

# **Global Crises in 20th and 21st century: current theories of John Maynard Keynes.**

## ***Few words***

John Maynard Keynes, British economist (1883-1946) once wrote, "The economy is dead, long live the city!" In light of what is happening with the major financial crisis facing the world since October 2008, we are indeed entitled to try to understand, to plunge into the theories of the economist whose writings were to inspire plans recovery of most countries affected by the crisis of 1929.

Denouncing the excessive financial speculation and the return to fundamentals of an economy cleansed, we are not far in the various plans that we offer since late 2008 to tell us if, finally, in the great debate among economists the ideas of Keynes did not eventually win? News and look at the past is what we intend to address here.

## **I) From Past to Present: News Keynes to contemporary challenges?**

Young expert in the Peace Conference of 1919-1920, Keynes had already demonstrated a clear vision by understanding that we should under no circumstances overwhelm the German war debts too overwhelming and may destabilize the whole simply to make rebuilding a war-torn Europe of 1914/1918, totally impossible.

Resigning noisily from the conference it was clearly explained his ideas in his famous pamphlet, "The Economic Consequences of Peace."

Supporter of capitalism "reasonable" is to say, based more on the real economy on financial speculation in stock, we are actually quite close to a return to the ideas of Keynes in the measures taken to try to stem the financial crisis: state intervention in company capital, moralization of economic life, sanitation etc. the money. etc.. probably tomorrow and policies of major works that could be coupled with large stimulus, such as \$ 500 billion plan in China last November.

The time effect of an unchecked capitalism seems to have passed, and more, one of the first consequences of this crisis seems to be the need for global cooperation of states to resolve problems.

Indeed, after globalization, a sort of de facto status, a finding that everything that happens on earth is now globalized, particularly via the Internet, we not arrive safely after awareness by men of a notion of global membership, needs this time of inevitable global governance?

Ever wanted because it was considered essential to address climate, it seems to be good for regulating financial markets.

In this economic theories of Keynes on a well-regulated economy and especially moralized seem to take strength and vigor. Indeed look more closely under the light of our early twenty-first century, the main features of Keynesianism. These consist mainly in attempts to contain the market while advocating government intervention and the law in the economy, the government must provide an incentive package to the market through fiscal and monetary

economic policies in order to achieve the best possible conditions for a revival.

Indeed, the various reactions to the crisis, based on the Paulson Plan Bush in October 2008 to the European Recovery Plan through the Chinese plan of some \$ 400 billion proposed in early November, before any consequences are global, and the reactions that time, presumably in comparison with 1929, tend more and more global coordination to stem the financial crisis on the one hand and try to get the economy running on the other.

When Nicolas Sarkozy assuring the French Presidency of the European Union speaks of morality in economic life, new rules etc.. etc.. He enters without doubt in a Keynesian sense. It was announced at the outset that this crisis was equivalent see more serious than the Great Depression of 1929. Do not forget that the economic policies that followed were Keynesian type or close to its theories. What differentiates probably the 30s is a kind of global awareness of economic problems was born in late 2008. Often faced severe tests allow humanity to advance, human history is replete with examples like these.

Is that after the globalization of the dangers of terrorism (attacks of September 11, 2001), the globalization of problems related to global warming (Kyoto Conference in 1997 and later) do we now have the globalization of economic problems and major crises? It is indeed possible because we are witnessing in the 21st century is just beginning at birth from a form of global management issues. Thence to venture to think that the financial crisis and political containment of it could be an accelerator of this process, it is not far.

But it was the year 2009 will be decisive, and then present a challenge for humanity to know that his ability to face the consequences globally coordinating cons-measures that have been developed in late 2008, or relapse into probably the consequence of this the worst kind of chaos after the misery and unemployment, namely the rise of international tensions and possibly war?

Let us not forget that the economic destabilization of Europe after 1929 was one of the major consequences of the rise to power of Mussolini and Hitler. History does not repeat itself it is said, of course, but the processes themselves, yes, and they always keep the same danger. I bet when this round of crisis management of humanity will lead us toward warmer weather, our world desperately needs as we complete the first decade of the 21st century.

## **II) The Origins of Keynesianism: The Peace Conference of 1919.**

This whole issue goes back to the so-called peace treaties or in the early 1920s after the 1918 victory.

### **a) The position of Clemenceau.**

Georges Clemenceau wrote at the end of his life in 1929, a book which appeared posthumously under the name "Grandeur and Misery of Victory" For Clemenceau, the balance in the number of victims of the Great War was to face to such carnage, the development of frameworks prelude to establishing a lasting peace. The President of the French Council recognizes the need for repairs, and their need to face destruction in Germany. For him, the repairs are primarily the requirement for a peace of justice and the principle that peace must go through full of German reparations.

In this, the French position differed from that of its Anglo-American Allies, they argued that before any payment of a fee. Now if Clemenceau had succeeded to include the principle of full payment of reparations in the Treaty of Versailles, we know that from 1920 the new

President of the Council will Millerand won the argument package at the Conference of Hythe 15 May 16 Moreover, if the decision in 1919 to create a Commission on War Reparations is at the end of the Clemenceau Ministry, it nevertheless criticized the decision was taken following year for tacitly opted for the choice of a lump sum against the payment in full. Strongly opposed to the theories of economist John Maynard Keynes, he spoke in 1919 for full payment of German reparations. In his mind the establishment of an Inter-Allied Commission of war reparations can only be associated with enforcing payment of German reparations.

