VEBLEN AND KEYNES ON WAR AND PEACE

Roberto Resende Simiqueli*

Abstract

The Treaty of Versailles, signed on June 28, 1919, officially marked the end of the First World War. Yet, far from fostering the pacification of the international system, its legacy contributed to the perpetuation of conflicts and to severe economic difficulties. The terms imposed on Germany — heavy reparations, territorial losses, and military restrictions — amounted to what John Maynard Keynes denounced as a "Carthaginian peace" in *The Economic Consequences of the Peace*. As a direct participant in the Paris Conferences, he warned that such measures would undermine Europe's political and economic stability in the postwar period. This article revisits Keynes's critique in dialogue with Thorstein Veblen's *An Inquiry into the Nature of Peace and the Terms of Its Perpetuation*, a work written before the armistice and the treaty negotiations. Veblen moves beyond the immediate failures of diplomacy to examine the institutional and economic structures that made a lasting peace unfeasible. For him, war is not an anomaly but a development inherent to the predatory logic of absentee ownership and the vested interests of industrial capitalism. The aim of this study, therefore, is to explore in detail Thorstein Veblen's treatment of the possibilities for peace after the First World War in A*n Inquiry into the Nature of Peace and the Terms of Its Perpetuation*, John Maynard Keynes's arguments in *The Economic Consequences of the Peace*, and the points of divergence and convergence between the two authors. To this end, we undertake a structural reading of both works and of Veblen's commentary on Keynes's denunciation of the Treaty of Versailles. Finally, we discuss how the Veblenian and Keynesian interpretations of Armed Peace reveal different theoretical inspirations and the variety of issues raised in the immediate aftermath of the war.

Keywords: Thorstein Veblen (1857–1929); John Maynard Keynes (1883–1946); World War I (1914–1918); International Relations; International Political Economy.
JEL Code: B15; B31; F02 & F51

Resumo

O Tratado de Versalhes, assinado em 28 de junho de 1919, marcou oficialmente o fim da Primeira Guerra Mundial. No entanto, longe de promover a pacificação do sistema internacional, seu legado contribuiu para a perpetuação dos conflitos e de graves dificuldades econômicas. Os termos impostos à Alemanha — pesadas reparações, perdas territoriais e restrições militares — configuram o que John Maynard Keynes denunciou como uma "paz cartaginesa" em *As Consequências Econômicas da Paz*. Como participante direto das Conferências de Paris, advertia que tais medidas minariam a estabilidade política e econômica da Europa no pós-guerra. Este artigo revisita a crítica de Keynes em diálogo com *An Inquiry into the Nature of Peace and the Terms of Its Perpetuation*, de Thorstein Veblen, obra escrita antes do armistício e das negociações do tratado. Veblen vai além das falhas imediatas da diplomacia para discutir as estruturas institucionais e econômicas que tornavam inviável uma paz duradoura. Para ele, a guerra não é uma anomalia, mas um desdobramento da lógica predatória da propriedade ausente e dos interesses constituídos do capitalismo industrial. A intenção deste trabalho, portanto, é explorar em detalhe o tratamento dado por Thorstein Veblen às possibilidades de paz após a Primeira Guerra Mundial em *An Inquiry into the Nature of Peace and the Terms of Its Perpetuation*, as considerações de J. M. Keynes em *As Consequências Econômicas da Paz* e os pontos de divergência e convergência entre os dois autores. Para tanto, realizamos um exercício de leitura estrutural das duas obras e dos comentários de Veblen sobre a denúncia keynesiana do Tratado de Versalhes. Por fim, discutimos como as interpretações vebleniana e keynesiana da Paz Armada são reveladoras de diferentes inspirações teóricas adotadas pelos autores e da diversidade de questões postas pelo imediato pós-guerra.

Palavras-chave: Thorstein Veblen (1857–1929); John Maynard Keynes (1883–1946); Primeira Guerra Mundial (1914–1918); Relações Internacionais; Economia Política Internacional.
Códigos JEL: B15; B31; F02 & F51

* Visiting Professor, Bachelor in Economics (BCE), Federal University of ABC (UFABC), Brazil. E-mail: rrsimiqueli@gmail.com. Orcid-id: 0009-0003-1230-6285.

1 Introduction

More than a century after the publication of his major works, it remains difficult to build any real consensus around the production of Thorstein Veblen. A rare point of convergence, however, is the deeply ironic tone with which the author at times expressed himself. This stylistic hallmark is clearly recognizable in *The Theory of the Leisure Class*, his most renowned work, but there is a striking instance of its recurrence in the opening pages of *An Inquiry into the Nature of Peace and the Terms of Its Perpetuation* (1917). In the very preface to this work, Veblen alerts readers that its title establishes an obvious intertextual reference to Immanuel Kant's classical defense of the liberalization of international political and economic relations: *Perpetual Peace: A Philosophical Sketch* (1795 [2020]). The irony of this parallel would be lost on readers inattentive to the nature of Kant's manifesto: fascinated by Adam Smith's reflections on the advance of commercial societies and their tendency toward progress and civilization, Kant posited that liberalized international trade relations, stripped of protectionist tariffs and territorial disputes, would lead to a new status of peace within the international system. For the celebrated Enlightenment philosopher, the international order could ultimately be pacified through the adherence of its constituent states to the liberal canons advanced by his Scottish counterpart. The Smithian–Kantian project of appeasing international rivalries did not materialize in the centuries following the publication of *Perpetual Peace* and *The Wealth of Nations*. More than that, its ambitions appeared virtually unreal in January 1917, when Veblen published the work under discussion here.

Veblen's *Inquiry into the Nature of Peace* traverses a vast array of issues in an attempt to address the many challenges posed to critical intellectuals during the "Age of Catastrophe" (Hobsbawm, 1998; Shackle, 1991). Its reading is at times arduous, even convoluted, given the author's serpentine movement through the myriad themes that inspired the essay. We believe, however, that it is possible to discern certain general lines of analysis and argument that justify its recovery and renewed study today.

Our engagement with *An Inquiry into the Nature of Peace and the Terms of Its Perpetuation* stems from several reasons. Occupied with research into the links between the works of Thorstein Veblen and John Atkinson Hobson, we sought moments in Veblen's production when he may have approached Hobsonian formulations on imperialism. We have previously noted that the late 1910s and early 1920s were not only a period of intense activity for Veblen but also a time marked by the incorporation, use, and commentary upon arguments typically

associated with Hobson. Beyond this matter, we were led by a more recent investigation into the foundations of the original institutionalist understanding of the state to revisit some of Veblen's lesser-read works, such as the one presently under discussion. In this text, we found not only further evidence of the dialogue between Veblen and Hobson, but also important insights into Veblen's understanding of the role of the state in capitalism and of interstate relations in situations of war and peace.

In light of these preliminary findings, we propose a dialogue between Veblen's framing in *An Inquiry into the Nature of Peace and the Terms of Its Perpetuation* and the classic *The Economic Consequences of the Peace* (1919), the result of John Maynard Keynes's participation in the conferences that led to the drafting of the Treaty of Versailles. Both Veblen's pessimistic prognosis regarding the social tensions emerging from any lasting peace in the international arena and Keynes's critique of the "Carthaginian peace" imposed upon the imperial powers point to the difficulty of resolving international relations at the time. We believe this warrants a synthetic treatment and a discussion of the points of contact between the two references. The insistence on bringing the two authors into dialogue is further justified by the fact that Veblen authored a review (Veblen, 1920) of Keynes's book, highlighting the points on which he disagreed with the author of *The General Theory*.

What is the meaning of revisiting these two works more than a century after their publication? Is there still something to be uncovered in Veblen's and Keynes's treatments of the political crises of the early twentieth century? We believe that recovering their original contributions—the structure of their arguments, the convergence of their common object, and the contrast between the frameworks each author proposed—offers a privileged vantage point from which to understand heterodox production in the 1910s and 1920s.

Reading two landmark references of heterodox economic thought on the First World War proves relevant for several reasons. At a first level, there is the convergence of Veblen's and Keynes's writings around a common object: the First World War and, in both their views, the impossibility of genuine pacification at its end. One must also weigh the importance of exploring passages in Veblen's and Keynes's work that are seldom visited. Both thinkers are usually referenced through their major works (*The Theory of the Leisure Class* and *The General Theory of Employment, Interest, and Money*, respectively), and the concentration of analysis on these two volumes often encourages a reading that links them only to the contexts, problems, and propositions of those canonical texts. Additionally, this episode is marked by Veblen's direct engagement with Keynes's work and, crucially, his perception of

the differences between their arguments—a unique opportunity to discuss both the convergences and divergences between the two authors.

More specifically, this paper seeks to address the following question: what are the main differences between Veblen's and Keynes's readings of the Armed Peace that characterized the conclusion of the First World War, and how do these differences reflect the distinct theoretical foundations each adopted? In short, Veblen's argument points directly to the construction of an institutional framework that fostered organized violence and warfare on a global scale — an obstacle not easily removed at the war's end — whereas Keynes's critique of the Treaty of Versailles is rooted in the contingent errors made during its drafting. In the former case, the impossibility of peace stems from a process of institutional change that entrenches force and fraud as tools of the Leisure Class for preserving its prerogatives. In the latter, the perpetuation of hostilities results from the mistakes of statesmen eager to reap the material and political rewards of the war. Thus, we contend that this study contributes to the heterodox field and to the inquiry into the authors' intellectual legacies by highlighting how the cleavage between institutionalist and conjunctural approaches to the conflict and its resolution shaped distinct interpretations of the "Carthaginian Peace" of Versailles.

Accordingly, this article aims to explore in detail Thorstein Veblen's treatment of the possibilities of peace after the First World War in *An Inquiry into the Nature of Peace and the Terms of Its Perpetuation*, J. M. Keynes's considerations in *The Economic Consequences of the Peace*, and the points of divergence and convergence between the two authors. Building on the guiding questions outlined above and the analytical reading of the aforementioned texts, we have structured the paper in four sections: (1) an exegesis of Veblen's reading of Germany's conservative modernization and the obstacles to the pacification of the international system, in 1917; (2) Keynes's forceful account of the failures of the Treaty of Versailles; (3) a succinct exploration of Veblen's review of *The Economic Consequences*; and (4) a brief conclusion, summarizing some of our reflections on these two perspectives.

