



Episode 1,445: Versailles: The Treaty That Shaped the Twentieth Century

Guest: Hunt Tooley

WOODS: Let's talk about the Treaty of Versailles. Here we are, approximately 100 years later, And I've been talking to you about World War I for five years now, because we covered it when we covered the hundred-year anniversary of the beginning of the war, and then the we talked about the end of the war, and now we've got the peace. Now, obviously, everybody knows the standard story of the Treaty of Versailles, and I think the standard story in this case is more or less correct, for a change, the story that, in fact, even John Maynard Keynes told about a Carthaginian-dictated peace.

TOOLEY: Exactly, yes.

WOODS: So can you start off by first of all telling us who are the powers that are sitting at that negotiating table? And secondly, what is it that's different about the way they – I don't even know if the word negotiated is the correct word – the way they worked out this this piece, as opposed to the way, for example, the Congress of Vienna handled France after the Napoleonic Wars?

TOOLEY: Yes, that's a very good question. Well, the powers that comprise the Entente, or the Allied powers fighting Germany and Austria-Hungary and Turkey, were the British and the United States and France and Italy and a host of others. Actually, Japan was one of the Allies. And at the last minute, Haiti declared war, a few months from the end of the war, and dozens and dozens of other countries when the outcome became obvious, because they all wanted to be at the peace conference and get a piece of the rock and all of that.

So the Entente powers were represented in all kinds of ways, and some had seats on the 56 committees of the conference, and others just sat in the wings and tried to make their case to the leaders. It came down to these big four leaders of the Allied nations: Wilson, of course, and Clemenceau and David Lloyd George, and the Italian Prime Minister was named Vittorio Orlando, and he made up the fourth of the four. And so at the conference, they talked about the Four in capital letters, or the Three, and they meant those allied leaders.

But it was a different kind of situation, I mean, than the Congress of Vienna, and that's a very good point to make, that this is a different kind of negotiation. Whereas in 1814 and '15 at Vienna, the Allies who had one basically were forced after a fashion to accept France into the alliance since Napoleon was gone. And here the case is analogous to Germany at the end of World War I. The new German republic that followed on the heels of the Kaiser's departure was basically a government built to deal with the Allies, to be one of them, to make some kind of peace. And at the Congress of Vienna, in 1814-15, the Allies basically said, well, the

new leaders of France are the ones who overthrew Napoleon that we've been fighting this whole time, so they must be our friend. So there was negotiation across the table. There were deals made, back room and front room and all kinds of room. But it was a peace of compromise and discussion and dissatisfaction and happiness and all these things, whereas the Paris peace was basically conducted on one side.

WOODS: Right. So that's, I suppose, why people call it a dictated peace. Now, what real difference does that make?

TOOLEY: Well, I think it makes a lot of difference in a lot of different ways. First of all, if you're just setting up the conditions – it's like any discussion. If you are – it's like the kinds of things that we talk about now, in terms of political discussion in the United States. If you're in an echo chamber, just talking to people who agree with you on every issue, then there's that tendency to kind of be unaware that there is another side to things, to be unaware that, well, I know I'm right because everybody around me says I am and we all agree on the same things. Whereas if you have a discussion with somebody else, with an intelligent conversation partner, you might learn something. You might say, oh, well, I was a little off on that.

And so the same thing goes for negotiations. When the other side puts up a real argument, then you say, "Well, okay, we were going to move the border. We were going to make the border this way and hand this territory to, say, Poland in 1919," and the other side comes up with a completely different argument, in this case the Germans, then in the Allies might have said, "Oh, well, hang on. Maybe they're right about that. Let's explore it." So this is the way that the Peace of Vienna in 1815 was made. It's the way the Peace of Westphalia – oh, my goodness, they started negotiating the Peace of Westphalia in 1635, and it didn't come out as a pair of finished documents until 1648. So that's a long time in the making. That's a lot of talking. So I think, objectively, any kind of specialist in international relations or diplomatic history would say, well, naturally, a negotiated peace is better than one that's just basically handed under the threat of force to the other side.

