Introduction

Methodological and Historical Aspects of the Reparations Problem

Reparations in International Law

What are reparations? This question is fundamental to our study and is by no means easy to answer. After studying the historical sources and the relevant specialist literature, we would like to propose a definition that does justice to this multifaceted and complex problem, and that encompasses as many of its components as possible: reparations are compensation payments that must be made for violations of the law of war and of international humanitarian law. They are the liability equivalent of international criminal law, and should compensate for the material and humanitarian consequences of wars of aggression, war crimes, crimes against humanity and human rights violations, such as those that occur in wars, civil wars and other acts of excessive violence.[1]

Wherever it is underpinned by customary international law, the entitlement to reparations is a universal one. This entitlement takes account of the fact that, in the past century, the violence conducted between and within states has increased enormously, both in extent and intensity. The entitlement is no longer a matter of victorious nations calling on those nations they have defeated to settle a more or less arbitrarily fixed sum of the costs incurred during the conflict, as was the case after the Franco-Prussian War of 1870–71.[2] Today, victorious and defeated nations alike must be

subjected to the universal entitlement to reparations, insofar as they have violated international humanitarian law.

Reparations come in the form of the transfer of money and assets, such as deliveries from current production, the provision of work and services, and one-off transfers of physical capital (the means of transport, industrial plants, the cession of territories etc.). From the point of view of political economy, what this amounts to is the transfer of purchasing power, commodities and capital from one economy to another or, indeed, other economies. When it comes to damages that have occurred within a single economy, funds from the state budget will be allocated to the social group that is to be compensated. The legal forms of value transfer are rather diverse. Transfers usually occur within the framework of bi- or multilateral treaties overseen by appropriate legal procedures. But they can also result from lengthy arbitration hearings established on the basis of these treaties. Not infrequently, such agreements are preceded by individual or collective private legal action in domestic and foreign courts, which are then summarily settled with the conclusion of the treaty. As a rule, governments – or authorities subordinate to them – act as the debtors in these treaties and legal procedures, whereas their sovereign contracting parties assume the role of creditors: either themselves or as trustees of the injured parties. They then transfer the assigned assets to their budgets or redistribute them to the injured parties. This practice, developed during the 1950s, has gradually been refined through the involvement of professional mediators – commissions of experts, funds, foundations and so on.[3] In this way, an increasing personal and institutional distance has been established between the debtors and the creditors. The original severity of confronting the crimes against international law that gave rise to reparations demands is increasingly being displaced by the communicative structures of the culture of remembrance relating to these crimes.

What we have provided thus far is an initial conceptual approximation of the concept of reparations, based on our reading of the source material and a synopsis of the most significant manuals, treaties and expert commentary.[4] This conceptualisation can only serve as a way of helping to finding our way in the field. The phenomena that our conceptualisation strives to help us understand are extremely complex, controversial and contradictory. On no other terrain of international relations or capital movements have such fierce terminological struggles been fought out as over the issue of reparations. Even the concept of reparations itself has time and again either been controversial or even frowned upon. In the official German translation of the Treaty of Versailles, for example, the term 'reparations' was continually translated as 'compensation';[5] and then, in the ideological struggles of the 1920s, it advanced to the status of a central

cipher that shaped the frontlines of German politics. The current trend, by contrast, is towards viewing reparations – now trivialised as 'compensation' – for the victims of National Socialism, the crimes committed during the Nazi occupations and the Holocaust as separate phenomena, since the complex problem of reparations as a whole is considered to be 'settled' and should thus disappear from public discourse.[6]

Specific material interests are behind these terminological disputes and interpretative paradigms. These interests are shifting the terrain of compensation claims, anchored in international law, resulting from wars of aggression, war crimes and genocide, deportation into forced labour, predatory economic acts of plundering and expropriation, and domestic human rights violations. The issue has thus become a Pandora's box. Those who open this box do so at great risk and immediately find themselves in a rapidly expanding problem area that is shaking up our fundamental conceptual systems, and involves tackling the taboos of the catastrophic twentieth century. At the same time, however, there is a growing realisation that a key problem lies hidden in this chaos – a problem that can only be detected and investigated by an interdisciplinary approach. Confronting the reparations problem is time-consuming, disillusioning and frightening. Those wishing to emerge from it to some extent unscathed are well advised to entrust themselves to the tried and tested methodology of historical synthesis.

To solve the reparations problem, we will restrict it to four conceptual stages. First, we will compile the facts listed in international humanitarian law that constitute an entitlement to reparations. From this, we will proceed one step further to present in detail the various components that comprise the concept of reparations in its entirety. Then, using the example of the Treaty of Versailles, we will turn to the historical experiences and prejudices that shaped the mentality of the responsible historical actors during the Second World War and in the decades of reconstruction that followed it. Finally, we will outline this historical introduction's field of tension – an integrative analysis of the issue of reparations that will begin with the case of Greece following the end of the war.

To begin with, let us look at the main violations of international humanitarian law which, alongside the criminal outcomes of these cases, can allow us to establish a universal entitlement to reparations. In doing so, we will base ourselves on the legal-historical framework that initially proceeded from the international law of war, but then broke apart the schema of distinguishing between victors and conquerors in that law, and eventually led to the inclusion of human rights violations within states in the canon of reparation claims.

