

# COMMANDING HEIGHTS

## Keynes at Versailles

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Excerpts from *The Economic Consequences of the Peace* by John Maynard Keynes, 1919 ed., pp. 4-7, 29-45, 226-231.

*In these excerpts from The Economic Consequences of the Peace, Keynes paints a devastating portrait of the motives and character of two of the four key player in the negotiation of the Treaty of Versailles—Georges Clemenceau of France and American President Woodrow Wilson. The peace terms they set, together with Prime Minister Lloyd George of England and Italy's leader, Orlando, were subsequently imposed on the Germans and Austrians unilaterally. As Keynes foresaw, those terms would make the outbreak of a second European war inevitable.*

In England the outward aspect of life does not yet teach us to feel or realize in the least that an age is over. We are busy picking up the threads of our life where we dropped them, with this difference only, that many of us seem a good deal richer than we were before. Where we spent millions before the war, we have now learnt that we can spend hundreds of millions and apparently not suffer for it. Evidently we did not exploit to the utmost the possibilities of our economic life.... All classes alike thus build their plans, the rich to spend more and save less, the poor to spend more and work less.

But perhaps it is only in England (and America) that it is possible to be so unconscious. In continental Europe the earth heaves and no one but is aware of the rumblings. There it is not just a matter of extravagance or "labor troubles"; but of life and death, of starvation and existence, and of the fearful convulsions of a dying civilization....

If the European civil war is to end with France and Italy abusing their momentary victorious power to destroy Germany and Austria-Hungary now prostrate, they invite their own destruction also, being so deeply and inextricably intertwined with their victims by hidden psychic and economic bonds....

Paris was a nightmare, and everyone there was morbid. A sense of impending catastrophe overhung the frivolous scene; the futility and smallness of man before the great events confronting him; the mingled significance and unreality of the decisions; levity, blindness, insolence, confused cries from without—all the elements of ancient tragedy were there. Seated

indeed amid the theatrical trappings of the French saloons of state, one could wonder if the extraordinary visages of Wilson and of Clemenceau, with their fixed hue and unchanging characterization, were really faces at all and not the tragic-comic masks of some strange drama or puppet-show....

In Paris, where those connected with the Supreme Economic Council received almost hourly the reports of the misery, disorder, and decaying organization of all Central and Eastern Europe, Allied and enemy alike, and learnt from the lips of the financial representatives of Germany and Austria unanswerable evidence of the terrible exhaustion of their countries....

### **On Clemenceau**

Clemenceau was by far the most eminent member of the Council of Four, and he had taken the measure of his colleagues. He alone both had an idea and had considered it in all its consequences. His age, his character, his wit, and his appearance joined to give him objectivity and a defined outline in an environment of confusion. One could not despise Clemenceau or dislike him, but only take a different view as to the nature of civilized man, or indulge, at least, a different hope....

At the Council of Four he wore a square-tailed coat of a very good, thick black broadcloth, and on his hands, which were never uncovered, gray suede gloves; his boots were of thick black leather, very good, but of a country style, and sometimes fastened in front, curiously, by a buckle instead of laces. His seat in the room in the President's house, where the regular meetings of the Council of Four were held (as distinguished from their private and unattended conferences in a smaller chamber below), was on a square brocaded chair in the middle of the semicircle facing the fire-place, with Signor Orlando on his left, [American] President [Woodrow Wilson] next by the fire-place, and the Prime Minister [of England, Lloyd George] opposite on the other side of the fire-place on his right.

He carried no papers and no portfolio, and was [not] attended by any personal secretary, though several French ministers and officials appropriate to the particular matter in hand would be present round him. His walk, his hand, and his voice were not lacking in vigor, but he bore nevertheless, especially after the attempt upon him, the aspect of a very old man conserving his strength for important occasions. He spoke seldom, leaving the initial

statement of the French case to his ministers or officials; he closed his eyes often and sat back in his chair with an impassive face of parchment, his gray-gloved hands clasped in front of him. A short sentence, decisive or cynical, was generally sufficient, a question... or a display of obstinacy reinforced by a few words in a piquantly delivered English. But speech and passion were not lacking when they were wanted, and the sudden outburst of words, often followed by a fit of deep coughing from the chest, produced their impression rather by force and surprise than by persuasion....

