

THE TREATY OF VERSAILLES AND ITS CONSEQUENCES



The Signing of the Treaty of Versailles

Unit Overview

The leaders of the victorious nations arrived at the Palace of Versailles to design a plan that would officially end World War I. The conflicting ambitions of the major powers made a just settlement an impossible task. However, Europe did experience a recovery in the decade following the war, but its nations also became dependent on loans from the United States. The collapse of the American stock market and its aftershocks changed the course of twentieth century history. Let's see how it all happened.

STOP: Answer Section A Questions

The Challenges and the Expectations

Once the armistice was signed, the nations involved in World War I began to assess the damages and the cost of rebuilding. Since most of the fighting had taken place on the European continent, factories, homes and farms had been destroyed. Any hope of a quick recovery was further diminished by the lack of international trade and severely limited production. Every country had used their economic power to further the war effort, and the cost of supporting the military exceeded all pre-war estimates. The German answer to this problem was simply to print more money. This resulted in spiraling **inflation** which devalued salaries and savings. The success of Great Britain's naval blockade reduced food supplies in Germany to the point where large numbers of citizens actually starved to death. After the abdication of Kaiser Wilhelm II, Germany became a republic, but the new government soon found the problems to be overwhelming. As the war ended, Europe also experienced a major health crisis. A **pandemic**, known as **Spanish Influenza**, caused the deaths of over twenty-two million people including forty percent of the population of Spain.



American Nurses Caring for Spanish Flu Victims

As the focus turned to the creation of a peaceful settlement, every country had its own agenda. Ethnic groups within former empires looked forward to having their own nations, and Europe's colonial populations anticipated greater rights in exchange for fighting for their rulers. No one knew what to expect from the new Communist government in Russia. The war had also done little to decrease the bitterness and hatred among the nations of Europe. The Germans were hoping for

fair treatment since they had agreed to a cease-fire, and the French planned to make the enemy pay. The British knew the value of trade with Germany but thought that the enemy needed to be punished. How could all of these conflicting views be accommodated in a peaceful settlement? Almost everyone believed that the President of the United States had a workable plan.

The Headlines Following World War I	
1918	Armistice Ends World War I
1918	Pandemic Strikes Europe
1919	Versailles Treaty Blames Germany for War
1920	First Meeting of the League of Nations
1920	U.S. Will Not Join League
1921	U.S. Sets Immigration Policy
1921	France Occupies the Ruhr Valley
1922	Red Army Victorious in Russian Civil War
1924	Dawes Plan Aids German Economy
1925	Locarno Pact Eases Tension in Europe
1926	Germany Enters League of Nations
1928	Nations Sign Kellogg-Briand Pact
1929	Millions Lost in U.S. Stock Market Crash

STOP: Answer Section B Questions

A Man with a Plan

As American troops arrived in Europe to fight for the Allied cause, President **Woodrow Wilson** drew up a plan for peace with a series of proposals called the **Fourteen Points**. He encouraged free trade, smaller armies, open agreements between nations and the formation of an international organization to resolve world problems called the **League of Nations** in which member countries pledged to come to the aid of any member that was threatened. Wilson's other ideas for a lasting peace centered on **self-determinism**. This concept stressed that people should choose their own national governments through free elections and should live within clearly defined borders. However, President Wilson firmly believed the most essential element within his program was the League of Nations.

In January of 1919, world leaders arrived at the **Palace of Versailles** to begin working on a series of treaties. Known as the **Peace of Paris**, they would officially mark the end of World War I. Woodrow Wilson's arrival was greeted with optimism and enthusiasm since most Europeans believed his presence would

assure a fair and just settlement. However, each participating country defined a fair and just settlement according to its own expectations. As a result, Wilson faced an impossible task. The Russians were not invited to attend, and the defeated nations were not permitted to participate in any discussions on the issues. Most of the decisions were made by the men who became known as the **Big Three**: **David Lloyd George** of Great Britain, **Georges Clemenceau** of France and Woodrow Wilson of the United States. The Prime Minister of Italy, **Vittorio Orlando**, expected to be treated as an equal in the proceedings but was excluded on most major determinations. However, Wilson's plan for the League of Nations forced him to compromise with the British and French leaders on many other provisions of the treaties.