2 Thorstein Veblen and German Conservative Modernization

When analyzing the role of the capitalist State during the First World War, Thorstein Veblen interprets it as an instrument of military aggression. From this perspective, it becomes necessary to consider both the offensive and defensive uses of the state apparatus. For Veblen, the understanding of international relations in that context must be grounded in this

framework: identifying which States adopt an explicitly aggressive stance and which act in the name of defense or in the preservation of what the author considers to be the norm of coexistence in the international system—"defensive aggression."

This framing of the military purposes of the State encounters a further aggravating factor in modernity: the economies of scale of organized violence enabled by advances in the industrial arts. Beyond the larger scale at which war is waged, one must also consider how this level of development of the productive forces would condition a new logic of international politics:

> The new state of the industrial arts serviceable for warlike enterprise put an increasingly heavy premium on readiness for offense or defense, but more particularly it all worked increasingly to the advantage of the offensive. It put the Fabian strategy out of date, and led to the doctrine of a defensive offense (Veblen, 1917, p. 18).

The international order organized around fully developed industrial states, according to Veblen, would display a tendency toward the maintenance of aggression (or, at best, defensive aggression). This, in the author's view, would be due to the ease of mobilization and armament productions, something that would considerably reduce the material burden of offensive military action for all participants in the system, predisposing them to intense escalations of aggression. This tendency is further strengthened by developments in transportation and communication, fundamental to building popular consensus around patriotic sentiment:

> But in any case, the progressive improvement in transport and communication, as well as in the special technology of warfare, backed by greatly enhanced facilities for indoctrinating the populace with militant nationalism, these ways and means, working under the hand of patriotic statesmen must in course of the past century have brought the peace of Europe to so precarious a footing as would have provoked a material increase in the equipment for national defense; which would unavoidably have led to competitive armament and an enhanced international distrust and animosity, eventually culminating in hostilities (Veblen, 1917, p. 21).

Added to the advance in techniques and the scale of production of the war apparatus (resulting from industrial development), and to the ease of mobilization and indoctrination of the populations of belligerent states (consequences of new means of transportation and communication), is the characterization of Prussia and the "Prussianized" German Empire as an Imperial State—a central concept in Veblen's understanding of authoritarianism in the early decades of the twentieth century. The use of this concept directly refers to the author's immediately preceding work, *Imperial Germany and the Industrial Revolution* (Veblen, 1915 [1994]), in which he explores the ways in which the English and Germans experienced

distinct paths of industrial and political development. While the German path would be characterized by the incorporation of a contemporary capitalist industrial production model into semi-feudal, dynastic-inspired political institutions, the English trajectory would result from a process of industrial development concomitant with the strengthening of democratic, parliamentarian-inspired institutions.

Returning to the *Inquiry*. For both Imperial Germany and the other belligerents, an immediate issue at stake is the moral support of the community for the military undertaking. This point, discussed somewhat timidly in the opening pages of the work, points to three questions commonly mobilized in militarist rhetoric: (1) the defense of material interests, (2) the reparation of national honor, and (3) the perpetuation of national "culture." Disguised as unifying elements of the working masses' aspirations around a common interest, none of these three elements would, for Veblen, represent an effective gain for collective well-being. The author emphasizes that the material interests propagated as common or collective would, in fact, correspond to the business interests that take shape in his works throughout the 1900s and 1910s. The fantasies of "honor" or "culture" would be attacked by Veblen in even more sardonic terms, understood as superstitions preserved in an atavistic manner by conservative sectors of society, aimed once again at defending the *status quo*.

This appears to be one of the main points of contact between Veblen's analysis of the First World War and the conception of imperialism defended by John Atkinson Hobson. The author of *Imperialism: A Study* characterizes imperialism as a set of policies intended to defend parasitic capitalist interests, identified with a class of rentier property owners who exploit society's productive potential, propagated by military and media sectors that would secure mass cooperation (Hobson, 1902; Cain, 1978, 1981; Cain & Hopkins, 1980; Silva, 2003). Judging by the closeness between the two authors, and by Veblen's recurrent recourse to Hobsonian references in his works of the late 1910s, we believe that this presentation and the particular characterization of statesmen who drive the national fantasy of war as parasites can be nothing other than a clear nod to the concepts presented in *Imperialism* (1902) and later works by J.A. Hobson, such as *The Crisis of Liberalism* (1909).

The symbolic amalgam between material interests, national honor, and national culture would find shelter in what Veblen characterizes as the patriotic spirit:

> The patriotic spirit is a spirit of emulation, evidently, at the same time that it is emulation shot through with a sense of solidarity. It belongs under the general caption of sportsmanship, rather than of workmanship. Now, any enterprise in sportsmanship is bent on an invidious success, which must involve as its major

> purpose the defeat and humiliation of some competitor, whatever else may be comprised in its aim. Its aim is a differential gain, as against a rival; and the emulative spirit that comes under the head of patriotism commonly, if not invariably, seeks this differential advantage by injury of the rival rather than by an increase of home-bred well-being (Veblen, 1917, p. 33).

The characterization of the patriotic spirit is particularly interesting for scholars of Thorstein Veblen's work, as it presents connections with several central concepts of *The Theory of the Leisure Class*, with his long trajectory of debates on evolution and ethnic-cultural profiles, and with intriguing possibilities for comparative study of institutional arrangements. A first observation made by Veblen is the connection between this patriotic spirit and sportsmanship, commonly associated with the leisure class (Veblen, 1899 [1994]); thus, patriotism would be something that serves war, promoted by elements of the political sphere, instilling religious zeal into the conduct of organized violence, so often likened to sporting practices in Veblen's magnum opus. The patriotic spirit becomes a kind of fusion of the four prerogatives traditionally associated with the leisure class (war, politics, religion, sport), while also being a clear demonstration of the social dynamics of emulation and invidious comparison as it is absorbed by the popular classes.

We identify four elements of interest in Veblen's definition of the patriotic spirit. The first concerns the characterization of this patriotic spirit as a kind of synthetic concept of the use of prerogatives commonly reserved for the leisure class. The second relates to how these prerogatives are mobilized to secure the preservation of leisure-class interests by their subordinates, through the propagation of the superstitions of national material interest, national honor, and national culture. Additionally, this concept points to a confrontation with the sociological matrices of his time, which insisted on recourse to genetic and physiological explanations in the differentiation between nationalities. Finally, his reading of patriotism represents a stimulating connection with John Hobson's treatment of these same issues, Hobson being an intellectual partner and constant reference in Veblen's works of this period.

The idea of a lasting peace, in a context dominated by nationalist resentments and imperial rivalries, reveals itself as a contradiction in terms. It is from this tension that Veblen identifies two possibilities for the realization of peace: (1) peace without honor, imposed by capitulation to the imperial powers, and (2) a project of peace based on the neutrality of international economic and political relations. This second alternative approaches the Kantian proposal of *Perpetual Peace*, although it emerges from the recognition of the failure of the Enlightenment project.

An aggravating factor, in the analysis proposed by Veblen, is that the possibility of peace would depend on the disposition of the great nations, characterized in the *Inquiry* as belonging to two groups: those willing to take the lead in aggression, prone to launching military offensives, and those that would respond to provocation. For the author, France and the United Kingdom would fall into the latter group, with the United States fitting into it to some extent. Veblen would further argue that Russia is a doubtful case, while Austria would organically follow the German stance at the time. From these two axes, it would then be necessary to understand (1) which elements in a nation's developmental trajectory would shape it as adhering to a greater or lesser "warlike disposition," and (2) how this disposition could be restrained or appeased by the international system.

For Veblen, the answer to the first question is sufficiently clear: both the German Empire and the Japanese Empire are understood by the author as Dynastic States, heirs to political and military institutions of feudal inspiration. The action of these nations in the international system would hark back to a logic of power and violence established in previous centuries, of an atavistic, archaic character. The central issue, in the context of the First World War, becomes the conjunction of this feudal legacy — constitutive of the ways in which such States conduct politics and war — with modern economic institutions stemming from the industrial revolution.

The confrontation of patriotic sentiment would depend on understanding its formation as a national historical trait, resulting from the interaction between agents and institutional constructions over the medium-to-long term. In this logic, it is hardly plausible to expect that such a long trajectory of cumulative causation—responsible for instilling this bellicose disposition—would have its autocratic tendency reversed by means of an episodic agreement or a set of decrees proclaiming the abolition of the superstitions and mythologies that founded the nationalist and militarist discourse of the Dynastic States. For Veblen, the defining trait of bellicose patriotism is precisely the promotion of subjection to discipline across generations, its crystallization within the legal framework of a society and in its norms of coexistence. This would obviously have a lasting impact and would mark such a society as structurally distinct from those built around democratic institutions. In this sense, of special interest is the author's characterization of the rigid stratification of the German Empire at the time—divided between those who command and those who are commanded—and a German intellectual class detached from this hierarchical structure, marked by an eminently cosmopolitan character.

The only reasonable path to peace would involve the disarmament of the patriotic sentiments of the German population, understood by the author as a gradual, long-term project that would depend on the promotion of democratic institutions and the containment of violent or authoritarian impulses within the politics of that nation:

> If the gradual obsolescence of the spirit of militant loyalty in the German people, through disuse under a regime of peace, industry, self-government and free trade, is to be the agency by force of which dynastic imperialism is to cease, the chance of a neutral peace will depend on the thoroughness with which such a regime of self-direction can be installed in this case, and on the space of time required for such obsolescence through disuse. Obviously, the installation of a workable regime of self-government on peaceable lines would in any case be a matter of great difficulty among a people whose past experience has so singularly incapacitated them for self-government; and obviously, too, the interval of time required to reach secure ground along this line of approach would be very considerable (Veblen, 1917, p. 117).

There is, of course, another possibility for peace: peace without honor, marked by capitulation to German military might. Here Veblen gives voice to a curious counterfactual exercise on what life would be like under a Pax Germanica, resulting from an outcome of the First World War that did not correspond to the Entente's victory. This digression quickly reveals its real purpose: to demonstrate how, ultimately, the authority exercised by the imperial elite could clearly be contrasted with that exercised in democratic regimes. The contrast between peace under dynastic rule and peace under the rule of capital is not intended to highlight the stark differences between democracies and empires. Rather, it is a device mobilized by the author to demonstrate how similar the feudal authority preserved in Imperial Germany would be to the recurrent capitalist sabotage perpetrated by the leisure class in democratic regimes.