WOODS: Let's talk about the War Guilt Clause, because obviously, that has been controversial, was controversial at the time, and was controversial in the sense that a school of revisionist historians sprung up almost immediately to contest the claim that Germany exclusively bore responsibility for the war. And this, of course, is not just an academic abstract question. If Germany is exclusively responsible, then they owe all the money, then they have to pay all the reparation. So it does matter. It's not just a matter of German pride being offended, but it's also the German wallet.

TOOLEY: Exactly.

WOODS: So first of all, in an article you wrote for the Mises Institute, you pointed out the use of the word reparation as opposed to the word indemnity, and you were saying that reparation is a word that Woodrow Wilson might have liked better. What's the distinction there?

TOOLEY: Well, indemnity contained in it the root, damnation; in other words, something that's related to real sin and guilt and condemnation and this kind of thing. And that term had been used in history, and when the Prussians won the Franco-Prussian War in 1871, they levied an indemnity on the French, and this was known as, you know, the loser pays up in some sense. And this has been used many, many times in history.

But here at the conference, especially because of Woodrow Wilson, his Presbyterian background, his kind of high-mindedness, his personality, the other powers agreed to suggestions from the United States about words that would be, I don't know, in a sense politically correct for Wilson. And this is one case where you say, well, we don't want to act like we're condemning somebody with the word indemnity. We want to just repair all the things that you, the Germans, have caused to be broken and destroyed and whatnot. So that was a bit of a Wilsonian thing.

There are other elements in the treaty in the same way. In fact, the whole committee organization of the peace conference was something that the British and French didn't necessarily like very well. They thought it was all kind of silly. But it corresponded exactly to Wilson's background, religious background and political background and academic background. So these committees that made these suggestions –

And I was going to say another good example of that is the idea that the Turks and the Germans had all their colonies, and the Allies took those colonies. I mean, it was just simply a kind of a transfer of colonial powers. But they didn't call those places that they were going to rule – the British, for example, in Palestine – they didn't call that a colony; they called it a mandate, which is this high-sounding word, like the mandate of heaven in China. And it has this kind of – "the mandate of the people" or whatever, it has that kind of ring to it. And that sort of thing really, really appealed to Woodrow Wilson on a lot of levels. So I think there are several elements that the other Allies went along with because the United States was the most powerful country in the world at that moment and thereafter.

And financially, as you say, this whole war guilt thing was a financial issue, and everybody had to pay attention to that. The British and French and Belgians owed the United States incredible sums of money for the support that the United States had given even before the US got in the war. So they had to tread pretty lightly in many ways, even though they didn't necessarily think that Wilson was the brightest bulb on the train.

WOODS: How do we evaluate this war guilt claim in the first place? I mean, the idea that Serbia would not have any responsibility whatsoever for the outbreak of World War I? Not any? Seems a little bit ridiculous, even on the face. But then when you look at somebody – now, I'll grant you that Harry Elmer Barnes may not have had the archival access and ability to evaluate documents that later historians might have had, but he's listing all the other major powers as having at least as much blame. So the point is, there's blame enough to go around. And you say in your article that people at the time even more or less knew this, that who could actually think that nobody shared any blame whatsoever. Now, obviously, there's been some controversy about this. I mean, there was the Fritz Fischer thesis that did try to claim that, actually, it's not so preposterous to have this assessment of German war guilt. And then the pendulum swung a little bit against Fischer. Do you know where things stand now on this? I mean, here we are 100 years later and people still talk about this.

TOOLEY: Yeah, that's a very good question. In the War Guilt Clause, to go back to the point you made earlier, and I do want to emphasize that when you said that the War Guilt Clause really comes in the financial section of the of the treaty. And this is something that can be easily lost sight of, that in a way, it came about because the Allies didn't agree on exactly how to structure reparation. And interestingly, the Big Three, that is Wilson and Lloyd George in Clemenceau, disagreed on a lot of things, probably most things, and they come out on different sides. We get this sense that Clemenceau was always the tiger and that David Lloyd

George was always crafty and looking only after the interests of England and Wilson was this high-minded person. But it varies from issue to issue at the peace conference.