Clemenceau has taken a position on the issue during the debate that took place between the Allies at Versailles from 26/10 to 05/11/1918 on approval of the 14 points of U.S. President Wilson. It was during this debate that the President of the French Council established the link between the "restoration of the liberated territories, and war reparations for the damage suffered by civilians. "

In the spirit of Clemenceau, the character allied regulations of war no doubt, since for him the war had been won mainly by France and its Allies. Is the establishment of a single command that is causing the release of trench warfare and a return to warfare. Thus, the rules of war could not be qu'interalliés.

As such, Clemenceau made a speech before the House on 30/12/1918 in which he said that "Nothing should be separated in the post-war great powers that the war has been met. In this agreement I will make any sacrifice. "

The Clemenceau the Peace Conference is foremost in respect of compensation as the other regulations, a man looking for strong guarantees for the establishment of future peace. It will tend to neglect the international institutions born of victory, as the League of Nations or later the first attempts at Franco-German reconciliation. A good peace had to go through repairs firmly established as part of a Combined Structure: Commission Allied war reparations responsible for enforcing them. This desire is reflected in the creation of many Allied Commissions after the Great War.

As such, Paul Mantoux, who was interpreter and secretary of Council of Four, which brought together representatives of France, Great Britain, Italy and the United States, Clemenceau had his memories as a man seeking primarily guarantees security for his country, and not, as has often said, as a "revenge". Mantoux Clemenceau not hesitate to describe as a moderate. This leads us to conclude that the debate on reparations, their amount and their organization, were conducted in a context of relative harmony among the Allies, especially between the French and British. This position Clemenceau shows that problems related to the Commission Allied war reparations were not, originally intended by the Tigris, but the result of the changing political situation.

For Clemenceau, the Treaty represented a whole, a "block" non-negotiable and application should be as well. It captures well the best position of this man and his team would put up the whole structure and repairs of the Organizational Committee of the future Commission. Clemenceau has before it for this a realistic question.

Similarly, one can wonder about the absence of central Europe in all these debates. Perhaps,

as stated by Bernard Baruch, one of U.S. delegates to the Conference, was it because, as in the case of Austria, Hungary and Bulgaria repairs were recorded in the funds general repairs.

Indeed, Clemenceau will throughout the period of the inter-war years and beyond, the left image of the "destructive" of the Austro-Hungarian and artisan of the misfortunes of Bulgaria. However, it can not be held to have been a "to the extremist" at the conference, and we need to put this image we forged on it. Nevertheless, Clemenceau sought before any security guarantees for France, he was realistic about the repairs.

### **b) A concept at the confluence of three conflicts.**

We can say that the issue of reparations for France is at the confluence of three conflicts, which were the engines of imbalances in the postwar period. The first concerns the relationship between France and its Allies about the very definition of the principles of settlement of reparations. The second concerns the reports on this subject between France and Germany for the implementation of repairs. Finally, the third conflict concerns the political opposition in France and the divisions on the attitude to adopt towards the "Unwillingness" on German reparations.

The first conflict broke out about one of the positions of chairman, which was that France repay its debts only up to the Allied payment of German reparations. This link, although strongly opposed by the United States, will be in the minds of French policy since June 1931 with the Hoover moratorium that were apprehended in a holistic manner and not separate from the report wrongdoing. Then, it was more common repairs defeated Central Powers. Subsequently we first overwhelmed Germany and is defined, then the principle of reparations to the Allies defeated Reich puts an end to German reparations, France will refuse to resume the payment of inter-Allied debts.

There is therefore clearly a very clear stance on the part of Clemenceau in creating the elements that constitute the history of repairs. The idea of the "Father of Victory" is twofold: first, that of defining the principle of reparations, and to explain it, to link them to the repayment of war debts that France had contracted to his American allies and others. But an analysis of Tiger's ideas would not be complete without examining the nature of the Franco-British relations, especially between Clemenceau and Lloyd George.

To do this we must put in the context of the arrival of German plenipotentiaries at Versailles April 29, 1919. The delegation was composed of six members, led by Count Ulrich von Brockdorff-Rantzau, a former officer now promoted to the rank of diplomat. However, from May 7, at the meeting of the Conference that opening Clemenceau himself, the conditions of peace were immediately handed to the German delegation, without any prior negotiation (as it could without certainly hope so.) However, given the requirement conditions of peace imposed on Germany, one might wonder if it would sign and if the war did not resume.

Clemenceau had as we have seen major concern for the security of France, and as such, in March 1919 he opposed the Anglo-Saxon views on peace, then the position of Foch in April. Finally, in May and June 1919, the German position that worries him. Indeed, the Germans soon published on May 7 the text of the Treaty, which for some betrayed excessive concessions to the enemy and the other was considered too hard.

From 8 to 29 May the Germans presented a number of notes criticizing the Treaty. However,

it is on the question of reparations that the problems appeared. If the Germans had expected to pay reparations, they found quickly that they would be overwhelming, although the figure is not fixed permanently. Note that this is where the Clemenceau and Lloyd George opposed.

It is within the Council of Four that these deliberations took place. If the American Wilson wanted a conservative figure of about fifty billion gold francs, English and French soon countered this position.