Legally, the most important event justifying an entitlement to reparations is the initiation of a war of aggression.[7] Wars of aggression have been

outlawed since 1928, when the Kellogg–Briand Pact was agreed and ratified by numerous nations – Germany included. In 1945, the tribunal in the Nuremberg Trial of Major War Criminals included this ban in its statutes and used it to develop the charge of 'crimes against the peace'. An expanded version of this ban on wars of aggression can also be found in the Charter of the United Nations. From this point on, wars can only be conducted for self-defence or to enforce sanctions imposed by the United Nations Security Council. These provisions, however, do not include acts of military aggression that fall short of outright war. Nor do they account for interventions made by other states to support a particular group within civil wars in other countries. The result of this is that the spectrum of 'unequal' wars between the North and the South and the South and the North, including 'proxy wars', continues to expand. This state of affairs is, however, irrelevant to a discussion of reparation claims resulting from the Second World War. Germany and its allies bear sole responsibility for the wars of aggression that were initially regional in nature but then escalated into world war.

The second systematic violation of international humanitarian law is also derived from the law of war. It comprises the provisions to limit the powers of occupying powers that were set out in the fourth section of the Hague Peace Accords in 1899 and 1907 (the so-called Hague Convention on Land Warfare).[8] According to this convention, the occupying force must respect the integrity of the population within the occupied area, and is responsible for supplying it with sufficient food provisions. Reprisals against, or collective punishment of, the civilian population is prohibited. Private, communal, cultural and non-military state property are sacrosanct. The occupying power is nonetheless allowed to draw on the adult male civilian population to perform work and services within the occupied territory. However, deportations to other countries – including to the country responsible for the occupation – are prohibited. Taxes and contributions may also be imposed in order to cover the costs of running the occupation and of supplying the occupying troops.

The Hague Rules of Land Warfare thus operate within a significant grey area, and leave considerable room for interpretation. This ambiguity was exploited as long ago as the First World War – with devastating consequences. In the course of our overview we will see how, in the first phase of the Second World War, the Germans expanded upon this room for interpretation even further. Moreover, we will establish how, in their ruthless exploitation of the occupied territories for the purposes of 'Total War' after 1941, the Germans completely abolished the Hague Rules of Land Warfare, which, despite everything, did impose restrictions on occupying forces.

A series of international agreements concluded since the 1920s under the aegis of the International Committee of the Red Cross protect both the right

to exist and the human rights of refugees, prisoners of war and the civilian population as a whole in the event of war.[9] These 'Geneva Agreements' continuously supplemented and expanded upon the provisions of the Hague Land Warfare Regulations. We can only present the most important of these provisions here. Deportations and resettlements are prohibited in principle, hostage-taking and the killing of hostages strictly forbidden, as are torture, rape and other forms of ill-treatment and humiliation. Prisoners of war and others who have been detained must be sufficiently accommodated and provided for, and treated humanely. Women and children are to be placed under special protection. Partisans are to be granted the status of combatants insofar as they: belong to a formation of the resistance movement, can be recognised as such, and carry their weapons openly. In the event of their capture, they are to be treated as prisoners of war.

After the end of the Second World War and with the formation of the United Nations, the protective measures of international law that had previously applied to the law of war were systematically expanded upon.[10] This was intended to prevent a repetition of the injustices under the occupation and the crimes against humanity committed by the fascist Axis powers. A series of international agreements were concluded which transformed the existing international law of war into international humanitarian law by incorporating violations of human rights *within* states into its canon. The cornerstones of this process are the London Statutes of the International Military Tribunal of August 1945 to punish human rights crimes; the United Nations Charter on Human Rights adopted in December 1948; and the unanimously agreed Convention for the Prevention and Punishment of the Crime of Genocide.[11]

These agreements only came into effect after the end of Nazi rule. However, since international law is not subject to the principle of non-retroactivity of law, the newly created provisions could be applied without restriction to criminal and civil law enforcement pertaining to the terrible legacy of the Nazi dictatorship. Incidentally, this legal situation also applies to the reparations claims that the government of Namibia and the representatives of the Herero and Nama peoples have been making for some years against the Federal Republic of Germany as the legal successor of the colonial power that was the German Kaiserreich (1871–1918).[12] Between 1904 and 1908, colonial troops and settlers exterminated large parts of the indigenous population of German South West Africa, enslaved the survivors and appropriated their land.[13] Now, more than one hundred years later, the German government has to take responsibility for these actions – even if it refuses to believe this.

International humanitarian law provided the basis for the adoption of numerous civil agreements, causing a huge differentiation within the

politics of reparations. At the level of civil law too, a legal-historical process thus came to an end that had begun as a counterpart of the international law of war and that, after the Second World War, culminated in a wide-ranging and universally applicable canon of damages payments. The main components of this process will be outlined below. We will show how international humanitarian law has by no means adapted all the elements of the classical law of war to its modified set of standards.

