

Perpetual Peace or Carthaginian Peace? The Treaty of Versailles and its Consequences

Siyu Xiang^{1,*}

¹ Shanghai Qibao Dwight High School

*Corresponding author. Email: syxiang_charlotte@qibaodwight.org

ABSTRACT

This essay deals with the treaty of Versailles and its serious consequences. It argues due to the drawbacks of the treaty, the once-hoped? perpetual peace turned into Carthaginian peace. In particular, it lays out the impacts of the treaty through analyzing different articles of the treaty and related documents. It holds that the treaty just made a weak Carthaginian peace. The serious reparation problems, lack of reliable collective security mechanism and America economic prosperity deteriorated the German development and international relationship. Both finally paved the way to the second world war.

Keywords: *Perpetual Peace, Carthaginian Peace, Reparation.*

1. INTRODUCTION

It is commonplace to point out the treaty of Versailles was a historical deal, which planted seeds for the next bloody and disastrous world war without materializing the Fourteen Point plan proposed by Woodrow Wilson. Many scholars have explored profound consequences of the treaty. Some shed light on the process from perpetual peace to Carthaginian peace (Letin, 1985), some focused on the disastrous impacts of reparations (Feldman, 1993), others take into account the geopolitical effects (Paterson, 1987). Did the treaty lead to a modern Carthaginian Peace as great economist John Maynard Keynes termed? What are the drawbacks of the treaty? Is it inevitable for the humiliating reparation problems to generate the second world war? This essay aims to address above-mentioned issues based on the analyzing relevant articles of the treaty and the related policies. It consists of three parts. The first part deals with the background of the treaty and its detailed articles; the second part analyzes the drawbacks of the treaty and explores its consequences. Though the enormous reparations imposed a long term burden on German, it did not lead to a Carthaginian peace. Keynes overestimated the impacts of reparations on Germany. Some scholars find that reparations were far from unbearable compared with national welfare spending. It hardly substantially undermined German potential as a great power. Without financial support from American Wall street and reliable coercive mechanism to enforce the treaty, Weimar government

easily employed the reparation problems as an effective instrument to mobilize nationalism and increase its legitimacy. Ultimately, the treaty complicated the post war international relation and moved to the next war step by step.

2. TREATY & PEACE CONFERENCE

On January 8, 1918, Woodrow Wilson put forward his famous and profoundly influential fourteen point proposal. Following tradition of Kant's perpetual peace, he claimed to "reach a peace without victory" and build "a place of equality among the peoples of the world...instead of a place of mastery" [1]. In order to achieve this goal, it is imperative to remove "all economic barriers and the establishment of an equality of trade conditions among all the nations consenting to the peace and associating themselves for its maintenance" [2]. Meanwhile, "a general association of nations must be formed under specific covenants for the purpose of affording mutual guarantees of political independence and territorial integrity to great and small states alike" [3]. Wilson's "progressive internationalists vision" not only inspired the oppressed nations to pursue independence from colonies but also made German believe Wilson would advocate lenient treatment towards the defeating countries [4]. However, the conference held in Chateau de Versailles and its outcome went beyond most optimistic and idealist expectation. In particular, German delegates felt deep disappointed and fury. As they lamented: "Germany...must declare herself ready in

principle to bear all the war expenses of her enemies, which would exceed many times over the total amount of German State and private assets” [5].

The treaty of Versailles is a striking departure from 14 point proposal. The treaty consists of 15 parts with 440 articles. Part I outlines the framework of the League of Nations. Parts II and III addresses the territorial disputes and put the end to German Empire. In the west frontier, In the west, France retook Alsace-Lorraine, Belgium Eupen and Malmedy and Denmark Northern Schleswig. German East territory was cut into pieces. Several minorities including Pole obtained independence and established their own states. Moreover, Germany had to give up all oversea colonies. New Guinea, the islands near the equator (except Samoa) and Nauru were given to Australia; the Marshall Islands, Caroline Islands and Mariana Islands were transferred to Japan; all German colonies in Africa. In total, Germany lost 13.5% of its land. In spite of it, such territory arrangement did not undermine German potential in Europe. Prior to the peace conference, Marshal Foch made a pragmatic proposal to create several demilitarized “buffer states” along the Rhine of neutral in order to obtain security for France. Clemenceau did demanded this proposal at the Peace Conference but encountered strong opposition from both Wilson and Lloyd George. Moreover, with the collapse of Austrian-Hungary Empire, there was no rival in east Europe to balance Germany. Therefore, Paul Kennedy asserts Germany still stood as a great power after the WWI [6]. The crucial parts of the treaty are Parts VIII and IX, which dealt with financial clauses of reparation. In fact, reparation issue has already appeared in the armistice agreement signed on 11/11. 1918. On the article XIX, the Allies countries spell out the principle of “Reparation for damage done.” The armistice ordered Germany to return the cash deposit in the National Bank of Belgium and all documents, specie, stocks, shares, paper money in the invaded countries. Germany also should deliver the Russian and Romanian gold yielded to Germany in trust to the Allies until peace is concluded [7].