Indeed, Lloyd George wanted to increase the share in the British war reparations. As such, he proposed adding to the damage suffered by civilians of all military pensions, which had the main effect of doubling the amount of compensation, and not meeting the commitments made to the Germans during the signing of the Armistice. Indeed, the plenipotentiaries of the Reich thought that we would be limited to civil damages. Faced with this demand the British position of Clemenceau and Wilson was not a systematic one.

The emotion raised by the large losses suffered by the British Empire, including for the destruction of its naval and merchant fleets, could explain it. Clemenceau then adopted a dual position on reparations, supported by his Minister of Munitions, Loucheur. Either you set a figure "astronomical" of German payments (Loucheur then spoke of 200 billion gold francs) or we estimated the actual value of damages and pensions, which would, they said, very long

and very difficult. That is why the French experts figured it was better not to determine the amount of repairs in 1919 but put off, and therefore do Germany accept a statement of payments included in the Treaty of Versailles refer the determination of the amount payable on 1 May 1921, whose primary task Commission would be responsible for repairs.

Thus the nature of the Commission was therefore determined to Clemenceau: this should be above all the very organization that would pay reparations to Germany. Re-emphasize the total lack of presence of the defeated Central European and Balkan in these preliminary negotiations. Yet the successor states of the Austro-Hungarian, previously dissolved in 1919, and Bulgaria, could be present, even if only as Allies of the Reich, although Germany had to be considered as the main cause in the war.

Finally, how originally the duties of the Reparation Commission were related to Germany will prove decisive for the future. Clemenceau appears However, as the statesman who was behind this position and future history Commission undoubtedly retain the brand.

Moreover, in order to complete the payment status of Germany, it should pay 25 billion gold francs in the immediate future, and to wait two years before setting Ultimately, this impeding its economic reconstruction.

The most important meetings took place on 5 and 7 April 1919 in the absence of Wilson, who was ill, was represented by its main right hand man, Colonel House, who accepted everything regarding the views Franco-British .

The only concession to the "moderation" was an American wave of recognition the concept of "affordability" of Germany.

### **III) The British position on the German reparations.**

British Prime Minister Lloyd George, in power since 1916 was the head of the British delegation, it behaved as we shall see the economist John Maynard Keynes. Lloyd George came into conflict with France, especially with Clemenceau, on many issues relating to regulations of the peace, and also with regard to repairs.

The British position was essentially that of his Prime Minister Lloyd George. To assess this, we must start from the end of the war itself. By October 1918, conflict with Clemenceau began when the British spoke to withdraw its troops from Eastern Army commanded by Franchet d'Esperey, and later, the signing of Armistice with Turkey Moudros caused problems.

In November 1918, Lloyd George objected to the proposed Foch, whose aim was to detach the Rhineland from the Reich to make one or more independent states, and thus Similarly, to dismember Germany.

The British Premier, in his opposition to Clemenceau, inspired by the political British aimed at balanced States in Europe, and especially opposed to the preponderance of one state over another.

France, haloed by his victory, was regarded as a major power in Europe and thus "frightening" to some extent the British. The reluctance on the part of British are well understood and their opposition to projects is Rhine significant.

In this regard Tardieu proposed a compromise solution. French Rhine projects come from an idea of Marshal Foch to detach from Germany this region populated 4 million inhabitants. This would provide a guarantee for payment of repairs from Germany, since this region rich in its industry, would become a partner economically privileged of France. Tardieu therefore proposed a system of self-determination in the Rhineland, which would have allowed it to be independent for a number of years, after which the people could decide their fate.

Despite the agreement in principle on March 10 by Colonel House on that basis, Wilson firmly opposed to this project, as Lloyd George in his March 12 return from London.

However it felt so understand the requirements of security of France. Thus was formed the Council of Four from 24 March 1919. It will 145 sessions. It consisted of American Wilson, Britain's Lloyd George, Clemenceau the French and Italian Orlando. The discussions covered all issues concerning peace and naturally repairs. It interprets the French captain Paul Mantoux we have the shorthand notes of those meetings which were published in 1955.

The discussions centered primarily on the project-Rhine to France. On March 14 Lloyd George Wilson proposed to provide two treaties of guarantee, in exchange for the draft Rhine French, whose ultimate aim was the security sought by France, in repairs.

Recall that the Chairman was convinced that Germany would not pay, or pay with difficulty. Thus, against the detachment of the Rhineland from the Reich and the permanent occupation of this territory, we proposed the double guarantee British American military intervention in case of an invasion by the hex Germany.

But Clemenceau refused the idea of substitution of these guarantees in its projects, as he pointed to March 17, 1919, Great Britain and the United States to recognize France its border in 1814 with "a right of occupancy without annexation as compensation on the part of the

Saar coal basin, not included in this border. "Finally we reached a compromise on the Rhine with an occupation limited in time accepted by the Anglo-Saxon. After the agreement with Wilson on a reduction of the occupation troops from 45 divisions to 12, received April 20, Lloyd George approved the compromise two days later. The periods of occupation "as repairs "granted by France to the Anglo-Saxons were 5 years for bank of the Rhine (area of Cologne), 10 years for the area of Koblenz, and 15 years for the area of Koblenz.

But Wilson got Clemenceau and Lloyd George an additional guarantee that could cover about the problems of massive war reparations. For "Father of victory" was a guarantee that if Germany fails to fulfill its commitments, for repairs, there was the possibility to "prolong the occupation or even reoccupy an area evacuated. "This provision became Article 429 of the Treaty Versailles.

