

Revolution was spreading, and the Kaiser abdicated on November 8th. The German negotiators received the Entente military terms and asked for an immediate ending of hostilities and of the economic blockade and a reduction in the Entente demand for machine guns from 30,000 to 25,000 on the grounds that the difference of 5,000 was needed to suppress the German Revolution. The last point was conceded, but the other two refused. The armistice was signed on November 11, 1918, at 5:00 a.m. to take effect at 11:00 a.m. It provided that the Germans must evacuate all occupied territory (including Alsace-Lorraine) within fourteen days, and the left bank of the Rhine plus three bridgeheads on the right bank within thirty-one days, that they surrender huge specified amounts of war equipment, trucks, locomotives, all submarines, the chief naval vessels, all prisoners of war, and captured merchant ships, as well as the Baltic fortresses, and all valuables and securities taken in occupied territory, including the Russian and Romanian gold reserves. The Germans were also required to renounce the treaties of Brest-Litovsk and of Bucharest, which they had imposed on Russia and on Romania, and to promise to repair the damage of occupied territories. This last point was of considerable importance, as the Germans had systematically looted or destroyed the areas they evacuated in the last few months of the war.

The negotiations with Wilson leading up to the Armistice of 1918 are of great significance, since they formed one of the chief factors in subsequent German resentment at the Treaty of Versailles. In these negotiations Wilson had clearly promised that the peace treaty with Germany would be negotiated and would be based on the Fourteen Points; as we shall see, the Treaty of Versailles was imposed without negotiation, and the Fourteen Points fared very poorly in its provisions. An additional factor connected with these events lies in the subsequent claim of the German militarists that the German Army was never defeated but was "stabbed in the back" by the home front through a combination of international Catholics, international Jews, and international Socialists. There is no merit whatever in these contentions. The German Army was clearly beaten in the field; the negotiations for an armistice were commenced by the civilian government at the insistence of the High Command, and the Treaty of Versailles itself was subsequently signed, rather than rejected, at the insistence of the same High Command in order to avoid a military occupation of Germany. By these tactics the German Army was able to escape the military occupation of Germany which they so dreaded. Although the last enemy forces did not leave German soil until 1931, no portions of Germany were occupied beyond those signified in the armistice itself (the Rhineland and the three bridgeheads on the right bank of the Rhine) except for a brief occupation of the Ruhr district in 1932.

Chapter 14—The Home Front, 1914-1918

The First World War was a catastrophe of such magnitude that, even today, the imagination has some difficulty grasping it. In the year 1916, in two battles (Verdun and the Somme) casualties of over 1,700,000 were suffered by both sides. In the artillery barrage which opened the French attack on Chemin des Dames in April 1917, 11,000,000 shells were fired on a 30-mile front in 10 days. Three months later, on an 11-mile front at Passchendaele, the British fired 4,250,000 shells costing £22,000,000 in a preliminary

barrage, and lost 400,000 men in the ensuing infantry assault. In the German attack of March 1918, 62 divisions with 4,500 heavy guns and 1,000 planes were hurled on a front only 45 miles wide. On all fronts in the whole war almost 13,000,000 men in the various armed forces died from wounds and disease. It has been estimated by the Carnegie Endowment for International Peace that the war destroyed over \$400,000,000,000 of property at a time when the value of every object in France and Belgium was not worth over \$75,000,000,000.

Obviously, expenditures of men and wealth at rates like these required a tremendous mobilization of resources throughout the world, and could not fail to have far-reaching effects on the patterns of thought and modes of action of people forced to undergo such a strain. Some states were destroyed or permanently crippled. There were profound modifications in finance, in economic life, in social relations, in intellectual outlook, and in emotional patterns. Nevertheless, two facts should be recognized. The war brought nothing really new into the world; rather it sped up processes of change which had been going on for a considerable period and would have continued anyway, with the result that changes which would have taken place over a period of thirty or even fifty years in peacetime were brought about in five years during the war. Also, the changes were much greater in objective facts and in the organization of society than they were in men's ideas of these facts or organization. It was as if the changes were too rapid for men's minds to accept them, or, what is more likely, that men, seeing the great changes which were occurring on all sides, recognized them, but assumed that they were merely temporary wartime aberrations, and that, when peace came, they would pass away and everyone could go back to the slow, pleasant world of 1913. This point of view, which dominated the thinking of the 1920's, was widespread and very dangerous. In their efforts to go back to 1913, men refused to recognize that the wartime changes were more or less permanent, and, instead of trying to solve the problems arising from these changes, set up a false facade of pretense, painted to look like 1913, to cover up the great changes which had taken place. Then, by acting as if this facade were reality, and by neglecting the maladjusted reality which was moving beneath it, the people of the 1920'S drifted in a hectic world of unreality until the world depression of 1929-1935, and the international crises which followed, tore away the facade and showed the horrible, long-neglected reality beneath it.

