

**Poincare's Deaf Ear: The Otto Wolff Affair and French Ruhr Policy,
August-September 1923**



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POINCARÉ'S DEAF EAR: THE OTTO WOLFF AFFAIR AND FRENCH RUHR POLICY, AUGUST–SEPTEMBER 1923

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The Ruhr crisis of 1923 was the great test of strength, and of will, between France and Germany after the First World War. It was the climax of the bitter struggle over reparation, which was really a struggle over the Versailles settlement – that is, over whose power would dominate European politics. Indeed, France's failure in 1923 ultimately was to seal the fate of the Versailles system, and thus was to pave the way for an eventual resurgence of Germany as the dominant power in Europe.

Given its importance, it is odd that the Ruhr affair has not been the focus of intense historical study. To be sure, important work on the crisis has recently begun to appear. But some of the key problems of interpretation remain essentially unresolved. One of the basic problems has to do with French ambitions in the Rhineland, their significance and the role they played in shaping French policy in 1923. In the historical literature on the subject, the answer to this question often turns on the interpretation of an important episode in the evolution of the crisis: was French Prime Minister Raymond Poincaré's refusal to engage in bilateral negotiations with the Germans when the German government, at the end of its tether, pressed for them in August and September 1923 due to a belief that if the crisis were drawn out, then some kind of Rhenish state would take shape? Some historians say yes, others say no; but in both cases the views are essentially conjectures – informed speculation, but not derived in any compelling way from a close analysis of the documentary evidence. Indeed, the argument that Rhenish considerations explain Poincaré's refusal to deal with the Reich is often based on the view that French policy had all along been fundamentally rooted in a desire to create a Rhenish state – basically an *a priori* assumption, and one which turns out to be demonstrably false.¹

Similarly the more mild view of French policy in 1923 is also based on inadequate reasoning and evidence. It often rests, for example, on Poincaré's public statements in defence of his Ruhr policy.² Poincaré was to argue first that since he had promised that the eventual settlement would be inter-allied in nature, he could not go back on his word by engaging in bilateral talks; and second that he could not negotiate with Germany because the resistance had not effectively ended, even with the

¹ For an example of such an argument, see Karl Dietrich Erdmann, *Adenauer in der Rheinlandpolitik nach dem Ersten Weltkrieg* (Stuttgart, 1966), pp. 71, 126. The argument is disputed – and, I believe, successfully controverted – in my *Reparation in world politics* (New York, 1980), esp. chapter 8.

² For examples of such arguments see Etienne Weill-Raynal, *Les réparations allemandes et la France* (3 vols. Paris, 1947), II, 490; Walter McDougall, *France's Rhineland diplomacy, 1914–1924* (Princeton, 1978), p. 298; Stephen Schuker, *The end of French predominance in Europe* (Chapel Hill, N.C., 1976), pp. 171–2. Poincaré's defence of his policy was laid out, for example, in his 'Récit historique', in Georges Suarez, *Une nuit chez Cromwell* (Paris, 1930).

withdrawal of the ordinances ordering German resistance to the occupation. But neither argument really holds up. For Poincaré was not concerned at this point with assuring that the British would have a role: 'English intervention', he said, 'will only obstruct the natural course of events.'³ Nor is it true that he was mainly interested at the time in ending the German resistance: for the proposed talks were in fact the ideal mechanism through which the resistance could be terminated and economic life in the area restored. Indeed, it is important to note how French policy actually hardened in late September. Up to that point, Poincaré had indicated very clearly that once the ordinances were officially withdrawn, he would begin talks. But on 21 September he ordered his ambassador in Berlin to cease conveying these terms to the Germans: 'We have the most serious reasons at the present moment not to speed things up.'⁴ Thus Poincaré wanted to drag out the crisis, and was not at the time primarily interested in ending the German resistance. It follows that Poincaré's rationale does not really stand up, and historical arguments which are largely based on his claims cannot therefore be accepted uncritically.

