

Cabinet Consultation with the President Regarding the Agenda for Genoa (April 5, 1922)

Abstract

This meeting between German President Friedrich Ebert (SPD) and Chancellor Wirth's cabinet took place just before the departure of the German delegation for the International Economic and Financial Conference in Genoa, Italy, referred to as the "Genoa Conference."

The Genoa Conference was the brainchild of British Prime Minister David Lloyd George, who spearheaded this gathering of 30 countries—mostly European ones, but also British Dominions and Japan—to deal with outstanding issues concerning the postwar economy, especially the reintegration of Soviet Russia into the European trading system. The organizers had invited the United States to attend, too, but it declined for a number of reasons, including a refusal to interact with the new Russian regime and a suspicion that the conference primarily served Britain's global financial interests. The reference by Economics Minister Robert Schmidt at the end of this document to the "London world syndicate for the reconstruction of Russia" ("Londener Weltsyndikat zum Wiederaufbau Rußlands") suggested Germany's sense, too, that Britain had arranged the conference in order to keep it in Europe's driver's seat.

As the record of this consultation makes clear, German officials had a number of open questions going into the conference. No one knew even how long it would last, with Foreign Minister Rathenau estimating anywhere between four days and eight weeks. Rathenau, Wirth, and their colleagues also seemed unclear as to which issues would be open to discussion, especially when it came to reparations.

All of the German leaders expressed only modest expectations for the conference, but their debate over whether to adopt a more aggressive or a more cautious diplomatic approach revealed a sense that the international gathering might achieve some small goals. President Ebert warned of Lloyd George's unpredictability and French Prime Minister Raymond Poincaré's animosity, the latter having already stipulated in an earlier note that there would be tight restrictions on what the Germans could discuss at the conference.

President Ebert also seemed keen in this meeting to assert his constitutional right to steer German actions at the conference, and, in this third year of the young republic, he insisted to cabinet members that any agreements they arrived at in Genoa first needed his approval. The record of this meeting thus gives a glimpse into the ongoing contest between the legislative and executive branches over where the ultimate authority in this fledgling democracy resided. This meeting provides a contrast to an earlier document in this section, "Reichstag Hearing on the London Demands," in which two members of parliament sought in 1921 to assert at least some jurisdiction by the legislative branch in the matter of reparations. Similarly, this meeting included a warning by Wirth that the Reichstag—not the cabinet or the executive branch—had authority when it came to the issue of German membership in the League of Nations.

This meeting also reveals Germany's interest in fostering economic cooperation across national borders and reducing barriers to international trade. Ernst von Simson's rough outlining of a unified economic zone on the continent was just one of many that circulated in diplomatic circles in interwar Europe and foreshadowed the post-1945 evolution of the European Union. Ebert sounded a similarly cooperative note in his mention of disarmament, but that spirit of cooperation existed in tension with continued German resistance to the redrawn boundaries stipulated in the Versailles Treaty, about which both Bauer and Schmidt expressed concern.

Source

Present:

Friedrich Ebert, President (SPD)

Joseph Wirth, Chancellor (Center Party)

Walther Rathenau, Foreign Office (DDP)

Otto Geßler, Reichswehr (DDP)

Gustav Bauer, Vice-Chancellor and Treasury (SPD)

Wilhelm Groener, Transport (Non-Party)

Johannes Giesberts, Post Office (Center Party)

Adolf Köster, Interior (SPD)

Anton Fehr, Food and Agriculture (BB)

Andreas Hermes, Finance (Center)

Robert Schmidt, Economy (SPD)

Gustav Müller, State Secretary, Reconstruction

Ernst von Simson, State Secretary, Foreign Office

Heinrich Hemmer, State Secretary, Reich Chancellery

Oscar Müller, Head of the Government Press Department

Mr. Ritter, Ministerial Councilor

Franz Kempner, Government Councilor, Chancellery

Minutes: Otto Meissner, Head of the Office of the President

Subject of the meeting: The agenda for Genoa.