And what would this capitalist sabotage be? According to Veblen, capitalist sabotage is the control of idle capacity and the general price level by businessmen (Veblen, 1904 [1932], 1917, 1921 [1994]). It would consist both in the denial of legitimate uses of the installed capital of a given society — an effective measure of the productive capacity of a given economic arrangement— and in the conduct of business solely with a view to profit rather than to the rational use of economic resources. In this sense, Veblen once again positions himself antagonistically to economic orthodoxy, postulating that capitalist elites would subvert democratic regimes and the logic of industrial efficiency in favor of their pecuniary gains.

> It has been the traditional dogma among economists and publicists in these modern communities that free competition between the businessmen in charge will infeasibly act to bring the productiveness of industry to the highest practicable pitch and would lead to the most unreserved and vigilant endeavour to serve the

> community's material needs at all points. The reasons for the failure of this genial expectation, particularly under latter-day business management, might be shown in some detail, if that were needed to enforce the argument as it runs in the present connection. But a summary indication of the commoner varieties and effects of sabotage as it is systematically applied in the businesslike conduct of industry will serve the purpose as well and with less waste of words and patience (Veblen, 1917, p. 169).

The dilemma that brings the two systems closer is that both capitalist democracies and the imperial system, in Veblen's understanding, tend to be organized by channeling pecuniary wealth toward the minority holding political and economic power, representative of the local configurations of the leisure class and the business and financial interests. In the case of a dynastic state, this wealth would obviously be directed to the imperial elites; in the case of democracies, through capitalist sabotage, these assets would fall under the control of businessmen.

Once the argumentative recourse to the *Pax Germanica* has been overcome, the constitution of a league guided by neutrality in international relations emerges as the last possibility of peace at the end of the war. The structuring of international organizations capable of disciplining the violent inclinations of nations is a common theme among critical intellectuals of the period (Dubin, 1970; Kaiga, 2021), but, given the absence of direct citations, we cannot categorically affirm that the arrangement presented by Veblen is a development of proposals made by other authors. As presented in the *Inquiry*, such a league should primarily arbitrate international relations and pacify imperial states, resorting to a set of measures that would not penalize the population of the pacified empires. On this point, two passages are especially enlightening.

> As a preliminary consideration, these peoples of the Empire and its allies, as well as their enemies in the great war, will necessarily come out of their warlike experience in a more patriotic and more vindictive frame of mind than that in which they entered on this adventure. Fighting makes for malevolence. The war is itself to be counted as a set-back. A very large proportion of those who have lived through it will necessarily carry a warlike bent through life. By that much, whatever it may count for, the decay of the dynastic spirit or the growth of tolerance and equity in national sentiment, if one chooses to put it that way will be retarded from beforehand. So also the Imperial establishment, or whatever is left of it, may be counted on to do everything in its power to preserve to the popular spirit of loyalty and national animosity, by all means at its disposal; since the Imperial establishment finally rests on the effectual body of national animosity. What hindrance will come in from this agency of retardation can at least vaguely be guessed at, in the light of what has been accomplished in that way under the strenuously reactionary rule of the present reign (Veblen, 1917, pp. 195–196).
>
> Again, there is the chance, as there always is a chance of human folly, that the neighboring peoples will undertake, whether jointly or severally, to restrict or prohibit trade relations between the people of the Empire and their enemies in the present war; thereby fomenting international animosity, as well as contributing directly to the economic readiness for war both on their own part and on that of

> the Empire. This is also, and in an eminent degree, an unknown factor in the case, on which not even a reasonable guess can be made beforehand. These are, all and several, reactionary agencies, factors of retardation, making for continuation of the current international situation of animosity, distrust, chicane, trade rivalry, competitive armament, and eventual warlike enterprise (Veblen, 1917, p. 196).

More than the preliminary aspects already mentioned, the central feature of the league proposed by Veblen is the creation of a statute capable of protecting the members of the association against aggression carried out by imperial states and their allies. To this end, such a league should be structured on the basis of peacefully-oriented nations. The fundamental challenge to pacifying the dynastic states, especially the German Empire, lies in the need to reverse a long historical trajectory in which industrial modernization was appropriated by a military elite.

> If the dynastic States are left to their own devices, it will be incumbent on the associated nations to put in the field a standing force sufficient to prevent a recourse to arms; which means competitive armament and universal military rule. Or the dynastic States may be taken into partnership and placed under such surveillance and constraint as to practically disarm them; which would admit virtual disarmament of the federated nations. The former arrangement has nothing in its favour, except the possibility that no better or less irksome arrangement can be had under existing circumstances; that is to say that the pacific nations may not be able to bring these dynastic states to terms of disarmament under surveillance (Veblen, 1917, p. 238).

Veblen is categorical once again in demonstrating the institutional foundation of bellicose patriotism. It is not enough to materially disarm the German army or depose its elites. It is necessary to demobilize it in the sense of dismantling the institutions of the Prussian army that regulate the functioning of the German war machine. Once again, the author stresses that this demobilization process must be carried out over time and with the guarantee that the common man will not be penalized by disputes between Imperial democratic elites. This point becomes clear when Veblen discusses the possibility of implementing embargoes or economic boycotts against the imperial powers, affirming that the weight of such punishments would fall, as usual, on the working classes and not on those truly responsible for the hostilities.

> There has been a volume of loose talk spent on the justice and expediency of boycotting the trade of the peoples of the Empire after the return of peace, as a penalty and as a preventive measure designed to retard their recovery of strength with which to enter on a further warlike enterprise. Such a measure would necessarily be somewhat futile; since "Business is business," after all, and the practical limitations imposed on an unprofitable boycott by the moral necessity to buy cheap and sell dear that rests on all businessmen would surreptitiously mitigate it to the point of negligibility. It is inconceivable, or it would be inconceivable in the absence of imbecile politicians and self-seeking businessmen, that measures looking to the trade isolation of any one of these countries could be entertained as a point of policy to be pursued by a league of neutrals. And is it only insofar as patriotic jealousy and vindictive sentiments are allowed to displace the aspiration for peace and security that such measures can claim consideration.

> Considered as a penalty to be imposed on the erring nations who set this warlike adventure afoot, it should be sufficiently plain that such a measure as a trade boycott could not touch the chief offenders, or even their responsible abettors. It would, rather, play into the hands of the militarist interests by keeping alive the spirit of national jealousy and international hatred, out of which wars arise and without which warlike enterprise might hopefully be expected to disappear out of the scheme of human intercourse. The punishment would fall, as all economic burdens and disabilities must always fall, on the common man, the underlying population (Veblen, 1917, p. 266–267).

For Veblen, a league aspiring to pacify the international system could only accomplish its work through the abandonment of the differences and discrepancies that led to those very international hostilities. The project would need, in sum, to be guided by the neutralization of the masters of the dynastic state, not of their subordinates. In the end, the author also lists a set of indispensable measures for the pacification of Germany: the elimination of the Imperial establishment and its dynastic statute, the removal and destruction of the entire naval, offensive, and defensive military apparatus, the cancellation of the empire's public debts and those of its members, the confiscation of the industrial apparatus mobilized during the war, the assumption by the League of the debts of the *Entente Cordiale*, and compensation to civilians in invaded territories. Once again, for the league, it is fundamental that the work of building peace be carried out through the abandonment of feelings of vengeance, revanche, and reparation.

Needless to say, in the light of twentieth-century history, Veblen's proposal proves somewhat optimistic and riddled with curious paradoxes. The first of these is the belief in the American state as promoter of international democratic institutions. Even though Woodrow Wilson, then president, was willing to join the League of Nations and formulated a set of points for pacifying the international system after the First World War, the refusal of the U.S. Congress to join the League decreed its failure (Carr, 2001; Hobsbawm, 1998; Steiner, 2005). Additionally, U.S. military initiatives throughout the past century acted as a destabilizing factor in the international order—fostering conflicts in the Near East, Southeast Asia, and in various democracies, such as Brazil, which were destabilized by authoritarian coalitions aligned with Washington.

In the final moments of *An Inquiry into the Nature of Peace and the Terms of Its Perpetuation*, Veblen proposes a reflection on the real meaning of peace sought in the immediate aftermath of the First World War. Frequently, this peace is reduced to the mere cessation of hostilities between belligerents—a kind of armistice, understood as a temporary interruption of the conflict. For the author, however, such conceptions are superficial: they do not represent lasting peace, but rather a strategic interval that anticipates new confrontations.

According to Veblen, the democratic regimes involved in the war would tend to adopt a distinct conception of peace—not as truce or armed vigilance, but as a natural state of human relations. The First World War, however, revealed the bankruptcy of the "watchful peace" model and the inefficacy of the balance of power as a mechanism of international stability. In such a context, the only certainty possible under the logic of armed peace would be the imminence of new conflicts.

Regarding war itself, Veblen highlights a crucial transformation in the way it is conducted. In previous centuries, war was an aristocratic craft, an undertaking limited to the elites, in which the people acted only as auxiliary force. From 1914 onwards, however, there emerges an industrialized and mechanized war, marked by the habits and structures of modern society. This profound change, associated with technical progress and mass mobilization, imposes the need for a new arrangement for peace — substantially distinct from earlier forms of international order.

On the eminently technological character of modern conflicts, Veblen tells us the following:

> Among the singularities of the latterday situation, in this connection, and brought out by the experiences of the great war, is a close resemblance between latterday warlike operations and the ordinary processes of industry. Modern warfare and modern industry alike are carried out by technological processes subject to surveillance and direction by mechanical engineers, or perhaps rather experts in engineering science of the mechanistic kind. War is not now a matter of the stout heart and strong arm. Not that these attributes do not have their place and value in modern warfare; but they are no longer the chief or decisive factors in the case. The exploits that count in this warfare are technological exploits; exploits of technological science, industrial appliances, and technological training. As has been remarked before, it is no longer gentlemen's war, and the gentleman, as such, is no better than a marplot in the game as it is played (Veblen, 1917, pp. 303–304).

The mass wars of the twentieth century reveal an apparent paradox: while reinforcing feelings of patriotism and subservience, they also expose the profound inequality between commanders and commanded — which may lead subordinates to question the legitimacy of political and military leadership. The way this tension resolves varies according to the institutional arrangement of each country. Dynastic regimes of imperial inspiration tend to react by hardening structures of authority, subjecting the working masses to a subordinate role as the "proletariat of war." Democratic regimes, in turn, face a challenge of another nature.