The magnitude of the war and the fact that it might last for more than six months were quite unexpected for both sides and were impressed upon them only gradually. It first became clear in regard to consumption of supplies, especially ammunition, and in the problem of how to pay for these supplies. In July 1914, the military men were confident that a decision would be reached in six months because their military plans and the examples of 1866 and 1870 indicated an immediate decision. This belief was supported by the financial experts who, while greatly underestimating the cost of fighting, were confident that the financial resources of all states would be exhausted in six months. By "financial resources" they meant the gold reserves of the various nations. These were clearly limited; all the Great Powers were on the gold standard under which bank notes and paper money could be converted into gold on demand. However, each country suspended the gold standard at the outbreak of war. This removed the automatic

limitation on the supply of paper money. Then each country proceeded to pay for the war by borrowing from the banks. The banks created the money which they lent by merely giving the government a deposit of any size against which the government could draw checks. The banks were no longer limited in the amount of credit they could create because they no longer had to pay out gold for checks on demand. Thus the creation of money in the form of credit by the banks was limited only by the demands of its borrowers. Naturally, as governments borrowed to pay for their needs, private businesses borrowed in order to be able to fill the government's orders. The gold which could no longer be demanded merely rested in the vaults, except where some of it was exported to pay for supplies from neutral countries or from fellow belligerents. As a result, the percentage of outstanding bank notes covered by gold reserves steadily fell, and the percentage of bank credit covered by either gold or bank notes fell even further.

Naturally, when the supply of money was increased in this fashion faster than the supply of goods, prices rose because a larger supply of money was competing for a smaller supply of goods. This effect was made worse by the fact that the supply of goods tended to be reduced by wartime destruction. People received money for making capital goods, consumers' goods, and munitions, but they could spend their money only to buy consumers' goods, since capital goods and munitions were not offered for sale. Since governments tried to reduce the supply of consumers' goods while increasing the supply of the other two products, the problem of rising prices (inflation) became acute. At the same time the problem of public debt became steadily worse because governments were financing such a large part of their activities by bank credit. These two problems, inflation and public debt, continued to grow, even after the fighting stopped, because of the continued disruption of economic life and the need to pay for past activities. Only in the period 1920-1925 did these two stop increasing in most countries, and they remained problems long after that.

Inflation indicates not only an increase in the prices of goods but also a decrease in the value of money (since it will buy less goods). Accordingly, people in an inflation seek to get goods and to get rid of money. Thus inflation increases production and purchases for consumption or hoarding, but it reduces saving or creation of capital. It benefits debtors (by making a fixed-money debt less of a burden) but injures creditors (by reducing the value of their savings and credits). Since the middle classes of European society, with their bank savings, checking deposits, mortgages, insurance, and bond holdings, were the creditor class, they were injured and even ruined by the wartime inflation. In Germany, Poland, Hungary, and Russia, where the inflation went so far that the monetary unit became completely valueless by 1924, the middle classes were largely destroyed, and their members were driven to desperation or at least to an almost psychopathic hatred of the form of government or the social class that they believed to be responsible for their plight. Since the last stages of inflation which dealt the fatal blow to the middle classes occurred after the war rather than during it (in 1923 in Germany), this hatred was directed against the parliamentary governments which were functioning after 1918 rather than against the monarchical governments which functioned in 1914-1918. In France and Italy, where the inflation went so far that the franc or lire was reduced permanently to one-fifth of its prewar value, the hatred of the injured middle classes was directed against

the parliamentary regime which had functioned both during and after the war and against the working class which they felt had profited by their misfortunes. These things were not true in Britain or the United States, where the inflation was brought under control and the monetary unit restored to most of its prewar value. Even in these countries, prices rose by 200 to 300 percent, while public debts rose about 1,000 percent.

