

6.28 Consequences of Versailles

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With the defeat of Germany in World War I, it was not permitted to participate in the post-war Paris Peace Conference and Britain and France imposed a punitive victor's peace treaty. In the Treaty of Versailles, Germany was forced to accept responsibility for causing the war and for the losses and damage incurred by the victors. It was required to disarm, surrender traditional German territory, and pay reparations. Economist John Maynard Keynes, a British delegate to the Peace Conference, branded the treaty a "Carthaginian peace" and called it counter-productive. Read the excerpts from Keynes' book *The Economic Consequences of the Peace* and answer questions 1-5.

Questions

1. Who was John Maynard Keynes?
2. Why is the Treaty of Versailles considered a victor's treaty or a "Carthaginian peace"?
3. Why does Keynes open the chapter by saying his view "must be one of pessimism"?
4. What does Keynes see as the fundamental problem facing Europe that was ignored at the conference?
5. Keynes did not make predictions. In your opinion, what are likely outcomes if his analysis is correct?

John Maynard Keynes: The Economic Consequences of the Peace, 1920

A. This chapter must be one of pessimism. The Treaty includes no provisions for the economic rehabilitation of Europe, - nothing to make the defeated Central Empires into good neighbors, nothing to stabilize the new States of Europe, nothing to reclaim Russia; nor does it promote in any way a compact of economic solidarity amongst the Allies themselves; no arrangement was reached at Paris for restoring the disordered finances of France and Italy, or to adjust the systems of the Old World and the New. The Council of Four paid no attention to these issues, being preoccupied with others, - Clemenceau to crush the economic life of his enemy, Lloyd George to do a deal and bring home something which would pass muster for a week, the President [Woodrow Wilson] to do nothing that was not just and right.

B. It is an extraordinary fact that the fundamental economic problems of a Europe starving and disintegrating before their eyes, was the one question in which it was impossible to arouse the interest of the Four. Reparation was their main excursion into the economic field, and they settled it as a problem of theology, of politics, of electoral chicane, from every point of view except that of the economic future of the States whose destiny they were handling.

C. The essential facts of the situation, as I see them, are expressed simply. Europe consists of the densest aggregation of population in the history of the world. This population is accustomed to a relatively high standard of life, in which, even now, some sections of it anticipate improvement rather than deterioration. In relation to other continents Europe is not self-sufficient; in particular it cannot feed itself. Internally the population is not evenly distributed, but much of it is crowded into a relatively small number of dense industrial centers. This population secured for itself a livelihood before the war, without much margin of surplus, by means of a delicate and immensely complicated organization, of which the foundations were supported by coal, iron, transport, and an unbroken supply of imported food and raw materials from other continents. By the destruction of this organization and the interruption of the stream of supplies, a part of this population is deprived of its means of livelihood.

D. Men will not always die quietly. For starvation, which brings to some lethargy and a helpless despair, drives other temperaments to the nervous instability of hysteria and to a mad despair. And these in their distress may overturn the remnants of organization, and submerge civilization itself in their attempts to satisfy desperately the overwhelming needs of the individual. This is the danger against which all our resources and courage and idealism must now co-operate.

E. An enormous part of German industry will, therefore, be condemned inevitably to destruction. The need of importing foodstuffs will increase considerably at the same time that the possibility of satisfying this demand is as greatly diminished. In a very short time, therefore, Germany will not be in a position to give bread and work to her numerous millions of inhabitants, who are prevented from earning their livelihood by navigation and trade . . . Those who sign this Treaty will sign the death sentence of many millions of German men, women and children."