So-called looting rights remain the most deeply rooted in the traditional international law of war.[14] According to the provisions of the Hague Rules of Land Warfare, all military goods, weapons systems, supplies, means of communication and documents confiscated in the course of combat become the property of the enemy as soon as they have been seized. The same applies to those state-owned elements that are crucial to a state during war, such as gold and foreign exchange reserves. The victorious power does not have to reimburse the defeated power for this loot, or 'trophies'. Thus, as with the case of the international provisions on occupation policy, there are considerable grey areas, and there is room for interpretation on this score too. To a large extent, these provisions foreshadow the reparations provisions contained in the subsequent peace treaty, but this by no means ensured that such predatory looting – often referred to in the files as 'savage reparations' – were included in reparations calculations. We will see below just how much the Allied armies' looting, which lasted until the summer months of 1945 and which assumed enormous proportions, coincided with their governments' interests in reparations. It led to serious conflicts among the main powers within the anti-Hitler coalition, which – alongside other important factors – made it impossible to find an amicable solution to the reparations problem.

In contrast to 'savage' reparations, 'classical' interstate reparations procedures are usually outlined within peace treaties, in which the victors conclude agreements that are bound by international humanitarian law regarding the post-war order.[15] These agreements range from a balanced restoration of the status quo to a one-sided diktat that forces the defeated power to cede considerable territory and make substantial damages payments. The symmetry or asymmetry of such a peace treaty is understandably dependent on whether the defeated nation or coalition has capitulated only under certain conditions or has done so unconditionally. In the latter case, the defeated nation can even temporarily disappear as a legal entity in international law, with the result that only the victors have a seat at the negotiating table and thus determine the post-war order by themselves. We will illustrate the pitfalls of a conditional surrender and its consequences for the reparations issue when we discuss the example of the Treaty of Versailles. But in the case of an unconditional surrender, as

after the absolute capitulation of Nazi Germany, the consequences are even more momentous. In Potsdam, the main victorious powers not only acted as reparations creditors, but at the same time had to place themselves in the role of reparations debtors and decide what damage payments could be expected from Nazi Germany for the huge destruction it had caused, without destroying its material basis of existence. Ultimately this was an insoluble dilemma, and we will demonstrate how the conflicts over the reparations that Germany had to pay contributed decisively to the collapse of the anti-Hitler coalition.

But this dilemma also had an international legal dimension. Since the defeated nation had surrendered unconditionally and for the time being had lost its status as a subject of international law, the victorious Allied powers could not conclude a peace treaty with it. As a result, all the agreements on the post-war order – from the issue of borders through to reparations payments – were up in the air, and all agreements were only provisional in nature. In 1946–47, the four large victorious powers and the 'small allies' in their tow could only manage to conclude a peace treaty with the former allies of Nazi Germany[16] and not Germany itself, because these powers could not agree on the establishment of an administration for the whole of Germany under the control of the Allied Control Council.

This state of affairs had grave implications for the reparations problem. All acts of reparations pre-empted agreements that would have to be arrived at in a subsequent peace agreement. In addition, Germany was divided into two reparations zones. While reparations policies in the Soviet sphere of influence remained largely true to the usage of the reparations regulations derived from the law of war, in the Western zones, and later in the Federal Republic of Germany, these policies went in a completely different direction and were characterised by an almost incalculable series of bilateral treaties.

Another significant component of the reparations concept is the restitution of stolen or forcibly taken property.[17] This concept already played a role in the reparations provisions within the Treaty of Versailles in 1919, but it was only with the fall of the Nazi dictatorship that compensation developed into a multilayered problem that endures until today. The reasons for this are obvious: various social groups had been robbed and expropriated on racial, ethnic, social, religious and political grounds in a way never before seen in modern history. In addition, this persecution did not just begin in 1938 with the commencement of external aggression against Austria and Czechoslovakia, but started almost immediately after the establishment of the National Socialist dictatorship. As a result, compensation became an issue that affected the whole of German-dominated Europe – including the neutral countries that had acted as exchange hubs

for gold and foreign currencies. It is therefore necessary to distinguish between 'internal' and 'external' compensation when thinking about the problem of reparations as a whole.

From the very beginning, the compensation claims for acts of aggression against certain social, ethnic, religious, cultural and political groups of society, as part of the broader issue of reparations, applied to the whole of German-dominated Europe, including the territory of the Reich itself.[18] The payments associated with this – essentially one-off payments and pensions – were and continue to be trivialised as 'compensation': as if murder, manslaughter, concentration camp imprisonment, internment in the other facilities of the Nazi camp system, being deported to conduct forced labour or the resulting traumatisation and damage to the families of the victims and the survivors could be straightened out through material compensation. Rather, it could and can only be about helping the relatives of those killed to begin a new phase in their lives, to treat those who had survived, to repatriate the refugees as quickly as possible, and to prevent those suffering from chronic illnesses and disabilities from being plunged into age-related poverty. These consequences of the Nazis' demographic, terror and extermination policies affected at least 25 million people. As with the restitution procedures, 'internal' and 'external' compensation payments had to be provided. The tasks involved in this were enormous and raised serious issues that cut to the very foundations of society, such as the question of treating all the victims of National Socialism equally – regardless of nationality or social status. We will outline the premises and methods used by the German reparations bureaucracy when dealing with these questions.