The economic effects of the war were more complicated. Resources of all kinds, including land, labor, and raw materials, had to be diverted from peacetime purposes to wartime production; or, in some cases, resources previously not used at all had to be brought into the productive system. Before the war, the allotment of resources to production had been made by the automatic processes of the price system; labor and raw materials going, for example, to manufacture those goods which were most profitable rather than to those goods which were most serviceable or socially beneficial, or in best taste. In wartime, however, governments had to have certain specific goods for military purposes; they tried to get these goods produced by making them more profitable than nonmilitary goods using the same resources, but they were not always successful. The excess of purchasing power in the hands of consumers caused a great rise in demand for goods of a semi-luxury nature, like white cotton shirts for laborers. This frequently made it more profitable for manufacturers to use cotton for making shirts to sell at high prices than to use it to make explosives.

Situations such as these made it necessary for governments to intervene directly in the economic process to secure those results which could not be obtained by the free price system or to reduce those evil effects which emerged from wartime disruption. They appealed to the patriotism of manufacturers to make things that were needed rather than things which were profitable, or to the patriotism of consumers to put their money into government bonds rather than into goods in short supply. They began to build government-owned plants for war production, either using them for such purposes themselves or leasing them out to private manufacturers at attractive terms. They began to ration consumers' goods which were in short supply, like articles of food. They began to monopolize essential raw materials and allot them to manufacturers who had war contracts rather than allow them to flow where prices were highest. The materials so treated were generally fuels, steel, rubber, copper, wool, cotton, nitrates, and such, although they varied from country to country, depending upon the supply. Governments began to regulate imports and exports in order to ensure that necessary materials stayed in the country and, above all, did not go to enemy states. This led to the British blockade of Europe, the rationing of exports to neutrals, and complicated negotiations to see that goods in neutral countries were not re-exported to enemy countries. Bribery, bargaining, and even force came into these negotiations, as when the British set quotas on the imports of Holland based on the figures for prewar years or cut down necessary shipments of British coal to Sweden until they obtained the concessions they wished regarding sales of Swedish goods to Germany. Shipping and railroad transportation had to be taken over almost completely in most countries in order to ensure that the inadequate space for cargo and freight would be used as effectively as possible, that loading and unloading would be speeded up, and that goods essential to the war effort would be shipped earlier and faster than less essential goods. Labor had to be regulated and directed into essential activities.

The rapid rise in prices led to demands for raises in wages. This led to a growth and strengthening of labor unions and increasing threats of strikes. There was no guarantee that the wages of essential workers would go up faster than the wages of nonessential workers. Certainly the wages of soldiers, who were the most essential of all, went up very little. Thus there was no guarantee that labor, if left solely to the influence of wage levels, as was usual before 1914, would flow to the occupations where it was most urgently needed. Accordingly, the governments began to intervene in labor problems, seeking to avoid strikes but also to direct the flow of labor to more essential activities. There were general registrations of men in most countries, at first as part of the draft of men for military service, but later to control services in essential activities. Generally, the right to leave an essential job was restricted, and eventually people were directed into essential jobs from nonessential activities. The high wages and shortage of labor brought into the labor market many persons who would not have been in it in peacetime, such as old persons, youths, clergy, and, above all, women. This flow of women from homes into factories or other services had the most profound effects on social life and modes of living, revolutionizing the relations of the sexes, bringing women up to a level of social, legal, and political equality closer than previously to that of men, obtaining for them the right to vote in some countries, the right to own or dispose of property in other more backward ones, changing the appearance and costume of women by such innovations as shorter skirts, shorter hair, less frills, and generally a drastic reduction in the amount of clothing they wore.

Because of the large number of enterprises involved and the small size of many of them, direct regulation by the government was less likely in the field of agriculture. Here conditions were generally more competitive than in industry, with the result that farm prices had shown a growing tendency to fluctuate more widely than industrial prices. This continued during the war, as agricultural regulation was left more completely to the influence of price changes than other parts of the economy. As farm prices soared, farmers became more prosperous than they had been in decades, and sought madly to increase their share of the rain of money by bringing larger and larger amounts of land under cultivation. This was not possible in Europe because of the lack of men, equipment, and fertilizers; but in Canada, the United States, Australia, and South America land was brought under the plow which, because of lack of rainfall or its inaccessibility to peacetime markets, should never have been brought under cultivation. In Canada the increase in wheat acreage was from 9.9 million in the years 1909-1913 to 22.1 million in the years 1921-25. In the United States the increase in wheat acreage was from 47.0 million to 58.1 million in the same period. Canada increased her share of the world's wheat crop from 14 percent to 39 percent in this decade. Farmers went into debt to obtain these lands, and by 1920 were buried under a mountain of mortgages which would have been considered unbearable before 1914 but which in the boom of wartime prosperity and high prices was hardly given a second thought.

