A Bit of Chaos

Margaret MacMillan

- *The Deluge: The Great War and the Remaking of Global Order* by Adam Tooze
  Allen Lane, 672 pp, £30.00, May 2014, ISBN 978 1 84614 034 1

A common and still widely accepted story of the origin of the Second World War is that it was the direct result of what happened in 1919 at the end of the Great War. The French were recklessly vengeful towards the defeated, the British callously indifferent to what was happening on the Continent, and the Americans smugly isolationist. The Allies made Germany sign a humiliating treaty and forced it to pay exorbitant reparations, enabling the rise of the Nazis to power. In this version the 1920s were merely the interlude before the consequences of a deeply flawed and wicked peace came home to roost. It is much too simple an explanation of course – apart from anything else what was everyone doing in those years? – and fails to take into account both the very real difficulties which faced the peacemakers in a world turned upside down by the Great War and the very real promise of the 1920s that the world would recover and build a stable international order.

Zara Steiner, among others, has obliged us to look again at that decade and treat it on its own terms as a time of achievement and hope. The world did eventually recover economically from the war and by the late 1920s production in most European countries had reached prewar levels. True, the US had failed to join the League of Nations, which Woodrow Wilson had nearly killed himself trying to create, but Americans were at its headquarters in Geneva as observers and the US worked with the European powers throughout the 1920s towards the objectives of the League.

In a sign of how wartime passions were fading, Germany applied for membership of the League and was accepted. Even Russia, by now the Soviet Union, which had at first defiantly made itself an outlaw state dedicated to promoting world revolution, appeared to be settling down and behaving much like any other power, signing trade agreements and treaties and exchanging ambassadors. In the east a liberal Japan was still following the path of constitutional government and international co-operation, while China looked as though it might finally get an effective national government in the form of the Kuomintang.

Of course the world of the 1920s was not completely happy and serene. The nationalist passions and hatreds stirred by the Great War hadn't gone away, nor had the resentments created by a peace that couldn't satisfy everyone. The Italians had suffered much and, from their point of view, gained little in what they called the 'mutilated

peace'. Many Germans, especially on the right, hadn't accepted the fact of Germany's defeat and believed that the Treaty of Versailles was neither legitimate nor fair. The French knew what victory had cost them and feared a resurgent Germany with its higher birthrate and stronger economy. The new ethnically based states in Central Europe had fallen to quarrelling with one another as soon as they came into existence. Further afield, nationalist movements were challenging the Western empires. Crucially, the economic revival rested on increasingly shaky foundations, such as cheap short-term credit from American lenders, while in the US itself and across Europe stock exchanges were seeing a frenzy of activity which often bore no relationship to the underlying value of the companies being traded. With the Great Depression, time ran out.

Zara Steiner has aptly described the years from 1929 to 1933 as 'the hinge', when too many people around the world gave up on capitalism and democratic institutions and put their faith in the solutions being peddled on the right by the varieties of fascists and on the left by the communists. It is possible even so to imagine that earlier and more forceful government intervention and international co-ordination at the start of the Great Depression might have mitigated the worst of its effects. Accident and human folly played their role: Hitler was invited to become chancellor by conservative political leaders who thought that they could use him and his movement.

In *The Deluge*, Adam Tooze, an economic historian who in 2006 published a wonderful study of the Nazi economy, has set himself the immense task of explaining what went wrong. He also wants to show the intimate relationship between domestic and foreign policies, arguing, for example, that the punitive peace of Brest-Litovsk that Germany imposed on revolutionary Russia in 1918 was as much about a struggle over the future of Germany as it was an attempt to secure peace and resources in the east. The result is a highly original, provocative and at times tendentious book which will make us think again about the Great War and the subsequent peace as well as the perennial question of how to establish a durable and fair international order.

Forcefully and with a wealth of evidence Tooze argues that most previous historians have failed to understand the salient features of the period between 1914 and 1932. They have failed in particular to grasp the unprecedented challenge posed by the enormous power of the US. He also challenges conventional wisdom on the role of Britain and France, particularly in the postwar years. He sees Britain as short-sighted if not negligent in failing to understand the need for a world based on economic integration and effective security guarantees. French statesmen were more prescient and tried repeatedly to build a workable and peaceful international order – but neither Britain nor the US was

prepared to lend their support. It's hard not to wonder what might have happened had the three wartime partners stood together to contain first Mussolini, and then Hitler.