The fifth area of reparations policy becomes apparent when we consider the fate of those stateless refugees brought about by the Nazis' policies of expulsion, deportation and resettlement.[19] After the war, these refugees were scattered around the world, but tens of thousands of them vegetated in camps in Germany. The problem of 'displaced persons' dominated the plans and operations of numerous international state and non-governmental aid organisations during the early post-war years. This problem could only be solved gradually, and spilled over into other fields of reparations policy with which it was often closely linked.

In essence, therefore, after the end of the Second World War there were five different components that shaped the terrain of reparations policy, as defined by the sanctions provisions of international humanitarian law: the savage reparations of martial law; the 'classical' reparations as an anticipation of a peace treaty that had become increasingly illusory; the practice of restitution; humanitarian compensation policies; and the reparation payments made to the stateless refugees. As we will see, the Allies made extensive use of looting rights. They divided interstate compensation

practices between an Eastern reparations zone and a Western one. In the Western sphere, compensation practices were quickly dropped and replaced by restitution and compensation procedures for refugees and victims of the Nazis. In the Eastern zone, on the other hand, compensation practices retained the dominant position they had acquired. When it came to restitution and humanitarian compensation procedures, different aims were pursued and both restitution and humanitarian compensation payments became increasingly insignificant.

These developments will be examined in more detail in the coming chapters. Before we do so, however, let us turn to the historic event that shaped the mentality and decision-making processes of the historical actors on the side of the creditors and of the debtors in equal measure: the reparations conditions of the Treaty of Versailles, and their consequences.

The Treaty of Versailles and the Long Shadow of the Reparations Question

At the end of September 1918, with the imminent collapse of the Western front, the German army's Supreme Command had tasked the Reich government with entering into armistice negotiations with its Allied opponents. US president Woodrow Wilson's peace declaration of January 1918 was to serve as the basis for this. Wilson then renewed and expanded this several times in the months that followed.[20] Alongside fundamental proposals for the future post-war global order,[21] Wilson's '14 points', as well as the statements that followed them, placed several conditions on the German government for entering into ceasefire and peace negotiations. In contrast to the other Allied powers that – with the exception of the Soviet Union[22] – made quite harsh proposals, Wilson's demands were rather moderate. He demanded the cessation of submarine warfare, the withdrawal of German troops from all occupied and annexed territories, a government reshuffle, German involvement in the reconstruction of the destroyed territories in Belgium and the North of France, and the settlement of an openly negotiated peace treaty that was devoid of any secret clauses.

Following the arrival of Germany's ceasefire request and the German government's reorganisation in October, there were extensive bilateral preliminary negotiations, which the other Allied coalition partners eventually joined. They did so, however, under one significant caveat, which Wilson announced to the German government on 5 November 1918. Citing Wilson's comment on German responsibility for the reconstruction of the destroyed territories, the other Allied powers stressed that they understood this statement to mean 'that Germany is to pay compensation for all the

damage inflicted on the Allied civil population and its property during the attacks by air, land and sea'.[23] The Germans agreed to this. Six days later, the ceasefire was agreed, with the Germans additionally stating that they were prepared to hand over significant parts of their war weaponry, to leave territories to the west of the Rhine to be occupied, and to annul the separate peace treaty agreed with the Soviet Union in March 1918.[24]

In the course of the peace negotiations, the Allies left these rather mild conditions far behind them, and considerably expanded their demands for compensation. Although they kept to the word of the preliminary treaty's conditions, the Allies changed their content beyond recognition by adding payments for war pensions and support for the families of soldiers to the compensation bill. But such payments related to the general cost of the war for the Allied governments and thus no longer entailed offsetting the personal and material damage inflicted on the civil population in the occupied territories. This point was made by the US delegation, and by the economist John Maynard Keynes of the British delegation.[25] Under the direction of the negotiating French president Georges Clemenceau, however, these reservations were brushed aside, as were their misgivings about the moral verdict of claiming German sole responsibility for the war.

The Treaty of Versailles was signed on 28 June 1919.[26] Section VIII (§§ 231–47) established German war guilt, and obliged the German government to make substantial advance payments until a reparations agreement could be concluded. The most significant of these various payments were: the provision of 20 billion gold marks; the sale of the merchant fleet; large deliveries of coal to Belgium and France in the coming decade; the delivery of basic chemicals; and the repayment of the loans that the Allies had provided to Belgium.[27] In addition, an Allied Reparations Commission was to be set up. Its task was to draw together the various damages claims from the Allied and Associated Powers, to calculate the total cost of these claims, and to come up with a payment plan by 1 May 1921.

At the beginning of May 1921, the Germans were presented with the final reparation claims in the form of a six-day ultimatum.[28] After deducting the advance payments already made, the Germans had to raise 132 billion goldmarks, for which debt securities amounting to 50 billion goldmarks had to be advanced. The second tranche of 82 billion goldmarks would only have to be raised following a review of German solvency. The payment plan was based on these security deposits. It envisaged payments of 2 billion gold marks per year. In addition, 26 per cent of German exports (around 3 billion gold marks per year) were to be provided in kind.