Although they may also resort to institutionalized violence to sustain their political and military authority, dynastic states find themselves facing a structural dilemma. War

intensifies the contradiction between the technological modernization demanded by circumstances and the ceremonial rigidity of the archaic political forms that sustain these regimes. This modernization — necessary to sustain the war effort — inevitably alters the habits of the population who benefit from it, generating social pressures that put at risk the stability of traditionalist power structures.

> The dynastic State is apparently caught in a dilemma. The necessary preparation for warlike enterprise on the modern plan can apparently be counted on, in the long run, to disintegrate the foundations of the dynastic State. But it is only in the long run that this effect can be counted on; and it is perhaps not securely to be counted on even in a moderately long run of things as they have run hitherto, if due precautions are taken by the interested statesmen, as would seem to be indicated by the successful conservation of archaic traits in the German peoples during the past half century under the archaising rule of the Hohenzollern. It is a matter of habituation, which takes time, and which can at the same time be neutralised in some degree by indoctrination (Veblen, 1917, p. 311–312).

Faced with the threat represented by dynastic states armed with the modern instruments of violence, Veblen insists on the urgency of creating a League of Nations capable of containing this organized and anti-democratic form of power. Although he recognizes the immediate difficulties of its implementation in the postwar period, he maintains the expectation that such an institutional arrangement could be consolidated in the medium term. However, Veblen raises a crucial issue that complicates this scenario.

If the imperial powers were defeated and the dynastic threat to the international order eliminated, the workers of capitalist democracies might be faced with an uncomfortable realization: the authority they fought against on the battlefields would resemble, in many aspects, that which perpetuates capitalist sabotage in their lives. Thus arises the true dilemma of lasting peace. For Veblen, the pacification of international relations would only be complete if accompanied by the pacification of relations between social classes — something impossible to achieve as long as the structures of private ownership sustaining economic domination endure.

> These owners have, ordinarily, contributed nothing to the technology, the state of the industrial arts, from which their control of the material equipment of industry enables them to derive a gain. Indeed, no class or condition of men in the modern community with the possible exception of politicians and the clergy can conceivably contribute less to the community's store of technological knowledge than the large owners of invested wealth (Veblen, 1917, p. 322).

For Veblen, peace among nations would make evident how much capitalist democracies depend on the structural inequality between owners and workers. By eliminating external conflict, this new scenario would open space for the consolidation — and even intensification — of the dominance of the leisure class over the economic system. The

cessation of hostilities would drive material progress, with the expansion of large corporations and the increase of investments in legal and propaganda departments. Consumption patterns, in turn, would reinforce the symbols of distinction and prestige associated with the upper layers. However, the fruits of this progress would, to a large extent, be appropriated by the dominant class, to the detriment of collective well-being — a direct result of capitalist sabotage, which, according to Veblen, operates to preserve privileges and block any effective redistribution. Nevertheless, the author sketches a remarkably realistic diagnosis of the twentieth century:

> The logical result should be an accelerated rate of accumulation of the country's wealth in the hands of a relatively very small class of wealthy owners, with a relatively inconsiderable semi-dependent middle class of the well-to-do, and with the mass of the population even more nearly destitute than they are today. At the same time it is scarcely to be avoided that this wholly dependent and impecunious mass of the population must be given an appreciably better education than they have today. The argument will return to the difficulties that are liable to arise out of this conjuncture of facts, in the way of discontent and possible disturbance (Veblen, 1917, p. 344).

In this view, the tension of the technological-ceremonial dichotomy reappears forcefully: while the leisure class makes use of its privileged position and the mechanisms of capitalist sabotage to concentrate the benefits of peace and the resumption of international trade, the working class incorporates the impulses of a new order and the disposition to overcome an institutional framework founded on the exclusionary notion of property that, for Veblen, underpins the modern point of view. The great clash, in this context, opposes ceremonial-based conservatism to the emergence of a new type of subject: pragmatic, objective, attentive to the harshness of his reality. This new man opposes superstition — including those sheltered in the legal apparatus. His rationality enables him to question the myths that sustain the supposed common material interests in profoundly unequal societies, as well as the ideas of defending honor and national culture, and above all, the superstitions protected by the statute of private property.

> Granting the premises, there should be no reasonable doubt as to this eventual cleavage between those who own and those who do not; and of the premises the only item that is not already an accomplished fact is the installation of peace at large. The rest of what goes into the argument is the well-known modern state of the industrial arts, and the equally well-known price-system; which, in combination, give its character to the modern state of business enterprise. It is only an unusually broad instance of an institutional arrangement which has in the course of time and changing conditions come to work at cross purposes with that underlying ground of institutional arrangements that takes form in the commonplace aphorism, Live and let live. With change setting in the direction familiar to all men today, it is only a question of limited time when the discrepancy will reach a critical pass, and the installation of peace may be counted on to hasten this course of things. (…) either the price-system and its attendant business enterprise will yield and pass out; or the pacific nations will conserve their

> pecuniary scheme of law and order at the cost of returning to a war footing and letting their owners preserve the rights of ownership by force of arms (Veblen, 1917, p. 365–366).

What seems to be a belief in the revolutionary movement of the early century quickly turns into the characteristic pessimism of the scholar of economic institutions. It is not that workers do not have at their disposal the means to promote revolutionary transformations, but it is necessary that this transformative impulse be counterbalanced by the control of the state apparatus by the capitalist elite. The leisure class, armed with the prerogatives of religion, sport, politics, and especially war — far more interested in preserving the *status quo* than in guaranteeing peace to the international system and justice to labor and production relations — would be guided not by the appeasement of tensions, but by the perpetuation of conflict, indispensable to defending the system of privileges that underlies its existence.

> This current scheme of investment, business, and sabotage, should have an appreciably better chance of survival in the long run if the present conditions of warlike preparation and national insecurity were maintained, or if the projected peace were left in a somewhat problematical state, sufficiently precarious to keep national animosities alert, and thereby to the neglect of domestic interests, particularly of such interests as touch the popular well-being. On the other hand, it has also appeared that the cause of peace and its perpetuation might be materially advanced if precautions were taken beforehand to put out of the way as much as may be of those discrepancies of interest and sentiment between nations and between classes which make for dissension and eventual hostilities (Veblen, 1917, p. 367).

The terms for the perpetuation of peace, in the understanding of the author of *The Theory of the Leisure Class*, go beyond the demilitarization of dynastic and democratic elites, truly responsible for the death of millions of workers on the battlefields of the First World War. It was fundamental to establish guarantees that the international system would not be subject to disputes similar to those that triggered the conflict. At another level of analysis, Veblen signals the need for appeasement of relations between social classes — something that could only be achieved with the supplanting of the dominance of elites, of property rights under the aegis of business and vested interests, and of the price system, the foundation of the inequity that permeates the capitalist order.

3 J. M. Keynes and the Construction of the Carthaginian Peace

Keynes's perception of the Treaty of Versailles, presented in the classic *The Economic Consequences of the Peace* (1919 [2019]), diverges in a number of respects from the elements set forth by Veblen in his analysis. There are notable differences regarding the circumstances under which the Keynesian manifesto was written, as well as in the author's political positioning and his objectives. The first necessary caveat is that *The Economic Consequences of*

the Peace was written from the perspective of an active participant in the meetings of the Allied Council, which led to the drafting of the terms of the peace treaty signed between the *Entente Cordiale* and the Central Powers. More than this, he was a notoriously dissatisfied participant: a member of the British Treasury Secretariat who abandoned his functions during the drafting of the treaty, for he saw no remote possibility that a lasting peace could emerge from the Versailles negotiations.

One aspect that stands out in reading *The Consequences* is Keynes's *sui generis* position among analysts of the period. The author fits the peculiar characterization of an insider-outsider (Harrod, 1951; Shackle, 1991; Skidelsky, 2003): an intellectual figure educated within the framework of the British elite, with full understanding of the functioning of imperial political and economic institutions, recurring interaction with the dignitaries of the United Kingdom, and a critical perception of Victorian moral canons, something often related to his connection to the Bloomsbury group. In this sense, it is clearly perceptible how uncomfortable Keynes was with the way his counterparts in the British, French, and American elites revealed themselves incapable of addressing the demands of their time and of producing a treaty capable of dealing with the concrete dilemmas faced by European society in that period.

The critical, acidic, and mordant tone of *The Economic Consequences of the Peace* is already evident in its introduction, where the author does not hold back in characterizing the circumstances in which the Treaty of Versailles was being drafted:

> **Paris was a nightmare, and every one there was morbid**. A sense of impending catastrophe overhung the frivolous scene; the futility and smallness of man before the great events confronting him; the mingled significance and unreality of the decisions; levity, blindness, insolence, confused cries from without,—all the elements of ancient tragedy were there (Keynes, 1919 [2019], p. 46; emphasis added).

The descriptive richness of this passage is not an isolated episode in the account. Throughout the following chapters, Keynes presents in detail the stature, manners, gestures, general disposition, and what he interprets as the personality traits of the main figures involved in the drama unfolding at Versailles. We believe this to be perhaps one of the great merits of his text, while at the same time representing one of its main shortcomings, since the author clings, on many occasions, to an excessively biographical reading of the missteps of the leaders involved in drafting the treaty.

The argument oscillates between this perception of the disposition of the agents involved in the drafting of the treaty and what, in the author's view, were the general

tendencies of the European economy and its population at the time. Curiously evident in this work is Keynes's intense Malthusian inclination, given his recurring concerns with the pace of population growth and the capacity of the economies involved to provide subsistence for this population. These elements are mobilized transparently in the third chapter of *The Economic Consequences of the Peace*, in which the author offers a brief overview of what he considered to be the circumstances of the European economy in the years prior to the conflict, and how these circumstances would have to be restored, to some extent, if peace among the signatories of the armistice was to be maintained.

What stands out in the author's perception is a rather elitist reading of the comforts enjoyed by the inhabitants of British capitalism in the first decade of the twentieth century. Keynes notes that London residents had at their disposal the myriad of goods that could be ordered by telephone, with the convenience of home delivery. It is clear, from the study of the living conditions of the majority of the English population at the time, that this convenience was far from widespread. Beyond the characterization of the wealth enjoyed by Europeans at the time, Keynes offers more in-depth considerations about the general tendencies of the European population during the period. In this regard, he embraces four pressing issues of the time: (1) the aforementioned general population movements in the great European nations; (2) the relationship between these population movements and the prevailing industrial organization; (3) their connection with the psychology of these societies; and finally, (4) the relations between the old world and the peripheries of capitalism.