The periods of occupation are limited in time, might naturally fear that they accomplished, Germany took the opportunity to suspend the payment of reparations. So it was indeed an additional guarantee payment made on the hypothetical German.

However, Lloyd George always opposed to claims on the Saar. On this point, France demanded again, as repairs, mine management Saar, to compensate for the systematic destruction of mines in the Nord-Pas-de- Calais by the Germans during their retreat. We wanted to put the French side this territory under a special scheme, but British Prime Minister objected. To rather discuss the creation of a small autonomous state, Wilson proposed compensation financial, such as supply of coal. Lloyd George and Clemenceau finally came to an agreement on the idea of establishing an autonomous territory, via the formation of a committee of the League. The agreement was torn Wilson April 10, 1919 with the idea of a plebiscite, which would lead 15 years later. Germany during this period would retain its legal rights in the province, but would lose the administration entrusted to the Allies in the administration of the League until 1935.

So thanks to the solutions of the Franco-British compromise, in terms of requirements Land and repairs, we obtained the agreement of Wilson. Similarly, this good agreement between the Anglo-Saxon angered a part of French public opinion Father accused of laxity victory against Wilson and Lloyd George. This protested vigorously with Clemenceau in May 1919 against the attempt of Foch (Supporting the General Mangin Mainz) to proclaim a republic Independent Rhine. Lloyd George won his case, the Deputy Secretary of State Tiger, Jules Jeanneney, then went to Mainz to Mangin, and the French army will not lend its support to separatists.

Finally Clemenceau sought by his compromises to maintain its alliance with the British and Americans, and especially he felt protected by the guarantees obtained regarding the extension of the Allied occupation in case of default on payments of repairs. If one refers to the fundamental thesis of Georges-Henri Soutou bearing on the goals of economic warfare of the Allies, we can see that the position British asserted before the end of the war, on the basis of studies already conducted by them. Thus, in the chapter of the British Board of Trade entitled: "The Allies, the position of the British Board of Trade about repairs end of 1918, "the position the latter appears to be more economic than legal. The memorandum of Board, dated November 28, already eliminated the idea of severance compensation for the cost of the war because "anyway the Reich would be unable to compensate for the all damages. "

In this memorandum, the repairs were limited by the ability to pay Central Powers, and this, according to all political considerations relevant.

The idea of payment in kind was also issued, including such areas as those of the German merchant fleet.

Finally, Germany could pay a portion of its gold reserve, 100 million books.

The Board of Trade, thus set a total amount not to exceed one billion pounds, 25 billion francs / gold.

The memorandum takes into account primarily the British economic interests (see vessels, machinery, coal etc. ....) and gold that would increase the stock and British allow a quicker return to convertibility of the pound.

The immediate consequence was that when the British delegation leaned on 03.03.1919 on the commercial terms of the Treaty, it took some of the proposals this memorandum. Note that the inclusion of this study is fundamental to understand the British position, including that of Lloyd George. These work also inspired the British economic policy of the inter-war period. Recall that in this framework, the theory of G-H. Soutou shows that from June 1916 Paris and London agreed on the obligation to provide treatment Reich nation most favored the Allies for 5 years. However, if you specify Germany granted a tariff reduction to third, it should also grant Allies. The idea to recreate a good economic partner was present, with that of war reparations. This favored the Allies more than Reich.

In conclusion, the repairs were one of the challenges of achieving the war aims Economic Allies.

But the British position differed from that of France, and the realization of these objectives seems finally to have been made by the British more than by French.

Keeping the pressure on Germany by France caused the failure of payment repairs due to him. We believe that ultimately these two positions existed and that the British leaned forward towards the reconstruction of an economic partner.

Lloyd George and the British delegation could not ignore the need to organize repairs of the vanquished in a Commission. However, certain requirements economies must prevail. They are effective before the end of the war. The British seek compensation especially for naval losses.

But it is ultimately in the deliberations of the Council of Four that the positions of Lloyd George for repairs appear most clearly.

Thus, during the meeting of 26 March 1919 on the repayment capacity of Germany, British Prime Minister replies to Loucheur, when asked about this issue Wilson no country could pay 150 million pounds a year in gold or in foreign securities. In addition to estimates of face German reparations considerable Loucheur made by Lloyd George said that Germany could not pay those sums with 7 million fewer inhabitants, that is to say, the private Rhineland, 3 / 4 of the iron removed, a third of its coal and 20% of its potash.

Once again the French objected to these arguments realistic the British Prime Minister replies to Loucheur, when asked about this issue Wilson no country could pay 150 million pounds a year in gold or in foreign securities. In addition to estimates of face German reparations considerable Loucheur made by Lloyd George said that Germany could not pay those sums with 7 million fewer inhabitants, that is to say, the private Rhineland, 3 / 4 of the iron removed, a third of its coal and 20% of its potash.

Once again the French objected to these arguments realistic. British Prime Minister develops the serious consequences of a refusal by the German signature and a possible return to a situation of crisis that would lead contagion "Bolshevism in Germany," and the interruption of industries in Europe and bankruptcy states. However, Lloyd George recognizes that its experts, Lord Sumner and Lord Cunliffe, agree to require repairs. The British Prime then proposed to determine between heads of state, the principle of distribution thereof.

A key aspect is emphasized by Lloyd George that binds the fear of contagion Bolshevik failure of policy remedies. This fear was associated once Moreover, the British tradition in foreign policy, manifested by the fear that a destabilized Europe and crisis, which ultimately harming the resumption of British trade.

