THE DAWES PLAN

In the years following the First World War, issues of debt ______________ and reparations troubled relations between the Allies and the now defeated Germany.

At the end of the First World War, the victorious European powers demanded that Germany ________________ them for the devastation wrought by the four-year conflict, for which they held Germany and its allies responsible. Unable to agree upon the amount that Germany should pay at the Paris Peace Conference in 1919, the United States, the United Kingdom, France, and the other Allies established a Reparation Commission to settle the question. In the spring of 1921, the Commission set the final bill at ______ billion gold marks. When Germany defaulted on a payment in January 1923, France and Belgium occupied the Ruhr in an effort to force payment. Inflation in Germany, which had begun to accelerate in 1922, spiraled into hyperinflation. The value of the German _____________ collapsed; the battle over reparations had reached an impasse.

Meanwhile, a second ____________ financial issue was causing tension among the former co-belligerents. While the United States had little interest in collecting reparations from Germany, it was determined to _____________ repayment of the more than $10 billion it had loaned to the Allies over the course of the war. Time and again, Washington rejected calls to cancel these debts in the name of the common wartime cause; it also resisted efforts to link reparations to inter-allied war _________.

In late 1923, with the European powers stalemated over German reparations, the Reparation __________________ formed a committee to review the situation. The committee presented its proposal in April 1924. Under the Dawes Plan, Germany's annual reparation payments would be reduced, increasing over time as its economy improved; the ______ amount to be paid, however, was left undetermined. Economic policy making in Berlin would be reorganized under foreign supervision and a new currency, the Reichsmark, adopted. France and Belgium would evacuate the Ruhr and foreign banks would _______ the German government $200 million to help encourage economic stabilization. U.S. financier J. P. Morgan floated the loan on the U.S. market, which was quickly _________________. Over the next four years, U.S. banks continued to ________ Germany enough money to enable it to meet its reparation payments to countries such as France and the United Kingdom. These countries, in turn, used their reparation payments from Germany to service their war debts to the United States.

1. WHAT DID GERMANY HAVE TO PAY? HOW MUCH WAS IT?
2. WHAT HAPPENNED IN JANUARY 1923? WHY?
3. WHAT DID THE DAWES PLAN CONSIST OF?
4. FIND OUT WHO DAWES WAS.