He felt about France what Pericles felt of Athens—unique value in her, nothing else mattering; but his theory of politics was Bismarck's. He had one illusion—France; and one disillusion—mankind, including Frenchmen, and his colleagues not least. His principles for the peace can be expressed simply. In the first place, he was a foremost believer in the view of German psychology that the German understands and can understand nothing but intimidation, that he is without generosity or remorse in negotiation, that there is no advantage he will not take of you, and no extent to which he will not demean himself for profit, that he is without honor, pride, or mercy. Therefore you must never negotiate with a German or conciliate him; you must dictate to him. On no other terms will he respect you, or will you prevent him from cheating you. But it is doubtful how far he thought these characteristics peculiar to Germany, or whether his candid view of some other nations was fundamentally different.

His philosophy had, therefore, no place for "sentimentality" in international relations. Nations are real things, of whom you love one and feel for the rest indifference—or hatred. The glory of the nation you love is a desirable end—but generally to be obtained at your neighbor's expense. The politics of power are inevitable, and there is nothing very new to learn about this war or the end it was fought for; England had destroyed, as in each preceding century, a trade rival; a mighty chapter had been closed in the secular struggle between the glories of Germany and of France. Prudence required some measure of lip service to the "ideals" of foolish Americans and hypocritical Englishmen; but it would be stupid to believe that there is much room in the world, as it really is, for such affairs as the League of Nations, or any sense in the principle of self-determination except as an ingenious formula for rearranging the balance of power in one's own interests.

These, however, are generalities. In tracing the practical details of the peace, which he thought necessary for the power and the security of France, we must go back to the historical causes which had operated during his lifetime. Before the Franco-German war the populations of France and Germany were approximately equal; but the coal and iron and shipping of Germany were in their infancy, and the wealth of France was greatly superior....

But in the intervening period the relative position had changed completely. By 1914 the population of Germany was nearly 70 percent in excess of that of France; she had become one of the first manufacturing and trading nations of the world; her technical skill and her means for the production of future wealth were unequalled. France on the other hand had a stationary or declining population, and, relatively to others, had fallen seriously behind in wealth and in the power to produce it. In spite, therefore, of France's victorious issue from the present struggle (with the aid, this time, of England and America), her future position remained precarious in the eyes of one who took the view that European civil war is to be regarded as a normal, or at least a recurrent, state of affairs for the future, and that the sort of conflicts between organized Great Powers which have occupied the past hundred years will also engage the next....

From the belief that essentially the old order does not change, being based on human nature which is always the same... the policy of France and of Clemenceau followed logically. For a peace of magnanimity or of fair and equal treatment, based on such "ideology" as the Fourteen Points of the President, could only have the effect of shortening the interval of Germany's recovery and hastening the day when she will once again hurl at France her greater numbers and her superior resources and technical skill....

So far as possible, therefore, it was the policy of France to set the clock back and to undo what, since 1870, the progress of Germany had accomplished. By loss of territory and other measures her population was to be curtailed; but chiefly the economic system, upon which she depended for her new strength, the vast fabric built upon iron, coal, and transport, must be destroyed....

This is the policy of an old man, whose most vivid impressions and most lively imagination are of the past and not of the future. He sees the issue in terms of France and Germany, not of

humanity and of European civilization struggling forwards to a new order.... [H]e neither expects nor hopes that we are at the threshold of a new age....

### **On Woodrow Wilson**

By what legerdemain was this policy substituted for [Woodrow Wilson's] Fourteen Points, and how did the [American] President come to accept it? The answer to these questions is difficult and depends on elements of character and psychology and on the subtle influence of surroundings, which are hard to detect and harder still to describe. But, if ever the action of a single individual matters, the collapse of the President has been one of the decisive moral events of history; and I must make an attempt to explain it. What a place the President held in the hearts and hopes of the world when he sailed to us in the George Washington! What a great man came to Europe in those early days of our victory!

In November 1918 the armies of Foch and the words of Wilson had brought us sudden escape from what was swallowing up all we cared for. The conditions seemed favorable beyond any expectation. The victory was so complete that fear need play no part in the settlement. The enemy had laid down his arms in reliance on a solemn compact as to the general character of the peace, the terms of which seemed to assure a settlement of justice and magnanimity and a fair hope for a restoration of the broken current of life. To make assurance certain the President was coming himself to set the seal on his work.

When President Wilson left Washington he enjoyed a prestige and a moral influence throughout the world unequalled in history. His bold and measured words carried to the peoples of Europe above and beyond the voices of their own politicians. The enemy peoples trusted him to carry out the compact he had made with them; and the Allied peoples acknowledged him not as a victor only but almost as a prophet. In addition to this moral influence the realities of power were in his hands. The American armies were at the height of their numbers, discipline, and equipment. Europe was in complete dependence on the food supplies of the United States; and financially she was even more absolutely at their mercy.