And on the financial issue, the British wanted the highest reparations, in a sense. The French were actually quite cautious there, because they said, well, look, if we give them a bill that's so high, they just say, "Well, we can't do that. Forget about it," then we're going to have more trouble down the road. And so the French were the moderates. And then Wilson high-mindedly said, oh, we don't necessarily want any big payments. And that's partly because his contacts in the banking world and his own Treasury Department were already planning for how to organize all this. In other words, he didn't necessarily need a bunch of reparations from Germany to make all this work. He wanted the United States to deal directly with Germany for reconstruction, which is what the international bankers who surrounded him at the conference wanted to do as well. So it's a complicated story.

Well, anyway, the end of this story is another kind of international banking-connected person named John Foster Dulles, who was later on, of course, Eisenhower's Secretary of State, and in 1919 was 30 years old, an attorney with the international law firm Sullivan & Cromwell. And he's the one who thought of this combination. He said, okay, well, look, let's just say that in the financial section, the first article, which is number 231, of the whole Versailles Treaty, that we just make the Germans say, okay, we're responsible for all of it. We're responsible for all the damage that's happened as a result of the war. And then in the next clauses, we will say what they're responsible for. Because treaties are quite specific things. You get to the military parts of the Versailles Treaty, and they're talking about how many machine guns Germany can have, and how many miles from this border point a German soldier can set foot, this kind of thing.

So in the financial section, there's this first big statement at 231, but then 232 and the remaining articles go on to say: and by the way, Germany's going to give to the Allies this many hogs, this much coal, and it will be credited in this way toward the reparations bill. So that was Dulles' idea, and it was supposed to be like this kind of entree to at least setting up a discussion, because they never agreed on an amount at the peace conference. And so the treaty was signed on June 28th, 1919, and it was it was another two years before Germany got the reparations bill. So it was like the most terrible combination of all.

As you say, there was not the mention of war guilt, just responsibility, but it was close enough. I mean, it sounded like guilt. And then on top of that, there was no bill given to the Germans at that time. They had no idea how much would it be. In the end, it turned out to be 132 billion gold marks, but for all they knew, it was going to be a trillion. I mean, they just didn't have any idea. So this was like the worst political psychology of all time in terms of that sort of thing. And so of course, the German public said, well, this means that we're supposed to all be guilty. And it kind of does say that.

As you point out, Tom, it just strains belief to think that there were no other powers responsible for that war. A lot of people in the wake of the early revisionist movement that Harry Elmer Barnes and others started later on – Tansill and Millis and others, about World War I – in the wake of that, there was a lot of discussion. Sidney B. Fay was not a revisionist, thought that it was really Austria-Hungary's fault. Others wrote books about other powers. I mean, Russia, by this way that Russia mobilized in the wake of the assassination, this virtually guaranteed that war would happen, so Russia bears enormous responsibility too. And then there's Serbia, you mentioned that. That's an amazing kind of act of terrorism that Serbia

sponsored in Bosnia. So it's the whole picture. It's like somebody designed it to fail. And it certainly did fail.

WOODS: You point out that one of the factors that was in the background of the working out of the treaty and making it into a dictated peace was the ongoing hunger blockade. And there's some interesting stuff in here about claims that people later made that the Germans exaggerated the impact of the hunger blockade or that it was a lot of propaganda. And you point out that, actually, recent research has conclusively demonstrated that, if anything, the German reports on the subject from the 1920s understated the impact of the hunger blockade. What's the effect? How is that relevant to the drafting of the treaty?

TOOLEY: Yeah, it's completely relevant because the British started the blockade in 1914, in earnest in 1915, blockading all food supplies, medical supplies – well, all supplies, all resources from Germany, which by the way, was in contravention of international law and normal usage and all that, and was specifically designed to make the civilians so hungry and so sick of seeing their friends and relatives and loved ones die of malnutrition-related diseases, that somehow they would pressure the Kaiser to stop the war or something. So that's what the blockade was. But once the war was over, the Allies did not lift the blockade until two weeks after the signing of the treaty on June 28th, 1919.

And now there were several physical pressures. The major one was that, over and over, as you get to the last pages of the treaty – and the Versailles Treaty is 250 pages long. But as you get to the last sections of the treaty, over and over, there's this kind of incantation, and, *We, the Germans, agree that if we don't obey all of these, all of these measures, and that you, the Allies, will have the right to invade and bring war on the German population*, and so forth, and so on. So that's written into the treaty, so there's violent force there.