Is there enough documentation, however, to provide a compelling answer, or is the question beyond the reach of historical analysis? The direct evidence on Poincaré's motives in the late summer of 1923 is slight; any answer must therefore rest on indirect reasoning, and in particular on a close analysis of events in the occupied areas. I think in fact that this analysis will show that Rhenish ambitions do explain Poincaré's policy at this juncture. Thus the purpose here is not to put forward a new interpretation, but merely to resolve the issue and replace suspicion with demonstration.

The analysis will focus not on French dealings with the separatist groups, nor on their support of the separatist coup of 21 October. This aspect of French policy is fairly well known: the French had not precipitated the separatists' move, they had not prepared for it, were in fact surprised by it, and although they supported it, their support was far from whole-hearted: in the French documents an element of contempt was rarely missing when the Rhenish separatist groups were discussed.⁵ Far more significant for the present purposes is the relatively unknown Otto Wolff affair – the French contacts with the important Ruhr industrialist Otto Wolff and his associates Carp and Becker – which will be discussed in some detail below. For it is only in the context of this affair that a major shift in basic French policy can be understood. Indeed the talks with the Wolff group played a key role in bringing this shift about in the first place.

The shift was to take place in late August on two key questions: with whom in Germany would the French negotiate? and how would the German resistance be

³ Poincaré to Herbette, 5 Sept. 1923, French Ministry of Foreign Affairs archives, series 'Europe 1918–1929', sub-series 'Ruhr', vol. 28 – henceforth cited in the form 'AE, Ruhr, vol. 28'.

⁴ Margerie to Poincaré, 20 Sept. 1923 (tel. 1235), and Poincaré to Margerie, 21 Sept. 1923 (tel. 742), AE, Ruhr, vol. 29.

⁵ On these events, see Jacques Bariéty, *Les relations franco-allemandes après la première guerre mondiale* (Paris, 1977), pp. 250–5, and McDougall, *Rhineland diplomacy*, pp. 299–311. For an example of official contempt for the separatists, see Gen. Degoutte's notes of 9 Sept. and 20 Nov. 1923, in Degoutte, *L'occupation de la Ruhr* (Dusseldorf, 1924), *Rapports politiques*. Only a limited number of copies of this secret report were published; over 3,000 pages of annexed documents provide very valuable material. There is a copy in the library of the War Ministry archives at Vincennes. Henceforth it will be cited as 'Degoutte report'; 'PA' ('Pièce Annexe') will refer to the number of the annexed document cited.

ended? Since the beginning of the occupation, Poincaré had repeatedly insisted on official talks. When the banker Hjalmar Schacht, for example, in March suggested semi-official negotiations – he proposed that German industrialists come to Paris to work out a solution – Poincaré categorically rejected the idea; Wolff was involved in another such overture at about the same time which Poincaré also turned down.⁶

This was still the French premier's attitude in late July. At that time, a number of German mine directors approached the Belgian occupation authorities at Gladbeck with a proposal to discuss the conditions under which the resistance might end and economic life in the region be restored. The German delegation was headed by a certain Witte, a high official in the Prussian state mines at Recklinghausen. Witte was in contact with Berlin and on 3 August transmitted the views of the Cuno government. The Reich was willing to end the resistance and resume reparation deliveries, if the French and the Belgians agreed to then withdraw from the mines, give the railroads back to the Germans and return to the idea of an 'invisible' occupation. The expelled officials would be allowed to return, and the German authorities would again administer the occupied areas. After the reparation deliveries had resumed on their normal scale, a total military withdrawal would begin.

Evidently the German government was calling for an eventual return to the status quo ante. Frantzen, the French head of the MICUM – the engineers' mission that had been set up to run the economic side of the occupation – returned to Paris to report on the affair. He apparently toned down the German terms considerably, since he gave the impression that the Germans were willing to accept the occupation in its original mild form and that an agreement was within reach. Seydoux was enthusiastic: if these talks resulted in an agreement, 'we would arrive at the result that we sought when we went into the Ruhr, that is, that the "pledges" would be exploited and coal deliveries made under our supervision'. The British government, moreover, would be obliged to accept what France was doing, since it was based on collaboration with the German authorities – 'this would be, with regard to England and world opinion, the biggest success we could hope for'. And Poincaré, in a telegram of 20 August to General Degoutte, the French commander in the occupied areas, set out in great detail the French position for these talks. He was willing to return to the original idea of an invisible occupation, but eventual withdrawal would take place in stages as the entire reparation bill (or really what was left of it after it had been scaled down by an amount equivalent to an eventual cancellation of at least part of the inter-allied debt) was gradually paid. This was the standard French position. The Ruhr rail system would be run by the Germans, but the Régie, which the French had set up to run the railroads, would remain intact on the Left Bank. The expelled officials would be allowed back subject to veto: the minor officials would on the whole be permitted to return, but the important ones would be kept out. He insisted, moreover, that the German negotiators in these talks officially represent the Reich. Nothing came of these talks, due possibly to the ministerial crisis in Germany. But for our purposes the affair deserves attention