Tooze treats World War One itself as a crucial part of the story, pointing out that decisions and developments taken in its course shaped the postwar world and narrowed its leaders' options. From 1915 onwards the US was bankrolling the Franco-British war effort, a fact that, in Tooze's view, only fed American exceptionalism and the ambition of the US to redesign the world in its own image and then to dominate it. He quotes Keynes's view of 1917 that the Wilson administration welcomed the chance to reduce Britain to 'complete financial helplessness and dependence'. It would have been interesting to have more on those Americans – Theodore Roosevelt and Henry Cabot Lodge, for example – who didn't share that view but envisioned a postwar world in which the allies formed a genuine partnership.

With Wilson's US hellbent on domination, the Allies, according to Tooze, missed the opportunity to end the war on their own terms. If, he says, Britain and France had chosen something less than total victory over Germany and the other Central Powers, they would have ended up less dependent on American finance, materials and manpower. Should the Allies have tried to fight a different sort of war, or offered negotiations with reasonable terms to the Central Powers? That of course would have depended on the willingness of the Allied citizenry to settle for less than total victory after so much loss and sacrifice as well as willingness on the part of Germany in particular to come to the table. Unfortunately Tooze never spells out the circumstances that would have allowed for a different approach by the Allies.

The entry of the US into the war in the spring of 1917 had the effect of energising the Allies and demoralising the Central Powers, who saw a wave of fresh new American soldiers surging towards them. Tooze discerns a gap between the pretensions of the US to leadership and its actual contribution to victory. Carefully describing itself as an 'associated power' rather than ally, it was 'profoundly unco-operative' both on the battlefield and in the management of the war. When Lloyd George pre-empted Wilson's Fourteen Points speech with one of his own, in which he sketched out a democratic peace based on a British Empire miraculously transformed into a commonwealth of nations, Wilson's nose was put out of joint and the mood in the White House was said to be 'depressed'.

Nevertheless the US emerged in a very strong position when the end of the war finally came. Wilson, without properly consulting his allies, dictated the nature and content of the armistice negotiations with Germany, creating resentment on the part of the Allies

and a misapprehension in Germany that somehow it wouldn't have to suffer for having lost the war. Indeed many Germans were soon to persuade themselves that they hadn't been defeated at all. The legitimacy of any peace settlement was thus undermined from the start.

In the battered and war-torn world that emerged after 1918, it was possible, perhaps for the first time in history, to talk of truly global international relations, in which events in one part of the world affected and were affected by events elsewhere. The powers, in Stanley Hoffmann's memorable image, were locked together like a chain-gang but one in which some links were much stronger than others, while all were at widely differing stages of development. Like unfortunate convicts they were condemned to stumble and strain against one another. Adding to the instability of the system, in Tooze's opinion, was the tension between Western imperialism, which he sees as a dynamic and radical force, shattering old structures and values, and conservative forces represented – and this is certainly not the conventional wisdom – by the US.

*

It was the strongest player of all and a power of a different order from any other. As a Foreign Office report glumly put it in 1928, the US was 'a phenomenon for which there is no parallel in our modern history – a state 25 times as large, five times as wealthy, three times as populous, twice as ambitious, almost invulnerable, and at least our equal in prosperity, vital energy, technical equipment and industrial science'. The challenge posed by the US was recognised by three very different figures, Churchill, Trotsky and Hitler. Where the first hoped to secure the British Empire by co-operating with the new 'phenomenon', the second dreamed of subverting it and the third of somehow escaping its magnetic pull. Tooze argues that the US itself added to the tensions of the interwar years by acting in ways that undermined – or even destroyed – the possibility of an effective and lasting peace based on a new economic order and collective security.