The German reparations debtors bowed to these harsh conditions for barely a year.[29] Then they demanded a moratorium on the payments and reduced the coal deliveries. In January 1923, the French and Belgian

governments responded by occupying the Ruhr in order to maintain the deliveries by force of arms. This, in turn, provoked a passive resistance campaign in Germany that was generously funded by the money press. The result was the collapse of the already severely damaged German monetary system, the inflation-driven expropriation of the middle classes and a harsh currency reform, which in 1924 ushered in a new stage of reparations policy. In the framework of the Dawes Plan (1924) and later the Young Plan (1929), the annual payment rates were reduced, and the total sum still to be paid fell to 47 billion Reichsmarks; in addition, a significant part of the reparations debt was converted into commercial bonds. This relief was by no means enough for the debtor. In order to get rid of the compensation payments completely, in the era of presidential cabinets the German government adopted a rigorous deflationary policy that aggravated the effects of the world economic crisis that had meanwhile kicked in. Thus a high price had to be paid for the moratorium proclaimed by US president Herbert Hoover in July 1931. A year later, as a result of the Lausanne conference, the German government was obliged to make a final payment of 3 billion gold marks. Since none of the participating states – Germany, Britain or France – ratified the treaty, it was not legally binding, meaning that the outstanding balance was never paid. However, the triumphant opponents of reparations overlooked the fact that shares converted into private foreign bonds under the Dawes and Young plans were explicitly excluded. Twenty years later, they reappeared at the negotiations table during the London debt negotiations.

The strategy of refusing to pay the reparations had far-reaching political consequences. Combined with the stab-in-the-back myth[30] and the rejection of sole German guilt for the outbreak of the First World War,[31] this strategy led to the Weimar Republic not having any chance of survival, because it opened the door to the agenda being set by the military-industrial complex and the fascist mass movement for a revanchist war. From an economic perspective, it was quite successful. As we know today, reparations policy by no means impaired the economic reconstruction of Germany. The actual purchasing power and capital transfers produced were far too low for that. According to the most tangible estimates available today, these transfers amounted to around 36 billion Reichsmarks, or just under 9 billion US dollars, which is just over a quarter of the total amount that was set out in the treaty.[32]

The reparations provisions of the Versailles Treaty were fiercely criticised not only by the Germans, but also by numerous Allied experts and contemporary observers. The reservations they had at the time find reflection in the current state of historical research.[33] First, the statement outlined in the reparations agreement on German war guilt was inaccurate: while

it is true that in the crisis of July 1914 the Central Powers had taken a big risk by banking on a preventative war, to a lesser extent this was also true of Germany's opponents – particularly France and Russia. These powers certainly played a role in triggering the catastrophe of the century caused by the international arms race and intensified imperialist rivalry, even if this role was a subordinate one.[34] But a few days after the outbreak of the war, the situation was clear: with its invasion of neutral Belgium on 3 August 1914, the German Reich's leadership demonstratively disregarded international military law and, from that point on, barbarised the conduct of war in a never-ending series of war crimes: massacres of the Belgian and French civilian population; the deliberate destruction of cultural assets; the systematic robbery of bonds; the deportation of the civilian population to conduct forced labour; the removal of rolling stock and industrial sabotage; the destruction of the infrastructure of entire regions; and the conduct of unrestricted submarine warfare from 1917 onwards. Germany's counter-propaganda would have had a much more difficult time if these facts had been drawn on in order to legitimise the claims for Germany to pay war reparations, especially since – according to international law of the time – Germany's actions constituted war crimes.[35]

Second, the scope of the damages Germany needed to pay, as agreed during the preliminary negotiations, was blown wide open by the reparations provisions in the treaty itself. These damages were unduly extended by including costs that were unambiguously viewed as falling under the cost of war encountered by any state. This disregard of the borders drawn up during the process of German surrender poisoned the negotiations and created the climate of a 'dictated peace' that garnered sentiments of nationalist revanchism that even affected the far left of the German workers' movement.

Third, the failure to respect the stipulations agreed in the preliminary negotiations led to an increase in the sums demanded as reparations. Even when taking into account the provisions of international law that prevail in today's world, these sums were inflated, especially since the Soviet Union – alongside France, Belgium and Serbia, the biggest victim of the First World War – had eschewed the negotiating poker of Versailles by unilaterally annulling the war and foreign debts of Tsarist Russia. During the peace conference, Keynes calculated the humanitarian and property damage that the Germans inflicted on the civil populations of the occupied territories. He arrived at a sum of between 42 and 60 billion gold marks.[36]

Fourth, following the reparations negotiations of the Treaty of Versailles, a tendency prevailed that would continue to be dominant even after the Second World War: the large victorious powers pursuing their own interests while disregarding the legitimate claims of their inferior Allied partners.

Although Britain's civilian population escaped rather lightly from the war, the British government did not even entertain the idea of passing on some of the reparations it had received to smaller countries such as Serbia, which had lost over a third of its male population and a quarter of its total population.[37] Keynes's demand for a pool of reparations money to be distributed among the hardest-hit regions and population groups was ignored.