⁶ 'Note pour le président du conseil', n.s. 5 Feb. 1923, AE, Relations Commerciales, vol. 144; Margerie to Poincaré, 22 Feb. 1923, AE, Relations Commerciales, vol. 146; Seydoux, 'Note pour le président du conseil', 15 Mar. 1923, and Genoyer to AE, 16 Mar. 1923, AE, Relations Commerciales, vol. 334 (for Schacht and Wolff overtures); Poincaré to Tirard, 18 Mar. 1923, box AJ⁹ 3296, Archives Nationales, Paris, for Poincaré's refusal to engage in talks with the industrialists.

because of the light it throws on Poincaré's attitude at this point: as late as 20 August, he was willing to accept a de-escalation, worked out with official representatives of the German government.⁷

Within the space of a few days, however, this whole attitude was to shift drastically. This was the change that took place in the context of the contacts with Otto Wolff and his associates Carp and Becker. The Wolff affair began in July. At the Phoenix firm (an enterprise headed by Carp, who together with Wolff held the majority of its stock) the French authorities in July noticed that the mine officials had become more conciliatory – the MICUM engineers were able to get the information they wanted without a military escort.⁸ And at the end of the month, a certain Herr Wulf (or Wulff – the orthography varies), an associate of Becker, approached General Denvignes of the French occupation force – he was in effect Degoutte's right-hand man – to give certain information about the different political tendencies within the German steel industry and suggest direct contacts between a group of medium-sized firms he had organized and the MICUM. According to Denvignes, Wulf seemed to think that German resistance 'would end by means of isolated negotiations with private individuals, spreading out bit by bit into tacit agreements on a local scale', rather than by formal, official capitulation.⁹

On 5 August, Carp also saw General Denvignes. Carp spoke in perhaps somewhat over-schematized terms of the campaign he had long been pursuing for a rapprochement and economic entente with France (Denvignes agreed that this was the case); he was seen, he said, as the leader of the group of industrialists that advocated such a policy. Stinnes was the head of the opposing group, the 'English party', hostile to any accommodation with France, and 'until now' the prevailing tendency among German industrialists. (Sharp antagonism toward Britain was a leitmotif running through the whole history of attempts at Franco-German rapprochement, from April 1919 on.) Carp insisted on his patriotism: 'my role is not to betray my government but to enlighten it'. He could not do much more than he was doing, and had no specific proposal to make.

Denvignes, bearing in mind both Wulf's remarks and the Gladbeck talks (in which a representative of the Phoenix group had participated) did have a suggestion to make. He asked Carp 'if he did not foresee that the German government would soon agree to more or less semi-official discussions with the aim of reaching a detente and a *modus vivendi* which would conceal a capitulation and be the signal for a final detente. Will the big industrialists, to avoid total ruin, not take initiatives in this sense?' Carp answered that the industrialists could do no more than put pressure on their own government to pursue this kind of policy. It is clear from Denvignes' remarks that the end of the resistance was still the French goal, and that the French authorities were willing to facilitate the task of any German government ready to co-operate. As long as the Ruhr industrialists refused to do anything not authorized by the Reich, the French had no choice but to deal with the representatives, official or semi-official, of the German government.¹⁰

But it gradually was to become clear to the French government that the attitude

⁷ Degoutte report, pp. 409–14; Poincaré's instructions of 20 Aug. are quoted extensively on pp. 412–14; 'Note au sujet de la réunion qui eut lieu le 30 juillet au cantonnement de Gladbeck', n.a., n.d., Degoutte report, PA 738; 'Compte Rendu spécial des renseignements', n.d. [4 Aug. 1923], Degoutte report, PA 748; (Seydoux), 'Note pour le président du conseil', 6 Aug. 1923, AE, Relations Commerciales, vol. 150.