Europe not only already owed the United States more than she could pay; but only a large measure of further assistance could save her from starvation and bankruptcy. Never had a

philosopher held such weapons wherewith to bind the princes of this world. How the crowds of the European capitals pressed about the carriage of the President! With what curiosity, anxiety, and hope we sought a glimpse of the features and bearing of the man of destiny who, coming from the West, was to bring healing to the wounds of the ancient parent of his civilization and lay for us the foundations of the future.

The disillusion was so complete, that some of those who had trusted most hardly dared speak of it. Could it be true? they asked of those who returned from Paris. Was the treaty really as bad as it seemed? What had happened to the President? What weakness or what misfortune had led to so extraordinary, so unlooked-for a betrayal?

Yet the causes were very ordinary and human. The President was not a hero or a prophet; he was not even a philosopher; but a generously intentioned man, with many of the weaknesses of other human beings, and lacking that dominating intellectual equipment which would have been necessary to cope with the subtle and dangerous spellbinders whom a tremendous clash of forces and personalities had brought to the top as triumphant masters in the swift game of give and take, face to face in council—a game of which he had no experience at all....

The first impression of Mr. Wilson at close quarters was to impair some but not all of these illusions. His head and features were finely cut and exactly like his photographs, and the muscles of his neck and the carriage of his head were distinguished. But, like Odysseus, the President looked wiser when he was seated; and his hands, though capable and fairly strong, were wanting in sensitiveness and finesse. The first glance at the President suggested not only that, whatever else he might be, his temperament was not primarily that of the student or the scholar, but that he had not much even of that culture of the world which marks M. Clemenceau and Mr. Balfour as exquisitely cultivated gentlemen of their class and generation. But more serious than this, he was not only insensitive to his surroundings in the external sense, he was not sensitive to his environment at all. What chance could such a man have against Mr. Lloyd George's unerring, almost medium-like, sensibility to everyone immediately round him?

To see the British Prime Minister watching the company, with six or seven senses not available to ordinary men, judging character, motive, and subconscious impulse, perceiving what each

was thinking and even what each was going to say next, and compounding with telepathic instinct the argument or appeal best suited to the vanity, weakness, or self-interest of his immediate auditor, was to realize that the poor President would be playing blind man's buff in that party. Never could a man have stepped into the parlor a more perfect and predestined victim to the finished accomplishments of the Prime the Minister. The Old World was tough in wickedness anyhow; the Old World's heart of stone might blunt the sharpest blade of the bravest knight-errant. But this blind and deaf Don Quixote was entering a cavern where the swift and glittering blade was in the hands of the adversary....

The President was like a nonconformist minister, perhaps a Presbyterian. His thought and his temperament were essentially theological not intellectual, with all the strength and the weakness of that manner of thought, feeling, and expression....

The President's program for the world, as set forth in his speeches and his Notes, had displayed a spirit and a purpose so admirable that the last desire of his sympathizers was to criticize details—the details, they felt, were quite rightly not filled in at present, but would be in due course. It was commonly believed at the commencement of the Paris conference that the President had thought out, with the aid of a large body of advisors, a comprehensive scheme not only for the League of Nations, but for the embodiment of the Fourteen Points in an actual treaty of peace. But in fact the President had thought out nothing; when it came to practice his ideas were nebulous and incomplete. He had no plan, no scheme, no constructive ideas whatever for clothing with the flesh of life the commandments which he had thundered from the White House. He could have preached a sermon on any of them or have addressed a stately prayer to the Almighty for their fulfillment; but he could not frame their concrete application to the actual state of Europe.

He not only had no proposals in detail, but he was in many respects, perhaps inevitably, ill-informed as to European conditions. And not only was he ill-informed—that was true of Mr. Lloyd George also—but his mind was slow and unadaptable. The President's slowness amongst the Europeans was noteworthy. He could not, all in a minute, take in what the rest were saying, size up the situation with a glance, frame a reply, and meet the case by a slight change of ground; and he was liable, therefore, to defeat by the mere swiftness, apprehension, and agility of a Lloyd George. There can seldom have been a statesman of the

first rank more incompetent than the President in the agilities of the council chamber. A moment often arrives when substantial victory is yours if by some slight appearance of a concession you can save the face of the opposition or conciliate them by a restatement of your proposal helpful to them and not injurious to anything essential to yourself.

