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Marc Trachtenberg

In his article "Ten Years of Peace Conference History," which appeared in this journal in 1929, Robert Binkley attacked as simplistic those accounts which depicted the conference as a struggle between "heroes and villains." Binkley was convinced, however, that with time the moralistic tinge would fade from the historiography of the peace settlement and a more sophisticated understanding of the period would take shape. Over half a century has now passed since the Treaty of Versailles was signed, but in essentials the original picture that Binkley condemned remains intact: The conference is still almost universally portrayed as a struggle between forces of light and forces of darkness or, to put the interpretation in the new form given it by Arno Mayer, between the forces of movement and the forces of order. In terms of national policies, the struggle is usually represented as a conflict between America, moderate and conciliatory, and France, anxious for a crushing "Carthaginian" peace.

In the standard accounts of the peace conference, the interpretation of the reparation issue plays a key role. A harsh, even "vengeful" France is commonly portrayed as the driving force behind the demand for reparation.¹ The French government, it is frequently assumed, sought to use reparation as a means of crippling Germany economically. At the very least, the French are blamed for counting too heavily on German reparation payments for a solution to their economic and financial problems: Clemenceau's Minister of Finance, L.-L. Klotz, is frequently ridiculed in the textbooks for basing his policy on a blind faith that "Germany would pay"—the slogan "L'Allemagne paiera" is said to typify French policy at the time.²

¹ This interpretation is shared even by French historians: See, for example, Pierre Renouvin, *Histoire des relations internationales*, vol. 7, *Les Crises du XXe siècle, I: De 1914 à 1929* (Paris, 1969), p. 167.

² There is no evidence that Klotz ever said "L'Allemagne paiera." He later denied having used this slogan, and in fact he never argued that a German indemnity would in itself solve France's problems. Instead he contended that it was first necessary to see how much of a burden French taxpayers would have to bear. The hope of German reparation was thus not the basis of his financial policy; rather, the unsettled status of the reparation question was the excuse he gave for evading the budgetary problem (*Journal officiel de la République française, Débats parlementaires, Chambre des Députés*—cited hereafter as "Chambre, Débats"—[December 3, 1918],

American policy was much more moderate and more attuned to economic realities. The British delegates were somewhere in between; Lloyd George's heart was with the Americans, but he was forced by political conditions at home to press for a harsher settlement than he himself would have liked.

This general picture of the reparation issue in 1919 is an important element in the accepted interpretation of the peace conference as a whole. What I want to do here is test the common picture of reparation against the documentary evidence. I believe the analysis will show that the traditional view in this limited area simply cannot stand up. Because of the importance of reparation in the standard accounts, a conclusion of this sort implies that the Manichaean interpretation of the peace conference period needs to be fundamentally reconsidered. If traditional views are so off the mark on reparation, how valid are they for other issues? And on broader questions as well—for example, the basic aims of the different governments—there is a real need to reexamine how well established accepted ideas are. The case of reparation suggests in particular that the traditional identification of the Wilsonian left with a peace of reconciliation is too pat—the punitive overtones of the moralism of the moderate left have to be taken seriously. On the other hand, the “realism” of the right cannot be automatically identified with harsh policy: Clemenceau's realism was the basis of what will be shown to be his moderation on reparation.

Beyond such historiographical considerations, this study—and this, I think, is its real justification—has its own importance in terms of the analysis of international politics between the wars. It was preeminently in the struggle over reparation that the structure of power in Europe was worked out in the early 1920s; the outcome of this struggle sealed the fate of the system of constraints on German power embodied in the Treaty of Versailles and thus paved the way for the resurgence of Germany as the dominant force in Europe. To understand this struggle, it is obviously necessary to start at the beginning with an analysis of how the reparation question developed in the first place.

p. 813, [March 13, 1919], pp. 1165–66, [September 5, 1919], p. 4192, [February 9, 1921], p. 424; and, similarly, Sénat, *Débats* [December 3, 1918], p. 813, [December 19, 1918], p. 845). Moreover, as Pierre Miquel's recent study of French public opinion in 1919 demonstrates, the press campaign on the theme “Germany must pay,” far from being inspired by the government, was actually directed against it, above all against Klotz's vague project of a tax on capital: The campaign, led by the important antigovernment paper *Le Matin*, was “apparently destined for internal consumption” (Pierre Miquel, *La Paix de Versailles et l'opinion publique française* [Paris, 1972], pp. 13–19, 432–53—the phrase quoted is on p. 453).

What then will this analysis demonstrate? First that the emergence of reparation as an important issue—as in fact the dominant issue in postwar international politics—was by no means inevitable, at least from the standpoint of French policy. The French government hoped during the war and even into the armistice period to solve French economic problems through what it called Allied cooperation, above all through the continuation of the inter-Allied economic system that had taken shape essentially in the last year of the war. Reparation played a very secondary role in French wartime schemes for post-war reconstruction; it was only America's unwillingness to go along with these plans that led the French to turn to reparation. At first the idea was to use enormous reparation claims as a means of manipulating the United States: If the Americans wanted to avoid a harsh peace, they had better be generous with France. But the American delegation refused to give in, and the French soon gave up the game and presented their real reparation demands, which were in fact rather modest. Thereupon French and American reparation policies more or less converged. It was Britain that proved the stumbling block to a relatively moderate settlement. British figures consistently remained much higher than those the Americans and French were willing to accept.

There is only one way to prove these things, and that is through the close analysis of figures. It is regrettable that this is the case, because it is hard to sustain interest in a detailed analysis of this sort. Nevertheless in the past a large part of the failure of historiography to understand reparation was due to an inability or an unwillingness to examine this side of the issue with even minimal skill. Figures representing present value (the principal of the debt) are mentioned in the same breath as figures derived from adding up annuities (principal and interest), as though the two were comparable; figures are cited which do not appear in any of the documentary sources; sometimes the problem is virtually dismissed, as in Stephen Schuker's reference to the "astronomical figures bandied about at the peace conference"—this kind of phrase tends to obviate the need for close analysis.³ But here the negotiations for a fixed sum will be taken seriously, and the examination of figures will be at the center of the study.

I

During the war French officials had elaborated grandiose plans for the permanent reorganization of the world economy. Etienne

³ Stephen Schuker, *The End of French Predominance in Europe* (Chapel Hill, N.C., 1976), p. 15.

Clémentel, minister of commerce for most of the war, was the principal architect of these plans. Clémentel wanted above all to institute a permanent inter-Allied control of raw materials: The Allied governments, acting together, would directly ration out at set prices the vast supplies of raw materials they controlled. Such an arrangement would be the heart of an Allied-led economic bloc that he hoped would emerge in some form from the war. The control of raw materials would be supplemented by other forms of cooperation—for example, preferential tariffs within the bloc and accords on financial and currency questions.⁴

An Allied economic system, similar in scope and structure to the kind of system to which Clémentel aspired, was brought into being in the last year of the war to deal with the critical economic problems then confronting the Alliance. In 1918 inter-Allied bodies—the “programme committees” and “executives”—set the aggregate supply programs of the European Allies; American credits were automatically extended to cover these purchases. Clémentel hoped that a permanent Allied economic bloc would evolve naturally out of the wartime regime; it was taken for granted in official French circles that the wartime system would at the very least be retained to solve the problems of reconstruction.⁵

On the eve of the armistice, Clémentel outlined his views in an important letter to Prime Minister Georges Clemenceau. It is clear from this document that Clémentel pinned his hopes for economic resurgence on Allied “cooperation”—that is, on the continuation of the wartime system of economic controls—and not on reparation. To be sure, French officials wanted certain things from Germany—liquid assets like foreign securities and vital raw materials, especially coal—but they were aware that their real demands on the German economy were relatively modest. In this letter of September 19, 1918, moreover, Clémentel noted “the material impossibility for Germany to rebuild” the devastated areas and warned that to hold Germany financially liable for all war damages “would completely crush her and reduce her to a state of economic bondage which would strip away from humanity all hope of a lasting peace.”

⁴ See my unpublished diss., “French Reparation Policy, 1918–1921” (University of California, Berkeley, 1974), chap. 1. See also my article, “Etienne Clémentel and French Economic Diplomacy during the First World War,” *French Historical Studies* 10, no. 2 (Fall 1977): 315–41.

⁵ See Trachtenberg, “French Reparation Policy,” chap. 1; Etienne Clémentel, *La France et la politique économique interalliée* (Paris, 1931), esp. pp. 337–48; and Daniel Serruys, “La Structure économique de la coalition,” *Revue de Paris* 25 (July 15, 1918): 326–45. Serruys was a high official in the Ministry of Commerce.