After the opening of the meeting by the President, Minister Dr. Rathenau stated: "Lloyd George intends to place the Russian problem very much in the foreground at the conference; apparently he has already given the Russians strong assurances in this regard. The situation between us and Russia is different: we have recognized Russia de jure and de facto and have very good economic relations with her; the Russian problem is not urgent for us; we are also in a privileged position in relation to Russia. For us, therefore, Genoa is a conference from which the world's chief creditor, America, will be absent, at which the reparations question cannot be discussed, at which the Allies will stand closely together, and at which Russian interest will be more active than Germany's. It is therefore not a conference of great importance to us. It is therefore not full of great hope for us. But it would nevertheless be a mistake to stay away from it, because we would be foregoing the opportunity to make contact, and because we will also have the opportunity there to introduce a number of ideas into the discussion, even after the reparations problem has been eliminated. It is unlikely that a set of specific decisions will be taken there, especially since decisions binding on all nations cannot be taken by majority vote. But I am also counting on the

formation of commissions and on the fact that perhaps some of these commissions will extend their life beyond the conference. In this situation, the mandates of our delegations for this conference differ substantially from the mandates of earlier delegations, because ideas that are brought into the debate are not propositions, and for these ideas one cannot give certain commitments to the delegations in the same way as for propositions.

The material for the conference has been discussed and worked through by the departments and between the departments; this has resulted in the present White Paper. In addition, we have formed a meeting of experts, from which we expect confirmation of our material and also some further suggestions. We have also drawn up guidelines on the economy and trade, finance and transport, on which State Secretary v. Simson will report later. Depending on how the rules of procedure are handled, we may be able to emphasize German circumstances in the presentation of these guidelines and their discussion; the way in which we deal with the material will depend on the course of the conference. Estimates of the duration of the conference vary between four days and eight weeks; I expect it to last longer, provided there are no disruptions. In my opinion, it is desirable that we do not take an urgent position at the conference, but we do not want to put ourselves in the role of a Cinderella. If a limitation of the subjects of negotiation is to be discussed and such a limitation is to be laid down, we have the right to protest against it. However, we run the risk that France will then leave the conference and break it up.

I am not thinking of Genoa with excessive enthusiasm and hope; I will be satisfied if, after the Conference, we can say that we have established a number of relations, that we have brought the German point of view to bear and introduced new ideas into the negotiations. Then it will have become clear to the world that the Treaty of Versailles and the reparations question are at the center of all economic problems.

The Chancellor: After Lloyd George's speech, which I regard as a stopgap speech, the question could be raised again as to whether we should go to Genoa at all, and whether the chancellor should go. But we do not know whether Lloyd George will grow again in Genoa on the ground he found there; on the other hand, there is a danger that the cabinet will return from Genoa empty-handed. In my opinion, however, we must take the risk and go to Genoa in any case. This conference is not in itself under the dictatorship of the Allies. It is an international parliament in which, in theory, any question can be raised by any participant. The Allies' only weapon against this is that they can leave the conference if questions they do not like are raised. I do not think it possible for us to allow the peace treaty and the question of reparations to be excluded in complete silence; there must be some form of declaration against it. This could create a critical situation for us right at the beginning of the conference; whether we appear to be saboteurs of the conference will depend on the form we take. The second question is whether we should be more active right at the beginning of the Conference; in particular, whether we should immediately raise the Russian problem and then address the Central European question; I am in favor of a certain amount of activity for internal political reasons as well.

The President: The question of whether we will go to Genoa has already been decided in the affirmative, and the composition of the delegation and the participation of the chancellor have already been determined and published in the press. If we were to take a different position now, we would only create new difficulties. Lloyd George's speech has further dampened my low hopes; it is a jumble and full of impossible ideas. The best that can be said about his position was answered by the representative of the Labor Party, Clynes. The important question is what our delegation's position will be if a limit is placed on the negotiations. In my opinion, it is to be expected that Lloyd George will advocate severe restrictions in the spirit of Poincaré. I do not believe that Minister Rathenau's view that we are completely free here is correct. After the invitation to the conference, Poincaré's note appeared with the condition of restrictions on the subjects of negotiation; this was handed to us on February 15 [the French note had laid down the conditions for France to send a delegation to Genoa at all, ed.]. By objecting to

the restrictions, therefore, we will neither achieve anything in practical terms nor any moral success. In addition, a preliminary conference of the Allies is taking place, which will probably finalize the framework of the conference and the position of the Allies. The neutrals will also meet and determine their position, as will the small Entente, so I fear that we will be faced with a *fait accompli*. I agree with the chancellor that this is the first dangerous cliff we must pass, especially as there are strong internal political repercussions connected with it. The question is best decided according to the situation that the delegation finds in Genoa.