One final point of criticism relates to the great power that initially had the perspective of reconstructing Europe and advocated a thoroughly moderate reparations policy – the United States. The fact that the US government abandoned this position during the peace and reparations negotiations and left the field to France and the United Kingdom has always been a source of bemusement. Shrewd observers of the time were under no illusions about this, however: if US president Wilson had really wished to enforce a reparations agreement in line with the ceasefire agreements, he would have had to waive the $11 billion in war bonds that the US had provided to its Allied partners. All those involved knew that France, the UK and Italy in particular demanded such high reparations because they needed to repay their war debts to the US. However, US governments remained relentless in the years that followed the negotiations too. They insisted on repayment, and as much as three-quarters of the amounts set out in the Young Plan were to be dedicated to the repayment of inter-Allied debt. As a result, German reparations payments were drawn into a momentous transatlantic financial cycle. Since, moreover, the reparations debt was largely commercialised, the high interest rates involved became a source of financial speculation internationally. The German capital market was flooded with credit and short-term loans. When the banking crisis led to the abrupt withdrawal of these loans, this then triggered the collapse of the Central European banking and financial system in 1931.

Today, nearly a hundred years on, it is beyond our reach to understand fully the actions and strategic outlooks of those historical actors responsible for modifying reparations policy in the way that they did. The tone adopted by Clemenceau and some other exponents of the Versailles Quorum and the Allied Reparations Commission was sometimes acerbic, and the German politicians who had to answer for the crimes of their Supreme Command were often humiliated. However, we should never lose sight of what imperial Germany and the Habsburg monarchy did in France, Belgium, Serbia and Eastern Europe.[38] They were the first to flout the ban on chemical warfare explicitly outlined in the Hague Convention on Land Warfare. They had taken hostages, shot *franc-tireurs*, and devastated entire swathes of land. Already in the reparations calculations between 1919 and 1921, the entire array of what was explicitly forbidden in international martial law hid behind the phrase 'compensation for the damage inflicted

on the civilian population and its property'. The only exception to this was the Shoah[39] and the large-scale plans for expulsion and Germanisation. In addition, it must be remembered that after four years of war Germany had bled dry and was starving, but the atrocities of warfare and occupation had, without exception, taken place beyond its borders.

When, twenty-five years later, the anti-Hitler coalition prepared itself for a second round of negotiations, the memory of the pitfalls of Versailles was ubiquitous. Just like public opinion of the time, however, this memory was highly selective and clouded by prejudice.[40] Anyone who leafs through the documentation of the negotiations between the 'Big Three' in the run-up to the Potsdam Conference encounters these prejudices at every turn. The Western leaders of the anti-Hitler coalition repeatedly noted that the reparations paid by the Germans after the First World War were remarkably low, meaning that the coalition must not set the bar too high in the upcoming negotiations, because nothing could be got out of Germany anyway. Moreover, leading US politicians repeatedly stressed that this time around the US taxpayer must not be called on to settle Germany's reparations debt – as if it was the American taxpayer who had invested in and speculated on the highly commercialised Dawes and Young plans and not the world of American finance.[41] Another argument that can be found in these documents cautioned against taking reparations sums from Germany's current production, because doing so would destabilise the commodity markets of the reparations creditors, and jeopardise the policy of full employment.

Such unilateral and erroneous historical patterns of perception on the part of the central decision makers in the USA and Great Britain did not bode well for the upcoming second international round of reparations policy. Such prejudice clouded their judgement and hindered their ability to arrive at a consensual and balanced compromise. To be sure, the experts – some of whom were present in Versailles and had learned their lessons – knew better. Like the Soviets, who had not already been 'burnt' by Versailles, they pressed for prudent solutions to the problem. But their expertise was largely ignored. The historical perception of the reparations decisions made in Versailles became a burden that exerted a negative impact on the reparations decisions made after the Second World War.

At the beginning of the 1950s there was another sequel, because now the German reparations debtors once again entered the stage of international politics. The social composition of their actors was noteworthy: they were made up of reactivated politicians of the conservative party spectrum in the Weimar republic, and also of second- and third-rate Nazi technocrats who had now been rehabilitated. These two groupings, which were often at odds with each other, were nonetheless bound by a shared horror – the

'reparations diktat of Versailles'. For them, another comprehensive settlement of the reparations problem embedded within a peace treaty was out of the question. The emergence of another 'front of the reparations creditors' had to be prevented under all circumstances and at almost any cost.

These terminological, methodological and historical premises are, in our view, indispensable to understanding the reparations problem. In this volume, the case studies of Poland and Greece are discussed against this background. The first focus of our study is to reconstruct the fundamental features of the occupations of Poland and Greece, and to compare them with the rest of German-occupied Europe. The second focus is to account for the Allied reparations debates and decision-making processes during the war years, as well as the implementation of these decisions in the Eastern and Western reparations zones. Following this, the 'never-ending story' of reparations policy – controversial to this day – becomes the focus of our attention. In so doing, we refer to the development of the discourse on reparations, across several decades, in relation to the disputes between Germany and Poland and Germany and Greece. As the issue of reparations was omitted from the Treaty on the Final Settlement with Regard to Germany (Two-plus-Four Treaty) agreed in 1990, these disputes remain live today. In the penultimate two chapters, we compare what Germany has hitherto paid in reparations to the extent of the damage inflicted on Poland, Greece and the rest of German-occupied Europe. Finally, we submit a proposal for the initiation of a final reparations conference.