Instead he called for a "world fund for the reparation of war damages."⁶

On September 28, 1918, Clemenceau formally accepted the ideas outlined in this letter as the basis of French policy. He perhaps viewed Clémentel's sweeping plan to create a permanent economic bloc with some skepticism, but the idea of an Allied solution to the economic problems of the immediate postwar period was both viable and attractive. In general, Clemenceau hoped to base the peace on the effective continuation of the wartime Alliance, rather than on the destruction of Germany, and the kind of program his Minister of Commerce advocated for the period of reconstruction was well within the orbit of Clemenceau's fundamental ideas.⁷

The Americans, however, refused to cooperate with any of these plans. A few days before the armistice Herbert Hoover, then President Wilson's chief adviser on economic matters, cabled his representative in London that the American government would "not agree to any programme that even looks like inter-Allied control of our resources after peace."⁸ The next month, during the negotiations on the organization of relief, Clémentel again pressed for continued economic "cooperation." But the Americans resisted, and for the moment, Hoover wrote, Clémentel abandoned the idea of a "complete economic Council controlling all raw material, finance, transportation and food."⁹

At the end of the year, Clémentel outlined a strategy designed to overcome American resistance. At the peace conference the French should stress that the kind of settlement "imposed" on Germany would be a function of the arrangements the Allies made among themselves. If the Allies and the Americans abandoned the wartime policy of mutual assistance and economic solidarity, then France would insist on a harsh peace. The "associated states" gathered at Paris to make peace would then be presented with a choice: "They must decide if they will institute, by means of measures based on common agreement, an economic organization designed to assure

⁶ Clémentel, pp. 341, 342.

⁷ Notes of this meeting are in the *fonds* F¹² at the Archives Nationales, Paris, carton 8104, folder "Propositions des ministères." For Clemenceau's general policy, see for example his extraordinary speech of December 29, 1918, Chambre, *Débats* (December 29, 1918), p. 3733; and his remarks in the Council of Four (June 2, 1919), in *Les Délibérations du Conseil des Quatre (24 mars-28 juin 1919)*, *Notes de l'Officier Interprète Paul Mantoux* (Paris, 1955), 2:271 (henceforth cited as *Mantoux*).

⁸ Hoover to Wilson, November 7, 1918, and Hoover to Cotton, November 7, 1918, in *Organization of American Relief in Europe, 1918-1919*, ed. Suda L. Bane and Ralph H. Lutz (Stanford, Calif., 1943), p. 32.

⁹ *Ibid.*, pp. 81-84.

the world a secure recovery in the aftermath of the upheaval, or if the only guarantee of this security that they envisage is a peace of reprisals and punishments.”¹⁰ The document attached to this letter left little doubt that an enormous demand for reparation would figure prominently in the bargaining. The French claim would initially be huge. If it were admitted at the peace conference that such reparation was beyond Germany’s capacity to pay, then “it will be up to the Allied and Associated governments to study alternative schemes to assure the nations who have suffered most from the war the full reparation of their losses.”¹¹

When the peace conference convened in January, the French delegation sought to apply this strategy and supported the British position that war costs should be included in the bill. The Americans rejected this idea: The Allies, they argued, had no legal right to demand war costs. The “pre-armistice agreement”—that is, the set of conditions under which the Germans had agreed to lay down their arms—bound the Allies as well as Germany. Under the terms of this agreement, the German government had only promised to make compensation for damages done to the civilian population; the Allies, the Americans argued, were not entitled to ask for anything more. Nevertheless, the French initially supported the British on war costs.

At the same time, however, French officials hinted strongly that their support of a moderate peace settlement would depend on American willingness to “cooperate.” A Clémentel memorandum of February 5 explicitly stated that French approval of a moderate peace was contingent on the continuation of Allied “cooperation”; if the Allies refused to accept this, the French would insist on a harsh peace.¹² Minister of Finance Klotz insisted on February 20 in the conference’s Financial Commission on the link between reparation and the settlement of inter-Allied financial questions. “The attitude of the Minister of Finance,” he said, “will depend to a certain extent on the way inter-Allied questions are solved.” If French reparation claims were not adequately satisfied, “it will then be necessary for my friends to come to my assistance.”¹³

¹⁰ F¹²⁸104, “Avant-projet établi par la conférence des directeurs du Ministère,” pp. 18, 20.

¹¹ F¹²⁸104, “Note introductive,” p. 4.

¹² Conférence de la Paix, *Recueil des Actes de la Conférence*, 28 vols. in 8 pts. (Paris, 1922–34), pt. 4.B.7, p. 11 (published on microfilm, Hoover Institution, Stanford, Calif.); see also Puech report, *Journal officiel de la République française, Documents parlementaires, Chambre des Députés*, 1919, Annexe 6670, p. 445.

¹³ *Recueil* 4.B.6, p. 25; *La Paix de Versailles*, 9 vols., ed. Albert Geouffre de LaPradelle, La Documentation internationale (Paris, 1930 ff.), 7:352. In addition, at

French representatives were more specific in private conversations. They made it clear to the Americans that they wanted to pool war costs and reapportion the inter-Allied debt, each nation paying according to its ability.¹⁴ President Wilson and his advisers were extremely hostile to these plans and would not even discuss them. Norman Davis, Wilson's principal financial counselor in Paris, wrote the President on February 2 to inform him of the "concerted movement, which is on foot, to obtain an interlocking of the United States with the continental governments in the whole financial situation." Wilson assured Davis on February 5 that he was already aware of it and "on my guard against it."¹⁵

The American position was starkly laid down in early March. In a letter of March 8, Albert Rathbone, an Assistant Secretary of the Treasury, declared his displeasure at reports that Klotz favored the reapportionment of war debts. "I have, however, to state most emphatically," he wrote, "that the Treasury . . . will not assent to any discussion at the peace conference, or elsewhere, of any plan or arrangement for the release, consolidation or reapportionment of the obligations of foreign governments held by the United States." The Treasury would discontinue advances to any government that supported such schemes.¹⁶ And on March 9, Davis "very frankly" stated to Klotz

that his efforts to bring pressure to bear from one direction for the increase of American advances to France, and from other direction to bring up the matter of reapportioning war debts, etc., was very ill advised, because no one can do anything or give any consideration to the latter, but should there be any further attempt to bring it up for discussion, it would have to be insisted by us that the discussion be had with the Secretary of the Treasury and that we would feel obliged, pending such discussion, to make the suggestion to the Secretary of the Treasury that it would not be advisable to continue to accept further obligations.¹⁷

the start of the conference, Klotz proposed a plan for a Financial Section of the League of Nations, which he said would be particularly useful in solving problems relating to the "reapportionment of war costs among the Allies" (transcript of February 4 meeting of Financial Commission, in Lapradelle, ed., 7:332; the text of this project is in Klotz, *De la Guerre à la paix, souvenirs et documents* [Paris, 1924], pp. 196-200).

¹⁴ French ideas were presented to Wilson through Jean Monnet and Vance McCormick (Vance McCormick Diary, entries for January 16, 17, and 21, Hoover Institution, Stanford, Calif.).

¹⁵ Norman Davis Papers, Box 11, Library of Congress, Washington, D.C.

¹⁶ U.S., Congress, Senate, *Loans to Foreign Governments: Senate Document 86*, 67th Cong., 2d sess., 1921, p. 270.

¹⁷ Davis to Rathbone, March 10, 1919, in U.S., Congress, Senate, Special Committee Investigating the Munitions Industry, 74th Cong., 2d sess., pt. 32, 1937, exhibit 4154.

From the American point of view, this harsh medicine brought the French back to their senses. His declarations to Klotz, Davis wrote, "apparently had the desired effect and it was stated by Klotz that he would not again bring the matter forward." A few days later, Davis expressed satisfaction that the French were "not difficult to do business with now that the intrigue has been rounded out of the situation."¹⁸

As for Clémentel's hope of perpetuating the wartime system of economic controls, this too foundered on the rock of American resistance. At first the Americans seemed to favor a limited system of controls designed to facilitate the reconstruction of the devastated areas, but soon the American delegation came to oppose all economic controls on principle.¹⁹ To be sure, the Supreme Economic Council (SEC) was created in early February to deal with such questions as "finance, food, blockade control, shipping and raw materials" during the period prior to the signing of the peace treaty.²⁰ The creation of an institutional framework for cooperation, however, meant little in itself. Inside the SEC the Americans continued to resist sweeping plans for inter-Allied control of raw material, shipping, and finance. As a result, the SEC handled only problems of relief and blockade; the problem of French reconstruction was hardly even touched. Clémentel himself was keenly aware that the American attitude was responsible for the final frustration of his schemes. "The very sharp opposition of the American delegation," he wrote in November 1919, "prevented the S.E.C. from carrying out . . . the task that had been vested in it."²¹

Thus the French effort to manipulate the United States had ended in utter failure. That the effort was made at all is in itself remarkable, for it was based on a profound and surprising misunderstanding of American attitudes and policy. By the beginning of March, there was no use in playing the game any longer, and from then on the French delegation pursued an essentially moderate reparation policy.

¹⁸ *Ibid.*, and Davis to Rathbone, March 14, 1919, *ibid.*, pt. 32, exhibit 4158.