The Paris Peace Conference resulted in five separate agreements with the nations that made up the Central Powers. For Germany, the terms were harsh and severe. The **Alsace and Lorraine**, two provinces taken by Germany in 1871, were returned to France. France also won the right to work the German mines of the **Saar Valley** for the next fifteen years. A large strip of German land including the seaport city of **Danzig** became part of Poland and was known as the **Polish Corridor**. German holdings in Asia and Africa were to be administered as **mandates** (territories governed by members of the League of Nations until they were considered ready for independence) by Japan, France and Great Britain. Germany was no longer permitted to manufacture weapons of war, and the size of the army was strictly limited. The treaty denied Germany the right to place troops in a strip of land along the French border known as the **Rhineland**. The Treaty of Versailles also named Germany as the guilty party in World War I. Therefore, the

defeated nation had to pay **reparations**, or money used to compensate for the cost of the war to the Allies. As a result, Germany was ordered to pay \$31 billion dollars over the course of thirty years.

The treaties with the other nations of the Central Powers created many new nations out of old empires. Pieces of the former Ottoman Empire were used to form the mandates of Palestine, Iraq and Transjordan under the direction of Great Britain as well as Syria and Lebanon under the direction of France. Peace agreements with Bulgaria and Austria-Hungary affected the borders of Czechoslovakia, Yugoslavia and Romania. For the Italians, the conference had been a humiliating experience. Great Britain and France had promised them certain territories in exchange for their participation in the war, and these agreements were not honored. A treaty with the Russians granted large sections of their territory to Poland and Romania in an effort to protect Europe from the new, unpredictable Communist government. This further deepened the distrust between Russia's new leadership and the West. Of course, many of these provisions were contrary to Wilson's policy of self-determinism since more attention was paid to drawing the map than to listening to the people involved. Yet, the American President insisted that the benefits of establishing the League of Nations outweighed these concerns.



STOP: Answer Section C Questions

Reaction to the Treaty of Versailles

The Treaty of Versailles did little to construct a lasting peace. Average Germans saw the settlement as humiliating and deeply resented the fact that their nation was branded as the guilty party in the war. They blamed the **Weimar Republic**, the nation's new government, for these harsh terms rather than the regime of Wilhelm II. Germany believed that the treaty should be renounced or, at the very least, revised as quickly as possible. Due to the fact that much of the war had been fought on French soil, France favored a strict enforcement of the Treaty of Versailles. The French counted on the money from reparation payments to repair and rebuild their country. Great Britain, on the other hand, saw the benefit to a prosperous, revitalized German state. Before the war, their trading partnership had served the best interests of both countries, and the British believed German progress was essential to their own economic recovery.

The Germans made their first installment on the reparation debt in 1921, but they were unable to fulfill this obligation in 1922. Germany asked that their payments be suspended for a period of three years. The British were willing to accept this suggestion, but the French refused. In 1923, France moved troops into the **Ruhr Valley**, a major German industrial center, with the intent of seizing the region's coal, iron and steel production as payment for the war debt. The German government ordered the laborers to stop working. France then sent 40,000 African colonial troops to secure the territory and attempted to use the racial prejudice of the times to intimidate the Germans. With a major portion of their industrial capacity idled, the German treasury again printed more money. Prices rapidly increased, and buying simple necessities required an enormous amount of marks, the basic unit of German paper currency. As people lost their incomes and savings, the German population blamed their government, other nations, big business and Jewish merchants for their misfortunes. Eventually, France and Germany realized that only compromise and cooperation could resolve this issue.



French Troops Entering the Ruhr Valley

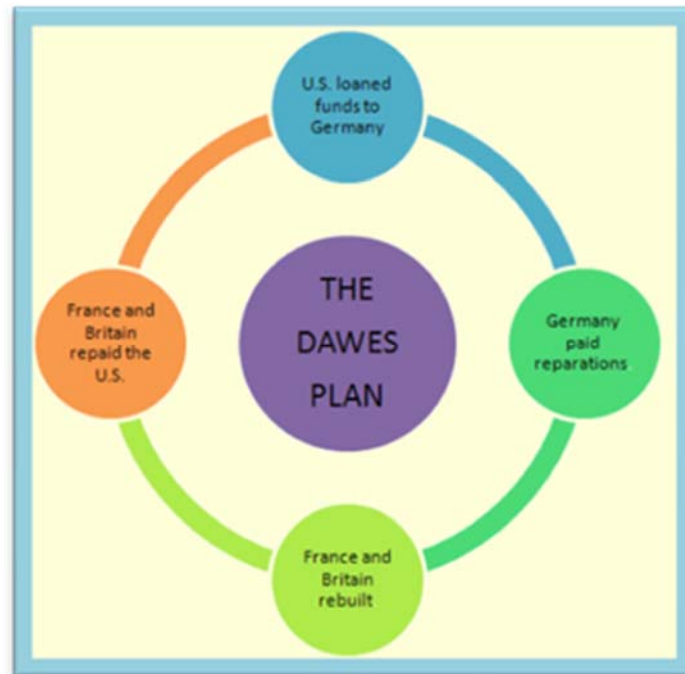
On the opposite side of the Atlantic, Americans also questioned the Peace of Paris. The most controversial aspect of the settlement in the United States was the League of Nations. Members of the Senate expressed concern that membership in the League might cause American soldiers to be ordered into battle without Congressional consent. After an intense debate, the United States refused to join the League of Nations and did not ratify the Treaty of Versailles. Finally, the nation concluded the war by making a separate peace treaty with Germany. This was a serious blow to President Wilson, who had been determined to establish the organization at all cost. Americans preferred to follow a policy of **isolationism** and tried to remain detached from European affairs. The United States also limited immigration with the establishment of quotas in 1921. However, the global nature of twentieth century business kept America tied to events in Europe.