In Europe such expansion of acreage was not possible, although grasslands were plowed up in Britain and some other countries. In Europe as a whole, acreage under cultivation declined, by 15 percent for cereals in 1913-1919. Livestock numbers were also reduced (swine by 22 percent and cattle by 7 percent in 1913-1920). Woodlands

were cut for fuel when importation of coal was stopped from England, Germany, or Poland. Since most of Europe was cut off from Chile, which had been the chief prewar source of nitrates, or from North Africa and Germany, which had produced much of the prewar supply of phosphates, the use of these and other fertilizers was reduced. This resulted in an exhaustion of the soil so great that in some countries, like Germany, the soil had not recovered its fertility by 1930. When the German chemist Haber discovered a method for extracting nitrogen from the air which made it possible for his country to survive the cutting off of Chilean nitrates, the new supply was used almost entirely to produce explosives, with little left over for fertilizers. The declining fertility of the soil and the fact that new lands of lesser natural fertility were brought under cultivation led to drastic declines in agricultural output per acre (in cereals about 15 percent in 1914-1919).

These adverse influences were most evident in Germany, where the number of hogs fell from 25.3 million in 1914 to 5.7 million in 1918; the average weight of slaughtered cattle fell from 250 kilos in 1913 to 130 in 1918; the acreage in sugar beets fell from 592,843 hectares in 1914 to 366,505 in 1919, while the yield of sugar beets per hectare fell from 31,800 kilos in 1914 to 16,350 kilos in 1920. German's prewar imports of about 6 ½ million tons of cereals each year ceased, and her home production of these fell by 3 million tons per year. Her prewar imports of over 2 million tons of oil concentrates and other feed for farm animals stopped. The results of the blockade were devastating. Continued for nine months after the armistice, it caused the deaths of 800,000 persons, according to Max Sering. In addition, reparations took about 108,000 horses, 205,000 cattle, 426,000 sheep, and 240,000 fowl.

More damaging than the reduction in the number of farm animals (which was made up in six or seven years), or the drain on the fertility of the soil (which could be made up in twelve or fifteen years), was the disruption of Europe's integration of agricultural production (which was never made up). The blockade of the Central Powers tore the heart out of the prewar integration. When the war ended, it was impossible to replace this, because there were many new political boundaries; these boundaries were marked by constantly rising tariff restrictions, and the non-European world had increased both its agricultural and industrial output to a point where it was much less dependent on Europe.

The heavy casualties, the growing shortages, the slow decline in quality of goods, and the gradual growth of the use of substitutes, as well as the constantly increasing pressure of governments on the activities of their citizens—all these placed a great strain on the morale of the various European peoples. The importance of this question was just as great in the autocratic and semi-democratic countries as it was in the ones with fully democratic and parliamentary regimes. The latter did not generally permit any general elections during the war, but both types required the full support of their peoples in order to maintain their battle lines and economic activities at full effectiveness. At the beginning, the fever of patriotism and national enthusiasm was so great that this was no problem. Ancient and deadly political rivals clasped hands, or even sat in the same Cabinet, and pledged a united front to the enemy of their fatherland. But disillusionment was quick, and appeared as early as the winter of 1914. This change was parallel to the growth of the realization that the war was to be a long one and not the lightning stroke of