¹⁹ For the initial American position, see, e.g., Wilson's remarks in the Supreme Council on January 27, United States Department of State, *Papers Relating to the Foreign Relations of the United States: The Paris Peace Conference*, 13 vols. (Washington, D.C., 1942-47), 3:730-31 (hereafter cited as *FRUS, PPC*). Herbert Hoover's "Memorandum on the Economic Situation of Europe" of early July 1919 illustrates the final American position (Bane and Lutz, eds., pp. 591-97).

²⁰ *FRUS, PPC*, 3:934.

²¹ Clémentel to other French ministers, November 6, 1919, p. 4, in F¹²8066, folder "C.S.E. (Général No. 4)." See also *FRUS, PPC*, 10:418-24; Clémentel's remarks in Parliament, Chambre, *Débats*, July 22, 1919, pp. 3627-29, and September 16, 1919, pp. 432-53.

II

It was Louis Loucheur, Minister of Industrial Reconstitution and Clemenceau's chief adviser on economic matters, who was to carry out this policy. Loucheur represented France in the really decisive negotiations on reparation; in these meetings he demonstrated the French government's willingness to agree to modest figures and accept a reasonable reparation settlement. It was the intransigent attitude of the British government that consistently prevented agreement on a relatively moderate fixed sum.

The domestic political situation is commonly blamed for the tough reparation policy pursued by the British government at the time. The documents, however, do not support the view that the Lloyd George government pressed its reparation demands reluctantly, solely in response to inescapable political pressure. Indeed, at times Lloyd George seemed eager for a punitive peace. "Germany had committed a great crime," he told the Imperial War Cabinet in August 1918, "and it was necessary to make it impossible that anyone should be tempted to repeat that offence. The Terms of Peace must be tantamount to some penalty for the offence."²² As the armistice approached, he seemed furious that hostilities would end before the war touched Germany: "The Prime Minister said that industrial France had been devastated and Germany had escaped. At the first moment when we were in a position to put the lash on Germany's back she said, 'I give up.' The question arose whether we ought not to continue lashing her as she had lashed France. Mr. Chamberlain said that vengeance was too expensive these days. The Prime Minister said it was not vengeance but justice."²³

When the peace conference opened, Lloyd George appointed consistent advocates of a heavy indemnity to key positions on the commission set up by the peace conference to deal with reparation. Two of these men—William Morris Hughes, prime minister of Australia, and Lord Cunliffe, former governor of the Bank of England—had signed the December 1918 report of the Cabinet Committee on Indemnity. This report had asserted that Germany could pay the entire cost of the war—a view later condemned by Lloyd George in his memoirs as a "wild and fantastic chimera."

Cunliffe in fact was chairman of the subcommission charged with

²² Great Britain, Cabinet Office, Minutes, August 15, 1918, in Cab 23, vol. 7, minute 459, item 9, Public Record Office, London (Cabinet records will henceforth be cited in the standard short form, in this case Cab 23/7/459/9).

²³ Cab 23/14/491B (a specially secret series of Cabinet minutes was numbered "A" or "B"), October 26, 1918.

examining Germany's capacity to pay. It was in this body that the French, obliquely at first and then more directly, began to break away from the British and side more with the Americans on the key issue of a relatively moderate fixed sum.

On February 21 in the subcommission Cunliffe asserted without any real evidence that Germany could pay a bill including war costs, which he estimated at 480 milliard gold marks (\$120,000,000,000). Loucheur began an indirect attack on Cunliffe's position. First he stated that if war costs were included, the bill would come to about 800 milliard gold marks, but for the sake of argument he would take the British figure of 480 milliard. He estimated that Germany could make an immediate payment of about 20 milliards, principally in gold, ships, and foreign assets and securities. The balance had to be amortized at 5 percent over a fifty-year period. This amounted to an annual payment of about 24–28 milliard gold marks. Reparation in kind—coal, wood, and potash, principally—could account for 3 or 4 milliards annually. The balance of the annuity amounted to 22 milliards. "Is this an impossible figure?" Loucheur asked. "I do not think so." But far from being an expression of support for Cunliffe's position, this statement was merely the first step in a *reductio ad absurdum* argument designed to demolish the idea that such a large figure was within reason.²⁴

Loucheur surveyed some possible means of payment. A tax on German exports? "That is one way" that the Germans might be made to pay. "But I fear," he said, "that the use of this means of payment might hurt us more than it would help us, for it threatens to put Germany in such a state of inferiority in export markets that she will no longer export at all." He concluded that for the balance of the annuity beyond what Germany could pay in kind, "I declare myself unable to indicate the means of payment. I would be very happy if any of our colleagues can bring up any new ideas which might open up horizons that I am presently unable to see."²⁵

The next day he took the argument to its conclusion that enormous payments were impossible. The American delegate on the

²⁴ Lapradelle, 4, pt. 2:735–40. The gold mark was the quantity of gold that could be exchanged for a mark before the war. After the war, the dollar was the only major currency still on the gold standard; therefore the value of the gold mark was a function of the purchasing power of the dollar. For convenience, four gold marks were reckoned to be worth a dollar. A hundred milliard gold marks thus meant 25 milliard dollars (a "milliard" is the European word for "billion" and will be used here). The pound sterling was then worth about \$5.00 and was therefore reckoned at twenty gold marks; there were supposed to be five francs to the dollar, and hence the franc was calculated as equivalent to four-fifths of a gold mark.

²⁵ Lapradelle, 4, pt. 2:741.

subcommission, Thomas Lamont, had suggested a bill of 120 milliard gold marks. This was equivalent to an annuity of about 6.4 milliards. But was even this relatively modest figure within Germany's capacity? "I have listened with great care to all that has been said here," Loucheur declared, "and I am obliged to state that all the means of payment that we have succeeded in finding can only cover an annuity of 4 to 5 milliards [of francs, equivalent to about 3 to 4 milliard gold marks]. If the commission adopts the figure of 1000 milliards [800 milliard gold marks—equivalent to an annuity of over 40 milliard gold marks], what new means of payment will we propose? I see only one, seizing the fortune of the enemy countries in the enemy countries themselves. I am not suggesting that we adopt this method. Only if we demand that much this is what we will have to do."²⁶

He then posed the question more sharply. Should the Allies become the owners of German forests, mines, houses, and factories? Perhaps ownership of the forests was possible. But as for the mines, "I confess that I would not want them at any price, because the mine without the miners, and the miners without political control is impossible."²⁷ Should the Allies seize Germany's industrial fortune, say half of her corporate wealth? Loucheur doubted whether the Allies were willing to take this kind of measure. If this was out of the question, he said, "our labors are just about over. We have only to sum up and conclude first, that we can get an immediate payment of 25 milliards [20 milliard gold marks], and second, that they will pay us an annuity of 8 milliards [6.4 milliard gold marks, corresponding to Lamont's 120 milliard figure for the debt], or 33 milliards [26.4 milliard gold marks, corresponding to Cunliffe's 480 milliard figure], that we can just about see how the payment of the 8 milliards can be made, but as for the payment of the 33 milliards, *we leave to the poets of the future the task of finding solutions.*"²⁸

²⁶ The transcript of this February 22 meeting of the second subcommission is not in Lapradelle, but there is a copy in the Klotz Papers, fol. Δ94, Bibliothèque de Documentation Internationale Contemporaine, Nanterre; the quotation is on pp. 11–13.

²⁷ *Ibid.*

²⁸ *Ibid.* (emphasis added). The thrust of Loucheur's comments was evidently misunderstood by the American delegate Lamont, who told Col. House at the time that the French were actually demanding an 800 milliard figure, and reports to this effect were published in various American sources in the 1920s (David Hunter Miller, *My Diary at the Conference of Paris*, 21 vols. [New York, 1924–26], 1:135; Charles Seymour, *The Intimate Papers of Colonel House*, 4 vols. [Boston and New York, 1928], 4:343; and Ray Stannard Baker, *Woodrow Wilson and World Settlement*, 3 vols. [Garden City, N.Y., 1922], 2:372). The actual transcript of the February 21 meeting, published by Lapradelle in 1932, showed unambiguously that Loucheur was in no sense

By this analysis, Loucheur completely discredited Cunliffe's baseless estimates. He was thereby laying the groundwork for a relatively modest settlement. At this meeting of February 22, Loucheur, Cunliffe, and Lamont were appointed a special committee to draft the subcommission's report. These three delegates used the occasion to negotiate privately on the size of the German liability. "To Lamont, Loucheur appeared very conciliatory, for he agreed rapidly to make a great concession, to come down to 160 milliard marks. After this, Cunliffe promised to consider a figure of 190 milliard marks. As Lamont has said, 'This was progress'; but then Cunliffe and Sumner 'put their heads together, went off the deep end, and refused to compromise at all.' According to Lamont, Loucheur had been brought substantially to accepting the American view, but Cunliffe proved the chief obstacle to complete agreement."²⁹

This evidence of French moderation disturbed both the British and the American delegations. Cunliffe suspected foul play. He wrote Lloyd George on March 2 that the American and French delegates on his subcommission had "come to some arrangement" whereby the latter had reduced his reparation figure from 600 down to 160 milliard gold marks. "I cannot say what the bargain is," Cunliffe added, "but the result is that we shall be practically left out in the cold." He urged Lloyd George to "settle" the matter directly with Colonel House.³⁰

House himself was concerned about the situation. According to his intimate, Sir William Wiseman, he informally indicated to the British that he was "very anxious to avoid an open collision of view between the British and the Americans with the French supporting the Americans against us."³¹ In outlining the situation to the Cabinet on March 4, Lloyd George did not take an accommodating tone; he merely noted that since the British "had been the chief financiers of the war, it was intelligible that the French and the Italians would not

demanding a figure of this sort. But the Lapradelle documents have been inexplicably ignored, and historians still cite these alleged "demands" as proof of the harshness of French reparation policy in 1919 (Paul Birdsall, *Versailles Twenty Years After* [New York, 1941], p. 246; Llewellyn Woodward, *Great Britain and the War of 1914-1918* [London, 1967], p. 553; Gerhard Schulz, *Revolutions and Peace Treaties, 1917-1920*, trans. Marian Jackson [London, 1972], p. 173; Pierre Renouvin, *Le Traité de Versailles* [Paris, 1969], p. 75).