Of the points briefly indicated in the previous paragraph, special attention should be paid to Keynes's reading of the demographic tendencies of the German Empire and the dependence of European industrial societies on capital accumulation as the guiding principle of their social structures. On these elements, the author states the following:

> I seek only to point out that the principle of accumulation based on inequality was a vital part of the pre-war order of Society and of progress as we then understood it, and to emphasise that this principle depended on unstable psychological conditions, which it may be impossible to re-create. It was not natural for a population, of whom so few enjoyed the comforts of life, to accumulate so hugely. The war has disclosed the possibility of consumption to all and the vanity of abstinence to many. Thus the bluff is discovered; the labouring classes may be no longer willing to forgo so largely, and the capitalist classes, no longer confident of the future, may seek to enjoy more fully their liberties of consumption so long as they last, and thus precipitate the hour of their confiscation (Keynes, 1919 [2019], p. 56).

Taking these elements together, Keynes begins to identify the factors of instability that contributed to the outbreak of the conflict. In his view, these factors could be grouped

around: the instability of a population excessively dependent, for its maintenance, on a complex and artificial organization; the instabilities present in the psychological arrangement between the working and capitalist classes; and the instability of European access — or European dependence — on supplies provided by other parts of the world. In this infrequent Keynesian analysis of pre-war economic history, we can perceive not only an echo of his conservative philosophical inspirations — such as his admiration for Edmund Burke and his appeals to the maintenance of the status quo in England contemporaneous to revolutionary France (Keynes, 1933; Skidelsky, 2003) — but also, once again, inspiration from a Malthusian analytical framework, based on the difficult balancing of population growth and food security. It is also thought-provoking to reflect on how this passage represents, for scholars of his intellectual production, material for evaluating the author's political maturation in the following decades. In 1919, the main result of Keynes's concern with the disagreements between capitalists and workers was his defense of maintaining the circuit of capital accumulation. Decades later, we find in the pages of *The General Theory* (1936 [2007]) an intellectual once again troubled by the need to ensure sustenance and employment for workers, but now engaged in a sharp denunciation of the evils of rentierism and the irresponsible behavior of financial speculators.

In his reading of the conference and of the terms under which the treaty was drafted, Keynes offers an intense description of the general character of the French, British, and American positions, resorting to a rich adjectival demonstration of how this alignment was connected to the political and psychological inclinations of Clemenceau, Lloyd George, and Woodrow Wilson. This is another point where the Keynesian reading distances itself from the contribution of Thorstein Veblen. While the author of *The Theory of the Leisure Class* provides us with a positive analysis of the ways in which the institutional arrangement of the German Empire had led that society to a bellicist pattern of development, Keynes's approach presents the propositions of each of the leaders involved in the conference as the result of personality traits and pressures inherent to the domestic politics of their countries. In this sense, Keynes's pen is sharp and provocative. Clemenceau is characterized as a tired, pessimistic figure, worn down by the pressures imposed upon French society in the trenches of Verdun. His position would obviously echo the French popular sentiment of *revanche*, guided by the imposition of heavy punishments upon the German imperial state. If Clemenceau and the French represent the limit of punitivism in dealing with the defeated Central Powers, the balance should have been struck by Lloyd George, since Woodrow

Wilson, at the time recognized as an idealist reference in international relations (Carr, 2001), stood out as the proponent of the *Fourteen Points for Peace* and of the founding of a League of Nations. We believe that, more than in the representation of Clemenceau's pessimism and fatigue, it is in the imagery used to describe these two leaders and their positions that Keynes lays down some of his sharpest criticisms.

For the author of *The Economic Consequences of the Peace*, what stands out is Wilson's optimistic *naiveté*, as he participated in the peace negotiations without being able to effectively sustain the mildly punitive terms of surrender that he had presented to the Germans. Keynes goes so far as to describe Wilson as a man endowed with the disposition of a Presbyterian pastor, guided by morality rather than by an accurate diagnosis of the *realpolitik* of his time:

> It was commonly believed at the commencement of the Paris Conference that the President had thought out, with the aid of a large body of advisers, a comprehensive scheme not only for the League of Nations, but for the embodiment of the Fourteen Points in an actual Treaty of Peace. But in fact the President had thought out nothing; when it came to practice his ideas were nebulous and incomplete. He had no plan, no scheme, no constructive ideas whatever for clothing with the flesh of life the commandments which he had thundered from the White House. He could have preached a sermon on any of them or have addressed a stately prayer to the Almighty for their fulfillment; but he could not frame their concrete application to the actual state of Europe (Keynes, 1919 [2019], p. 67).

A significant element of Keynes's manifesto consists in a detailed analysis of the terms of reparation and of their unreality, especially with regard to the way this unreality imposed upon the German economy — and, more broadly, upon the European economy — the impossibility of effective recovery after the war. We shall not enter here into the specific figures meticulously compiled by the author, but he makes incisive considerations about the progressive accumulation of war burdens imposed upon Germany. These burdens were, for the most part, the product of the ideological and media circumstances surrounding the treaty, rather than of any objective verification of the impact of the German war effort upon the nations of the *Entente*.

At the core of this question lies the exploitation, by the French revanchist argument, of one of the terms originally proposed by Wilson in his Fourteen Points. According to the American president, "*compensation will be made by Germany for all damage done to the civilian population of the Allies and to their property by the aggression of Germany by land, by sea, and from the air.*" (Wilson, 1918). Part of Keynes's criticism of Wilson's idealism seems to rest precisely on the naiveté of propositions such as this one, which, by presenting in excessively vague terms the burden of war, ended up serving as the basis for French revanche at Versailles.

From this American "letter of intent," the punitivism of reparations takes substance in Articles 231 and 232 of the treaty, discussed and commented on by Keynes as follows:

> The Allied and Associated Governments affirm and Germany accepts the responsibility of Germany and her allies for causing all the loss and damage to which the Allied and Associated Governments and their nationals have been subjected as a consequence of the war imposed upon them by the aggression of Germany and her allies (Keynes, 1919 [2019], p. 131).
>
> The Allied and Associated Governments, however, require, and Germany undertakes, that she will make compensation for all damage done to the civilian population of the Allied and Associated Powers and to their property during the period of the belligerency of each as an Allied or Associated Power against Germany by such aggression by land, by sea, and from the air, and in general all damage as defined in Annex I. hereto (Keynes, 1919 [2019], pp. 131–132).

The difficulty in establishing the concrete material damages caused by the German war machine to the Allies, a point already addressed by Keynes in *The Economic Consequences of the Peace*, led these damages to be transformed from a potential technical basis for war reparations into a vector for the almost unrestricted expansion of the scope of reparations, motivated by Clemenceau's revanchism and by Lloyd George's electoral ambitions. In practice, Articles 231 and 232 promoted the German responsibility for **all** damages suffered by the Allies and their citizens during the war, something that went far beyond the original proposal of the treaty. The issue of the indirect impact of hostilities also became a front for expanding the demands for reparation upon Germany, with definitions of economic damage difficult to prove and exorbitant amounts, derived more from the imperative of blaming the German representatives than from any real attempt at objective measurement.

The issue of reparations is marked by flaws that go beyond the definition of the amount to be paid by Germany to the Allies. The attribution to Germany of damages caused by other members of the Central Powers, such as Bulgaria, Austria, and the Ottoman Empire, also proved problematic. The expansion of these demands disregarded the payment capacity of the already weakened German economy. The treaty established that reparations could be settled through three sources: the wealth immediately available in the German treasury, territories ceded to the Allies, and annual payments made by the German government over several periods.

Keynes then proceeds to demonstrate how, objectively, any of these payment paths would result in the impossibility of German economic recovery. Given the importance of the German productive apparatus for the economic relations of continental Europe, this would also compromise the continent's recovery as a whole. A considerable part of the immediately transferable net wealth, already confiscated, offered no prospects for recovery,

and the currency reserves of the deeply weakened German economy were likewise out of reach. Similarly, the confiscation of German properties in territories ceded to the victors would undermine any project of long-term recovery of the productive structure, with many of its strategic assets being incorporated into French or Belgian productive industrial parks.

In addition to the strangulation of German industry and finance denounced in these topics, the proposal of annual payments in cash or raw materials raised the following question: how could the German economy obtain the resources to pay this debt progressively, given the collapse of its productive structure and the confiscation of its reserves? In the face of this situation, the German authorities faced three possibilities: to refuse the terms imposed by the treaty, to admit the impossibility of payment, or to comply fully with the terms of peace. The first option, however, was unfeasible, considering the political and military prostration of the Central Powers after their defeat in the First World War. Refusal of the terms would be perceived as a violation as severe as the German invasion of Belgium at the beginning of hostilities. As for the admission of inability to pay, it would have little or no impact on the negotiations, given the imposing and Francophile characteristics of the treaty taking shape.

In light of these points, Keynes presents what would be the elements of his proposal for materially viable war reparations and terms. According to the author of *The Economic Consequences of the Peace*, an adequate program of reparation and recovery should rest on three pillars. The first would be the financing of Germany's industrial recovery, so that once its productive capacity had been restored, the nation could effectively bear the reparations, without overburdening its population and without compromising its capacity to produce. The second point would be the flexibilization of the debt in gold, ensuring that it would be settled over a longer term, without the risk of increasing the amount due to a possible devaluation of the German mark in relation to the pound or the franc. The third and final element refers to the perspective of progress of Europe's productive capacity as a whole, through the reintegration of industrial Germany into the continent's commercial and financial networks. The return to the terms of trade, finance, and productive integration prior to the First World War would allow for a new level of industrial production, which, over time, would make reparations less burdensome for all parties involved.

Few documents are more revealing of the perversity of the terms of the Peace of Versailles than the appeal made by the German financial commission at the end of the negotiations:

> **German democracy is thus annihilated at the very moment when the German people was about to build it up after a severe struggle**—annihilated by the very persons who throughout the war never tired of maintaining that they sought to bring democracy to us. … Germany is no longer a people and a State, but becomes a mere trade concern placed by its creditors in the hands of a receiver, without its being granted so much as the opportunity to prove its willingness to meet its obligations of its own accord. The Commission, which is to have its permanent headquarters outside Germany, will possess in Germany incomparably greater rights than the German Emperor ever possessed; the German people under its régime would remain for decades to come shorn of all rights, and deprived, to a far greater extent than any people in the days of absolutism, of any independence of action, of any individual aspiration in its economic or even in its ethical progress (Keynes, 1919 [2019], p. 168; emphasis added).