At this conference that is significant for the fate of Germany, I must make it a point to clarify my position according to constitutional law as it is defined in the constitution. It will be difficult to give the delegation to Genoa precise propositions, but we must nevertheless try to be specific and clear about our position on the various substantive issues. The delegation that goes to Genoa represents the Reich under international law; under the constitution, representation under international law is in my hands, as is the implementation of any agreements, insofar as they do not require the consent of the Reichstag. Therefore, it cannot suffice for an agreement to be reached here in the cabinet or in Genoa by the delegation; I must once again emphasize most emphatically that, if it should come to factual agreements or determinations, I must urgently request that prior agreement be reached with me; it seemed to me necessary to point this out after the statements made by Reich Minister Rathenau in this regard, in order to avoid any ambiguity.”

Minister Giesberts first agreed with the President’s last remarks; he then advocated that the delegation should show a certain degree of activity, particularly in all questions indirectly connected with the reparations problem, especially in the food question, which is extremely important for us, in the question of mutual economic relations and international transport.

Minister Bauer explained that, in his opinion, the Conference is sovereign in the matter of negotiations, despite Poincaré’s note, and that we must also show a certain activity in this direction in general. If we are to be completely excluded from our most important questions, we must at the utmost think of leaving the conference with a formulated declaration.

Minister Dr. Rathenau draws our attention to the fact that Poincaré’s note calling for a restriction of the subjects to be discussed is not addressed to us and that the invitation itself only prohibits us from touching upon and amending the existing treaties; this does not impose any obligation on us to restrict the discussion. We are also officially still unaware that an understanding has been reached between the Allies on the restriction of discussion; the Italian Prime Minister Schanzer gave me an evasive answer when I asked him. There is no formal legal precedent for us, and we are formally free to reject any restriction; whether we can do so and in what form is another question; after a thorough legal examination, we have prepared a declaration which, while recognizing the agenda, calls for freedom of discussion. (The Reich Minister reads out the draft of such a declaration).

Minister Dr. Köster considers it important that the delegation also be provided with material on the protective police, the treatment of Russian emigrants, the health quarantine and the Russian famine in the event that these issues are discussed in addition to the agenda.

Minister Groener asks what position the Foreign Minister would take if questions of transportation were to be referred to the League of Nations for a decision. Minister Groener himself would like to warn against such a resolution of this question.

Minister Dr. Rathenau: To touch on the question of our position on the League of Nations in general would now be going too far. It is possible that one might indirectly try to bring us closer to the League of Nations by transferring certain rights to it, but it is very questionable to approach the League of Nations and refer questions to it as long as we do not belong to it; I intend to hold back carefully and not to agree

to a transfer of decisions to it.

The Chancellor: If we are directly or indirectly confronted in Genoa with the question of our accession to the League of Nations, we must answer evasively; we have no authorization from parliament to make a decision on this; a certain amount of cooperation with the League of Nations on individual questions will be unavoidable, but these questions will have to be approached with great caution.