²⁹ Philip Mason Burnett, *Reparation at the Paris Peace Conference from the Standpoint of the American Delegation*, 2 vols. (New York, 1940), 1:50; the inner quotations are from a June 25, 1934, letter from Lamont to Burnett.

³⁰ Cunliffe to Lloyd George, March 2, 1919, Lloyd George Papers, F/89/2/37, Beaverbrook Foundation, currently on deposit in the House of Lords Record Office, London.

³¹ Kerr to Lloyd George, February 28, 1919, Lloyd George Papers, F/89/2/35.

be so greatly concerned about the size of the indemnity as ourselves."³² Nevertheless, he did cooperate with a new effort initiated by House to reach agreement on a figure: "after some hesitation and largely on my advice," according to House, Lloyd George appointed Edwin Montagu, the Secretary of State for India, to a three-man committee charged with working out a fixed sum.³³ Loucheur represented France on the committee, and Norman Davis was the American delegate.

The Committee of Three reported to the heads of government on March 15. It recommended a reparation debt of 120 milliard gold marks, payable half in gold and half in German currency. According to Davis, Lloyd George at first protested this figure but then was persuaded by Davis's argument to agree to its inclusion. Loucheur recorded that at this meeting Lloyd George "cried out against the smallness of this figure" but does not record his eventual agreement. Loucheur, incidentally, noted that Clemenceau had approved the concessions he had made.³⁴

Three days later, on March 18, Sumner had replaced Montagu as the British representative on the Committee of Three, and Lloyd George denied that any figure had been accepted.³⁵ The pretext for Montagu's replacement was that he had to return to Britain because of his mother's death. But he was able to return to Paris shortly, and the substitution of Sumner, who took a much harsher line, must be seen as a political move.³⁶

At the end of March, Lloyd George, afraid that harsh peace terms might drive Germany to Bolshevism, is widely supposed to have pressed for a moderate peace settlement. In particular, Arno Mayer

³² Cab 23/15/541A, March 4, 1919.

³³ House, who felt that the British financial representatives were "largely incompetent," had met Montagu over dinner a few nights earlier (House Diary, 15, entry for March 10, 1919, Edward House Collection, Sterling Memorial Library, Yale University, New Haven, Conn.).

³⁴ Burnett, 1:55-56, based on conversations with Davis in 1938; Louis Loucheur, *Carnets secrets*, ed. Jacques de Launay (Brussels, 1962), p. 71 (hereafter cited as Loucheur). There is no record of this meeting in *FRUS*, *PPC*.

³⁵ Burnett, 1:56.

³⁶ Montagu was in fact bitter about his replacement. At the beginning of June, when Lloyd George had second thoughts and proposed drastic changes in the reparation settlement, he (Lloyd George) suggested to Baruch that Baruch and Montagu get together with Loucheur to work out some arrangement. Montagu refused. Baruch noted in his diary that Montagu told him "that he regretted that he could not go in the matter with me, that he was sure that he would not be given the authority and backed up in case he came to an agreement; that he had tried that once already, and that he would not do so again" (Bernard M. Baruch, "American Delegation to Negotiate Peace: Memoranda and Notes in Diary Form," entry for June 2, 1919, p. 61, Baruch Papers, Firestone Library, Princeton University, Princeton, N.J.).

claims without evidence that he "opted" for a reasonable reparation settlement at this time.³⁷ Although he set out the argument for a mild peace in the famous Fontainebleau memorandum, the noble rhetoric of this document cannot be taken at face value. There was no opting for a moderate figure, and in reality the Fontainebleau memorandum marked no change in actual British reparation policy, which in its essentials remained as unbending as ever.

The memorandum was circulated to Lloyd George's colleagues on the Council of Four on March 25. In it he declared that "we ought to endeavour to draw up a peace settlement as if we were impartial arbiters, forgetful of the passions of the war."³⁸ It seems, however, that Lloyd George was talking mainly about the territorial settlement, not the reparation clauses. When the Council of Four discussed the memorandum on March 27, he rhetorically asked: "What did France resent more, the loss of Alsace-Lorraine or the obligation to pay an indemnity of five milliards? I know your answer in advance. What impressed me the first time I went to Paris most was the statue of Strasbourg in mourning." Germans must not be placed under Polish rule. Anything else, he declared, the Germans would accept, "*including a very heavy indemnity.*"³⁹

A just peace was an attractive ideal, but what did it amount to insofar as reparation was concerned? Here the Fontainebleau memorandum was unclear. It even seemed to continue the call for a heavy burden: "Our terms may be severe, they may be stern and even ruthless, but at the same time they can be so just that the country on which they are imposed will feel in its heart it has no right to complain."⁴⁰ Lloyd George evidently supposed that the German people would share his conception of justice, that they would feel "in their hearts" Germany's guilt and their consequent obligation to pay an indemnity. The treaty, declared the Fontainebleau memorandum, must take "into account Germany's responsibility for the origin of the war, and for the way in which it was fought."⁴¹

The more explicit references to reparation were remarkably vague. "If possible," he hedged, the reparation burden should disappear "with the generation that made the war"—a statement no one would disagree with. In the attached "Outline of Peace Terms," the section

³⁷ Arno Mayer, *Politics and Diplomacy of Peacemaking: Containment and Counterrevolution at Versailles, 1918-1919* (New York, 1967), p. 624.

³⁸ Baker, 3:454.

³⁹ Mantoux, 1:47 (emphasis added).

⁴⁰ Baker, 3:450.

⁴¹ Baker, 3:454.

on reparation began with the statement that Germany was "to undertake to pay full reparation to the allies." But since this was greatly in excess of Germany's capacity, "it is therefore suggested that Germany should pay an annual sum for a stated number of years."⁴² But this in effect was what the American and French delegates had already agreed to in the negotiations on a fixed sum, only to be blocked by British intransigence in holding out for higher figures. And the Fontainebleau memorandum marked absolutely no change in the British position on this question, as will be demonstrated presently.

Finally, without even explicitly endorsing it himself, he declared that "it has been suggested" that a commission be set up to allow postponement of payments and cancellation of interest on these payments, but only "during the first few years." The one precise suggestion he made referred to the allotment of German payments. He proposed that they be distributed according to the formula 50:30:20—50 percent for France, 30 percent for the British Empire, 20 percent for everyone else. In view of the fact that the British Empire had not been directly touched by the war in its home territories, this suggestion was neither very generous nor very enlightened. It contradicted Lloyd George's principle that the Allies should limit their claims to those the Germans would regard as just, for an indemnity to Britain would be viewed by the Germans as a clear violation of the prearmistice agreement.

It is important to note, however, that the Fontainebleau memorandum and even Lloyd George's harsh criticism of a proposed reparation scheme in the Council of Four led to no change in the substance of British policy.⁴³ On March 22, Lloyd George had told Davis and Lamont that 100 milliard marks would be "quite acceptable to him" if they could get Sumner and Cunliffe to agree, "which he would like to have for his own protection and justification."⁴⁴ Lloyd George, that is, had given a veto over a reparation figure to a man who he realized was very far removed from the spirit of the Fontainebleau memorandum: On March 26, the day after the memorandum was circulated, Lloyd George told his colleagues on the Council of Four, "when I spoke to Lord Sumner . . . of the danger of Bolshevism in Germany if we went too far in our de-

⁴² Burnett, 1:710.

⁴³ See the account of the morning meeting of the Council of Four on March 26 in *Mantoux*, 1:24-31, and *Loucheur*, pp. 73-74.

⁴⁴ Davis to Wilson, March 25, 1919, Baker, 3:383; also reproduced in Burnett, 1:711.

mands, he answered, 'in that case the Germans would be cutting their own throats, I could not hope for anything better.'"⁴⁵

Indeed, the same day that the memorandum was circulated, the reparation figure proposed by Sumner was considerably higher than those proposed by the French and American representatives. The British suggested 220 milliard marks, the French a minimum of 124 and a maximum of 188, and the Americans a minimum of 100 and a maximum of 140 (in the French and American schemes, a commission would each year fix the annuity between the minimum and maximum levels).⁴⁶ Thus the noble generalities of the Fontainebleau memorandum had little to do with actual British reparation policy. Whether or not Lloyd George in his heart desired a moderate reparation settlement is beside the point. For whatever reason, the reparation policy of the British delegation was markedly more unyielding than that of any other Allied delegation.

