

Germany's the great depression and wanted the loans

[Economics](#), [Trade](#)



Germany's economy was in ruins after being defeated in World War I. The Treaty of Versailles forced Germany to pay reparations to France and Great Britain at a large cost and to give up thirteen percent of its land.

These were considered harsh provisions for Germany's economy. Through social spending, Germany attempted to recover from the war. To fight the increasing unemployment rate, Germany began creating modernization of power plants and transportation projects. The returns on income taxes decreased and the government started to rely on property tax, state trade and electric power plants. Foreign countries placed protective tariffs on Germany's products making it nearly impossible to pay back war reparations and Germany's economy continued to struggle. Since they were not able to pay back the war reparations, they began to print enormous amount of money causing a state of superinflation making marks worthless. The United States hit the Great Depression and wanted the loans payed back immediately almost causing the German economy to collapse. President Woodrow Wilson was at the Paris Peace Conference that ended World War I and formed the establishment of the League of Nations.

He believed the international community could preempt another war and urged leaders from Italy, France and Great Britain to draft what became known as the Covenant of League of Nations. This was created to essentially prevent another war. Once initiated, the leaders of the world would bring the covenant to their government for approval. President Wilson's promise of territorial integrity and mutual guarantees of political independence upset the Republican majority in Congress.

Wilson did not appoint one of their representatives to the delegation and Republicans were resentful for this action. He also refused compromise with his opponents. Congress disagreed with the international agreement for the League of Nations because of the vague language and potential impact on America and its sovereignty.

He tried to sell the idea of the League of Nations to the American people during a tour while at a stalemate with Congress. He believed that isolationism did not work in which nationalism went into international borders and violent revolutions. He argued that the League of Nations held American values of settling conflicts and self government. Wilson's intense tour schedule affected his health suffering from headaches and a stroke.

He did recover to continue to advocate passage of the covenant but could not get the League of Nations ratified due to his stroke and Republican Warren Harding's election to the presidency in 1921. The League of Nations was established but the United States is not part of it.