

Chapter Five

REPARATION

Somebody must suffer for the consequences of the war. Is it to be Germany or only the peoples she has wronged?—
Reply of the Allied and Associated Powers, 16 June 1919

THE main contentions of *The Economic Consequences of the Peace*, wrote Mr. Keynes in 1921, 'were these: (1) that the claims against Germany which the Allies were contemplating were impossible of payment; (2) that the economic solidarity of Europe was so close that the attempt to enforce these claims might ruin every one; (3) that the money cost of the damage done by the enemy in France and Belgium had been exaggerated; (4) that the inclusion of pensions and allowances in our claims was a breach of faith; and (5) that our legitimate claim against Germany was within her capacity to pay.'¹

These contentions are now to be examined in some detail. We may start with (4), which is not of an economic character, and then consider those arguments relating to economic possibility; but first of all, the actual terms of the Reparation chapter will be summarized.

I

The Reparation Clauses

1. The Reparation section of the Treaty opens with article 231: 'The Allied and Associated Governments affirm and Germany accepts the responsibility of Germany and her allies for causing all the loss and damage to which the Allied and Associated Governments and their nationals have been subjected as a consequence of the war imposed upon them by the aggression of Germany and her allies.'

No other article in the whole Treaty has raised more agitation—at least verbal—than this famous so-called 'War-Guilt Clause'. As this particular problem, however, lies wholly out of the scope of our study, no attempt will be made here to discuss it. Neither, as we shall see, was it discussed by Mr. Keynes.

¹ *R.T.*, p. 99.