Somewhat inconsistently, for a historian who argues that we must understand the great impersonal forces if we are to understand history, Tooze singles out individuals for blame, in particular Wilson, president from 1912 to 1920, whom he calls 'an exponent of turn-of-the-century high nationalism, bent on asserting America's exceptional claim to pre-eminence on a global scale'. He also holds him responsible for much that went wrong in the world both during and after the war. To argue, as Tooze does, that Wilson effectively strangled democracy in China in 1917 by refusing to make a public statement of support for the new parliamentary regime is surely to underestimate the chaos left by the collapse of the old order and overestimate the strength of democratic or liberal forces

in China, as well as the ability of the US or anyone else to influence what was happening there.

An even bigger failure, according to Tooze, came with Wilson's policy towards Russia and Germany in the same year, when the democratic forces in both countries might have rallied if only Wilson had urged the Allies to call for general negotiations to end the war, or even allow Russia to make a separate peace. It's tempting to think that the Kerensky regime might have survived and that liberals and the left in Germany might have come together to insist on an end to authoritarian government and to the war in the west as well as in the east. That seems, however, to underestimate the weaknesses of the Kerensky government as well as the strength of the right in Germany, where Generals Hindenburg and Ludendorff had established a military dictatorship. And it is at least an open question as to how much influence American policy, or fine words from Wilson, could have had on events on the other side of the world.

The folly and brutality of both the Bolsheviks and the German regime, as Tooze himself describes so well, served to marginalise the democratic forces in both countries. In Germany, Hindenburg and Ludendorff stalled any attempts at reform at home and peace abroad and, in a chilling foreshadowing of Hitler in 1945, Ludendorff remarked that if victory didn't come, 'well then Germany will perish.' Lenin, for his part, was prepared to gamble the Bolsheviks' future – and Russia's – on stalling the Germans with the treaty at Brest-Litovsk and attempting to steer a course among the other imperialist powers. It was, as Tooze points out, a matter of luck and disarray on the Allied side that he got away with it. Yet the Allied intervention, which was to prove so useful for Bolshevik propaganda many years into the future, was always half-hearted and as much about the Allies keeping an eye on one another as about defeating Bolshevism. It also helped the Bolsheviks that they controlled the Russian heartland while their enemies were on the periphery. Nor did many in the outside world realise quite what was emerging in Russia. Robert Lansing, Wilson's secretary of state, whom Tooze rescues from the obscurity to which he is usually consigned, pointedly noted that this was a new type of despotism, intelligent rather than ignorant like the tsarist one, and to be feared. Wilson preferred to take the word of the bumptious young William Bullitt, who on no very good authority proclaimed that a true democracy had been born.

Of course it's easy to point to mistakes or inconsistencies in Wilson's record but to see him as Tooze does – as variously arrogant, malevolent, all-powerful, blind or incompetent – is to reduce him to a cardboard villain. Nor does the picture take into account Wilson's own doubts about his or the US's capacity to build a lasting peace.

‘What I seem to see,’ he said to a close associate as they travelled towards the Paris Peace Conference, ‘is a tragedy of disappointment.’ For Tooze, much of that disappointment was of Wilson’s own making: he refused to provide the Allies with a coherent view of what the US would and would not do, much less work effectively with them to build a new order. He failed to get approval of the League through Congress and that failure left a weaker organisation; it also disappointed both Japan, which had been hoping for co-operation with a liberal Washington, and China, which had looked to a strong League for support against Japan.

While the US was not yet the superpower it became after World War Two – something Tooze occasionally seems to forget – it entered the 1920s with such great wealth that a ‘new asymmetrical financial geometry’ gave it leverage over much of the rest of the world, including Europe. One of the key questions that interests Tooze is how the US used its power: the answer he gives is badly. Part of the problem was that the wartime expansion of the American economy had been fuelled in part by demand but increasingly by the expansion of credit, which in turn led to inflation and social and economic tensions. The administration proved incapable of managing its own economy, much less the world’s. The decision to raise interest rates to combat postwar inflation produced the great deflation and the slump of 1920, with its ripple effect on other economies such as Britain’s.

