

## 7 The Settlement with Germany

**KEY ISSUES** How much of a compromise between America, France and Britain was the Treaty of Versailles? To what extent was it a harsh treaty?

All peace settlements are to a greater or lesser extent the result of compromises between the negotiating powers. Versailles was no exception. Its key clauses were the result of fiercely negotiated agreements, which were often only reached when the conference appeared to be on the brink of collapse. The first 26 articles (which appeared in all the other treaties as well) contained the Covenant of the League of Nations (see pages 78-80) and were agreed unanimously once Wilson had met French objections by initially excluding Germany from the League.

### a) German War Guilt

Despite some American and Italian reservations, which were eventually overcome by Lloyd George and Clemenceau, about the legality of demanding the surrender of the Kaiser and other German leaders for trial for committing acts against 'international morality',<sup>2</sup> there was universal agreement amongst the victorious powers that Germany was guilty of having started the war. It was this principle of war guilt, which was to provide the moral justification for the reparation clauses of the Treaty that was stressed in Article 231 of the Treaty:

- 1 The Allied and Associated Governments affirm and Germany accepts the 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 as a consequence of the war imposed upon them by the aggression of Germany and her allies.

### b) Reparations

Although there was general agreement that Germany should pay an indemnity to the victors, there was considerable debate about the amount it should pay, the nature of the damage deserving compensation and how Germany could raise such large sums of money without harming the Allied economies. Essentially the major issue behind the Allied demands was the compelling need to cover the costs of financing the war. Britain had covered one-third of its war expenditure through taxation, France just one-sixth. At a time of severe social unrest no Allied country could easily face the prospect of financing debt repayments by huge tax increases and savage cuts in expenditure. Initially it was hoped that America could be persuaded to con-

tinue wartime inter-Allied economic cooperation and above all cancel the repayment of Allied war debts, but by the end of 1918 it was obvious that this was not going to happen, as Wilson dissolved all the agencies for inter-Allied co-operation in Washington. Without American participation the British Treasury was reluctant to continue its wartime cooperation with the French Finance Ministry and in March 1919 all further financial assistance from Britain to France was stopped. France had no option therefore but to seek financial reparation from Germany. The French appeared to have operated on two levels. The French finance minister, Louis Klotz, backed by the press and the Chamber of Deputies, urged a policy of maximum claims, and coined the slogan that 'Germany will pay' (for everything). Behind the scenes, however, Loucheur, the Minister for Reconstruction, pursued a more subtle policy and informed the Germans that such was the need of the French economy for an immediate injection of cash that his government would settle for a more moderate sum, which the Germans would be able to raise quickly through the sale of bonds on the world's financial markets. The German government, however, suspected that these overtures were merely a means of dividing Germany from America, which was seen in Berlin as the country potentially most sympathetic to the German cause. America's reparation policy was certainly more moderate than either Britain's or France's as it recommended that a modest fixed sum should be written into the Treaty.

The British delegation consistently maximised their country's reparation claims on Germany. Some historians explain this in terms of the pressure exerted on the government by the electorate. On the other hand, Lloyd George himself claimed that 'the imposition of a high indemnity... would prevent the Germans spending money on an army'.<sup>3</sup> It was arguable that a high indemnity would also ensure that there would be money left over for Britain and the Dominions after France and Belgium had claimed their share. To safeguard Britain's percentage of reparations, the Imperial War Cabinet urged that the cost of war pensions should be included in the reparation bill. By threatening to walk out of the Conference, Lloyd George then forced the Council of Four to support his arguments. The British pension claims made it even more difficult for the Allied financial experts to agree on an overall figure for reparations. Consequently, at the end of April, it was agreed that the Reparation Commission should be set up to assess in detail by 1 May 1921 what the German economy could afford. In the meantime, the Germans would make an interim payment of 20 milliard (or American billion) gold marks and raise a further 60 milliard through the sale of bonds. It was not until December 1919 that Britain and France agreed on the ratio 25:55 respectively as the percentage of the total reparations, which each power should eventually receive. Belgium was the only power to be awarded full compensation for its losses and priority in payment of the first sums

due from Germany, largely because it too threatened to withdraw from the Conference in May at a time when Italy had already walked out and the Japanese were also threatening to do so (see pages 33, 37-8).