The reparation part of the treaty of Versailles covers from 231 to 244. Article 231 was the notoriously “guilt clause” because it laid the legal foundation to force Germany to undertake “responsibility of Germany and her allies for causing all the loss and damage to which the Allied and Associated Governments and their nationals have been subjected” [8]. It deserves attention the treaty was quite different conventional peace treaties with regard to reparation issues. In the past, after bloody wars of monarchies, civilian damages had seldom been compensated by defeating countries, that is, all victims needed to bear the costs of destruction and repairation. However, the treaty of Versailles first time stipulated that German had obligation to compensate for all civil damages.

The article 233 required to set up an Inter-Allied Commission, named Reparation Commission later, to examine the resources and fiscal capacity of German government, calculate all damages and determine the final figure of reparations in 1921. Moreover, according to the treaty, Commission drew up a schedule of payments prescribing the time and manner for securing and discharging the entire obligation since May 1, 1921. In the interim, Germany was required to pay an equivalent of 20 billion gold marks (US\$5 billion) in gold, commodities, ships, securities, or other forms. The money were employed to pay Allied occupation costs and to purchase food and raw materials for Germany.

In addition to those articles, the related annexes were important as well. They illustrated the complex reparations system. it first demarcated the scope of damages. Damage referred to “injured persons and to surviving dependents by personal injury to or death of civilians caused by acts of war” [9]. Then it prescribed the items that could be used to offset the reparations bill. For instance, Germany was required to deliver to France seven million tons of coal per year for ten years.

Although the treaty provided a description of damage, it seemed to be too vague to estimate in practice and in fact “left the Allies free to make whatever demands they chose” [10]. Undoubtedly, the first world war was the most destructive and bloodiest conflict thus far in human history before 1939. More than 10 million soldiers were killed, and 20 million were wounded in the battles. Besides huge military casualties, at least 6.6 million civilians died. In addition, the war caused massive material physical damage. it is estimated that the total loss of human and physical capital was over \$150 billion [11]. However, those loss varied dramatically in different countries. While north-eastern part of France became bloody battlefields and suffered enormous damage to houses, farms, factories and other property, there was no invasion to Britain and only hundreds of ship sunk by German submarine. By estimate, France lost four and half million soldiers, Britain three quarter of million and America just more than one hundred thousand. Therefore, it is no surprising that allied powers entered disputes about sum of reparation with different political considerations. Wilson had little interest in reparation. He only cared about whether loans that European countries including Germany could pay back. During the war, America became the arsenal of the world. it produced weapons to sell to all belligerent countries. In order to sustain the war, those allied countries had to borrow huge number of money from America to purchase American weapons. After the war, without paying back loans, many American banks would have bankrupted. France had contrasting position since it had enormous loss in the war. By estimate, France suffered casualties of four million and its northern land was plundered by German troops. Moreover, France was quite cautious to German’s potential and revenge. Therefore, France

advocated harsh policy toward Germany. Clemenceau insisted on astronomical sum of reparation on Germany. Britain held a moderate standpoint with a goal to maintain balance in European continent. Some English delegates, such as John Maynard Keynes, stood against French plan to impose heavy burden on German because it would destroy Germany and no countries would get benefit ultimately. After a compromise, allied powers finally reached a deal in London conference in 1921. The total sum of reparation was over 132 billion gold marks to compensate both military and civilian damages. The payment of reparation was divided into three categories of bonds: A, B, and C. London schedule ordered Germany to pay 50 billion marks of 'A' and 'B' bonds unconditionally. The payment of the 'C' bonds was contingent on the Weimar Republic's fiscal ability.

3. AFETRWORDS & INFLUENCE

After the Peace Conference, John Maynard Keynes published *The Economic Consequences of the Peace* in 1919. In this influential work, he denounced the treaty was neither decent nor humane. Based on his economic analysis, he asserted the tremendous reparations would substantially impair German economic system and market. As a result, the treaty of Versailles would be nothing more than Carthaginian Peace [12]. His eloquent argument was a prologue to lasting controversies over impacts of the treaty. Whereas some scholars who aligned themselves with Keynes as revisionists attributed the ensuring world war to the injustice and inequality of the treaty (A.J.P Taylor, 1962), others contended the reparations were too moderate to virtually undermine Germany (Etienne Mantoux, 1946). Those different arguments need further examination. Did the treaty result in Carthaginian peace? What were serious drawbacks of the treaty?

The concept of Carthaginian Peace derives from the history. Roman conquered Carthaginian Empire through three brutal Punic Wars. The concept amounts to any peace treaty that imposes utter subjugation of the defeating side. The operation of Carthaginian peace depends on two conditions: one is a brutal agreement to cripple the losing side and the other is an effective mechanism to enforce the agreement. In term of this standard, the treaty of Versailles is far from a kind of strong and workable peace because of three drawbacks.