⁸ Degoutte report, p. 294.

⁹ Denvignes to Degoutte, 1 Aug. 1923, Degoutte report, PA 741.

¹⁰ Denvignes to Degoutte, 6 Aug. 1923, Degoutte report, PA 752.

of Wolff and his friends on these matters – their willingness to accept the present structure of the Reich and its constitutional forms – was at the very least somewhat ambivalent. The first sign of this emerged in an interview Becker had with Denvignes on 6 August (that is, the day after Carp had visited him). Becker reiterated much of Carp's analysis of the general situation, but unlike Carp he specifically addressed the issue of Rhenish separatism. 'Neither Dorten nor Smeets' – the chief separatist leaders – 'would make the Rhenish Republic.' He then distinguished between a break with Prussia and a separation from Germany, saying that if the allies wanted it, a German *Land*, similar to Bavaria or Württemberg, could be created in the occupied areas, and the occupation itself could continue indefinitely: 'You can maintain it until the time of a total pacification, that is, up to the time when French and German interests are completely intertwined.'¹¹ On the other hand Becker, who had certain ties to Stresemann, sought to facilitate contact between the French and the future chancellor, suggesting a number of possible intermediaries.

The next events took place about a week later. On 11 August the Düsseldorf separatist leader von Metzen saw Denvignes. Von Metzen offered to help break the resistance by trying to get the miners at the Neumühl mine – owned by Phoenix – to return to work. The miners, who had been targeted by his group's propaganda, had, he claimed, been won over to the separatist cause. He asked for French help with the venture: could the miners be paid in hard currency, raised through the sale to France of the coal they mined, and could France guarantee their food supply? Two days later Carp had an interview with Denvignes, saying that most of the Neumühl miners were ready to return to work, but that the technical personnel were very hesitant. He would try to convince them to co-operate. Denvignes drew the conclusion that the two visits were not purely coincidental, but that von Metzen and Carp were working together: the moderate industrialists wanted to create a case of *force majeure* which would justify their decision to end the resistance in the eyes of the Berlin authorities.¹²

On 17 August, Carp returned to Denvignes together with Otto Wolff. Both men were about to go to Berlin to try to convince Stresemann, by now the new chancellor, to allow them to reach agreements with the MICUM for a resumption of economic activity. Carp was worried about the danger of communism if the economic disorder continued. Wolff stressed long-term political considerations, echoing views earlier expressed by Becker. He ruled out an independent Rhenish state: only England would profit from a 'new Alsace-Lorraine'. But then he added: 'If you are afraid of an over-unified Germany, let a Rheno-Westphalian state be created within the framework of the German federation. Germany will then include an additional state, similar to Bavaria, Saxony or Württemberg, very independent of Berlin, and Prussian power and influence will thus be reduced, which will set your minds at ease.' The occupation would continue on 'a very effective and very friendly' basis until the interests of the two countries were so intertwined that conflict was utterly out of the question. The new Rhenish state would then be a link tying France and Germany together.¹³ This set of ideas corresponded to an important strand in French thinking on the Rhenish question from 1919 on.¹⁴

The previous day von Metzen had seen the French authorities. He no longer

¹¹ Ibid.

¹² Denvignes to Degoutte, 13 Aug. 1923, Degoutte report, PA 768; *Compte rendu du chef du 2e Bureau*, 14 Aug. 1923, Degoutte report, PA 772.

¹³ Denvignes to Degoutte, 17 Aug. 1923, Degoutte report, PA 786.