As the dignitaries of the defeated power indicate, the terms of the treaty seem to have as their goal the political and economic annihilation of Imperial Germany. We, contemporary readers of this process, cannot help but perceive the tragic clairvoyance with which these figures foresaw the fate that would be imposed upon the German people by the terms of the Treaty of Versailles.

Recognized for his remarkable predictive capacity, especially in the concluding considerations of *The Economic Consequences of the Peace*, Keynes evokes the pleas of the German delegates, returning to the characterization used earlier in this text, positioning him as an insider-outsider. A direct participant in the deliberations over the treaty, Keynes observed with deep skepticism the growing revanchism that permeated the terms of the document. He underscores forcefully how the discussions concerning the concrete material damages generated by the German war effort were systematically disregarded by those responsible for drafting the treaty.

Additionally, Keynes deepens his criticisms by pointing out what he regarded as the irresponsibility, the naiveté, and, ultimately, the perverse cruelty of the leaders involved in the negotiation process, who, according to him, demonstrated indifference to the impact that rendering Germany's economic recovery unfeasible would have on an entire generation of workers. His diagnosis acquires tragic contours as he predicts that the terms of Versailles, rather than representing a lasting solution, foreshadowed a scenario of instability that would condemn the European continent to decades of hardship. His prophecy is inescapable:

> I cannot leave this subject as though its just treatment wholly depended either on our own pledges or on economic facts. The policy of reducing Germany to servitude for a generation, of degrading the lives of millions of human beings, and of depriving a whole nation of happiness should be abhorrent and detestable,—abhorrent and detestable, even if it were possible, even if it enriched ourselves, even if did not sow the decay of the whole civilised life of Europe. Some preach it in the name of Justice. In the great events of man's history, in the unwinding of the complex fates of nations Justice is not so simple. And if it were, nations are

> not authorised, by religion or by natural morals, to visit on the children of their enemies the misdoings of parents or of rulers (Keynes, 1919 [2019], p. 173; emphasis added).

Keynes's perspective after the signing of the Treaty of Versailles is markedly pessimistic. He expresses his deep dissatisfaction in highlighting the lack of measures for the economic rehabilitation of Europe. According to him, the treaty included no provision for turning the defeated Central Empires into good neighbors, did not stabilize the new European states, and did not even attempt to restore Russia. It also failed to promote economic solidarity among the Allies themselves, nor did it lay the foundations for restoring the disordered finances of countries such as France and Italy, or for reestablishing commercial and financial relations between center and periphery. (Keynes, 1919 [2019], p. 175)

The consequences of this misguided approach are grim. One of the main repercussions foreseen by Keynes is the drastic decline in the standard of living of European populations, which would lead to the radicalization of the starving masses. He warns: "T*he danger confronting us, therefore, is the rapid depression of the standard of life of the European populations to a point which will mean actual starvation for some (a point already reached in Russia and approximately reached in Austria). Men will not always die quietly. For starvation, which brings to some lethargy and a helpless despair, drives other temperaments to the nervous instability of hysteria and to a mad despair*" (Keynes, 1919 [2019], p. 176). The lack of resources to meet the basic needs of the German population would also be a source of concern: "*In a very short time, therefore, Germany will not be in a position to give bread and work to her numerous millions of inhabitants, who are prevented from earning their livelihood by navigation and trade*" (Keynes, 1919 [2019], p. 177). In summary, his verdict is a clear sign of the paths to be followed by the European continent in the 1920s and 1930s: the violent terms of the Treaty would produce a mass of starving men, and these starving men would channel their anguish toward those political forces that proved most capable of welcoming and giving voice to their dissatisfactions. *Their hunger would turn into anger, their anger into hysteria, their hysteria into revolution.*

Keynes identifies three main reasons for the imminent crisis in European economies: the decline in domestic productivity, the collapse of transport and trade chains, and the continent's inability to acquire supplies from overseas sources. A particularly notable point in his analysis is his agreement with Lenin about the most effective way to destabilize the capitalist system — through the devaluation of money. Keynes argues that the acceleration of inflation during the postwar period would lead the masses to perceive capitalists as the

beneficiaries of rising prices, which would foster widespread resentment against the prevailing economic system (Keynes, 1919 [2019], pp. 180–183).

The obstacles to resuming international trade are also significant. Keynes points to the mismatch between domestic and international prices, the lack of credit for the purchase of raw materials, and the disorganization of the monetary system as additional barriers to the reestablishment of trade. He makes a final curious remark about Eastern Europe, noting that he did not pay much attention in his work to the situation of Russia, Hungary, and Austria, since the miseries experienced by these countries were already notorious: "*There the miseries of life and the disintegration of society are too notorious to require analysis; and these countries are already experiencing the actuality of what for the rest of Europe is still in the realm of prediction*" (Keynes, 1919 [2019], p. 189). He concludes that these regions were already a clear example of how far society could decay, warning of the devastating effects that economic deprivation and despair could cause to the European social fabric.

In his final considerations, Keynes lists a brief set of elements for reversing the Armed Peace imposed at Versailles. These would include a revision of the treaty to reassess the amount of reparations demanded from Germany, the volume of coal and iron ore required by the Allies, and the establishment of international exchanges under a regime of tariff exemption, under the auspices of the League of Nations. However interesting these points may be (and however much they anticipate the terms of later war recovery programs), there is here a curious contradiction: Keynes, who had so sharply criticized the naiveté and optimism of Woodrow Wilson, incurred in a similar misstep by proposing a set of revisions to reparations that would never even be considered by the French delegation or by the interests directly tied to Lloyd George, within the British delegation.

Two thought-provoking proposals, on the other hand, involve the settlement of debts among the Allies and the establishment of a regime of international loans, with progressive reform of the monetary system. These issues become even more interesting if we consider the role of war debts in expanding the scope of the 1929 Crisis, and the undeniable need for reform of international financial institutions as a result of that episode. We do not intend, of course, to claim that Keynes was a proponent of economic reforms ahead of his time — he proposed the plausible in times of implausibility — but it must be acknowledged that the author's analytical capacity was remarkable, separated by a decade and a half from the publication of his magnum opus.

On the chain indebtedness among the powers of the *Entente*, Keynes tells us the following:

> The war has ended with every one owing every one else immense sums of money. Germany owes a large sum to the Allies; the Allies owe a large sum to Great Britain; and Great Britain owes a large sum to the United States. The holders of war loan in every country are owed a large sum by the State; and the State in its turn is owed a large sum by these and other taxpayers. The whole position is in the highest degree artificial, misleading, and vexatious. We shall never be able to move again, unless we can free our limbs from these paper shackles. A general bonfire is so great a necessity that unless we can make of it an orderly and good-tempered affair in which no serious injustice is done to any one, it will, when it comes at last, grow into a conflagration that may destroy much else as well. As regards internal debt, I am one of those who believe that a capital levy for the extinction of debt is an absolute pre-requisite of sound finance in every one of the European belligerent countries. But the continuance on a huge scale of indebtedness between Governments has special dangers of its own.(Keynes, 1919 [2019], pp. 206–207)

Finally, one last point highlighted by Keynes is enlightening of his political positions and of the distance between his reading of the consequences of the First World War and that undertaken by Thorstein Veblen — the fear that the hardening of French, British, and American diplomacy against both Germans and Russians could lead to the approximation of these two peoples. An aggravating factor, in this case, would be the imposition of an economic blockade upon Soviet Russia. Even if the immediate goal of this action was to contain the advance of the Bolshevik revolution and to obstruct the international trade of Russian grain, its unintended consequence could be the radicalization of the German population due to the impossibility of importing cereals from the East.

The text is concluded with a notable pessimism, consistent with the general tone of Keynes's denunciation of the Carthaginian Peace:

> In this autumn of 1919, in which I write, we are at the dead season of our fortunes. The reaction from the exertions, the fears, and the sufferings of the past five years is at its height. Our power of feeling or caring beyond the immediate questions of our own material well-being is temporarily eclipsed. The greatest events outside our own direct experience and the most dreadful anticipations cannot move us. (…)
>
> We have been moved already beyond endurance, and need rest. Never in the lifetime of men now living has the universal element in the soul of man burnt so dimly.
>
> For these reasons the true voice of the new generation has not yet spoken, and silent opinion is not yet formed. To the formation of the general opinion of the future I dedicate this book (Keynes, 1919 [2019], p. 215–216).

4 Armed Peace Against Bolshevism

This investigation would not be complete without addressing Veblen's review of *The Economic Consequences of the Peace*, published in *Political Science Quarterly* in 1920 (Veblen, 1920).

Evocative of many of the contrasts highlighted here, the assessment by the author of The Theory of the Leisure Class is representative of the marked differences between the Veblenian and Keynesian proposals, the political positioning of their proponents, and the interpretations both construct of the international political and economic conjuncture in the Age of Catastrophe.

Veblen acknowledges the merits of The Consequences as a critique of the stance of the principal statesmen of the Entente in the elaboration of the Treaty, but he is categorical in identifying in Keynes vices analogous to those he sets out to criticize. In his understanding, any commentary on the form assumed by the Peace of Versailles or on the organizing canons of the League of Nations would incur the same mistake: an elaborate reflection on the discourse, the form, the rhetoric of the international system in the early twentieth century, but not on its substance. And what would that substance be, for Veblen? *The defense of absentee ownership by the vested interests*. Once again, the institutionalist reaffirms the domination of these interests over the institutional framework of capitalist democracies, emphasizing their connection to the imperialist conduct of war, commerce, and finance:

> The Treaty was designed, in substance, to re-establish the status quo ante, with a particular view to the conservation of international jealousies. Instead of its having brought a settlement of the world's peace, the Treaty (together with the League) has already shown itself to be nothing better than a screen of diplomatic verbiage behind which the Elder Statesmen of the Great Powers continue their pursuit of political chicane and imperialistic aggrandisement. All this is patent now, and it needs no peculiar degree of courage to admit it. It is also scarcely too much to say that all this should have been sufficiently evident to Mr Keynes a year ago. But in failing to take note of this patent state of the case Mr Keynes only reflects the commonplace attitude of thoughtful citizens. His discussion, accordingly, is a faithful and exceptionally intelligent commentary on the language of the Treaty, rather than the consequences which were designed to follow from it or the uses to which it is lending itself. It would perhaps be an ungraceful overstatement to say that Mr Keynes has successfully avoided the main facts in the case; but an equally broad statement to the contrary would be farther from the truth (Veblen, 1920, p.67–68).