It was British policy, especially British intransigence on figures, that was ultimately responsible for the failure of the treaty to include a fixed sum. The French and American delegates evidently wanted a figure. The latter repeatedly argued that the uncertain atmosphere that would prevail if the treaty failed to name a fixed sum would be disastrous to all concerned, to Germany as well as the West. In particular, a restoration of the international credit system was dependent on a fixed sum. No one would lend Germany anything, it was argued, if the amount due for reparation were not limited, for the money which would otherwise be used to repay such loans might have to go into paying reparation. But unable to borrow, Germany would be unable to procure "working capital," and the reparation annuities could not begin to be paid, let alone "mobilized" through the sale of reparation bonds abroad.

The French delegates could not fail to be impressed by these arguments. They needed the money immediately, and besides, "mobilization" would relieve them of the worry of enforcing payment. This would become the problem of the bondholders. The French insisted, however, that their share of the reparation receipts cover the direct material damages they had suffered in the war: The French share of Loucheur's "minimum" figure of 124 milliard gold marks would "just about cover," he told the Council of Four on March 26, "the reparation of material damages."⁴⁷

At this meeting, Clemenceau supported the plan outlined by

⁴⁵ *Mantoux*, 1:31.

⁴⁶ Burnett, 1:59, 718-719.

⁴⁷ Meeting of March 26 (11 A.M.), in *Mantoux*, 1:24-25.

Loucheur: The treaty would set minimum and maximum figures, and within these limits a commission would each year set the German annuity, taking account of German capacity. The American and French delegates had agreed on the principle of the plan, differing somewhat (by about 25 percent) on the figures. Clemenceau further declared that the government could reserve the right to make further cuts in these figures and could "even suppress the minimum" if it became clear this was more than Germany could pay; he even was willing to discuss the question with the Germans themselves, a point later reiterated by Loucheur: "there remains the possibility of not definitively setting our figure before discussing it with the Germans at Versailles."⁴⁸ It is remarkable that in the discussion that followed, and in spite of the conciliatory language of the Fontainebleau memorandum circulated the previous day, Lloyd George completely ignored this French suggestion; as for Wilson, he also paid no attention to the idea.

In early April, Clemenceau continued to favor some kind of fixed sum. He told Loucheur that it was "necessary to put a figure in the treaty."⁴⁹ How moderate a figure would Clemenceau and Loucheur accept? They were willing to go quite far—indeed, all the way back to the Fourteen Points and the prearmistice agreement. In the afternoon meeting of the Council of Four on March 26, Loucheur presented the French claim for material damages—80 milliard gold francs, or approximately 64 milliard gold marks. Lloyd George vehemently attacked these figures as exaggerated and then demanded that British pensions be reimbursed at the higher British rate—he opposed Loucheur's proposal for a uniform scale based on the lower French scale.⁵⁰

To avoid these unseemly battles over what amounted to apportionment, Norman Davis proposed the setting of percentages through direct negotiation. Loucheur and Lloyd George agreed; the heads of government left and the experts began to negotiate. Loucheur gave a history of the previous bargaining on apportionment. By accepting direct bargaining on percentages at all, he said, France was abandoning the principle of an absolute priority for direct material damages and so was making a great concession. He had at first proposed a proportion of 72:18, while the British suggested 50:33. "In a conversation with Mr. Montagu," he continued "I went down to 58:25. Mr. Montagu suggested 56:28, which would have given England half of

⁴⁸ *Mantoux*, 1:29, 30.

⁴⁹ Loucheur, pp. 74–75.

⁵⁰ *Mantoux*, 1:32–36.

what France was to receive. I did not accept this suggestion, which in addition was not a firm proposition; from this Mr. Montagu concluded that no accord was possible."⁵¹

John Maynard Keynes, representing the British treasury, asked Loucheur if he still proposed 58:25. Although Clemenceau had not authorized him to go that far, he replied, he was willing to endorse this proportion; "as a proof of good faith," he would even recommend the proportion 55:25.⁵² Since the negotiations with Montagu in early March, however, the British had hardened their position. While Montagu had been willing to accept 56:28, Lloyd George and now Sumner insisted on 50:30, considerably less from the French point of view than the Montagu ratio. Loucheur declared this unacceptable.

He then made an extraordinary declaration. He was willing, he said, to accept the literal definition of the word "reparation," "even if it excludes pensions." "I would prefer," he said, "the pure and simple application of the Fourteen Points to what is proposed." Limiting reparation to direct material damages would mean allotting France 70 percent of the payments. (Since he had estimated French direct material damages at 64 milliard gold marks, a strict application of the Fourteen Points would have meant a total German liability of only 91 milliard gold marks.) But France had "made a concession to England taking into account her political situation." The French government, however, could go no further.⁵³

Davis's response was equally remarkable. "If we Americans had followed our instincts," he said, "we would have kept to a strict interpretation of the Fourteen Points, which could not have yielded more than 25 milliard dollars [100 milliard gold marks]. We do what we can to interpret this definition in a broad sense, in order to find what is necessary to cover the pensions."⁵⁴ The French were now more "Wilsonian" than the Americans! Davis refused the opportunity to form a common front with the French on a really moderate reparation settlement, firmly based on the prearmistice agreement, and this at a time when the arguments of the Fontainebleau memorandum might have been used most effectively to overcome British obstruction.

Instead, Davis urged the French to compromise more. He proposed a ratio of 56:28, which was supported by Sumner. Loucheur would not go beyond 55:25 (so in a sense he was primarily defending

⁵¹ *Mantoux*, 1:37.

⁵² *Ibid.*

⁵³ *Mantoux*, 1:39.

⁵⁴ *Ibid.*

the interests of third parties like Italy and Belgium), in spite of continued American pressure. "I hope M. Loucheur will show the same spirit of conciliation" as Sumner had shown, Davis declared; "we have nothing further to propose."⁵⁵ This was too much for Loucheur. "Les Américains nous lâchent plutôt," he wrote in his diary, and to his fellow experts he declared: "In my mind and in my soul, I cannot recommend what is not just. I made a great step forward; I regret that it has not been appreciated more, particularly by our American friends, and I regret to appear intransigent when I have gone beyond my instructions and beyond what I consider as strictly in conformity with justice."⁵⁶

III

The most striking evidence of relative French moderation on reparation in 1919 comes from an unexpected source, the German archives themselves. In March the French began to talk to the Germans about these problems. First through Haguenin, the Berlin representative of the French Foreign Ministry, and then in May through Haguenin's assistant René Massigli, the French government made repeated overtures to the Germans. It held out the possibility of substantial revision to be worked out through direct negotiation; final agreement would be reached only after the treaty was signed. Both Haguenin and Massigli indicated French willingness to talk about the peace settlement in general—even about the territorial clauses—but they stressed especially the French government's intention to discuss financial and economic questions, such as reparation, reconstruction, and industrial collaboration. Massigli, who did not hesitate to use the phrase "collaboration franco-allemand," pressed in these talks for "practical, verbal discussions" between experts on the basis of German proposals; toward the end of May he even went so far as to suggest the lines along which such negotiations should proceed.⁵⁷

⁵⁵ Mantoux, 1:40.

⁵⁶ Ibid.; and Loucheur, p. 74.

⁵⁷ On these contacts, see Peter Krüger, *Deutschland und die Reparationen 1918/19* (Stuttgart, 1973), pp. 131–37, 176–81; M. J. Bonn, *Wandering Scholar* (New York, 1948), pp. 235–36; and, in general, German Foreign Ministry, Political Archive, *Akten betreffend geheime Vermittlungsaktionen und Agententätigkeit* (April 22, to June 22, 1919), Band 1, U.S. National Archives microfilm publication T-120, reels 2403-04, frames E212806-964 (henceforth the following abbreviated form will be used: T-120/2403-04/E212806-964). For the particular points mentioned, see Krüger, p. 137; Redlich memo, May 26, 1919, T-120/2404/E212921; Redlich account of his talk with Massigli, May 2, 1919, T-120/2403/E212806 ff.; Redlich memo. n.d., T-120/2404/E212906; Aufzeichnung, May 12, 1919, T-120/2403/E212856; Redlich memo of May 26, 1919, on his talks with Massigli of May 22, T-120/2404/E212918-921.

