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Appendix A

Versailles Treaty Provisions as Affecting Germany (supplements 7A(a) (taken largely from Keynes' *The Economic Consequences of the Peace* (see JMK1), some from historian Martin Gilbert (MG1))

Cession of Home Territories

For a start, Germany was made to give up all of its overseas possessions (details below; also MG1, 547-9). Its home territory too was subject to various forfeits. Two enclaves, Eupen and Malmedy, went to Belgium. The Saar Basin with its coalmines was transferred to France (c.f., Article 45). Alsace-Lorraine was (again) lost to France and northern Schleswig to Denmark. In the east, Germany lost to Poland the so-called 'Polish Corridor', its territory between Pomerania and East Prussia; the province of Posen; and, following a plebiscite, Eastern Upper Silesia. Lithuania siezed and annexed Memelland. These losses amounted to 13% of its territory, 12% of population, and no less than 16% of its pre-war coal - and 48% of its steel production. (MG1, 549).

As Keynes, pointed out in 1919 (see JMK1, 60): "*The German economic system as it existed before the war depended on three main factors:*

I. Overseas commerce as represented by mercantile marine, her colonies, her foreign investments, her exports, and the overseas connections of her merchants;

II. The exploitation of her coal and iron and the industries built upon them;

III. Her transport and tariff system. Of these the first, while not the least important, was certainly the most vulnerable. The Treaty aims at the systematic destruction of all three, but principally of the first two." (JMK1, 60). I shall quote some examples of the Treaty terms, as taken from Keynes' account.

I. OVERSEAS POSSESSIONS & TRADE

1. Germany's Mercantile Marine.: All vessels exceeding 1600 tons, half 1000-1600 tons and a 25% of her fishing fleet to be ceded (JMK1, 60).

2. Colonies. Expropriated were "*all her rights and titles over her overseas possessions.*" (Art. 119) - including her railways and other property, whether belonging to Germany's government or its nationals (JMK1, 61-3). Some prime examples of how other nations gained through these dispossessions were given above (7B(a)(b)).

3. Alsace-Lorraine. This territory, part of Germany for nearly 50 years, and with a majority of German-speaking people, was ceded to France, along with all government and private property, including its valuable coal and steel resources (JMK1, 63).

4. Private Property World-wide. Appropriated in all parts of the world, whether in

neighbouring states (e.g., Austria, Turkey, Russia) - or far-off places, like South America, China or Siam.

And, spelling it out in an altogether humiliating way, the Treaty Germany was forced to sign, included Article 118 which states: "*In territory outside her European frontiers.....Germany renounces all rights, titles and priveleges whatever in or over territory which belonged to her or to her allies, and all rights, titles and priveleges whatever their origin which she held as against the Allied and Associated Powers...*" . Thus the net effect was, as Keynes pointed out, "*to deprive Germanyof everything she possesses outside her own frontiers as laid down in the Treaty.*" (JMK1, 72).

II. COAL, IRON, and ASSOCIATED INDUSTRIES

A. COAL

1. *Coal-bearing Territories*. Ceded to France were that vast resource, the coalmines of the Saar Basin, a region that had been German for 1000 years (in 1918, of the 650,000 inhabitants, less than 100 were French) (JK1, 75). Ceded to Poland, Eastern Upper Silesia containing another major coalfield of Germany (~ 16% of total output). It had never been Polish (JMK1, 77; MG1, 549).

2. *Coal Supplies*. From remaining German sources, France to receive up to 8 million tons of coal annually for up to 10 years (compensation for damage to French mines during the war).

3. *'Reparation' Payment in Coal*. Annually, for 10 years, to France, 7 million tons; to Belgium, 8 million; to Italy, 4.5-8.5 million tons, in all some 25 million tons per year (JMK1, 80).

The outcome of all this level of loss of coal for Germany, indeed for all of Central Europe, was extremely serious. As Keynes commented, "*.....we may take the total export to Allied countries which Germany has undertaken to provide as 40,000,000 tons, leaving, on the above basis, 78,000,000 tons for her own use as against a pre-war consumption of 139,000,000 tons.*" Indeed, since German coal production had fallen significantly during the war, the more realistic likely tonnage left to Germany and its war-ravaged people, for all purposes, could be only some 60 million tons (JMK1, 84). And since Germany was also the traditional coal supplier to it Central European neighbours, the industrial health of much of Northern Europe was, and continued to be, seriously undermined.

B. IRON ORE, IRON & STEEL

Since, up until WWI, 75% of Germany's iron ore came from Alsace-Lorraine, the loss of this territory's resource was, as with coal, disastrous for German industry. As with coal, "*...the intense need of the Continent for the most sustained and efficient production to repair the destructions of war, and to satisfy the insistence of labour for a larger reward.*" were being overruled in favour of the narrow and short-sighted punitive aims

of the 'victorious' Allies (JMK1, 89-93).

III TRANSPORT & TARIFFS

1. *Import/Export Regulation.* Both for imports and exports, Germany was bound to accord 'most-favoured -nation' status to all of the "Allied and Associated States". But no reciprocity - having to accept imports but itself having no access rights for its exports. Of course, the reverse applied to its competitors!! One could argue that the provisions stipulated may have been wise if universally applied, yet they were not. The concept was absurd for, given its territorial

losses and the Reparations penalties imposed, how could Germany meet such 'obligations' if it was thus handicapped in its international trade? (JMK1, 93-5).

2. *Cession of Rail 'Rolling Stock'* For example, the surrender to the Allies of 5,000 locomotives and 150.000 freight wagons - all to be in good working order (JMK1, 97).

3. *Loss of Control over its River Transport System.* The administration of the Elbe, the Oder, the Danube, and the Rhine were handed over to '*International Commissions*' - the composition of which was determined by the 'victors'. Although represented, in every case Germany was always in a clear minority, that situation handing over the control of much of the business of such cities as Magdeburg, Dresden, Hamburg and Frankfurt to 'outsiders'. In addition, Germany had to cede some 20% of her 'inland navigation' tonnage, the craft so ceded to be selected from those most recently built (JMK1, 98)

5. *The Rhine - Irrigation and Bridge Rights.* France to have all the rights for irrigation and power generation - Germany to have none. And all bridges to be French property over their entire length (JMK1,98).

As Keynes concludes this chapter, "*Thus the Economic Clauses of the Treaty are comprehensive, and little has been overlooked which might impoverish Germany now or obstruct her development in future.*" (JMK1, 102). But that was not all, for in addition, Germany was required to pay, in the form of gold or cash, 'reparations' of (all things considered) an impossibly large amount for an impossibly great number of years. 'Reparations' Payments (see above, 7A(a) (b))

Final Comment.: It does not take much imagination to see how the ongoing human deprivations resulting from the above became an important factor in prolonging the miseries of World War I, embittering the sufferers, facilitating the rise of Adolf Hitler (the desperately needed 'Saviour') and thereby paving the way to World War II. (IKB)

Sources

Gilbert, Martin. *A History of the Twentieth Century* vol.1, Harper Collins, London, 1997 (MG1)

Keynes, John Maynard. *The Economic Consequences of the Peace* Macmillan, London, 1920. <http://www.gutenberg.org/files/15776/15776-h/15776-h.htm> (JMK1