¹⁴ On this see my *Reparation in world politics*, ch. VII, section 5.

needed French financial support for the Neumühl affair – he had managed to obtain hard currency through a prominent Dusseldorf banker, an Alsatian named Griess (or Greis). Griess in turn was closely related to the Otto Wolff group, which, it was assumed, was the real source for the financing of the operation.¹⁵ Griess was also involved with the Wulf consortium of mines. Wulf's plan, according to Denvignes, was to generalize to his whole group the negotiations being carried out with the Neumühl miners.¹⁶

Exactly what were Otto Wolff and his associates up to? The official German documents, as might be expected, shed no light on this question; it seems clear that the government of the Reich was not even aware of what was going on.¹⁷ If Wolff's private papers ever contained any clues, the relevant documents would most probably have been destroyed after the Nazis came to power. The most likely place for surviving documentation would be Holland. Dutch interests were closely linked to the Wolff concern; Frederik van Vlissingen, a Dutchman who was one of the directors of the Phoenix Works, was in fact closely involved in this whole affair.

In any case, the question of Wolff's motives is not the central issue here. The analysis, rather, is concerned only with French policy; it is thus important to note that in the minds of the French officials involved all these events were part of a co-ordinated movement. The industrialists – the French recognized no difference between Wolff and Carp – were determined to end the resistance, since the present chaotic situation threatened their interests. According to Degoutte, in a long report on the affair that he sent Poincaré on 18 August, Wolff and the others were approaching the French through two different routes. The first channel was 'direct and more or less official': the Gladbeck talks, the industrialists' overtures to Denvignes, their attempts to work out an accommodation with the French authorities on the spot. The second way was indirect: they were working through von Metzen. The connexion was proved by their financial ties with him via Griess, and both von Metzen's and Carp's concentration on the Neumühl mine. All this meant, Degoutte said, that the industrialists were willing to 'take the initiative in abandoning passive resistance and in entering into relations with me, with or without Berlin'.¹⁸

For the purposes of the present analysis, Poincaré's reaction to all this is extremely important. On 24 August, Carp and Wolff, back from Berlin, asked to see Degoutte, who wired Paris for instructions. A telegram from Poincaré came the next day: 'as soon as the talks are authorized by the chancellor', Degoutte was to pursue them

¹⁵ Chef du 2e Bureau (Lt. Dumont), 'Compte-Rendu No. 4 d'un entretien ayant lieu le 16 Août 1923 avec Monsieur von Metzen', 17 Aug. 1923, Degoutte report, PA 767. In this document the banker is called 'Monsieur X'. He is identified as Griess in Dumont's 'Compte-Rendu No. 6', 24 Aug. 1923, Degoutte report, PA 806, and in the Degoutte report, p. 417.

¹⁶ Denvignes to Degoutte, 17 Aug. 1923, Degoutte report, PA 786.

¹⁷ Thus the references to Wolff in the two volumes on the Stresemann government in the *Akten der Reichskanzlei Weimarer Republik* series (Karl D. Erdmann and Martin Vogt, eds., *Die Kabinette Stresemann I u. II* [Boppard am Rhein, 1978]) reveal no trace of a suspicion that Wolff was in any way linked to Rhenish separatism. Wolff, of course, had always taken a patriotic line in dealings with the central government. See for example document no. 30 in this collection, his 'Aufzeichnung über eine Unterredung Otto Wolffs mit General Degoutte am 29. August 1923', 1, 142–4, and also Gustav Stresemann, *Vermächtnis: Der Nachlass in drei Bänden*, ed. H. Bernhard (Berlin, 1932), 1, 94–5.

¹⁸ Degoutte to Poincaré, 18 Aug. 1923, quoted in Degoutte report, pp. 420–3.

himself.¹⁹ But that very same day, in a letter, Poincaré radically shifted his position. The talks with the industrialists were necessarily unofficial in nature; the industrialists could not represent their government. The German government's proposals could only be made through official channels – through the French embassy in Berlin or the German embassy in Paris. The negotiations with the industrialists, in so far as they dealt with technical matters, were to be conducted by the MICUM engineers. But then he added: 'the day that it appears to you that these talks are taking a turn – and you are the sole judge of that – you will summon them [i.e. the industrialists] before you and personally conduct the talks in agreement with M. Tirard and the representatives of the Belgian government'.²⁰