Notes

1. For an initial overview of this, see Shelton, 'Reparations'. A compilation of the most important conventions of the law of war and international human rights law can be found in Tomuschat and Walter, *Völkerrecht*, Section III, 127 ff.; Section VII, 493 ff.; Section VIII, 537 ff.
2. In addition to the cession of considerable territory, France had to provide five billion gold marks to the German Reich. This was divided between several public funds and thus strengthened the speculative tendencies underlying the economic boom of the so-called *Gründerjahre*, the expansion of economic activity before the crash of 1873.
3. In such cases, funds from the public budget can also be combined with payments from private sponsoring groups – such as from business associations. An example of this was when the 'Foundation Remembrance, Responsibility and Future' was set up in 2000 to provide compensation for erstwhile slave and forced labourers under the Nazi regime.
4. The bibliography provides detailed information on this. In what follows, we will merely reference those materials that we have used to clarify specific questions.
5. *RGBl*. 1919, 701 ff.

6. This backdrop is largely blanked out in the conventional historical collected editions on the Federal Republic of Germany's reparations policies.
7. Kipp, 'Angriff', in Schlochauer, *Wörterbuch des Völkerrechts*, Vol. 1, 63–68; Bernhardt, 'Briand-Kellogg-Pakt von 1928', in ibid., 248–52.
8. Schneider, 'Haager Friedenskonferenzen von 1899 und 1907', in ibid., 739–45; Roberts and Guelff, *Documents on the Laws of War*; Best, *Humanity in Warfare*.
9. 'Genfer Abkommen über die Behandlung der Kriegsgefangenen vom 27. 7. 1929', *RGBl.* 1934 II, 227 ff.; Schlögel, 'Genfer Abkommen zum Schutze der Kriegsopfer vom 12. 8. 1949', in Schlochauer, *Wörterbuch des Völkerrechts*, Vol. 1, 644–51.
10. Haase Müller and Schneider, *Humanitäres Völkerrecht*; Gasser, *Humanitäres Völkerrecht*; United Nations Human Rights Office of the High Commissioner, 'International Legal Protection of Human Rights in Armed Conflict'.
11. Jescheck, 'Genocidium', in Schlochauer, *Wörterbuch des Völkerrechts*, Vol. 1, 658–59; Quigley, *The Genocide Convention*; Tams, Berster and Schiffbauer, *Convention on the Prevention and Punishment of the Crime of Genocide*.
12. 'Salt in the Wounds: Namibia and Germany', *The Economist*, 13 May 2017, p. 32; Schweizer, 'Die Kolonialzeit holt Deutschland ein. Die Verhandlungen mit Namibia zur Aufarbeitung des Völkermordes an den Herero und Nama sind ins Stocken geraten', *Neue Zürcher Zeitung*, 19 July 2017, p. 5; on the overall context of German reparations debt in the twentieth century, see Roth, 'Reparationsschuld: Hypotheken der deutschen Völkermord- und Vernichtungspolitik im 20. Jahrhundert'. Presentation in Hamburg on 19 September 2017 (MS). Archive of the Stiftung für Sozialgeschichte des 20. Jahrhunderts (henceforth SfS-Archiv), Bestand III.72, Vorträge Karl Heinz Roth.
13. Zeller and Zimmerer, *Völkermord in Deutsch-Südwestafrika: Der Kolonialkrieg (1904–1908) in Namibia und die Folgen*; Kößler and Melber, 'Völkermord und Gedenken. Der Genozid an den Herero und Nama in Deutsch-Südwestafrika 1904–1908', in Brumlik and Wojak, *Völkermord und Kriegsverbrechen in der ersten Hälfte des 20. Jahrhunderts*, 37–76.
14. Honig, 'Beuterecht im Landkrieg', in Schlochauer, *Wörterbuch des Völkerrechts*, Vol. 1, 198 f.; Scheuner, 'Beuterecht im Seekrieg', in ibid., 199–201; Dinstein, 'Booty in Warfare', in Oxford Public International Law.
15. Seidl-Hohenveldern, 'Kriegsentschädigung', in Schlochauer, *Wörterbuch des Völkerrechts*, Vol. 2, 337–43; Röper, 'Reparationen', in *Handwörterbuch der Sozialwissenschaften*, Vol. 8 (1964), 812–21; Von Spindler, 'Reparationen', in Gerloff and Neumark, *Handbuch der Finanzwissenschaft*, Vol. 4, 136–57; Shelton, 'Reparations'.
16. Namely with Bulgaria, Finland, Italy, Romania and Hungary. A peace treaty with the restored Austria was only agreed in 1955. On the peace treaties concluded with these countries, as well as the reparations arrangements outlined within them, see Menzel, *Die Friedensverträge*.
17. Von Schmoller, 'Restitution', in Beckerath et al., *Handwörterbuch der Sozialwissenschaften*, Vol. 9, 1–3; Tanzi, 'Restitution', in Oxford Public International Law.
18. 'Bericht der Bundesregierung über Wiedergutmachung und Entschädigung für nationalsozialistisches Unrecht sowie über die Lage der Sinti, Roma und verwandter Gruppen' [Report by the German Federal Government on redress and compensation for National Socialist injustice, as well as on the situation of the Sinti, Roma and related groups], Deutscher Bundestag 10. Wahlperiode, Drucksache 10/6287, 31. 10. 1986; Herbst and Goschler, *Wiedergutmachung in der Bundesrepublik Deutschland*; Hockerts, Moisel and Winstel, *Grenzen der Wiedergutmachung*.
19. Botholz, 'Flüchtlinge', in Schlochauer, *Wörterbuch des Völkerrechts*, Vol. 1, 536–39; Marrus, *Die Unerwünschten*; Mananashvili, *Möglichkeiten und Grenzen*.