It is clear from the substance and even more from the tone of these talks that what the French government had in mind went far beyond a mere business arrangement with Germany. It was in fact aiming at a political arrangement. French willingness to contemplate such a prospect was a consequence of disillusionment with their allies, and in these talks Massigli's remarks bristled with hostility toward the "Anglo-Saxon Powers." The impression in Germany that France was Germany's only real enemy, he said, was "entirely mistaken." Massigli instead stressed the common interest of the two countries in opposing "Anglo-Saxon" domination, declaring that the "deepening of the opposition" between France and Germany "would lead to the ruin of both countries, to the advantage of the Anglo-Saxon Powers." On reparation, Massigli admitted that Germany's capacity to pay had been overestimated, but he felt that Germany and France could cooperate on reconstruction within the context of the Reparation Commission system.⁵⁸

The problem of bringing about such a rapprochement was politically difficult, and both Haguenin and Massigli urged the Germans not to make matters worse by taking a defiant and intransigent position on the peace terms.⁵⁹ But the German leaders, with barely an exception, were not at first particularly interested in these French overtures or even in the idea of a policy of accommodation with France.⁶⁰ These French initiatives were suspect in German eyes. It was possible that France was deliberately raising false hopes just to get the Germans to sign the treaty "as is." Or perhaps France was trying to divide Germany from America, the ex-enemy power most likely to take up the German cause. The German foreign minister, Brockdorff-Rantzau, was so committed to this policy of aligning Germany with American policy—or at least with Wilson's policy as it was understood in Germany—that as a matter of principle he refused to engage in direct negotiations with any individual Allied power, and in particular, by and large refrained from making the kind of concrete proposals that could test French sincerity.⁶¹ One German diplomat even argued that Germany had no interest in encouraging French moderation, since France's excesses simply alienated her from her allies.⁶² Rantzau himself ignored French pleas

⁵⁸ Redlich memo, May 2, 1919, T-120/2403/E212808; Aufzeichnung (anonymous), May 12, 1919, T-120/2403/E212851 ff.; Redlich memo (n.d.), T-120/2404/E212915-916; Redlich memo, May 26, 1919, T-120/2404/E212921.

⁵⁹ Krüger, pp. 136, 177.

⁶⁰ Krüger, pp. 134-38; Harry Kessler, *The Diaries of a Cosmopolitan* (London, 1971), pp. 98-99.

⁶¹ Krüger, pp. 131-32, 135, 176.

⁶² Krüger, p. 134.

not to be overly concerned with the exact text of the treaty and to work out arrangements which would in fact amount to a revision of the treaty after it was signed.

How seriously in fact are these overtures to be taken? Unfortunately there is apparently no record of these talks from the French side. But it is hard to believe that Haguenin and Massigli were acting without official sanction; Haguenin was in close contact with the highest officials at the Quai d'Orsay at this time.⁶³ It is equally difficult to argue that the French government was not serious in this affair, that it was just trying to trick the Germans into signing. The moderation of its policy in the inter-Allied negotiations demonstrates clearly enough its willingness to work out a relatively modest settlement. Even more significant in this connection is the fact that it tried, beginning in August 1919, to work out a kind of economic entente with Germany; this effort was taken very seriously by moderate elements within the German government itself but was effectively blocked by the leaders of German heavy industry. Nor was this the end: In 1920 especially, but also even into 1922, the French sought repeatedly but unsuccessfully to work out mutually acceptable arrangements with the Germans on economic questions. When seen in this context the overtures of the spring of 1919 take on their real significance: They were no flash in the pan, without deep roots, but rather an initial stage in what was to be an important strain—in some respects the dominant strain—in France's postwar foreign policy.⁶⁴

IV

By the end of March, it had become clear that in all likelihood there would be no fixed sum in the treaty, not even a system of maximum and minimum figures. This was mainly due to inability to agree on figures. Instead a scheme had evolved for setting up a commission to

⁶³ See his correspondence with them in France, Ministry of Foreign Affairs, Series "Europe 1918-1929," Subseries "Allemagne," vols. 6 and 8.

⁶⁴ These comments are based largely on my own as yet unpublished work on reparation down to 1923. Georges Soutou's articles tell most of the story: "Der Einfluss der Schwerindustrie auf die Gestaltung der Frankreichpolitik Deutschlands 1919-1921," *Industrielles System und politische Entwicklung in der Weimarer Republik*, ed. Hans Mommsen, Dietmar Petzina, and Bernd Weisbrod (Düsseldorf, 1974); "Problèmes concernant le rétablissement des relations économiques franco-allemandes après la première guerre mondiale," *Francia* 2 (1974): 582; "Die deutschen Reparationen und das Seydoux-Projekt 1920/21," *Vierteljahrshefte für Zeitgeschichte*, vol. 23, no. 3 (1975). For 1922, see Jacques Bariéty, "Le Rôle de la minette dans la sidérurgie allemande et la restructuration de la sidérurgie allemande après le traité de Versailles," Centre de Recherches Relations Internationales de l'Université de Metz, *Travaux et Recherches* (1972), pp. 273-74.

add up the damages to be listed by category in the treaty, with power to decide how and when the bill would be paid. Variants of this plan had been suggested by French, American, and British delegates. In its essentials, this was the scheme that was ultimately drafted into the treaty.

It was about this time, just after the hopes for a fixed sum had dimmed, that British representatives pressed strongly for the inclusion of a new category of damages: pensions and separation allowances. Sumner on March 27, then the South African statesman Jan Smuts on March 31, argued that these claims should be added to the bill. The French generally supported the British in this matter, but the Americans, for the most part, opposed the inclusion of pensions. Dulles argued that adding pensions to the bill would violate the prearmistice agreement—the same logic that ruled out war costs should also rule out pensions. But on April 1, Wilson turned this argument aside with an expression of contempt for logic and agreed to the inclusion of pensions in the bill.⁶⁵

British insistence on the inclusion of pensions has always been somewhat embarrassing to those who believed that British ideas on reparation were relatively moderate and that the lofty phrases of the Fontainebleau memorandum were a true expression of British policy at the peace conference. Coming just a few days after the Fontainebleau memorandum, and before any popular reaction could conceivably have forced Lloyd George to draw back from a moderate stance, the demand for pensions fundamentally contradicted the line of policy set out at Fontainebleau. For if an associate like the American government argued that the inclusion of pensions was a violation of the prearmistice agreement, the Germans would certainly feel that their inclusion in the reparation bill was unjust. Yet in spite of Lloyd George's principle that the Allies should avoid giving Germany the impression that she was being treated unfairly, the British delegation pressed forcefully for the inclusion of pensions.

It is widely claimed, however, that the demand for pensions was not in itself proof of the relative harshness of British reparation policy, for it was assumed that adding pensions would only affect the proportions in which German payments would be distributed and would not affect the total amount that Germany would be asked to

⁶⁵ John Foster Dulles, "Memorandum of Conference had at President Wilson's Hotel, Paris, April 1, 1919, at 2 P.M.," Burnett, 1:776. Lamont quoted the President as exclaiming in this connection, "Logic! Logic! I don't give a damn for logic. I am going to include pensions!" (Thomas W. Lamont, "Reparations," *What Really Happened at Paris*, ed. Edward M. House and Charles Seymour [New York and London, 1921], p. 272.

pay. Thus in the mid-1930s, General Smuts declared that moderate delegates (presumably including himself) had supposed that Germany "would pay no more than a fixed amount"; including pensions, it was therefore supposed, would only affect apportionment.⁶⁶ Wilson's acceptance of pensions is defended in similar terms. "In conceding pensions," Davis declared in April 1919, "we did so on the theory that this would not increase materially the actual amount that Germany would have to pay, but would rather affect the method of distribution, because we regarded Germany's capacity as being agreed to as within the thirty-year limit."⁶⁷

The evidence, however, does not support the contention that the British urged, and the Americans acquiesced in, the inclusion of pensions because of the apportionment consideration. Smuts's contention, in particular, is completely contradicted by a memorandum he wrote to Lloyd George on the indemnity question dated March 29, just two days before he wrote his memorandum on pensions. Smuts opposed a fixed sum and wanted all the damages included in the bill. "In the Peace Treaty," he wrote, "no amount should be specified, but the Germans should be responsible to make good all direct damage and loss inflicted on civilians, whatever that would amount to."⁶⁸ Nor does the evidence support Davis's contention that the Americans agreed to pensions because they believed doing so would only affect apportionment. In Dulles's memorandum of the meeting at which Wilson overruled his advisers and accepted pensions, there is no mention of the apportionment consideration. Rather, it seems that Wilson agreed to their inclusion simply because he felt Germany should, in justice, be obliged to reimburse the Allies for these costs.⁶⁹

Finally, a review of the negotiations that had already taken place on apportionment before the issue of pensions was raised completely

⁶⁶ Statement quoted in Sarah G. Millin, *General Smuts*, 2 vols. (Boston, 1936), 2:207.

⁶⁷ Burnett, 1:829.

⁶⁸ Memorandum to the Prime Minister, March 29, 1919, *Selections from the Smuts Papers*, ed. W. K. Hancock and Jean van der Poel, 4 vols. (Cambridge, 1966), 4:93-94. In this scheme, the Reparation Commission could set the annuity by modifying "up or down," in accordance with German capacity, a scale of payments to be set by the Treaty. Thus the plan Smuts outlined was in one respect harsher than the Versailles system, which allowed only for downward alterations in the annuity.