This document calls for somewhat Talmudic exegesis. The suggestion that the German government make its proposal through official channels must be viewed in the light of the fact that Poincaré had effectively closed these channels off by refusing to engage in official talks. In effect he was saying that no negotiations with representatives of the German government were possible, and that he would only talk with the industrialists in their private capacity. This was a complete switch from the earlier French position that there would be no private talks with the industrialists, and that only official proposals would get a hearing. Similarly the earlier French interest in facilitating the end of the resistance, as manifested in their reaction to the Gladbeck talks and Denvignes's remarks to Carp on 5 August – their willingness, that is, to save the face of the German government and work out an informal settlement – now disappeared. For Stresemann, it soon became clear, was willing to accept the ideas of Wolff, Carp and Becker on the gradual and local liquidation of the resistance, and he discreetly encouraged their talks with the French authorities.²¹ But Poincaré was no longer willing to explore the possibilities for a settlement with Germany that this new attitude had opened up. The end of the resistance in the occupied areas was no longer his primary goal. He obviously had other things on his mind.

What these were can be inferred from the passage in his letter of 25 August where he referred to the talks 'taking a turn'. What exactly did this mean? If matters came up unrelated to the technical problems of a resumption of work, these matters could only be political in nature. What Poincaré was asking Degoutte to do, therefore, was to conduct political negotiations with private individuals; and talks that were extra-legal in form were in all likelihood also to be extra-legal in substance, dealing most probably with the elaboration of a special regime – autonomy or whatever – for the occupied areas. The very vagueness of the passage suggests the correctness of this interpretation: it would be dangerous to be too explicit when writing about these sensitive matters.

Or to make the point another way: why did Poincaré's basic policy shift on 25 August? The change must be understood in the context of the Wolff affair. For the first time it seemed that respectable elements in the occupied areas were coming around to the idea that the Rhenish territories should have a special political status, that ties with the Reich should be loosened and links with France strengthened – exactly the attitude the French had long hoped to see take shape. If Wolff and his colleagues were ready, as Degoutte had reported, to act 'with or without Berlin',

¹⁹ Poincaré to Degoutte, 25 Aug. 1923, Degoutte report, p. 423.

²⁰ Poincaré to Degoutte, 25 Aug. 1923, Degoutte report, p. 424 and PA 811; also in AE, Relations Commerciales, vol. 344. Tirard was the French high commissioner in the Rhineland.

²¹ Margerie to Poincaré, 1 and 5 Sept. 1923, AE, Ruhr, vol. 28.

then it was best to try to get them to act on their own initiative. To create a breach with Berlin was to lay the groundwork for a Rhenish political entity, based on the Rhinelanders' right of self-determination, and not on authority granted by the Reich.

Thus beginning in late August it seems that Poincaré was rallying to Degoutte's point of view. That Poincaré was giving the general wide authority to conduct the talks with the industrialists is one measure of the degree to which he shared his views; another is the seriousness with which Poincaré at this time took the documents in which Degoutte made his case for a 'reorganization of Germany on a federalist basis'.²² In these documents, Degoutte stressed the significance of the talks with the industrialists; for the first time, he had an important practical argument with which to support his views. This is another reason for thinking that the Wolff affair played a key role in shaping Poincaré's policy.

Now the whole argument can be put together. Objectively, the effect of French policy was to drag out and in some ways to aggravate the German crisis. French moves – especially the partial economic blockade of the Ruhr that the occupying forces had gradually imposed – had, as Denvignes for example had pointed out, played an important part in creating the conditions for a 'respectable' Rhenish movement, of which the Wolff affair was the first important sign.²³ As Degoutte commented on these developments: 'The policy we have so far been pursuing is thus beginning to bear its fruit.'²⁴ French support for disreputable separatist movements – the groups led by Dorten, Matthes, and so on – fit into this general policy. The separatist movement, Degoutte wrote on 9 September, lacked a significant political base in the area and was incapable of 'achieving a decisive success'. Its role was one 'of propaganda and not of realization. It is permissible to think that it will act chiefly by reaction. Just as in 1918, when many Rhinelanders came to support a Rhenish Republic through fear of an annexation by France, separatist activities can lead the organized parties, the middle classes, workers and peasants to accept and to demand autonomy within the framework of the Reich.' In particular an understanding with the Centre party and the Socialists – these two parties were 'the necessary backbone for any political system' in the Rhineland – was to be sought.²⁵ And Poincaré himself took up the argument toward the end of the month: if the French refused to talk with Stresemann, the Reich would have to let the Rhenish Centrists deal directly with France in order to prevent the Rhineland from 'falling into the hands of certain separatists', and this prospect justified his refusal to negotiate with Germany even after the ordinances were withdrawn.²⁶ The implication of all this is clear: France was trying to aggravate the crisis within Germany – by refusing to deal with Stresemann, by discreetly supporting the separatists, and so on – because the crisis would result in the reordering of German affairs that best suited French interests.