Later in the meeting of 28 March 1919 during a debate with the heads of state and Louis Klotz, Lloyd George presented the British conception of war damage, distinguishes property damage, personal injury. In addition, he Supports a later definition of German reparations, which will be established a Reparations Commission.

But the bulk takes place at the meeting of May 10, 1919, when the British delegate Sir Maurice Hankey introduces a point that will prove important for the issue of repairs, which is the responsibility of the successor states of powers Missing, for example, the Austro-Hungarian Empire. This issue will be raised by the British Lord Cunliffe to determine the "financial responsibility newly constituted powers. "We had seen so far the lack of discussion of the successor states of Austria and Hungary, as the question German seemed fundamental and decisive.

Lloyd George's position on this point was clear, since for him, if the accession countries who were born from the dissolution of empires were excluded from the payment of reparation by cons should necessarily be imposed on Austria and Hungary.

The allies therefore fell agree to consider the fact that if Czechoslovakia or Poland (in Galicia) did not have to pay for repairs as former parts of the Empire of Austria-Hungary, the Republics of Hungary and Austria<sup>1</sup> should not mean having to bear the brunt of the repairs of the old Empire and should somehow adapt them to their situation. Note that this point the Allies will be unanimous.

Well before signing any treaties, the British and their Allies agree to establish a hierarchy in repairs of the vanquished. This point will be determinant, as we shall see.

Regarding the former Austria-Hungary, repairs will be comprehensive determined and then distributed them being referred to a series of Commissions responsible for establishing various responsibilities of these states and the amount of their payments. We see how they already foreshadow what form the future Commission Inter-Allied war reparations.

However, if the British and their allies are unanimous on this point, critics concerning the functioning of the future Reparations Commission and repairs themselves remain strong. At the meeting of June 2, 1919, Lloyd George referred to the situation of its delegation with the first recognition that we demand more Germany can not pay it. Moreover, the indefinite and unlimited debt imposed on Germany the British concern. Once again, London is not see a much weakened Germany against France.

Criticizes the British occupation of the left bank of the Rhine and the maintenance of a German army reduced to 100,000 men against 200,000 French soldiers. Finally, Lloyd George stressed the dilemma he faces is that its population requires repairs, but at the same time does not wish to resume the war, hence the need for Britain to demand are conceivable for Germany.

The insistence on damages for loss of tonnage remains important, since Lloyd George spoke of the 8 million tons by the cast Kriegsmarine during the war. We will have occasion to see later the nature of The challenge for the British.

Lloyd George then presented his views on the repairs recommended by Bernard Baruch, the U.S. delegate who was later a member of the Commission.

Lloyd George proposed that Germany repair direct physical destruction it has caused and within a specified time. In this context we propose to set a figure for the tonnage of ships sunk during the war and to pay pensions to war widows. It would therefore for the British to accept the German proposal to repair her own damages, and therefore somehow the idea of reparations in kind. Clemenceau's opposition on this point was total and led to intense debate.

The British appear in the debates, adopt a realistic position. If, upon departure, Clemenceau and Lloyd George agreed on the principle of reparations, their designs, as we have seen, differ on how to obtain them.

But in all these debates of the Council of Four, the little children go little through their objections and their agreements, to give their brand policy to be continued at least until 1923, first by the Organizing Committee of the Reparation Commission and the Commission itself. Franco-British objections on the amount of compensation, and their agreement on the organization of the Commission, will represent two constants in the history of repairs. The Commission was an essentially Anglo-French characterized by an good agreement between the French and British when it comes to compromise, to enabled the Allies to obtain guarantees on repairs and also on security issues. This good crack sometimes on ways to obtain such guarantees, but serious objections arise later, when it comes to fix the total amount payable by Germany to the London conference, May 5, 1921.

Remember the weight of the United States in this context and the particular views of the President Wilson in the field of peace settlements, especially repairs. Indeed, the influence of U.S. policy will be felt from the beginning.

#### **IV) Wilson's ideas in the field of repairs and reconstruction, genesis of the weight of the United States in the question?**

Woodrow Wilson's Democratic chairman of the young American nation, was undoubtedly the architect of his country's entry on the international scene as 1916-1917. This is particularly the case with the first U.S. aid to Europe at war ally, and to the entry, true in the conflict against the Central Powers after April 6, 1917, among others, war submarine conducted now "excessive" by Germany.

Wilson appeared at the end of the war as a key architect of victory, and especially as an innovator, one of the initiators of the creation of the League of Nations, announced in his 14 points on 8 January 1918. The so-called idealism of Wilson disliked Clemenceau, who described the 14 points of "nice speech"

#### **a) Objections about the drafting process and its economic clauses. (Keynes, who inspired the other critics?)**

The economic clauses of the Treaty of Versailles, were heavy, which caused the oppositions. These provisions included the need for Germany to do, for repairs, an advance of 20 billion marks, part of which was provided in kind. Indeed

Article 231, we recall, made Germany responsible for the war. To this should be added that under the "immediate payment in kind," Germany was to deliver 2.7 million tons of ships and millions of tons of coal. So, before fixing the amount of reparations Germany May 1, 1921, very severe economic conditions, already applied in Germany.