### c) German Disarmament

As with reparations, the Allied and Associated nations agreed on the necessity for German disarmament, but there were differences in emphasis. The British and Americans wished to destroy in Germany the tradition of conscription, which they regarded as 'the taproot of militarism', while Foch, more wisely as it turned out, feared that a professional army would become a tightly organised nucleus which would be capable of quick expansion when the opportunity arose. Foch was overruled and the Council of Ten accepted in March proposals for the creation of inter-Allied commissions to monitor the pace of German disarmament, the abolition of the General Staff, the creation of a regular army of 100,000 men, the dissolution of the air-force and the reduction of the navy to a handful of ships.

### d) The Territorial Settlement

It was accepted, even by the many Germans, that the predominantly Danish northern Schleswig, annexed by Bismarck in 1866, should be returned to the Danes. There was therefore general agreement that a plebiscite should be held to determine the size of the area to be handed back. The former German territories of Eupen and Malmedy, together with Moresnet, which before 1914 had been administered jointly by Germany and Belgium, were ceded to Belgium, and the neutrality of the Grand Duchy of Luxembourg was confirmed.

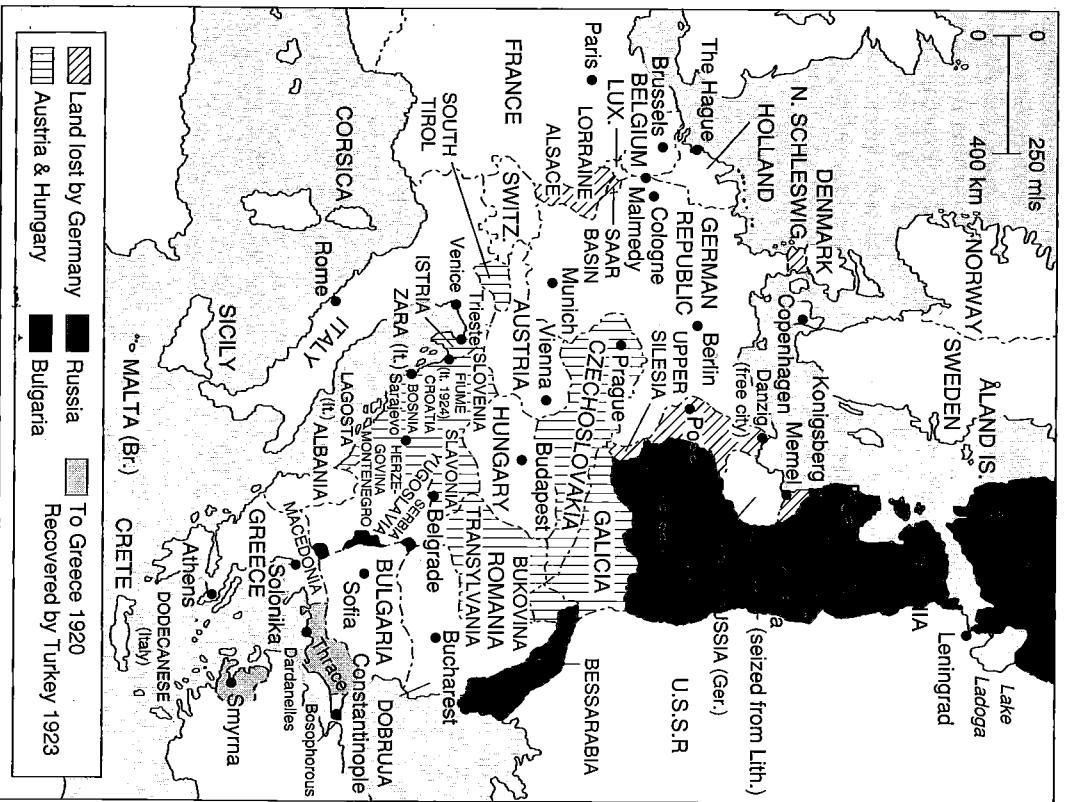
The French proposals for the future of the Saar proved more controversial. Clemenceau insisted on the restoration to France of that part of the Saar, which was given to Prussia in 1814. He also aimed to detach the mineral and industrial basin to the north, which had never been French and place it under an independent non-German administration. Finally he demanded full French ownership of the Saar coalmines to compensate for the destruction of the pits in Northern France by the Germans. Wilson immediately perceived that here was a clash between the national interests of France and the principle of self-determination as enshrined in the Fourteen Points. While he was ready to agree to French access to the coalmines until he production of their own mines had been restored, he vetoed outright other demands. To save the Conference from breaking down Lloyd George persuaded Wilson and Clemenceau to accept a compromise whereby the mines would be transferred to French ownership, while the actual government of the Saar would be entrusted to the League. After 15 years the people would have the right to decide in a plebiscite whether they wished to return to German rule.