20. See the reproduction of the 14-point programme and the subsequent statements by Wilson in Michaelis and Schraepler, *Ursachen und Folgen*, Vol. 2, docs 399a to 399d, pp. 374–78.
21. Namely the restoration of free world trade, the right of all nations – Poland in particular – to establish sovereign nation states, universal disarmament and the foundation of a international association of all nations (what would later become the League of Nations).
22. At the end of November 1917, Trotsky and Lenin published a peace declaration in which they called for peace without annexations or contributions. Wilson's '14 points' must therefore also be viewed as an indirect response to this proclamation, which had caused a sensation across the globe. A reproduction of this declaration is in Michaelis and Schraepler, *Ursachen und Folgen*, Vol. 2, Doc. 273, 117 ff.
23. Reproduced in ibid., Vol. 2, Doc. 446, 467 f., quote from p. 468.
24. In addition, the peace treaty agreed with Romania (the Treaty of Bucharest) was revoked. The text of the armistice of 11 November 1918 is reproduced as document 457 in ibid., Vol. 2, 482–87.
25. Keynes, *Die wirtschaftlichen Folgen*, 90 ff.
26. *RGBl*. 1919, 701 ff.; excerpts can be found in Michaelis and Schraepler, *Ursachen und Folgen*, Vol. 3, Doc. 733, pp. 388 ff.
27. Article VIII of the peace treaty in ibid., Vol. 3, 405 ff.
28. Reproduced in ibid., Vol. 4, Doc. 959, pp. 339 f. (Ultimatum) and Doc. 959a, pp. 340–44 (payment plan).
29. See Hainbuch, *Das Reichsministerium*; additionally, see Wandel, 'Kapitalbewegungen I', in Albers et al., *Handwörterbuch der Wirtschaftswissenschaft*, Vol. 4, 378–88, here 381 ff.
30. Propaganda thesis of the German revanchist camp, according to which the collapse of the Western front and the Reich leadership's entering into armistice negotiations were caused not by the exhaustion of the country's own military capacity to wage the war, but rather exclusively by the anti-war movement and the working-class left in particular.
31. Röhr, *Hundert Jahre deutsche Kriegsschulddebatte*, 26 ff.
32. See Moulton and McGuire, *Germany's Capacity to Pay*, 72 f.; Moulton and Pasvolsky, *War Debts and World Property*, 279 ff.
33. The best known of these are the commentaries by Keynes, who summarised the critical objections of his contemporaries most succinctly. Keynes, *A Revision of the Treaty*. On the outlook of historians today, see in particular Boemeke, Feldman and Glaser, *The Treaty of Versailles*.
34. The best summary of the state of historical research is Leonhard, *Die Büchse der Pandora. Geschichte des Ersten Weltkriegs*; additionally, for a discussion of the rivalries between the great imperialist powers, see Janz, *14. Der große Krieg*.
35. By contrast, the concept of a war of aggression was only added to the canon of international law in the context of the Kellogg–Briand Pact in 1928.
36. Keynes, *Die wirtschaftlichen Folgen*, 109 ff.
37. Of the 4.5 million inhabitants of the Kingdom of Serbia, 1.2 million died; 600,000 civilians were killed in the repression meted out by the Bulgarian and Hapsburg occupiers, and a further 400,000 either starved, froze to death or fell victim to infectious diseases.
38. Horne and Kramer, *German Atrocities, 1914. A History of Denial*; Kramer, *Dynamic of Destruction. Culture and Mass Killing in the First World War*; Thiel, *'Menschenbassin Belgien'. Anwerbung, Deportation und Zwangsarbeit im Ersten Weltkrieg*; Luther (ed.),

The Great War and Memory in Central and South-Eastern Europe; Marković (ed.), *Veliki Rat. Der große Krieg. Der Erste Weltkrieg im Spiegel der serbischen Literatur und Presse*.

39. At this point, however, it must be recalled that the German military staffs were fully informed about the genocide that their Ottoman ally had conducted against the Armenians, but did not take any action.
40. See Backer, *Die Entscheidung zur Teilung Deutschlands*, 33 ff., 49 ff.
41. Kuczynski, *American Loans to Germany*; Kuczynski, *Bankers' Profits from German Loans*.