The opposition to the text, and of course its for repairs came in first place of the German delegation. Indeed, since May 7, Germany learned the verdict of Versailles. Immediately, the two key delegates and Scheidemann<sup>4</sup> Ebert declared it "unacceptable." A few days earlier, on April 30, a German delegation of one hundred and sixty people had arrived at Versailles, under the leadership of Count Brockdorff-Rantzau. So their tactic was to try to influence the preparation of the Treaty, using a method based mainly on strategy to confess, nor reality of defeat, or responsibility for the attack. The delegation was placed under high security, and was not called that on May 7 to learn about conditions of peace that is imposed. From May 20, the German reaction to the Treaty put in place, since it draws its "German comments," asking the After a plebiscite in Alsace-Lorraine, and the same thing for part of Schleswig. The same requests extending over part of Poland, and Posen East Prussia, where it was considered that consists of two and a half million Germans, it can not be "territorially separate from Germany." Germany protests against occupation of its territory it considers it unnecessary, it accepts However, the principle of disarmament, but wants it to be general, finally, denounces the humiliation of any function on its territory of foreign commissions. There therefore a formal objection to the German delegation to the peace settlements, these being based on a complex system of various Commissions of Control, which had to figure agencies responsible for implementing the Treaty. This opposition will be symptomatic of German hostility for the entire period of Implementation of war reparations. In addition, economic, Germany calls for equal treatment with other States, and denounces an "attack on private property" following the kidnapping of German private property abroad.

For those guilty of war, she admits that the establishment of an International Court to examine specific cases of violation of the laws and usages of war, specifying however that one should not stick to only violations found at his office, and that German courts will judge the Germans declared that the International Court guilty.

Finally the item perhaps most important, which marks the period that follows, is that Germany's claims that he fixed a lump sum to pay for repairs. This is so that it can not be uncertainty about this, which would take away any credit for its future reconstruction. Note that Germany rejected the idea that a Reparations Commission to manage for a very long period throughout its economic life. This demonstrates how the idea of the existence of a Reparations Commission, could be challenged even before its creation. Moreover, Germany on the other hand, however, shows its good will by agreeing to rebuild the territories it occupied with Belgium and northern France. We find in the German position, one of the proposals, some of the Allies will submit, when it comes to finding a solution to non-payment of German war reparations, then we propose to find a compromise system repairs in kind. Brockdorff-Rantzau advised, after receiving the proposals of the Allies to oppose a categorical refusal. However Erzberger denounced the dangers that threaten the defeated Germany, if it undertook in this area. Then it is feared, in case of renewed hostilities, that German unity is broken, so good. In addition, the generals Hindenburg and Groener say that after a resumption of war would be "highly dubious."

Germany is therefore resolves to sign, and after the resignation of Scheidemann June 20, a new cabinet is formed with Gustav Bauer, a Socialist, as Chancellor, Erzberger in finance,

Noske to the Reichswehr, and Hermann Muller in Foreign Affairs. The Treaty is finally ratified, under the conditions we described, 22 June 1919 by the National Assembly with 237 votes for and 138 against and 5 abstentions. The Treaty will be signed June 28 by two ministers: the Social Democratic and Catholic Hermann Muller Bell.

The German opposition to the Treaty is also accompanied by controversy in the Allied camp with one hand, Italy and the Anglo-Saxon, which crystallized around Keynes.

Italy objected to certain points of the Treaty. This State was one of those who had most territories won in war, and made sure for strategic border Brenner, who left more than 150,000 German-speaking Tyrolean. Italy had won the city of Trento, Trieste, and Zara and part of the Dalmatian coast.

However, the peninsula declared himself "bitterly disappointed" by the peace talks, and considering the fate that had been reserved by diplomatic negotiations, not match "or the magnitude of his victory or the loss of 600 000 of his men."

Italy, which had entered the war with guarantees promised by the Allies during Secret Treaty of London, felt indeed "cheated" in its ambitions, as promised benefits, for corrections borders between Libya and Tunisia had not emerged. The creation of a Greater Serbia hindered its aspirations the Adriatic and the Balkans. The question of Fiume, also problematic, rested since the secret Treaty of London of April 26, 1915 between Italy and Great Britain, France and Russia, promised him the cities of Trieste and Trent, but also the shore Dalmatian. Gold Fiume, located in the same geographical area, returned to Croatia, but proclaimed October 30, 1918 by a plebiscite of its desire to become Italian. This frustration crystallized the discontent of Italy, which flourished in respect of repairs even with the case of settling the question of the Austro-Hungarian fleet.

The Anglo-Saxons also opposed the regulations of Versailles. This opposition incarnated the British in the position developed by the British economist Keynes. It advocated different solutions from those who were Deductions for repairs. His position, which gave rise to a book published in 1920, is entirely characteristic of the tensions that marked the settlement of repairs Germany in the Treaty of Versailles.

John Maynard Keynes was a member of the Office of the British Treasury during the war, and was its representative at the Peace Conference of 10 January to 7 June 1919, date when he resigned. During this period he had many interviews with American delegates (or Rathbone Normann Davis) about their positions on the economic recovery of the vanquished. This economist, born in Cambridge in 1883, was therefore 37 years old when he found himself, as a specialist in Versailles, integrated into the discussions that developed the conditions for peace to be signed with Germany.

For this expert, the Allies had to bear a major responsibility in their Evaluation of German reparations. He accused France especially, but also his country Great Britain, have done everything before playing their "selfish interests".