Over the future of the Rhineland there was an equally bitter clash between Britain and France. The British had no ambitions on the Rhine, but to the French the occupation of the Rhine was a unique opportunity to weaken Germany permanently by detaching the whole area from it. The British feared that not only would this create a new area of tension between France and Germany but that it would tilt the balance of power in Europe decisively towards France. Only after heated and often bitter arguments was a compromise at last reached. Clemenceau agreed to limit the Allied occupation of the Rhineland to a 15-year period in return for an Anglo-American treaty guaranteeing France against a new German attack. The Rhineland would be divided into three zones, which would be evacuated after 5, 10 and 15 years. Thereafter the Rhineland would be a demilitarised zone barred to German troops, but under German administration. Lloyd George was unwilling to accept even this length of occupation and right up to the signature of the Treaty he sought to evade the commitment.

Anglo-French disagreements again dominated negotiations on Germany's eastern frontiers. The Commission on Polish Affairs recommended on 12 March that Danzig, Marienwerder and Upper Silesia should all be included in the new Polish state and that the future of Allenstein should be decided by plebiscite. Lloyd George vigorously opposed the inclusion of Danzig and Marienwerder as he feared the long-term resentment of the local and predominantly German-speaking population and dreaded that an embittered Germany might turn to Bolshevik Russia for help. By threatening to withdraw from the Anglo-American guarantee pact, he forced Clemenceau to agree to the holding of a plebiscite in Marienwerder and the establishment of a free and autonomous city of Danzig to be linked with Poland through a customs union and presided over by a High Commissioner appointed by the League of Nations.

### e) German Colonies

President Wilson insisted that the League should also have ultimate control over the former German colonies. This was accepted only reluctantly by the British Dominions of New Zealand, Australia and South Africa, each arguing that the outright annexation by themselves of, respectively, the South Pacific islands, Samoa and South West Africa was vital for Imperial security. In May agreement was reached on the division of the German colonies. Britain, France and South Africa were allocated most of the former German colonial empire in Africa, while Australia, New Zealand and Japan secured the mandates for the scattered German possessions in the Pacific. Italy was awarded control of the Juba valley in East Africa, and a few minor territorial adjustments were made to its Libyan frontier with Algeria. Essentially Britain, the Dominions and France had secured what they



Central Europe after the Peace Settlements, 1919-23.

wanted, despite paying lip-service to the League by agreeing to mandate status for the former German colonies.

A more serious clash arose between Japan and America. The Japanese were determined to hold on to the ex-German leasehold territory of Kiaochow in Shantung in China. The Chinese government, however, on the strength of its declaration of war against Germany in 1917, argued that all former German rights should automatically

revert to the Chinese state; despite the fact that in 1915 it had agreed to recognise Japanese rights in Shantung. Wilson was anxious to block the growth of Japanese influence in the Pacific and supported China, but Lloyd George and Clemenceau, wanting to protect their own rights in China, backed Japan. Wilson, already locked in conflict with the Italians over their claims to Fiume (see pages 37-8) and facing Japanese threats to boycott the Conference and sign a separate peace with Germany, had no option but to concede. It is arguable that this humiliating defeat did much to turn the American Senate against the treaty of Versailles.

### 9) The German Reaction

While the Allies were working on the Treaty, the German government could only prepare for the time when it would be summoned to Paris to receive the draft treaty. Optimistically in what one German intellectual, Ernst Troeltsch, called 'the dreamland of the armistice period',<sup>5</sup> Berlin hoped that it would be able to protect Germany from excessive reparation claims and so keep the way open for a rapid economic recovery.