State Secretary von Simson gave a general overview of the guidelines for the presentation of the German position: "We will first give an overview of the German economic situation and its relationship to the world economic market, mentioning: The decline of the currency, the question of unemployment and as reasons which have created this state of affairs: The Balkanization of Europe, the disintegration of the European production apparatus and the international indebtedness of the 21 most important states in the world with its consequences for currency, internal budgets and tax burdens; this will be followed by a detailed discussion of Germany's particular circumstances. We will then make concrete proposals to remedy these ills, namely for the economy and trade we will suggest the creation of large and uniform economic areas in a step-by-step approach, uniform regulation of the general parts of trade agreements, standardization of the law of exchange, etc., international cartels, freedom of trade in raw materials and, as a means of combating unemployment, the development of Eastern Europe. For transportation, we will propose Standardization of the transport system in terms of operations and tariffs, establishment of a supranational organization along the lines of the existing central office in Berne with powers to raise capital. In the field of finance, we will first and foremost emphasize that the basis of the currency decline is to be found in the passivity of the balance of payments, not in inflation, and to remedy this we will propose three possibilities: either international taxation of raw materials for the purpose of creating a relief fund, or debt settlement between creditor and debtor states through debt relief or the issue of an international gold certificate, which would have to be redeemed by the debtor states. As further and later means in this respect we shall propose: a working community of central banks, devaluation of the means of circulation and transition to the gold standard, as well as international agreements on tax aid and combating tax evasion.

The President notes that there is agreement on these principles. In addition to the problems dealt with here, the question of disarmament and relations with Russia will probably also be discussed. On the question of disarmament, according to Lloyd George's earlier statements, it must be expected that he will come up with his proposal for a mutual guarantee of borders for a certain period (10 years). With regard to relations with Russia, after Lloyd George's speech we must also expect that he will propose a certain trial period before entering into all relations with Russia; this may also influence our relations with Russia.

Minister Dr. Rathenau reads out a formulation on the question of guaranteeing the borders, which agrees to such a guarantee, but demands the exclusion of territorial sanctions in this context and rejects the incorrect interpretation of § 18 of the Treaty of Versailles. On the question of Russia, the Foreign Minister believes that, since we have already recognized Russia and since Russia has now also declared its willingness to enter into a settlement of economic relations with us, our relationship with Russia is different from that of the other powers. On the other hand, we must not allow this to drive us into conflict with the Western powers.

Minister Dr. Bauer wishes that the wording read out by Rathenau should also include a declaration to the effect that although Germany cannot recognize the borders of the Treaty of Versailles because this does not respect the right of nations to self-determination, Germany has no intention of attacking one of its neighbors and is therefore prepared to enter into such an obligation; this declaration could then be followed by the caveat on sanctions formulated by Dr. Rathenau.

Minister Schmidt agreed with Bauer's proposal and mentioned that the Russians had complained about

the London World Syndicate for the Reconstruction of Russia. In his (Schmidt's) opinion, the syndicate should raise large funds to rebuild individual important objects in Russia, but this rebuilding should only take place with Russia's consent; in addition, there should be room for free activity in free competition. If this view of his was correct, the Russian representatives would have to be informed accordingly. In Genoa, he said, we must try to get in touch with Austria and Russia as well as with neutral countries, especially the Nordic states, so that we are not completely isolated.

Minister Dr. Rathenau agreed with Schmidt's view of the London Syndicate; he had already given the Russian representatives information to this effect.

After comments by Ministers Schmidt, Dr. Rathenau and Dr. Geßler on the formulation of the question of guaranteeing the borders, the *President* states that there is agreement that a declaration should be made in line with Minister Bauer's proposal and in conjunction with the exposé read out by Dr. Rathenau; further the Commission will be provided with materials on the army strength in France and the other Entente powers by the Ministry of Defense, with materials on the food situation not only in Germany but also in Austria by the Ministry of Nutrition, and with materials on the procurement of foreign currency by Ministry of Finance.

Source of German original text: *Die Kabinette Wirth I/II*, Band 2, Dokumente, Nr. 241b, Ministerrat vom 5. April 1922, 10.30 Uhr beim Reichspräsidenten. (R 43 I/2451, s. 682-702), in „Akten der Reichskanzlei. Weimarer Republik“ online. Available online: https://www.bundesarchiv.de/aktenreichskanzlei/1919-1933/0000/wir/wir2p/kap1_1/kap2_6/para3_1.html

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Recommended Citation: Cabinet Consultation with the President Regarding the Agenda for Genoa (April 5, 1922), published in: German History in Documents and Images, <<https://germanhistorydocs.org/en/weimar-germany-1918-1933/ghdi:document-5408>> [March 16, 2026].