The United States seemed to him out of this game, because they could not implement the program of President Wilson's 14 points. About repairs, Keynes objected mainly to French experts Loucheur Louis and Louis Dubois whom he accused of having pushed the escalation of German reparations. Behind these Keynes also took it to Klotz and Clemenceau. For the British expert, the French were, with Clemenceau, concerned above all to crush Germany, and with Klotz to obtain significant financial compensation to finance the pensions of war, and avoiding tax increases.

For Keynes, the goals of Clemenceau were to weaken and destroy Germany by all possible means. Critics of Keynes continued right through Judgement on the Reparations Commission itself. Keynes in his work presented by the Commission Inter repairs as an original creation in the history of dispute resolution. Thus he writes: "The Reparations Commission is a remarkable organization, its functions so largely on the life of Europe, its role should be studied separately."

In addition, Keynes stressed the originality of such a body, since according to him, he was be responsible for three functions: the establishment of a list of demands, method of payment, and the granting of reductions possible.

#### **b) Specificity of the analysis of Keynes.**

It should be noted that the analysis of the British expert, reveals a different view from that Other Allies (like France for example) If the first two points seem obvious, the last agreement on reductions and delays, seems logical for Keynes, but less so in the spirit of French specialists.

Commission to "require the maximum year by year." by Keynes was the full authority over the internal economic life of the defeated countries, which were treated as "Bankrupt" and should be administered only by their creditors, advantage of the latter.

The powers and constitution of the Reparation Commission were fixed in Articles 233-241 and Annex II of the reparation of the Treaty with Germany.

Keynes also states that repairs Commissions of Austria, Hungary and Bulgaria are on the same model.

As regards Austria, the sum will be determined solely by the Commission repairs, and later by a special meeting directly before the Commission of major repairs. For Bulgaria, it must pay 90 million pounds per semester from 01.06.1920 is 66,150,000 million francs rate of one pound for O, 735 F at the time of 9/1/1919.

Keynes states that the Commission seems to have an independent role in relation to the Reparation Commission, but he remains subservient. The Reparation Commission shall take its decisions by majority being unanimously required for the surrender of the German debt, delayed payments from a very Remote and sale of bonds issued by Germany.

It shall have full authority to enforce its decisions, she organized a committee Executive delegates authority to its representatives. The structure and its members enjoy diplomatic privileges and must be paid by Germany, which can not intervene in the fixing of remuneration.

Keynes insists that a central body is needed, and therefore referring to the nature of allied structure. The latter will be responsible for the Europe's economic.

This is important because the British expert in this book of criticism published early in 1920, sees the international importance of the issue of reparations for years to come.

Keynes in 1920 suggests that the Viennese are great expectations in the Austro-Hungarian section of the Inter-Allied Commission of war reparations, facing problem of non-solvency. We have already seen how this led to a Austrian declaration of insolvency, a number of emergency assistance, some payments repairs in kind, especially and finally the implementation of reconstruction plans.

Thus, the forebodings of Columbia that shocked the Allies to the point that it was forced to resign in 1920, appear here worth emphasizing.

Criticism that the British economist formula1 on the future of the issue of repairs are not very optimistic. For him, this "Europe after the Treaties" where nothing in 1920, and for good reason, is foreseen for the rehabilitation of Europe, and especially not the vanquished, is doomed to have problems more important . Indeed, for Keynes, the concept of reconstruction of Europe was inseparable from that of repairs.

The economist analyzes the possible remedies to what he calls "the peace of Versailles," this which in the Keynesian sense of the term seems to encompass the general manner in which all the treaties were signed.

He insisted first on the humanitarian plight of the defeated Central Europe, that is to say countries like Austria, Hungary and Bulgaria. Indeed, if the concept of reconstruction of Germany in 1919/1920 still seems distant, that of these countries less vulnerable to the judgments of the Allies on repair, seems more feasible.

We will see later that these two concepts identified by the British, will find their applications in resolving the issue of reparations Central European.

**V) The Economist offers solutions to all his criticisms for planned war reparations at Versailles. He recommends the following solutions:**

- 1) Attach to 2 billion francs German reparations.
- 2) Of this amount 500 million francs for the merchant marine and submarine cables.
- 3) Attach the remaining 1.5 billion francs in 30 payments of 50 million francs from 1923.
- 4) Dissolve the Reparation Commission and aggregate the remaining organizations in the League of Nations with representatives from Germany and neutral States.
- 5) Germany will make its payments as she wants and any dispute will be brought before the League of Nations.
- 6) Abolition of the idea of paying reparations to Austria.

Finally, with regard to German deliveries of raw materials, especially coal, Keynes advocated that Germany for at book than ten years the amount of coal necessary for losses suffered by the France.

As such, the Commission on Coal, and Inter-Allied Commission of repairs War must then be placed under the control of the League of Nations.

These proposals represent as many critics of the system developed at Versailles, and fixing a lesser amount to hundreds of billion anticipated at the outset by the France among others. Finally we note the desire to place the resolution of this issue under the authority of the League of Nations, that is to say in an international and impartial in theory.

Keynes advocated the dissolution of the Commission and the integration of services essential to the management of German payments directly into the structure of the League. Finally, we reject any idea of payments from Austria.

Keynes in 1920 has positioned itself as a visionary in the history of the issue of Repairs will find its epilogue to both compromise solutions, but also by its absorption in 1929 by an international body, the BIS international. The economist also wrote in his book of criticism in few lines that sum up his thoughts:

"In the fall of 1919 during which we write we are in the decline of our destiny. The reaction of the efforts of the fear of suffering the past five years is at its peak. Our ability to feel and deal with issues that do not our immediate material well-being is temporarily eclipsed. The greatest events if they are beyond our direct reach, the most frightening prospects can move us. (...)