But meanwhile, the blockade was still in effect. And the great book on this is by a great American historian, a fine American historian named Paul Vincent, who wrote a book called *The Politics of Hunger* about this. And Vincent thought that more people died after the war was over, as supplies were so limited, and they just didn't have anything coming in from any sort of border areas that they had conquered and used the grain from, say, Poland or somewhere during the war. So there's that opinion. But there are varying estimates. The highest go up to around 800,000 excess deaths; the lowest legitimate ones go around 400,000 or something. But it is certainly true, Tom, that over these years at various times, English-speaking historians especially, and Germans themselves, have tended to question this whole kind of hunger thing. An American historian who actually wrote some pretty good history, named Sally Marks, was just rabidly against the idea that the Germans had any redeeming value at all. And she wrote that the whole hunger blockade and the whole German hunger was "a myth." And I'm quoting her. So yeah, you have historians who deny this today.

But again, as you mentioned, a number of recent historians have used new kinds of analysis and new kinds of actually data to go into this. The one I think is one of the most telling and one of the most unassailable – in fact, one of the most unassailable studies in depth in a monographical way I've ever seen – is by a young British historian named Mary Cox, who has found records of German school children in two different cities. And it's a lot, and there's enough data to filter by class, in other words, by social class, and a number of other ways, and of course, by age and all that. And they took measurements and weighed them. I mean, and I think this is absolutely brilliant.

And so she follows the course of the hunger blockade of the war in Germany, and with modern data on what malnutrition and starvation looks like, she's able to chart that in this set of data. It is absolutely a wonderful bit of historical detective work, and there is no doubt. I mean, you just read her data. These kids' growth was stunted. And you can't say, well, yeah, probably the working class lost more. They did lose a little more weight, but upper middle class students, they lost the same weight and had their growth stunted in the same way. It's just, with this kind of pressure on healthy kids, kids who were starting out healthy, just think what this same malnutrition did in the case of elderly people, people who are already sick, infant mortality, and the kinds of things that go on there.

So yeah, this and some other new studies, I don't have time really to talk about them all. But it's a fascinating new wave of analysis that just shows once and for all that the story that Paul Vincent told 20 years ago and that the Germans told at the end of the war, that it's absolutely true.

WOODS: Now, I want to point out, of course, that the War Guilt Clause, although it gets a lot of attention, is far from the only significant aspects of the treaty. As you said, you're talking about specifying the number of machine guns the Germans can have, and then of course it deals with the disposition of colonies and matters like that. So there's an awful lot going on here. And what is going on here seems to – and again, this is the conventional wisdom, but the conventional wisdom, for once, gets things right. This is in apparent contravention of the Fourteen Points, which was what Woodrow Wilson laid out as his vision for what a just peace would look like, and surely something had to have some effect on the Germans at the time that they decided to throw in the towel, that maybe there's some remote chance that somebody fair-minded like this might give us a fair shake. And all of those things in the Fourteen Points – what, it was an impartial adjudication of colonial claims, and whatever, all kinds of things. I don't remember, I don't think national self-determination is in the Fourteen Points, but it was nevertheless a Wilsonian theme. And then every single one of these – I mean, maybe not every single one. I don't know if it's every single one. But let's say a lot of them were treated as if they didn't exist. So I'm right about that, right?

TOOLEY: Oh, yeah. Well, here's the thing about – and you're absolutely right. National self-determination is a totally Wilsonian phrase. And you're totally right that the Germans knew this. I mean, once they knew that they had to start armistice negotiations – and this is very late in the war. This is only in the middle of September 1918, and you remember the armistice would eventually be on November 11th. But once they started these negotiations, the Germans, they looked at Wilson's Fourteen Points, and they said, well, this is the only one of the Allied heads of state who has any interest in peace, so this is our only kind of connection here. And so they began to send messages, and they realized almost immediately that Wilson would insist that the Kaiser would have to abdicate, not that the monarchy would necessarily go away, but that the Kaiser would have to step down in favor of some other monarch, maybe his son, who was a general in the army.