⁶⁹ See n. 65 above. An alternative explanation is that Wilson was simply caving in to a British threat to withdraw from the conference. "Wilson does not like damage to combatants being included in cost of reparation," Lloyd George wrote Bonar Law at this time. "I told him that unless this were included I might as well go home, as I had no authority to sign unless this were admitted" (Lloyd George to Bonar Law, March 30, 1919, Bonar Law Papers, Beaverbrook Foundation, on deposit at the House of Lords Record Office, London).

discredits the idea that pensions were included for reasons of apportionment. On March 26, Sumner accepted 56:28, while Loucheur held out for 55:25: The British and French were not far apart. Is it seriously to be contended that the British pressed for the inclusion of a category of damage that would at the very least compromise the moral position of the Allies simply in order to gain a couple of extra percentage points? In fact, the British gained nothing from the inclusion of pensions. In December 1919, Great Britain and France agreed on a 55:25 ratio, the same proportion Loucheur had offered in March; this was reduced to 52:22 at the Spa Conference in mid-1920.

V

By the end of April, the reparation clauses had taken nearly final shape: A body called the Reparation Commission was to be created to add up the bill defined by the categories of damage listed in the treaty and to decide how and when the bill would be paid. The proposed reparation settlement, along with the rest of the draft treaty, was presented to the German delegation in May. The Germans bitterly condemned the peace terms; on reparation they made certain counterproposals which all the Allied governments found inadequate. These events occasioned an eleventh-hour attempt at treaty revision: The British delegation was afraid that if nothing were done the Germans would not sign and war would break out again. On reparation, this effort at modification took the form of a curious struggle between the British and the Americans; the French again proved to be surprisingly accommodating, basically accepting the proposals made by both sides.

The British leaders expressed their views at an important series of meetings of the British Empire Delegation (BED) held between May 30 and June 1. Many now favored drastic changes in the peace terms, and the reparation settlement was a principal focus of criticism. But even at this point the moderation of British reparation policy is open to question. When Smuts argued at the first meeting that the treaty should be exclusively based on the Fourteen Points, containing nothing that was not explicitly provided for in Wilson's program, the Labourite Barnes asked if the Allies were then wrong to include pensions, which he said were not contemplated at the time of the armistice. Lloyd George replied that "in his opinion, the Allies could have included much more, for example damages for loss of trade."⁷⁰ (Smuts himself later remarked that British taxpayers

⁷⁰ British Empire Delegation, Minutes (Cab 29/28), 32d meeting, May 30, 1919.

"were just as much entitled to compensation as a man whose house had been destroyed.")⁷¹

Lloyd George, moreover, remained adamant in his opposition to any scaling down of Germany's reparation obligation. In the BED on June 1, he returned to the subject of reparation, which he called "the most baffling and perplexing of all." "He did not think the time had quite come for letting Germany off of anything" and discussed the provisions for allowing the Allies to reduce the debt should payment prove impossible. His remarks in this connection, however, were based "on the assumption that Germany could not pay, but he did not accept that assumption, when he found, as he did, most prominent business men engaged in foreign trade advising him that Germany could pay."⁷²

He was still opposed to a fixed sum. Instead he proposed two plans. The first plan, which he preferred, was for the Germans to contract to come in and restore the devastated areas; other reparation obligations (such as pensions) could be readily estimated and a figure given. The second plan was to insist that the Germans sign the treaty as it was but to invite at the same time an offer of a fixed sum within three months. If the figure then proposed was unsatisfactory, everything would revert to the system prescribed in the treaty. The other members of the delegation rallied to the support of these proposals.⁷³

The next day in the Council of Four, Lloyd George declared that British public opinion wanted "peace before anything else and does not attach excessive importance to the condition of the peace."⁷⁴ Worried lest Germany reject the draft treaty and plunge Europe back into war, the British delegation therefore insisted upon certain treaty modifications that might induce the Germans to sign. In particular, the British felt that the reparation clauses had to be changed. It was the "indefinite and unlimited nature of the debt imposed on Germany" that he said was most severely criticized.⁷⁵ Later in the meeting, he outlined his two alternative reparation schemes.⁷⁶ Wilson and Clemenceau declared that they would like to consult their delegations before going into a detailed discussion of the British objections and proposals.

Wilson reacted bitterly to these British demands. As a man of

⁷¹ Cab 29/28, 33d meeting, June 1, p. 9.

⁷² Cab 29/28, 34th meeting, June 1, p. 6.

⁷³ *Ibid.*, p. 7.

⁷⁴ *Mantoux*, 2:268.

⁷⁵ *Mantoux*, 2:267.

⁷⁶ *Mantoux*, 2:273.

principle, he resented arguments of pure expediency; as a moralist, he rejected the argument that the treaty should be changed merely because it was harsh. According to Baruch, Wilson told Lloyd George on June 2 that "he was not willing to change anything in the Treaty simply because it was severe; that he wanted this to be a historic lesson, so that people might know that they could not do anything of the sort the Germans attempted without suffering the severest kind of punishment."⁷⁷

The next day, at an extraordinary meeting of the entire American delegation that had been called to consider the German counter-proposals, the situation created by the new British demands was discussed.⁷⁸ As far as the British were concerned, Wilson said, reparation was the "biggest point." Now that the reparation question was being reopened, the American experts again urged the inclusion of a fixed sum, which would "be as high as we really could get Germany to agree to without having a bayonet at her throat."⁷⁹ Only in this way could reparation be integrated into the world credit system and the means thereby provided for enabling Europe to return to work. A fixed sum was better than either of Lloyd George's proposals. A contract for restoration was impractical and "economically unsound."⁸⁰ Lamont suggested that this was just a device for temporarily evading the problem. "With all respect to Mr. Lloyd George," he remarked, "he is simply trying to postpone the evil day, as far as public opinion is concerned."⁸¹ Wilson thereupon resolved to avail himself of this opportunity to press again for a fixed sum.

To the Americans it seemed that the French were still willing to be conciliatory on this point. The American experts had met that morning with Tardieu, Clemenceau's closest adviser on foreign policy, who had indicated that the French would consider a fixed sum.⁸² Of course, Lamont noted, Loucheur had "more to say about that than Mr. Tardieu," but in the past Loucheur had been willing to come to terms with the Americans on this question: "If it had not been for the British 'Heavenly Twins' [Sumner and Cunliffe], we could have gotten together with Loucheur months ago."⁸³

⁷⁷ Baruch, "American Delegation," entry for June 2, p. 60. For evidence of Wilson's personal disgust at Lloyd George, see also Burnett, 1:136n.

⁷⁸ *FRUS, PPC*, 11:197-222; Baker, 3:469-504.

⁷⁹ *FRUS, PPC*, 11:198, 203.

⁸⁰ This was the opinion of L. L. Summers, *ibid.*, p. 200.

⁸¹ *FRUS, PPC*, 11:200.

⁸² *Ibid.*, pp. 199, 202-203.

⁸³ *Ibid.*, p. 202.

Thus the Americans blamed the British and not the French for the reparation clauses, and it is in this context that Wilson's famous (and generally misunderstood) outburst of disgust at the British must be seen:⁸⁴

THE PRESIDENT: Well, I don't want to seem to be unreasonable, but my feeling is this: that we ought not, with the object of getting it signed, make changes in the treaty, if we think that it embodies what we were contending for; that the time to consider all these questions was when we were writing the treaty, and it makes me a little tired for people to come and say now that they are afraid the Germans won't sign, and their fear is based upon things that they insisted upon at the time of the writing of the treaty; that makes me very sick.

And that is the thing that happened. These people that overrode our judgment and wrote things into the treaty that are now the stumbling blocks, are falling over themselves to remove these stumbling blocks. Now, if they ought not to have been there, I say, remove them, but I say do not remove them merely for the fact of having the treaty signed.

MR. WHITE: Do the French remind you of that?

THE PRESIDENT: Not so much as the British. Here is a British group made up of every kind of British opinion, from Winston Churchill to Fisher. From the unreasonable to the reasonable, all the way around, they are all unanimous, if you please, in their funk. Now that makes me very tired. They ought to have been rational to begin with and then they would not have needed to have funk at the end.

Like his American colleagues, Loucheur was dissatisfied with the treaty. He told Baruch on May 20 that the reparation clauses were a "mistake, and that his acquiescence in them was due to the political conditions in France."⁸⁵ He suggested that Allied "business experts" meet with the Germans to "find out from them what they needed to give them some hope for the future." But, as Baruch noted the next day, Loucheur could make no headway with Clemenceau on this plan.⁸⁶

Clemenceau did not, however, rigidly oppose treaty modification. He accepted Lloyd George's alternative reparation schemes and even went further than the British toward meeting the American position on a fixed sum.⁸⁷ But for political reasons he was reluctant at the moment actually to put a fixed sum in the treaty. What had been acceptable before the terms of the peace were made public was

⁸⁴ *Ibid.*, p. 222.

⁸⁵ Baruch, "American Delegation," entry for May 20.