We were already upset beyond what we could bear and we need rest. Never, until now, the universal element had burned so confused in the human soul.

For these reasons the true voice of the new generation has not yet spoken. The opinion is silent yet formed. At the general creation we dedicate this book. "

The ideas of Keynes, written late 1919, caused a public outcry, including Peace in the book that the plenipotentiary André Tardieu published by Payot in 1920.

Note that these ideas were clear fingerprints of the realism of an economist, faced with the need to rebuild Europe. The repairs were impassable, because too overpriced, and the realism of Keynes end of 1919 prevailed from 1923, not only for Germany but also defeated Central European and Balkan.

His book finally shows that in 1919, Keynes was a "visionary" perfectly informed about the economic realities of this new Europe between the wars that was born, and by extension about this new world of high-born war.

Keynes denounced "the lack of realism" that prevailed in the economic regulation of Peace of Versailles. In this he is a significant element of the position of some Anglo-Saxon. If we found that Americans do not want too economically overwhelm Germany, the UK (including Lloyd George) adopted a very demanding position on reparations. Keynes found himself so isolated in its criticism in its transient passage of a little less than 6 months in the debates.

However, it was close to some American experts who, as we have seen, sought to promote conditions for a recovery in Europe.

We conclude this point by recalling his participation in certain meetings of the Council Four of which was his critical view would emerge.

The meeting of 28 March 1919 is significant. Indeed, this "conversation" involving Wilson, Clemenceau, Lloyd George, Orlando and Louis Klotz aimed to determine how they would pay in Germany. During this debate, Klotz proposed solution will be chosen by setting later by a Commission Specialized sum. Lloyd George suggested in turn that we establish what Germany must pay.

Note how Keynes's position differs from that during this session of French, and how Wilson and Lloyd George will rally first side the expert, while later they will choose the solution proposed by Klotz and Loucheur.

We find him at the meeting on 1 May 1919, when Lloyd George proposed that German property seized in the United States are included as assets for future repairs German, as well as the fleet entered the U.S. Navy. These points will selected, proof, perhaps, that the advice of this expert, who was a brief moment member of the Reparation Commission, were heard at least once.

The Treaty of Versailles foreshadowed the other, which would be signed during the two

years. However, they dragged the opposition, both from the defeated by Allies and their experts, weaves the backdrop of the stage on which the Reparation Commission would begin its work.

If we give ourselves to a brief analysis of the issue of historiographic repairs, it is clear that the British and American positions were divergent at first. The position of the United States by the voice of President Wilson, was that aid to rebuild Europe, without distinction of winning or defeated, and the establishment of moderate repairs, so as not to hinder the economic recovery. The British position, however, was more centered around requirements relating to reparations in kind, especially in view of the large tonnage lost by Great Britain during the war.

Later this position evolved to form a block "realistic" in repairs, consisting of the United States and Great Britain against the block of France Continuing with more or less force, over the majority of changes, requiring the minimum payment of German reparations.

This is the meaning of studies by George Henry Soutou and Jacques Bariety. These show in any event, on a timeline from 1919 to 1923, will indeed bring up these two blocks we have just mentioned.

The position of Keynes, who had shocked some of the views in 1919 became, over time, more than the voice of reason in terms of repairs: a evolution confirmed by historiography and analysis made by historians period.

### *A few last words ...*

The roots of the Keynesian position crises are indeed in what was his "debut" performed at the Peace Conference of 1920.

The keynésianisme is generally defined as follows: "either one of the most important economic theories. It means the doctrine developed by John Maynard Keynes, especially in the "General Theory of Employment, Interest and Money." Keynes defends the hypothesis that the application is the determining factor that explains the level of production and hence employment.

Main innovative concepts introduced by Keynes :

- The balance of under-employment (unemployment) for a given level of demand;
  - The absence of price adjustment between demand and job opportunities, preventing the reduction of unemployment;
  - A theory of money based on the preference for liquidity;
  - The concept of marginal efficiency of capital as an explanation of the investment, making the investment "issue" critical to saving;
- CE Law psychological that consumption increases more slowly than income.

These concepts have led to the macroeconomy, we can infer the possibility of interventionist economic policies of the State to avoid recession and curb runaway economy.

For Keynesians, there is a permanent trend and underemployment only state intervention can,

in certain circumstances, to fight against unemployment.

Opponents argue that Keynesianism is not to question the ability of markets to adjust bids to requests to explain unemployment and that they are subsidizing public policy, imposing price fixing or minimum wage, which penalize and impede hiring full employment.

Post Keynesians are less "intrusive" than the first generation of Keynesians. However, they are equally critical of the ability of market self-regulation. They are based on the fact that for the regularity of market imbalances and financial crises, thus showing the inability of markets to manage uncertainty when they are poorly managed.

Today, many streams and political parties claim to Keynesianism, but retaining only the idea of interventionism, while Keynes, himself a businessman, stressed the fundamental role of entrepreneurship private. "

Note therefore the news of this amazing economist in our world since 2008 is facing a new economic crisis, at both the justness of its analysis that the techniques he advocates to fight against the crisis.

Roosevelt and his New Deal in the 1930s to major anti-crisis plans of Barack Obama or the EU, the news and there to show the modernity of this great economist.

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