But in any case, they then appointed a new government under a liberal prince from Baden in southwest Germany, a man named Max, Prince Max, and he formed a cabinet of moderate liberal politicians and state functionaries and people who basically had been against the authoritarian aspects of the Kaiser's regime. And they formed that cabinet just so they could deal with Wilson. And you know, there was some good stuff in that cabinet. The Prussian Interior Minister, a guy with a strange name for Prussia of Bill Drews, which is always a puzzle me, but this was the Prussia Interior Minister, and he was kind of a constitutional expert, had

done a lot of study on this, and he started knocking together immediately a constitution that looked very liberal, I mean in the classical liberal sense. And others were, just in this month of October, working on some things that later came to fruition in the Weimar Republic. Not all of them did, but yeah, it was a government constructed to accept Wilson's, what they saw as a lifeline.

But what happened, meanwhile, was that I think Wilson, listening to this panel of experts, this group of Ivy League professors that he eloquently called the Inquiry, I think they persuaded him that it was more along – and of course, too as a true progressive, he was a top-down decision-making kind of a guy, and I think that they all kind of talked, again in a sort of echo chamber way, among themselves and decided that, even if the new German government was quite liberal, quite democratic, as they said at that time, that there would be no need to deal with them or the subsequent Weimar government that came on later.

So yeah, Tom, there's some fascinating passages – all of the discussions of the Council of Four, so that would be the Big Four, were taken down stenographically by several secretaries, and so we have those notes. We have basically what seems to be at least a very, very full transcript of what Wilson said and what Clemenceau also said and so forth. And in discussions of the border settlement, especially giving German territory to Poland, they discuss national self-determination. And it becomes quite clear that Wilson believes that national self-determination is this thing that an expert should look at and decide what these people are nationally and then determine it. I mean, in a way – see, here's the thing. In the treaty, they were going to give even more parts of Germany to Poland to start the new Polish state, which had been extinguished in the 18th century and now came into life. And by the way, one of the Fourteen Points had to do with Poland. I can talk about that in a moment.

But in any case, they wanted to give even more of Germany to Poland than they ended up doing, but there was an outcry in some of these regions, especially in a place called Upper Silesia. And this, the Germans proposed – actually, it's a complicated story, but the Allies had already worked in one or two border plebiscites in some parts of the treaty, where people would vote in smaller areas, one on the German-Danish border and one in Belgium. So the Germans said, well, why don't we do one of these plebiscites in Upper Silesia. It's the only negotiating the Germans could do, and they had to slip it in sort of back-handedly. And the Allies considered and said, okay, well, all right. And Wilson argued vehemently against having a vote in Upper Silesia to see whether people wanted to be Polish or German. He said, we know they're Polish. The statistics show that they're mostly Polish. An expert can look at this situation and say they're Polish, so their national identity is Polish. So why would we have an election? That would be crazy, because of the evil Germans might mess up the election. Does this sound familiar in terms of modern progressive politics? I think it does.

But in any case, so he was saying, well, national self-determination is great and people ought to determine their own polities and futures and all that, and I'm the best one to figure out what their nationality is and who their self is. So you find that material in the these transcriptions from the Council of Four, but it's a kind of an amazing circumstance. So I think in many cases that the whole progressive element, this Kantian, top-down, control-freak sort of mentality of that progressive movement and of Colonel House's book *Philip Dru: Administrator* and all of that, I think that all came to play here, too, at the at the peace conference.

WOODS: Well, here's a small, minor question to wrap up. How was the 20th century different because of this treaty?

TOOLEY: [laughing]

WOODS: Maybe you can write a book on this. That's just not fair. It's not fair. But you've got to give it a shot.

TOOLEY: It's not fair, Tom. It's not fair. But I'll give it a shot. Well, you know, it's hard — well, it's not hard for a historian to say what might not and what might have happened and to do the science of sort of fact-challenged guesswork, a piece of guesswork, but it's fun to do. It's a great cottage industry, and so I engage in it all the time.

So here's the thing. After the war had created these dislocations, there is a larger trajectory in the background that's making its way through the historical pipelines. And that, I think, is that the United States was able to use the war and to use the war loans and to use the big finance of the war to make a global change in who was borrowing from who, who owed who, who traded where, and all of that. So there's this this big grinding machine, that's really turning tables in the position of high finance from London to New York. So before the war, London was the creditor of Europe and of the world practically, and after the war, New York was. So I think there's this change.