Veblen's perspicacity is evident in his comments on the most notable absence from the Treaty and from Keynes's remarks: Soviet Russia. Veblen is mordant in discussing how the political effort at Versailles cannot be understood through any lens other than that of constructing a barrier of containment against the Socialist Revolution, even if this effort came accompanied by intense work of political prestidigitation. An extensive set of documents was drafted whose ultimate object was to segregate this new agent of the international system without it ever being mentioned or recognized. The Keynesian critique, as presented in *The Economic Consequences of the Peace*, precisely emphasizes this concern: in discussing the expected failures of the Carthaginian peace, Keynes is categorical in stressing how the pressure exerted

on the German population would act as a facilitator of a future alliance with the Soviets. More than exposing the shadow play of the Treaty of Versailles, the author of *The General Theory* makes it clear that his disagreement concerned the means, not the ends; despite their divergences, Keynes, Clemenceau, Lloyd George, and Woodrow Wilson would have had the same objective in mind when reflecting on the "Bolshevik threat" looming on the horizon of capitalist democracies (Veblen, 1920, p. 468–469).

And what did Veblen have to say about Bolshevism and its role in the context of post–First World War international relations? Here the pessimism and conservative tone of Keynes are replaced by a peculiarly optimistic reading of the expected confrontation between the revolutionary impulse and the *status quo*:

> At the same time the present economic and political order rests on absentee ownership. The imperialist policies of the Great Powers, including America, also look to the maintenance and extension of absentee ownership as the major and abiding purpose of all their political traffic. Absentee ownership, accordingly, is the foundation of law and order, according to that scheme of law and order which has been handed down out of the past in all the civilized nations, and to the perpetuation of which the Elder Statesmen are committed by native bent and by the duties of office. This applies to both the economic and the political order, in all these civilized nations, where the security of property rights has become virtually the sole concern of the constituted authorities (Veblen, 1920, p. 467–468).

In light of this brief commentary, it is worth returning to Veblen's diagnosis of the impossibility of effective peace in a context of mass exploitation of workers by vested interests. The diplomatic work carried out at Versailles does not consist in an attempt to pacify international relations or dismantle the imperialist bellicosity that had characterized Germany's actions between 1871 and 1919, but rather in the defense of the principle of absentee ownership, of the inequality that founds the distinction between workers and the leisure class, which underpinned the organization of capitalist democracies at the author's time. Such considerations are confirmed by the ambiguous relationship of Keynes and the dignitaries of the Entente with the reparations demanded of the German economy, which had to be punished for the war, but not to the point of dismantling the imperial establishment as a bulwark against Bolshevism.

If we often emphasize Keynes's foresight in *The Economic Consequences*, it must also be recognized how clearly Veblen dissected the conservative tendencies present in the elaboration of the Treaty of Versailles and in Keynes's caustic critique of this episode. If the author of *The General Theory of Employment, Interest and Money* was able, to some extent, to foresee the chaos that would take hold of the German economy after the failure of the Carthaginian peace, it fell to the institutionalist to anticipate the founding traits of the

slowness of those same democracies in responding to the Nazi threat, the German annexations, the defense of *Lebensraum*, and so many other clear signs of the conflagration that would ignite the Second World War, provided they responded to the logic of containing the Soviet Socialist Revolution.

5 Concluding remarks

The reading of *An Inquiry into the Nature of Peace and the Terms of Its Perpetuation* raises a series of questions. The argument is presented in a somewhat convoluted, at times confusing, fashion, given the urge of the issues analyzed by the author and the vastness of the proposed theme. Its pages are not always easy to navigate.

Even so, within the panorama of Veblen's oeuvre, this work assumes a role of particular relevance. This is due to a series of contextual and structural considerations. A first point of interest concerns the vigorous confrontation undertaken by the author against the mythologies of racial supremacy then in vogue. Veblen makes a considerable effort to separate any conception of nation or people put forward in his work from the genetic-physiological ideas that framed the political debate, especially in continental Europe. We have previously pointed out how this stems from a long trajectory of maturation and reflection by the author, beginning with his critiques of Spencer (1891 [1981]) in the nineteenth century (Veblen, 1919 [1994]), continued in the formulations presented in *The Theory of the Leisure Class* (1899 [1994]), and which, in our understanding, reaches its most complete form in these two works: *Imperial Germany and the Industrial Revolution* (1915) and *An Inquiry into the Nature of Peace and the Terms of Its Perpetuation* (1917).

The characterization of patriotic sentiment, in turn, deserves special emphasis. Not only because of its detachment from racial traits, but also because its understanding as a feature of historical development, the result of a long institutional trajectory, is highly illuminating of the possibilities of contemporary re-signification of the prerogatives of the leisure class. If in *The Theory of the Leisure Class* we glimpse a framing of the attributes of this class primarily based on its origin and its past manifestations, in this work what is presented is a clear account of the impact of these institutional traits on the formation of capitalist society at the time.

The framing proposed by Veblen, which privileges the diffusion of the superstition of common material interest, of national honor, and of the defense of a national culture from

a stratum of parasitic property holders, represents significant consonance with the treatment given by John Atkinson Hobson to imperialist policy. To work with questions of attribution and reference in works from this period—often marked by the absence of direct citations or explicit mention of the production of other authors—is difficult, and Veblen's text is no exception. However, given our experience with both authors, the proximity between these figures, and the tendency toward convergence between Hobsonian and Veblenian arguments from 1910 to 1929, we read in the characterization of the parasitic interests of the belligerents yet another indication of analytical affinity with *Imperialism, A Study* (Hobson, 1902). In this sense, *An Inquiry into the Nature of Peace and the Terms of Its Perpetuation* contributes to the thesis of the approximation not only in biography but also in objects and methods of analysis between these two authors, emphasizing the constancy and importance of the dialogue between Veblen and Hobson in the formation of heterodox matrices in the early twentieth century.

Beyond acknowledging the breadth and diversity of Veblen's *oeuvre* it is worth considering the connection between *An Inquiry into the Nature of Peace and the Terms of Its Perpetuation* and his immediately preceding and subsequent publications. Veblen addresses the foundations of patriotic sentiments, their impact on the bellicosity among the nations engaged in the First World War, and how any proposal for peace, if it failed to take into account the cleavage between property holders and workers, could lead to new conflicts. In reading this text published in January 1917, we find clear connections with Veblen's works of 1915 and 1919. Two years before the publication of *An Inquiry into the Nature of Peace and the Terms of Its Perpetuation* Veblen had been concerned with the institutional development of Imperial Germany, a question directly connected to the opening chapters of the work. His pessimistic considerations on the pacification between social classes at the end of the book are, in turn, a clear link to his 1919 work, *The Vested Interests and the Common Man*. It is not our intention to propose here a master line that demarcates his *oeuvre* and reduces it to a common denominator, but it seems plausible to us that from 1915 to 1920 the author's production was sufficiently concentrated around the questions discussed in this work: the possibility of peace between nations and the impossibility of peace between social classes.

Finally, in the field of the history of ideas, it is stimulating to revisit Veblen's discussion of the connections between the development of economic and political institutions, in the sense that different development trajectories would favor, with greater or lesser intensity, the formation of democratic or authoritarian regimes. It is no coincidence

that the author's approach, characterized by comparative practices between the institutional frameworks of German and English development, would become established throughout the twentieth century as one of the main institutionalist legacies in the fields of political science and historical sociology. In both *An Inquiry into the Nature of Peace and the Terms of Its Perpetuation* and *Imperial Germany and the Industrial Revolution* we find the roots of works such as *Social Origins of Dictatorship and Democracy* (1993), by Barrington Moore Jr., and subsequent developments in this same tradition, such as the efforts of comparative institutionalist sociology undertaken by Theda Skocpol (1979 [2015], 1992, 1995). For these reasons, we believe that reading *An Inquiry into the Nature of Peace and the Terms of Its Perpetuation* sheds light on questions concerning its own time and on the paths taken by historical institutionalism in the following decades (Skocpol & Somers, 1980; Thelen & Steinmo, 1992).

A distinct set of considerations emerges from the reading of *The Economic Consequences of the Peace*, by J. M. Keynes. A consecrated work, widely recognized as one of the great manifestos of Keynesian critique of the Victorian modus vivendi, it is broadly acknowledged as a fierce prophecy of the consequences of the armed peace imposed upon Germany in 1919. In light of the wide publicity then received by *The Economic Consequences* and of its consecration, throughout the twentieth century, as a critical reference on the outcome of the First World War, is there still anything new on this front?

We believe so. A careful reading of this episode in Keynes's *oeuvre* is revealing of several prevalent aspects of his production, of some intellectual and political tendencies possibly inaugurated by the author at the time, and of components of the economic policy repertoire and of the understanding of the interactions between politics and economics that would become distinctive features of his work in the following decades.

Regarding his philosophical inspirations and theoretical foundation, the J. M. Keynes of 1919 is a distinct creature from the author of *The General Theory*. Even though the influence of Edmund Burke is noticeable in his later works, here it stands out even more. We can identify parallels between Burke's counter-revolutionary effort, aimed at denouncing the excesses of the French Revolution, and the Keynesian perception that the notables gathered at Versailles would contribute significantly to the aggravation of tensions between labor and capital at the dawn of the twentieth century. It would not be an exaggeration to think that Keynes himself might have seen himself in this way, attempting to contain the impulses of revanchist irrationalism in order to preserve the establishment that was so dear to him.

Similarly, the Malthusian inspiration of the "historical" passages of *The Economic Consequences* is striking. We do not state this linkage in a tone of criticism. Malthus, like Burke, must be situated within the broad movement of conservative reaction (curiously also of Enlightenment inspiration) to the French Revolution. Contemplating the masses devastated at Verdun, the proletarianization and mechanization of war, Keynes was confronted with the same dilemma that haunted his ancestors at the end of the eighteenth century: the historical protagonism of the hungry masses — untamable, irreducible — whose inexhaustible hunger would consume the traditions of the Belle Époque. His concerns with the impoverishment of the German people must be read in this light, and not as a prelude to later developments on the welfare state or the reform of competitive capitalism.

As for the contrast between the two approaches, we deem it appropriate to present the following comparative table (Table 1), in which we highlight the main differences between the Veblenian and Keynesian readings of the possibilities of peace after the First World War across a set of analytical categories. We have outlined the main points of convergence and contrast between the two approaches under four items: the authors' perception of the nature of war; their reading of the role of the state in the conflict and in attempts at pacification; the connections between Armed Peace and the expected crises resulting from its unfolding; and, finally, the general political prognosis of both.