The President was not equipped with this simple and usual artfulness. His mind was too slow and unresourceful to be ready with any alternatives. The President was capable of digging his toes in and refusing to budge, as he did over Fiume. But he had no other mode of defense, and it needed as a rule but little maneuvering by his opponents to prevent matters from coming to such a head until it was too late. By pleasantness and an appearance of conciliation, the President would be maneuvered off his ground, would miss the moment for digging his toes in and, before he knew where he had been got to, it was too late. Besides, it is impossible month after month, in intimate and ostensibly friendly converse between close associates, to be digging the toes in all the time. Victory would only have been possible to one who had always a sufficiently lively apprehension of the position as a whole to reserve his fire and know for certain the rare exact moments for decisive action. And for that the President was far too slow-minded and bewildered.

He did not remedy these defects by seeking aid from the collective wisdom of his lieutenants. He had gathered round him for the economic chapters of the treaty a very able group of businessmen; but they were inexperienced in public affairs, and knew (with one or two exceptions) as little of Europe as he did, and they were only called in irregularly as he might need them for a particular purpose. Thus the aloofness which had been found effective in Washington was maintained, and the abnormal reserve of his nature did not allow near him anyone who aspired to moral equality or the continuous exercise of influence....

All this was encouraged by his colleagues on the Council of Four....

Thus day after day and week after week he allowed himself to be closeted, unsupported, unadvised, and alone, with men much sharper than himself, in situations of supreme difficulty, where he needed for success every description of resource, fertility, and knowledge. He allowed himself to be drugged by their atmosphere, to discuss on the basis of their plans and of their data, and to be led along their paths....

**Europe After the Treaty**

The treaty includes no provisions for the economic rehabilitation of Europe—nothing to make the defeated Central empires into good neighbors, nothing to stabilize the new states of Europe, nothing to reclaim Russia; nor does it promote in any way a compact of economic solidarity amongst the Allies themselves; no arrangement was reached at Paris for restoring the disordered finances of France and Italy, or to adjust the systems of the Old World and the New.

The Council of Four paid no attention to these issues, being preoccupied with others—Clemenceau to crush the economic life of his enemy, Lloyd George to do a deal and bring home something which would pass muster for a week, the President to do nothing that was not just and right. It is an extraordinary fact that the fundamental economic problem of a Europe starving and disintegrating before their eyes, was the one question in which it was impossible to arouse the interest of the Four. Reparation was their main excursion into the economic field, and they settled it as a problem of theology, of politics, of electoral chicane, from every point of view except that of the economic future of the states whose destiny they were handling....

Europe consists of the densest aggregation of population in the history of the world.... In relation to other continents Europe is not self-sufficient; in particular it cannot feed itself.... This population secured for itself a livelihood before the war, without much margin of surplus, by means of a delicate and immensely complicated organization, of which the foundations were supported by coal, iron, transport, and an unbroken supply of imported food and raw materials from other continents. By the destruction of this organization and the interruption of the stream of supplies, a part of this population is deprived of its means of livelihood. Emigration is not open to the redundant surplus....

The danger confronting us, therefore, is the rapid depression of the standard of life of the European populations to a point which will mean actual starvation for some (a point already reached in Russia and approximately reached in Austria). Men will not always die quietly. For starvation, which brings to some lethargy and a helpless despair, drives other temperaments to the nervous instability of hysteria and to a mad despair. And these in their distress may

overturn the remnants of organization, and submerge civilization itself in their attempts to satisfy desperately the overwhelming needs of the individual....

In a very short time, therefore, Germany will not be in a position to give bread and work to her numerous millions of inhabitants, who are prevented from earning their livelihood by navigation and trade.... "We do not know, and indeed we doubt," the Report concludes, "whether the delegates of the Allied and Associated Powers realize the inevitable consequences which will take place if Germany, an industrial state, very thickly populated, closely bound up with the economic system of the world, and under the necessity of importing enormous quantities of raw material and foodstuffs, suddenly finds herself pushed back to the phase of her development which corresponds to her economic condition and the numbers of her population as they were half a century ago. Those who sign this treaty will sign the death sentence of many millions of German men, women, and children."

I know of no adequate answer to these words. The indictment is at least as true of the Austrian, as of the German, settlement. This is the fundamental problem in front of us, before which questions of territorial adjustment and the balance of European power are insignificant....