On 7 May the draft peace terms were at last presented to the Germans, who were given a mere 15 days to draw up their reply. The German government bitterly criticised the Treaty on the basis that it did not conform to the Fourteen Points and demanded significant concessions:

- immediate membership of the League of Nations;
- a guarantee that Austria and the ethnic Germans in the Sudetenland, which was a part of the new Czechoslovak state, should have the chance to decide whether they wished to join Germany;
- and the setting up of a neutral commission to examine the war guilt question.

These demands, which if met would have strengthened Germany's position in central Europe, were rejected outright by the Allied and Associated Powers, but nevertheless some ground was conceded. Lloyd George, fearful that the Germans might reject the treaty, persuaded the French to agree to a plebiscite in Upper Silesia. He failed to limit the Rhineland occupation to 5 years, but did manage to secure the vague assurance, which later became Article 431 of the Treaty, 'that once Germany had given concrete evidence of her willingness to fulfil her obligations', the Allied and Associated Powers would consider 'an earlier termination of the period of occupation'.<sup>6</sup>

On 16 June the Germans were handed the final version of the Treaty incorporating these concessions. Not surprisingly, given the depth of opposition to it amongst the German people, it triggered a political crisis splitting the Cabinet and leading to the resignation of the Chancellor. Yet in view of its own military weakness, the Berlin



#### THE RECKONING.

Das-Geld, "MONSTREUS, I CALL IT, 'WHY LET'S SULLY A QUARTER OF WHAT WE SHOULD HAVE MADE THEM PAY IF WE'D WON'."

The Reckoning. *Punch* Cartoon, 23 April 1919.

Government had little option but to accept the Treaty, although it made very clear that it was acting under duress:

Surrendering to superior force but without retracting its opinion regarding the unheard of injustice of the peace conditions, the Government of the German Republic therefore declares its readiness to accept and sign the peace conditions imposed by the Allied and Associated Governments.

#### g) The Signature of the Treaty

On 28 June 1919 the Treaty was signed in the Hall of Mirrors at Versailles, where in 1871 the German Empire had been proclaimed. By January 1920 it had been ratified by all the signatory powers with the important exception of America. In Washington crucial amendments had been put forward by a coalition of isolationists, led by senators Lodge and Borah, rejecting the Shantung settlement and seriously modifying the Covenant of the League. The isolationists

objected to the right of the British Dominions to vote as separate members of the League and were determined to subject America's obligation to defend the independence of fellow League members from aggression to strict control by Congress. They also proposed that Congress should be empowered to veto American participation in any League initiative that clashed with America's traditional policy, laid down in 1823 in the Monroe Doctrine, of excluding foreign intervention from both north and south America. Wilson felt that these amendments would paralyse the League and so refused to accept them. He failed twice to secure the necessary two-thirds majority in the Senate. It was a major defeat for Wilson, and the consequences for Europe were serious. Without American ratification the Anglo-American military guarantee of France lapsed and the burden of carrying out the Treaty of Versailles was mainly to fall upon Britain and France (see Chapter 3).

### 8 The South Eastern European Settlements

**KEY ISSUES** What were the main terms of the Treaties of St Germain, Neuilly and the Trianon? How effectively did they create new nation states?

After the ceremony at Versailles the Allied leaders returned home, leaving their officials to draft the treaties with Germany's former allies. The outlines of a settlement in eastern Europe and the Balkans were already clear: Austria-Hungary and the Tsarist Russian empire had collapsed, the Poles and Czechs had declared their independence and the South Slavs had decided to federate with Serbia to form what was later to be called Yugoslavia. The bewildering diversity of races in the Balkans, which were in no way concentrated in easily definable areas, would ensure that however the great powers drew the frontiers the final settlement would be full of contradictions. The three defeated powers, Austria and Hungary (both treated as the heirs to the former Habsburg Empire) and Bulgaria, all had to pay reparations, disarm and submit to the humiliation of a war guilt clause. The basis of the settlement in south central Europe and the Balkans was the creation of the new Czechoslovak state and Serbo-Croat-Slovene state, or Yugoslavia.

#### a) The Treaty of St Germain, 10 September 1919

The Treaty of St Germain split up the diverse territories, which before the war had been part of Austria:

- Italy was awarded South Tyrol, despite the existence there of some 230,000 ethnic Germans.