class had lost their savings, their shops or little enterprises. The 8-hours-day was abolished. The result was bitter resentment against the French, for sure, but also against the power elites in Germany.

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<sup>4</sup> Gerald Feldman, *Iron and Steel in the German Inflation*, Princeton 1977, p. 348; Langer, *Macht*, p. 303.

### 3) 1928. The lockout in the steel industry

After the inflation crisis of 1923, people witnessed a surprisingly fast economic recovery. The employers used these favorable conditions for rationalization, especially in the coal mines, to reduce the workforce at a quick pace. Large scale mergers and the building of monopolies had the same effect: There was growing unemployment esp. among the young, the baby boomers of the years before 1914. The unemployed young men became the main recruiting ground of the Hitler movement by the end of the decade.

In these circumstances the employers were no longer willing to compromise. Collective bargaining, introduced in November 1918 in the famous “Stinnes-Legien-Pact”, broke down. The employers refused to submit to compulsory arbitration by the government. So, in the wage conflict of 1928 in the steel industry of the Ruhr, the bosses locked out 200, 000 steel workers for four weeks. Once again, it was Paul Reusch who adamantly refused to return to the bargaining table, when most of his colleagues on the board of the Association of German Industry were willing to do so.

### 4) 1930: The breach of the Grand Coalition

In the election of 1928, democratic parties - for the last time – had won a majority in the Reichstag. They formed a coalition that included the Social Democrats on the left, the catholic Centre Party, the liberals, and the People’s Party on the right. This coalition broke up in spring 1930, when the effects of the great depression already weighed heavily in the job market. At a time when thousands of workers lost their jobs every day, the Social Democrats refused to cut unemployment benefits as the People’s Party – financed primarily by big business - proposed. The leaders of industry passionately refused to raise contributions (of which they had to pay 50%) or use tax money for unemployment benefits. They were quite content with the consequences, when those Reichstag deputies who depended on their money, walked out of the coalition with the Social Democrats.

The consequences are well known: Brüning’s deflationary policies made things much worse, the Nazis won one landslide election victory after another. As the papers on our panel discuss, President Hindenburg – with the support of the conservative and reactionary elites behind him – handed Hitler the chancellorship on a silver platter.

The final collapse – or rather demolition – of democracy came fast: It took the Nazis only six months to finish the job, i.e. to erect a full-fledged totalitarian dictatorship. Why so fast? Why was there hardly any resistance? Here is part of a – tentative – answer: The various near-collapses of democracy were not isolated events but parts of a frightful continuity, i.e. part of the fight of powerful conservative elites for the erection of an authoritarian state and Germany’s ascent to the status of a world power. Paul Reusch, for 3 decades one of the leaders of German industry, was the very personification of these aspirations. In Gerald

Feldman's words: "Those who wonder if there is any continuity to modern German history might find answers in the career of Paul Reusch."<sup>5</sup>

Whenever the "seizure of power " at home or the "seizure of world power" abroad failed, the hate could be directed against the "November criminals" at home and against the enemies abroad who denied Germany its fair share of the world's riches. This was the essence of the irrational German nationalism which since the 19<sup>th</sup> century was additionally fueled by an ever more passionate antisemitism, rampant in all layers of society.

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<sup>5</sup> Gerald Feldman, Paul Reusch and the Politics of German Heavy Industry 1908-1933, in: Gene Brucker, People and Communities in the Western World, vol II, 1979, p. 294-295.