

## Legacy of Versailles

# Germany Closes Book on World War I With Final Reparations Payment

By *David Crossland*

**Germany will make its last reparations payment for World War I on Oct. 3, settling its outstanding debt from the 1919 Versailles Treaty and quietly closing the final chapter of the conflict that shaped the 20th century.**

Oct. 3, the 20th anniversary of German unification, will also mark the completion of the final chapter of World War I with the end of reparations payments 92 years after the country's defeat.

The German government will pay the last instalment of interest on foreign bonds it issued in 1924 and 1930 to raise cash to fulfil the enormous reparations demands the victorious Allies made after World War I.

The reparations bankrupted Germany in the 1920s and the fledgling Nazi party seized on the resulting public resentment against the terms of the Versailles Treaty.

The sum was initially set at 269 billion gold marks, around 96,000 tons of gold, before being reduced to 112 billion gold marks by 1929, payable over a period of 59 years.

Germany suspended annual payments in 1931 during the global financial crisis and Adolf Hitler unsurprisingly declined to resume them when he came to power in 1933.

But in 1953, West Germany agreed at an international conference in London to service its international bond obligations from before World War II. In the years that followed it repaid the principal on the bonds, which had been issued to private and institutional investors in countries including the United States.

Under the terms of the London accord, Germany was allowed to wait until it unified before paying some €125 million in outstanding interest that had accrued on its foreign debt in the years 1945 to 1952. After the Berlin Wall fell and West and East Germany united in 1990, the country dutifully paid that interest off in annual instalments, the last of which comes due on Oct. 3.

"Germany's pre-war foreign debt was paid back by the start of the 1980s, it mainly consisted of foreign bonds. This also applied to the debt of the German Reich, which largely consisted of bonds issued in connection with German reparations debt from World War I," the German Finance Ministry said in a statement.

The Federal Office for Central Services and Unresolved Property Issues, which is in charge of managing outstanding debt, said the payment period covering outstanding interest would expire on Oct. 3.

### Hitler Tapped into Sense of Injustice

"It's a historical curiosity that the Versailles Treaty should continue to have a financial impact to this day," Professor Gerd Krumeich, a German historian who has specialized in the World War I, told SPIEGEL ONLINE.

He said Hitler's rise to power had its roots in Germany's deep sense of injustice at the 1919 treaty that gave Germany sole responsibility for the war and forced it to make crippling payments.

"The central factor behind Hitler's seizure of power was his promise 'I'll win this war in the end, I will undo this injustice and tear up this treaty and restore Germany to its old greatness,'" Krumeich said.

"There was tremendous frustration in Germany in the 1920s -- this conflict that cost 2 million lives and left 4 or 5 million wounded is supposed to have been in vain, and it was all our fault? The reparations payments compounded everything. Not only was Germany given the moral blame, it was also supposed to pay an outlandish sum that most people had never even heard of."

France and Britain needed the reparations to repay their own debts. Both countries had borrowed vast sums from the US during the war. Germany only settled about an eighth of its treaty obligations by the time it suspended payments.

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