STOP: Answer Section D Questions

A New Spirit of Cooperation

As both countries elected more moderate leaders, Germany and France adopted a new spirit of cooperation. Great Britain and the United States believed this was in their best interest as well and initiated a plan to restructure reparation payments in 1924. The **Dawes Plan**, named for the American financial expert Charles G.

Dawes, enabled Germany to receive private loans from the United States. Then, Germany made reparation payments to Britain and France. These nations, in turn, repaid some of the large sums of money that they had borrowed from the United States during the war. As a result of American investments, Germany made a remarkable recovery along with most of Europe, but this success was totally dependent upon a healthy American economy.



As the country's economic status improved, Germany took a more active role in European affairs. **Gustav Stresemann** of Germany and **Aristide Briand** of France met in the Swiss city of Locarno with representatives from Belgium, Italy and Great Britain. The meeting produced the **Locarno Pact**, a treaty in which France and Germany promised never to wage war against each other again. When Germany also agreed not to violate the borders of France and Belgium, the League of Nations decided to admit Germany as a member. In 1928, almost every country in the world, including the Soviet Union, signed the **Kellogg-Briand Pact**. The participating nations pledged to avoid military conflict and to rely on diplomacy to settle disputes. Although these arrangements looked impressive on paper, none of the documents provided any means of enforcing their provisions. Since the League of Nations had no military forces of its own, it was not able to discipline the nations that chose to ignore their commitments. In spite of these drawbacks, the

economic boom inspired confidence in the future until the key element, America's seemingly endless prosperity, faltered.



Postcard of the New York Stock Exchange: 1909

STOP: Answer Section E Questions

The Crash of the American Stock Market

By 1929, the **American Stock Exchange** in New York had become the world's financial focal point. Stock prices had increased continuously from 1924 to the autumn of 1929, and investors operated on the assumption that the upward spiral would continue forever. On October 24, orders to sell flooded the floor of the Stock Exchange, and a panic-stricken crowd gathered along Wall Street. Rumors of suicides and business failures quickly spread. In the days following **Black Thursday**, stock prices declined even further. Industrial production dropped, unemployment rose and wages fell. A long period of economic downturn, the **Great Depression**, had begun.

Soon the crisis in the United States caused American bankers to request payment on the loans that they had made to European nations. This turned the Great Depression into a world-wide event. It proved especially troubling for Germany and Austria. The failure of a major Austrian bank undermined public confidence throughout the European continent as industrial production fell and unemployment rose. Between 1929 and 1932, international trade fell a startling sixty-five percent. In spite of these hardships, the United States, Great Britain and France continued to

have faith in the democratic process and functioned as republics. However, other countries, such as Italy, Germany and Japan, turned to autocratic leaders to revive the economy and to restore national pride.



Headline from the New York Times

STOP: Answer Section F Questions

What Does It All Mean?

The treaties that comprised the Peace of Paris established the conditions for the events that took place during the remainder of the twentieth century. The settlement resulted in embittered nations that turned to dictatorships to solve their economic, political and social problems. Other countries chose to ignore the expansion of these powers and followed a policy of appeasement in order to avoid further conflict. The unpunished massacre of large numbers of Armenians within the Ottoman Empire established a precedent on which the Nazis based their treatment of Europe's Jewish population. Asians and Africans, who had contributed to the war effort, were also disappointed. They emerged from the peace process with less respect for their foreign rulers and with determination to achieve self-government. In short, the consequences of the unsettling settlement of World War I would have long-term global implications.



Additional Resources and Activities

[Unit 14: Main Points](#)

[Unit 14: After World War I, Nations Were Changed Forever](#)

[Unit 14: League of Nations](#)