Table 1 – Contrasts and Approximations between An Inquiry into the Nature of Peace and the Terms of Its Perpetuation (Veblen, 1917) and The Economic Consequences of the Peace (Keynes, 1919)

The Nature of War	Veblen (1915, 1917 and 1920)	Keynes (1919)
Structural causes	War as an outgrowth of institutions favoring business interests. Militarized defense of the prerogatives of the leisure class. Patriotism promoted as a mobilization mechanism.	No structural causes; the war does not result from long-term determinations.
Conjunctural causes	Aggressiveness of dynastic states triggers conflict and hinders peaceful solutions.	Errors and disputes among statesmen and parties exacerbate the escalation of aggression and prevent pacification.
Pacification and limits	Without profound institutional reforms, peace is unfeasible. The mere removal of dynastic states would not suffice.	Political conjuncture (elections, revanchism) prevents lasting agreements at Versailles.
The Role of the State		
Nature	Distinction between dynastic and democratic states, both embedded in long institutional trajectories.	State and government are superimposed; analysis focuses on the actions of statesmen in the conjuncture.
Function	Vector of the leisure class interests; war and business guided by pecuniary gain.	Democratic governments hostage to party politics and electoral calculations.
Social classes and power	The state preserves the prerogatives of the leisure class, regardless of its political form. Peace among nations succeeded by war between classes.	Focus on political leadership and their electoral logic.
State autonomy	Limited: state apparatus subordinated to the leisure class.	Unrestricted: state apparatus seen as independent from social classes.
Armed Peace and Crisis		
Bolshevik Revolution	Potentially destabilizing in a positive sense; possible overcoming of the status quo.	Negative destabilizing factor, worsened by the Treaty of Versailles.
Revanchism and reparations	Denunciation of the burden of reparations on the German population.	Denunciation of the burden of reparations on the German population.
Tendency toward instability	Structural: only a revision of the relationship between states and classes would ensure lasting peace.	Conjunctural: demography and errors by statesmen precipitate new crises.
Transmission mechanism	Violent impulses of dynastic politics, patriotism, and class tensions.	Worsening of German finances and food crisis among the masses.
General political prognosis	Pessimistic. The perpetuation of war seems inevitable, and a peaceful resolution of the conflict appears impossible.	Pessimistic. The perpetuation of war seems inevitable, and a peaceful resolution of the conflict appears impossible.

Source: Author's elaboration based on Veblen (1915, 1917, and 1920) and Keynes (1919).

There is a striking divergence of scope, method, and approach between the two authors. While Veblen deepens his *economic study of institutions* and provides us with a refined reading of the development of institutional frameworks in political and economic terms, Keynes ventures into the paths of international politics and at times loses himself in the biographies and psychological profiles of statesmen. Once again, this framing would derive from the ambiguous position occupied by the author: the celebrated *insider–outsider*, even more evident in his contrast with Veblen, a *de facto* outsider.

Both reach similar conclusions, though by radically different routes. For Keynes, lasting peace is an impossibility due to the narrow-minded conduct of politics by the Victorian establishment, accustomed to the pettiness of imperial politics and oblivious to the concrete demands of its time. For Veblen, the inevitability of a new conflict results from the class struggle on the horizon, something practically inescapable once workers became aware of the terms of their exploitation. Once again, we are led to a curious parallelism: both authors contemplate the problem of the revolutionary mass in their work, admitting its centrality, though from very different prisms. Keynes fears it, seeing it as the catastrophe that would fall upon the unguarded bulwarks of Western civilization. Veblen, the notorious bard of savagery, seems to celebrate it as an almost inevitable force of historical becoming, of the instrumental overcoming of the ceremonial fetters imposed upon our way of life by businessmen.

In this regard, Veblen's review of *The Economic Consequences of the Peace* reinforces and deepens his critical reading of imperialist peace. In contrast to Keynes's apprehension before the possibility of social revolution, Veblen not only recognizes the strength of Bolshevism but also interprets the omission of Soviet Russia in the peace treaties as evidence of a conscious articulation to contain its advance. For him, the true content of the Treaty of Versailles lies in the attempt to preserve the absentee capitalist order against the revolutionary threat, even if this means masking this objective under the rhetoric of diplomacy and reconstruction. This difference accentuates the distance between the authors: while Keynes fears the collapse of European civilization, Veblen sees in the crisis a possible rupture with vested interests.

The emphasis of both authors on one of the great dilemmas of their time and the reconstruction of a rich heterodox dialogue on this question is perhaps the main outcome of this brief investigation. Frequently, the study of heterodoxy is presented as a set of independent schools aimed at the punctual critique of orthodoxy. The reading developed

here suggests the opposite: these are traditions in constant and intense dialogue with one another; their defining feature is not mere gravitation around orthodoxy, but rather the concern with the challenges of the historical moment and the creation of original responses to the silences of the mainstream.

References

Cain, P. J. (1978). J. A. Hobson, Cobdenism, and the Radical Theory of Economic Imperialism, 1898–1914. *The Economic History Review,* 31(4), 565–584.

Cain, P. J. (1981). Hobson's Developing Theory of Imperialism. *The Economic History Review*, 34(2), 313–316.

Cain, P. J., & Hopkins, A. G. (1980). The Political Economy of British Expansion Overseas, 1750–1914. *The Economic History Review*, 33(4), 463–490.

Carr, E. H. (2001). *Vinte anos de crise: 1919–1939: uma introdução ao estudo das relações internacionais* (2nd ed.). Brasília: Universidade de Brasília; IPRI-FUNAG; Imprensa Oficial do Estado de São Paulo.

Dubin, M. D. (1970). Toward the Concept of Collective Security: The Bryce Group's "Proposals for the Avoidance of War," 1914–1917. *International Organization*, 24(2), 288–318.

Harrod, R. F. (1951). *The life of John Maynard Keynes*. London: Macmillan.

Hobsbawm, E. J. (1998). *A Era dos Extremos: O breve século XX, 1914–1991*. São Paulo: Companhia das Letras.

Hobson, J. A. (1902). *Imperialism: a Study*. James Pott & Co. http://www.econlib.org/library/YPDBooks/Hobson/hbsnImp.html

Hobson, J. A. (1909). The Crisis of Liberalism: New Issues of Democracy. London: P. S. King & Son.

Hobson, J. A. (1936). *Veblen*. London: Chapman Hall.

Kaiga, S. (2021). *Britain and the Intellectual Origins of the League of Nations, 1914–1919*. Cambridge: Cambridge University Press.

Kant, I. (1795 [2020]). *À paz perpétua: um projeto filosófico* (2nd ed.). Petrópolis: Vozes.

Keynes, J. M. (1919 [2019]). *The economic consequences of the peace*. London: Palgrave Macmillan.

Keynes, J. M. (1933). *Essays in Biography*. Nova York: W. W. Norton.

Keynes, J. M. (1936 [2007]). The General Theory of Employment, Interest and Money. London: Palgrave Macmillan.

Moore, B., Jr. (1993). *Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World*. Boston: Beacon Press.

Shackle, G. L. S. (1991). *Origens da Economia Contemporânea: Invenção e Tradição no Pensamento Econômico (1926–1939)*. (C. C. Miyake, Trad.). São Paulo: Hucitec.

Silva, L. O. (2003). O Imperialismo na Época da Globalização. In A. Boito Jr. & C. N. de Toledo (Eds.), *Marxismo e Ciências Humanas* (Vol. 1, pp. 340–360). Campinas and São Paulo: XAMÃ; FAPESP; CEMARX.

Skidelsky, R. (2003). *John Maynard Keynes: 1883–1946, Economist, Philosopher, Statesman*. London: Macmillan.

Skocpol, T. (1992). *Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States*. Cambridge: Harvard University Press.

Skocpol, T. (1995). El Estado regresa al primer plano: Estrategias de análisis en la investigación actual. In R. Grompone (Ed.), *Instituciones políticas y sociedad. Lecturas introductorias* (pp. 92-129). Lima: IEP.

Skocpol, T. (2015). *States and Social Revolutions: A Comparative Analysis of France, Russia, and China*. Cambridge: Cambridge University Press.

Skocpol, T., & Somers, M. R. (1980). The Uses of Comparative History in Macrosocial Inquiry. *Comparative Studies in Society and History*, 22(2), 174–197.

Spencer, H. (1891 [1981]). From freedom to bondage. In T. Mackay (Ed.), *A plea for liberty: an argument against socialism and socialistic legislation* (pp. 1-28). Indianapolis: Liberty Classics.

Steiner, Z. (2005). *The Lights That Failed: European International History, 1919–1933*. Oxford: Oxford University Press.

Thelen, K., & Steinmo, S. (1992). Historical Institutionalism in Comparative Politics. In S. Steinmo, K. Thelen, & F. Longstreth (Eds.), *Structuring Politics: Historical Institutionalism in Comparative Analysis* (pp. 1–32). Cambridge: Cambridge University Press.

Veblen, T. B. (1899 [1994]). *The Theory of the Leisure Class: An Economic Study of Institutions*. London: Routledge/Thoemmes Press.

Veblen, T. B. (1904 [1932]). *The Theory of Business Enterprise*. New York: Charles Scribner's Sons.

Veblen, T. B. (1915 [1994]). *Imperial Germany and the Industrial Revolution*. London: Routledge/Thoemmes Press.

Veblen, T. B. (1917). *An Inquiry into the Nature of Peace and the Terms of its Perpetuation*. London: Macmillan.

Veblen, T. B. (1919 [1994]). *The Place of Science in Modern Civilization*. In P. Cain (Ed.), *The Collected Works of Thorstein Veblen* (Vol. 8). London: Routledge.

Veblen, T. B. (1920). The economic consequences of the peace, by John Maynard Keynes [Book review]. *Political Science Quarterly*, 35(3), 467–472.

Veblen, T. B. (1921 [1994]). *The engineers and the price system*. In P. Cain (Ed.), *The collected works of Thorstein Veblen* (Vol. 7). London: Routledge.

Veblen, T. B. (1919 [1994]). *The Vested Interests and the Common Man*. In P. Cain (Ed.), The Collected Works of Thorstein Veblen (Vol. 7). London: Routledge.

Wilson, W. (1918, January 8). Fourteen Points [Speech]. The Avalon Project, Yale Law School. https://avalon.law.yale.edu/20th_century/wilson14.asp