Firstly, though the sum of reparation was enormous but failed to serve a device to restrain Germany's industrial and military potential. Some scholar (Stephen Schuker, 1988) had thoroughly investigated multiple economic indicators including taxable capacity, growth rate of national income, export and import, and level of capital imports and reached convincing conclusions. He found the reparations burden would have come down to 4.3 % of national income between 1925 and 1929 if Germany had followed the London Schedule [13]. By

contrast, welfare expenditures took a lion share in German national income. Germany was the first country to set up welfare state to provide a broad range of subsidies and insurance for the retired, disabled and veterans. After the war, six million soldiers and over three million surviving dependents and disabled veterans were available to receive various welfare benefits [14]. In order to promote legitimacy of fragile Weimar Republic and enhance social solidarity, German government continued and even expanded the welfare system. For instance, in 1921, 1.8 billion gold marks were spent in housing subsidies [15]. Therefore, reparations "required substantial sacrifice but not an insuperable burden for a nation resolved to limit domestic consumption sufficiently to meet the levy" [16], let alone crippled Germany.

Secondly, the treaty hardly accessed to strong endorsement from America. America was the most important stakeholder of the reparation issues because America was the key of a complex debt chain. During the war, United States granted almost \$10 billion loans to European Allies. France owed \$4 billion. Britain is a bit different. While owing a \$4.7 billion war debt to the United States, Britain was owed \$11.1 billion by other European countries. Britain would not pay back the loans of United States unless it was repaid by France. And the payment from France depended on German reparations. European countries understood the key role that US played and they desired to invite an American representative to be a chairman of the Reparations Commission. However, it is surprising for European politicians that US senate dramatically disapproved of the treaty of Versailles in March 1920. Such rejection blocked US to participate decision-making process in Reparations Commission and National League. Without American official presence on the Commission, the previously balanced structure of three-cornered contest (United States-France-Great Britain) turned to a polarized structure. France and Great Britain often conflicted in various meetings of the Reparations Commission. Dissatisfied with Britain's appeasement policy toward Germany, France and Belgium sent troops to occupy Ruhr area after Germany stopped paying reparation in 1923. France's military action led to an international crisis and pushed America to intervene reparations issue. United States cooperated with Britain to work out the Dawes Plan and Young Plan in 1924 and in 1928 respectively. America again supplied huge amounts of loans to stabilize German economy and made German fulfill its reparation commitments. Primarily due to American financial aids, Germany enjoyed short term economic prosperity and paid about 11 billion gold marks in reparations. Unfortunately, with the Great Depression in 1929, German lost American support and it rapidly entered economic recession in 1930 and was unable to continue payment. In the end, the Lausanne Conference claimed to end all reparations in 1932.

Thirdly, the treaty fell short of credible mechanism to enforce those articles. As one of most important legacies of Wilson's progressive internationalist to the world, the League of Nation was expected to be an revolutionary but powerful tool to maintain the perpetual peace. As the League of Nations Covenant states: "*The members of the League undertake to respect and preserve as against external aggression the territorial integrity and existing political independence of all members of the League.*" Although the league of Nation grants the council to advise upon the means in case of any aggression, there was no workable mechanism to *guarantee the collective security* [17]. It is notorious that National League did not adopt any effective measures to punish Japan after it invaded China and occupied Manchuria in 1931. Its futile efforts knocked down the first domino in the row in Asia. In the case of reparations issue, there were very few instruments to deal with German default in payment. When France and Belgium employed military force to occupy Ruhr area to enforce the treaty in 1923, they encountered wide resistance in Germany and immediate oppositions from Britain and America. The absence of enforcement tools gave green light to German to create problems and transfer those problems to other countries. The inflation is an example. In 1920, German government deliberately implemented inflation policy to expand export and reduce reparation burdens. On the one side, inflation deprived traditional middle class and Junk related social class of their assets and provoked them against humiliating treaty. On the other side, depreciated marks facilitated German product to export world market. America and Britain were cautious about the negative impacts of this strategy on their exports. They had to reconsider appeasement policy. America and Britain channeled international capital to Germany through Downs and Young plans. It was estimated that German obtained loans of inf Reichsmarks between 1924 and 1930 and only used 17.4 billion about sixty percent of loans to pay the reparations [18].

4. CONCLUSION

In a nutshell, the treaty of Versailles planted seeds for the next bloody world war. Far from Keynes described, the treaty is not a standard Carthaginian peace. At most, it was a weak variant of Carthaginian peace. It neither undermined the German potential nor enforced the treaty effectively. To most German, this treaty was a source of miserable lives they experienced, humiliation, inflation, unemployment and collapse of economic and welfare system. Therefore, it was no surprising that the treaty of Versailles only a truce for 20 years. Foch predicted and Hitler made it true.

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