And to tell you the truth, no matter how the treaty would have gone, I don't see that changing. So there's an overarching, big plan carried out by the forces of that — you know, that JP Morgan banks and the Rockefeller interests, the kinds of things that Murray Rothbard talked so much about in his books, *What Has Government Done to Our Money?* and others. So I think those forces pretty much had it all locked up. So there's that big part of the world that I don't think would have been hugely different.

But in Europe itself, especially Central Europe, I think there were significant, significant things that would have been different. If the Weimar Republic — and it was a social democratic republic. It was a partial welfare state. It had its problems and all of that, and there were certain sort of traditional, we might say, sort of non-liberty kinds of things associated with German politics. But there was also a strong liberal tradition, the kind of tradition that Ralph Raico discussed so elegantly in his works on German liberalism. And there was a strong tradition there that the Weimar Republic did draw on. And I think with a little support, with a little bit of bit of help, if they had had somebody kind of helping them instead of trying to use them, which is what eventually happened, I think things would have gone better.

And of course, if things had gone better in the Weimar Republic, the it's really, really hard to see how Hitler or somebody like Hitler could have come to power. Of course, this is a huge, big question mark. But it's really hard to see how that might have worked out. Of course, it was the Depression that really brought the Nazis the big votes for the first time, and then you have to say, well, what about the depression. Is that connected in some way to the peace conference, or is that this much larger issue and much more kind of system-related, government-finance-related issue all over the world? So these are things that are complicated.

But I do believe that, in the sense that World War I really marked the 20th century by this tendency to just accept violence as the new wave of the future, to accept ethnic cleansing, officially, on an official scale, to bring these harsh realities into the world, where they had been partially stamped out in the 19th century, I think that was a definite element of the postwar period. And I think the treaty contributed to that by seeing all these kinds of issues that were just basically states suppressing people, starving people, and so forth, all in the name of the kind of reason of state or something like that. So yeah, I think it's quite possible there would have been no World War II. It's a thought that there would have been no Holocaust. It makes you wonder about the course of the Bolshevik Revolution, if there had been a strong Germany and a strong Austria-Hungary. I mean, for that matter, if we go beyond the Versailles Treaty and go on to the treaties with the other powers, yeah, it's hard to imagine, but I can see many kinds of things, many kinds of corners that would not have gotten turned had this treaty been more like the Peace of Westphalia or the Vienna Peace in 1815.

WOODS: Hunt, of course, for all those people out there who would like to read a book on World War I, but they find there are so many they don't know which one to choose, you want to read your book, because first of all, it's a great book. It is informed by modern scholarship. It's very easy to read, very entertaining, full of great information. But also, I mean, there is kind of, let's say, a classical liberal veneer to it, let's say. I mean, for example, I know in the footnotes it cites Murray Rothbard. That's not what you typically see in a book on World War I. So I definitely want to recommend *The Great War: Western Front and Home Front* by Hunt Tooley. I'm going to link to that at TomWoods.com/1445. You'll really love it. It's really tremendous. Any parting words about that? Can you say a brief word about that book before we depart?

TOOLEY: I would love to. I wrote the first edition of this book, which appeared in 2003, and then the publisher, Palgrave Macmillan, agreed to a second edition, and I really updated it. And if someone's looked at the earlier one, the earlier editor wouldn't let me have many photographs or anything like that, but it's got more extensive photographs, a lot of political cartoons to accompany the chapters. And it is very much related to these issues that we've talked a lot about today, especially the interconnection between the home fronts of the belligerents in the war, what was happening at home, the repression in every country, including the United States, the kinds of things that boiled over in this war, the finding of enemies and interning them and all that kind of thing. It's about the connections of those things with the actual battle fronts and how that dynamic works. So yeah, in the end, I come out for the individual. I come out on the side of the soldiers in this war, who were just trying to get by. But thanks for the pitch, Tom. I really appreciate, you've always encouraged me in connection with this book, and I really appreciate it. And I appreciate being on your program again. It's always fun.

WOODS: Well, thanks, Hunt. I'm always glad to have somebody with your expertise. I appreciate it.

TOOLEY: Thanks so much.