On the reparations issue, which was to poison relations between Germany and the winning side throughout the 1920s, Tooze again takes the US to task for refusing to link inter-allied debts to reparations and insisting on repayment of the former, which hardened the resolve of the Allies in Europe to collect the latter. Although the Allied war effort and the joint management of essentials such as strategic materials and shipping was a harbinger of the EEC, the Americans insisted that unfettered capitalism was the only model of economic organisation worth following. Their faith that capitalism can solve all problems is still with us today.

Tooze is much more sympathetic to France than most historians writing in English, and recognises its desperate need for funds to make good the war damage and for national security. The Treaty of Versailles guaranteed neither and accepted that Germany still existed as a sovereign nation. The additional Anglo-American guarantee to France in case of an attack by Germany turned out to be worthless. Indeed the treaty not only enabled Germany’s continued existence but left a country which, even with territory shorn away, was in a good position to dominate its neighbours. What France wanted was an international security system, which neither the US nor Britain was prepared to

support. When in 1923 France decided on direct action against Germany to enforce its payment of reparations – by occupying the Ruhr – it did so because it seemed better than the status quo.

In that crisis of 1922-23 the US refused to get involved, leaving Britain and France to try and patch something up. Lloyd George hoped to broker an arrangement in which Russia resumed its place in the community of nations and revived its trade with Germany, resulting in greater German prosperity and its ability to pay France what was owed. The project foundered on mutual suspicions between the two wartime allies and Germany's precipitate decision to strike its own deal with Russia at Rapallo. American attitudes towards Europe's difficulties were largely unsympathetic. 'A bit of chaos', according to the new secretary of state, Charles Hughes, would act like a tonic, forcing the Europeans to put their houses in order. It was to be very different with the Marshall Plan.

Nevertheless the 1920s did offer promise of better things to come. The reparations owed by Germany to the victors remained a source of tension but with the active participation of American representatives and American loans it appeared by the end of the decade that a compromise had been reached. Germany itself, under Gustav Stresemann, a former right-wing nationalist who had mellowed into a statesman, had abandoned its rigid opposition to the peace settlements and opted to fulfil the terms of the Treaty of Versailles while pushing for their modification. In the Locarno Agreements of 1925, Germany accepted its new borders in the west and signed mutual pledges of non-aggression with France and Belgium. (It did not, as its neighbours noticed with a shiver, accept the borders in the east, but there was hope that an eastern settlement might come in time.) When Stresemann accepted his Nobel Peace Prize in 1927, he talked about a Europe united in peace.

The League of Nations had by now enjoyed some success in defusing tensions between nations – between Greece and Italy over Corfu, for instance – and organising plebiscites in disputed territories in the heart of Europe. It was also administering – apparently with success – the city of Danzig with its mixed population of Germans and Poles. Mandates may have been a cynical move by the European victors to seize the spoils of war from their enemies but they introduced the novel notion that colonial possessions must be administered for the sake of their inhabitants. The League's related agencies – the International Labour Organisation for example – were drawing up international standards; its disarmament commission was active and there had been a real breakthrough in a process led by the US to broker limits on the naval arms race in the Pacific. The Washington Naval Conference of 1921-22 brought ten years of peace in the

region, although for Tooze the conference was not so much about disarmament as an assertion of American might and evidence of its propensity to act unilaterally.

At the end of the 1920s the Great Depression rained successive blows on a world order which had proven fairly resilient. Nations hastened to put up protective tariffs, which largely served to deepen the misery. The death of Stresemann removed a statesman who might have kept Germany on a path of co-operation rather than confrontation. So we come back again to the old question. If Britain, France and, crucially, the US had worked together much more closely after World War One, could they have built an order capable of withstanding the challenges from Nazi Germany, Fascist Italy or militaristic Japan? Might they indeed have managed to prevent the rise of such regimes in the first place? The lasting lesson that Tooze draws is surely right: that the world was and is so interlocked that the only realistic solution is in fact the 'idealistic' one of international co-operation and coalition. I suspect, though, that this is as elusive now as it was in the 1920s. And as the dominance of the US slowly fades, who will we have to blame for what is wrong with the world?

Vol. 37 No. 3 · 5 February 2015 » Margaret MacMillan » A Bit of Chaos
pages 37-39 | 3561 words