a single campaign and a single battle which all had expected. The inadequacies of the preparations to deal with the heavy casualties or to provide munitions for the needs of modern war, as well as the shortage or disruption of the supply of civilian goods, led to public agitation. Committees were formed, but proved relatively ineffective, and in most activities in most countries were replaced by single-headed agencies equipped with extensive controls. The use of voluntary or semi-voluntary methods of control generally vanished with the committees and were replaced by compulsion, however covert. In governments as well as in a somewhat similar shifting of personnel took place until each Cabinet came to be dominated by a single man, endowed with greater energy, or a greater willingness to make quick decisions on scanty information than his fellows. In this way Lloyd George replaced Asquith in England; Clemenceau replaced a series of lesser leaders in France; Wilson strengthened his control on his own government in the United States; and, in a distinctly German way, Ludendorff came to dominate the government of his country. In order to build up the morale of their own peoples and to lower that of their enemies, countries engaged in a variety of activities designed to regulate the flow of information to these peoples. This involved censorship, propaganda, and curtailment of civil liberties. These were established in all countries, without a hitch in the Central Powers and Russia where there were long traditions of extensive police authority, but no less effectively in France and Britain. In France a State of Siege was proclaimed on August 2, 1914. This gave the government the right to rule by decree, established censorship, and placed the police under military control. In general, French censorship was not so severe as the German nor so skillful as the British, while their propaganda was far better than the German but could not compare with the British. The complexities of French political life and the slow movement of its bureaucracy allowed all kinds of delays and evasions of control, especially by influential persons. When Clemenceau was in opposition to the government in the early days of the war, his paper, *L'homme libre*, was suspended; he continued to publish it with impunity under the name *L'homme enchaîné*. The British censorship was established on August 5, 1914, and at once intercepted all cables and private mail which it could reach, including that of neutral countries. These at once became an important source of military and economic intelligence. A Defence of the Realm Act (familarly known as DORA) was passed giving the government the power to censor all information. A Press Censorship Committee was set up in 1914 and was replaced by the Press Bureau under Frederick E. Smith (later Lord Birkenhead) in 1916. Established in Crewe House, it was able to control all news printed in the press, acting as the direct agent of the Admiralty and War Offices. The censorship of printed books was fairly lenient, and was much more so for books to be read in England than for books for export, with the result that "best sellers" in England were unknown in America. Parallel with the censorship was the War Propaganda Bureau under Sir Charles Masterman, which had an American Bureau of Information under Sir Gilbert Parker at Wellington House. This last agency was able to control almost all information going to the American press, and by 1916 was acting as an international news service itself, distributing European news to about 35 American papers which had no foreign reporters of their own.

The Censorship and the Propaganda bureaus worked together in Britain as well as elsewhere. The former concealed all stories of Entente violations of the laws of war or of

the rules of humanity, and reports on their own military mistakes or their own war plans and less altruistic war aims, while the Propaganda Bureau widely publicized the violations and crudities of the Central Powers, their prewar schemes for mobilization, and their agreements regarding war aims. The German violation of Belgian neutrality was constantly bewailed, while nothing was said of the Entente violation of Greek neutrality. A great deal was made of the Austrian ultimatum to Serbia, while the Russian mobilization which had precipitated the war was hardly mentioned. In the Central Powers a great deal was made of the Entente "encirclement," while nothing was said of the Kaiser's demands for "a place in the sun" or the High Command's refusal to renounce annexation of any part of Belgium. In general, manufacture or outright lies by propaganda agencies was infrequent, and the desired picture of the enemy was built up by a process of selection and distortion of evidence until, by 1918, many in the West regarded the Germans as bloodthirsty and sadistic militarists, while the Germans regarded the Russians as "subhuman monsters." A great deal was made, especially by the British, of "atrocities" propaganda; stories of German mutilation of bodies, violation of women, cutting off of children's hands, desecration of churches and shrines, and crucifixions of Belgians were widely believed in the West by 1916. Lord Bryce headed a committee which produced a volume of such stories in 1915, and it is quite evident that this well-educated man, "the greatest English authority on the United States," was completely taken in by his own stories. Here, again, outright manufacture of falsehoods was infrequent, although General Henry Charteris in 1917 created a story that the Germans were cooking human bodies to extract glycerine, and produced pictures to prove it. Again, photographs of mutilated bodies in a Russian anti-Semitic outrage in 1905 were circulated as pictures of Belgians in 1915. There were several reasons for the use of such atrocity stories: (a) to build up the fighting spirit of the mass army; (b) to stiffen civilian morale; (c) to encourage enlistments, especially in England, where volunteers were used for one and a half years; (d) to increase subscriptions for war bonds; (e) to justify one's own breaches of international law or the customs of war; (f) to destroy the chances of negotiating peace (as in December 1916) or to justify a severe final peace (as Germany did in respect to Brest-Litovsk); and (g) to win the support of neutrals. On the whole, the relative innocence and credulity of the average person, who was not yet immunized to propaganda assaults through mediums of mass communication in 1914, made the use of such stories relatively effective. But the discovery, in the period after 1919, that they had been hoaxed gave rise to a skepticism toward all government communications which was especially noticeable in the Second World War.

Part Six—The Versailles System and the Return to Normalcy: 1919-1929

Chapter 15—The Peace Settlements, 1919-1923

The First World War was ended by dozens of treaties signed in the period 1919-1923. Of these, the five chief documents were the five treaties of peace with the defeated Powers, named from the sites in the neighborhood of Paris where they were signed. These were:

Treaty of Versailles with Germany, June 28, 1919