⁸⁶ *Ibid.*, entries for May 20 and May 21.

⁸⁷ "France," Lloyd George told the British Empire Delegation on June 10, "was in favour of the two alternatives which he had placed before the Council, but the United States was not" (Cab 29/28, 35th meeting, June 10). For the French position on the fixed sum at this time and its closeness to American views on the subject, see Burnett, 2:124, 160.

now inexpedient: The Allies could not openly appear to be giving in to German objections. It was therefore not the right time for formal agreement on a fixed sum. But the French still favored eventual agreement on a figure and accepted the British suggestion that Germany be invited to survey the devastation, make offers for direct reparation, and propose a figure for the balance of the debt.⁸⁸ With the groundwork thus laid, Loucheur went on to propose a specific figure and timetable for agreement. According to his plan of June 5, the reparation debt would eventually be set at 120 milliard gold marks, a sum also supported at the time by the American experts.⁸⁹ The Germans would apparently be asked to propose this by September. Then, with the "crisis of public opinion" behind him, Clemenceau, Loucheur implied, would allow "his people" to accept the arrangement in early autumn.⁹⁰

The British government was never willing to go this far at the peace conference. Even those British moderates who privately discussed possible figures at this time were hardly willing to go much further. Bonar Law contemplated a figure of 160 milliard gold marks, and Smuts suggested 100 milliards, adding, however, that this "was probably not enough."⁹¹

In the face of Anglo-French resistance, Wilson did not insist on the inclusion of a figure in the treaty; instead, Lloyd George's "concession" was embodied in the Allied Reply of June 16 to the German Observations.⁹² Thus British policy had again frustrated the American desire for a moderate fixed sum. The French were still willing to accept the 120 milliard figure, but Lloyd George continued to refuse to commit his government to anything of the sort.

VI

What conclusions are to be drawn from this brief study, and what kinds of judgments seem to be called for? Consider first the policy of the United States. America's unwillingness to take on any substantial share of the burden of European reconstruction seems particularly regrettable, not so much for moral as for political reasons. For America's lack of generosity led directly to the emergence of repara-

⁸⁸ *Mantoux*, 2:339, 355.

⁸⁹ *Burnett*, 2:124, 160.

⁹⁰ *Burnett*, 2:124.

⁹¹ Lord Riddell (George A. Riddell), *Lord Riddell's Intimate Diary of the Peace Conference and After, 1918-1923* (New York, 1934), p. 87; Cab 29/28, 33d meeting, June 1.

⁹² *Mantoux*, 2:355-56; *FRUS, PPC*, 6:965-66.

tion as an important international issue; this was to be of great importance because it meant eventually that the struggle over the treaty was to be fought at its weakest point. As far as the French were concerned, they would very much have preferred an inter-Allied solution to the one that was elaborated in the treaty, and in fact they continued to prefer it and press for it in the early 1920s. They had no desire to use reparation as a way of crushing Germany, as the moderation of their policy demonstrates quite clearly. Even the British could probably have been brought around to a mild reparation settlement if it had been linked to a generous American policy of economic assistance to Europe: Lloyd George was certainly aware of the need to face up to the wider problem of European economic recovery.⁹³ An American policy of this sort was of course out of the question, both because of the tightfisted attitude of the Congress (even when it was controlled by the Democrats) and because of Wilson's moralistic approach to peacemaking: The Germans had caused the war, now let them rehabilitate themselves by making amends for their crimes. But American policy seems none the less regrettable for having had sufficient causes.

As for the British, because the focus here is on effective policy, their attitude comes across as more monolithic than it in fact was. Lloyd George in particular was being drawn in more than one direction, and the policy he was to pursue in the early 1920s was not totally without roots in the previous period. But it is an anachronism to refer to the Lloyd George of 1918 and 1919 as "an appeaser by temperament and outlook"; the evidence to the contrary cannot be written off with ad hoc arguments.⁹⁴ Lloyd George in private repeatedly expressed his preference for a harsh settlement, an attitude which was by no means idiosyncratic but rather corresponded to an important strain of liberal thinking on international politics: If the natural order of things was peaceful, it followed that only aggression could cause wars; to establish peace, to satisfy the demands of justice, and to introduce the rule of law into the international sphere, aggression had to be punished. The approach was moral and not political; justice and not reconciliation was still the key concept. It is in the context of this set of ideas that Lloyd George's policies in 1919 must be understood. His punitive declarations have to be taken seriously because, far from being purely personal remarks spoken off

⁹³ See Lloyd George to Wilson, April 23, 1919, endorsing Keynes's "Scheme for the Rehabilitation of European Credit," Burnett, 1:1014-19.

⁹⁴ See Mayer, p. 69.

the top of his head, they were rooted in a coherent set of ideas that was widely accepted in liberal circles at the time.

The idea, moreover, that the harsh aspects of British policy were due essentially to the influence of domestic politics does not seem very well established. The notion of a close linkage between domestic politics and diplomacy is strongly associated with Arno Mayer's work; it is thus interesting to note that in the chapter of his book most directly related to this question ("Intrusion of Politics: Britain") Mayer does not explicitly argue, let alone prove, that the big right-wing campaign for a harsh reparation settlement had any direct effect on policy. It is in fact clear that this campaign had no effect on British figures—there never was any "opting" for a moderate settlement at Fontainebleau or anywhere else—and the key new British demand at this time, pensions, was put forward before the rightist campaign even began. Indeed, the conclusion to be drawn from the evidence Mayer himself presents in this chapter is that the government was able to get by without making any solid commitment to Parliament on reparation. The point is even more true of France: One is struck by Clemenceau's ability to ignore both Parliament and the important press campaign to make Germany pay. Again, the government's freedom from political pressure comes out quite clearly from Mayer's own evidence: Clemenceau, like Lloyd George, was able to avoid any real commitment to parliament on peace terms.⁹⁵

The old idea of a vindictive French reparation policy, and more generally the idea of a vengeful France intent on destroying the German Reich, no longer seem tenable. France appears, not forceful and violent, but rather as weak, too weak to stand by herself; the moderation of French reparation policy was conditioned by this weakness, by the sense that French resources were insufficient to sustain a harsher policy, except perhaps as a last resort. The Clemenceau government sought salvation not through the crushing of Germany but rather by linking up with the British and the Americans. Because political and economic questions were bound up so closely with each other, the collapse of hopes for an economic bloc with the Anglo-Saxons and the frustration of even the minimal demand for Allied collaboration in reconstruction undoubtedly were viewed seriously in a political light. How strong was the Alliance, how strong was the Anglo-American commitment to France, when the English-speaking countries were so reluctant to share their resources with France? If the war had truly been a common strug-

⁹⁵ Mayer, pp. 660–62 (for France), pp. 644–46 (for Britain).

gle, they would have been willing to take on their fair share of the burdens it had created; the fact that they were not willing to do so indicated that they did not view the war in this way. The Alliance was thus tenuous, and Clemenceau in particular was keenly aware of the deep-seated differences that separated France from her principal allies.

It is in this context that the overtures to Germany must be understood. Disappointed by the Anglo-Saxons, the French government realized that it could not rule out forever the possibility of closer ties with Germany, if only as a counterweight to Britain and America: The proto-Gaullist language used by Massigli in these talks is very significant in this connection. That the French government was aware that arrangements for a business-like settlement of economic issues with Germany would have political implications seems obvious, but it seems equally clear that it had no precise conception of just how far or how quickly it was willing to go in altering the political settlement to Germany's advantage. The truth was that none of the alternatives facing the country had much appeal. France could not go it alone; Britain and America were not fully committed to France, and it was dangerous to become too dependent on them; a move toward Germany had advantages, but the French could hardly bring themselves to dismantle the Versailles system and acquiesce in a resurgence of German power, at any rate with anything like the speed that the Germans would demand. This set of problems would become sharper and clearer with time; the fact that all the options were distasteful explains in large measure the lack of direction which characterizes French policy in the early 1920s. But for our purposes here it is important to note that the basic logic of the situation had already been set in early 1919.

From all this, there is one conclusion that appears abundantly clear, and that is that the traditional Manichaeian interpretation of the peace conference—the idea that it was a struggle between proponents of a repressive Carthaginian peace and advocates of a peace of reconciliation, symbolized by Clemenceau and Wilson, respectively—is in very large measure overdrawn. What actually went on in the reparation negotiations in 1919 cannot be reconciled with this picture. This should have been clear for decades—the basic documents on the question were published over thirty years ago—but the way historians have treated reparation in 1919 has not been based on careful study of the sources. The methods of “conventional diplomatic history” are now somewhat out of fashion, but the degree to which the reparation issue has been misunderstood shows

that Binkley was right when he argued half a century ago that it was only through the prosaic and detailed study of the negotiations at Paris that the "problem of the peace conference [could] be kept within the reach of sound historical method."⁹⁶

⁹⁶ Binkley, "Ten Years of Peace Conference History," *Journal of Modern History* 1, no. 4 (December 1929): 607-29, see esp. p. 629.