The same set of calculations lay behind French policy on the question of the Rhenish mark, the touchstone of France's Rhenish policy for the whole period. On

²² Degoutte to Poincaré, 21 Sept. 1923, and Poincaré to major embassies and Tirard, 21 Sept. 1923, AE, Ruhr, vol. 29; Margerie to Poincaré, 23 Sept. 1923, AE, Relations Commerciales, vol. 346, for Margerie's sceptical reaction to Degoutte's ideas.

²³ Denvignes to Degoutte, 13 Aug. 1923, Degoutte report, PA 768, p. 1974.

²⁴ Degoutte report, p. 422.

²⁵ Degoutte, 'Note', 9 Sept. 1923, Degoutte report, *Rapports politiques*, p. 57.

²⁶ Poincaré to Herbet, 24 Sept. 1923, AE, Ruhr, vol. 29.

22 and 23 September a number of high officials from the ministry of finance and in the French administration in the occupied areas met to consider the monetary question. They came up with a 'plan for monetary action in the occupied territory', which was approved by the minister of finance on 28 September. This document argued that no thorough monetary reform was possible until the occupied region had achieved fiscal and administrative autonomy – i.e. a separate budget. As Germany sank deeper into political and economic chaos, the local population would turn to the occupation authorities: 'At this moment financial and administrative autonomy would be within reach, and the occupying authority can take charge of setting up a bank of issue.' In the meantime a system of gold certificates would be created in co-operation with Rhenish interests to tide the area over the transitional period.²⁷ Again it is hard to avoid the conclusion that the French government was counting on the continuation of the disorder within Germany, and that it in fact sought to aggravate the situation there in order to achieve its own goals.

Thus the study of French occupation policy, and especially of the Wolff affair, shows that some early suspicions were in fact correct. Poincaré's refusal to talk with Stresemann in the latter half of 1923 was indeed based on a hope of changing the fundamental structure of the German Reich, and in particular of changing the political status of the Rhineland, in ways believed to be favourable to France. The consequences of all this cannot be analysed here. Suffice it to say that they proved enormous: the French lost the chance to set up, through negotiations with the German government, a regime in the occupied areas which they could in large measure control. Without this basic bargaining chip, France more or less had to accept the terms others would impose, terms which ultimately were to condemn the Versailles system and open the way for a revival of German power.

Indeed, by the end of 1923 the eventual collapse of the Versailles system was predictable with a high degree of confidence. The cards had all been dealt; all that remained was for the hand to be played out. Jacques Seydoux, a high Foreign Ministry official and perhaps the most perceptive of the French policy makers, already understood by this time that the Europe of Versailles was a thing of the past. France, he said on 27 December, was unavoidably entering along the path of a 'financial reconstruction' of Europe, and could no longer deal with Germany as 'victor to vanquished'. Once France had set out on this path there could be no turning back.²⁸ But little did he suspect just how far that path would go, or how swiftly it would be travelled.

²⁷ 'Plan d'action monétaire en pays occupé', n.s., 24 Sept. 1923, and Lasteyrie to Poincaré, 28 Sept. 1923, box F³⁰ 1276, dossier 'Rhénanie. Constitution de l'état rhénan', Ministry of Finance archives, Paris. Attending the meeting (among others) were: de Mouÿ, director of the *Mouvement Général des Fonds* and thus the highest permanent official at the ministry of finance, Tirard and Bréaud.

²⁸ Vignon, 'Emprunt en Amérique. Premières réflexions de Seydoux', 27 Dec. 1923, AE, Millerand papers, vol. 33.