

CHAPTER I

JANUARY—FEBRUARY 1924

Visit to Fürstenstein—Observations by Czecho-Slovakian minister—Dinner with President of German Republic—Kühlmann on events in July 1914—Progress of currency reform—Maltzan and the recognition of the Soviet in England—Two Sub-Commissions of the Reparation Commission—Meeting with Dawes—General Hoffmann on the Hitler Putsch—Aphorisms on Reparation.

BERLIN, *January 3, 1924.*—A three days' visit to Fürstenstein, a fabulous castle in Silesia belonging to Prince Pless. Worthy of its reputation for size and luxury—about on the scale of Welbeck and Chatsworth; larger perhaps than either. Finely situated on an isolated hill dominating the plain, and having, in the Middle Ages, formed the key to the frontier between Bohemia and Silesia. The present Prince has made large additions to the house and introduced many modifications; among other things transferring kitchens to the top storey. The general style is that of a baronial castle rebuilt and modernised in the early part of the eighteenth century. The prevailing note in decoration is German Louis XV, but a great deal of English comfort was introduced by his first wife, Princess Daisy, a daughter of Mrs. Cornwallis West. The retainers, dependents and servants in the castle number about three hundred, without counting as many more at the Stud and in the gardens. All household details are extraordinarily well organised—magnificent liveries—an English butler, numerous footmen in powder—a chasseur in top boots and uniform who stands behind the Prince's chair, and a police dog, reputed to be very savage, constantly at his heel.

PERSONALLY, I detest display, and find it irksome to have two servants perpetually at my door. Magnificence should be reserved for rare—very rare—occasions.

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THE general impression at Fürstenstein is that of an old order which changeth not—but which, before long, is likely to disappear. To-day, the world will not tolerate hereditary wealth of this volume accentuated by ostentation and display. Something rather grand in a pompous way will vanish, but the sum of happiness in this Vale of Tears will hardly be diminished.

EARLY in December 1923, Dr. Beneš, the Czecho-Slovakian Foreign Minister, arrived in London, where he stayed until January 13. He visited Lord Curzon, now on the eve of relinquishing his tenure of the Foreign Office and of making way for Mr. Ramsay MacDonald, whom he also visited, together with the other leading members of the Labour Party and publicists of every political opinion.

DR. BENEŠ was at pains to remove or attenuate the unfavourable impression created in London by the recent Franco-Czecho-Slovak Pact, which seemed to most people in England to be of a deadly militaristic character and to entail the complete vassalage of Czecho-Slovakia to France. Dr. Beneš was emphatic in his assurance that, beyond the text of the Pact which had been duly registered with, and published by, the League, there existed no military convention whatever, although the French Government and General Staff had desired the conclusion of such a Convention. Dr. Beneš added that it was his intention gradually to reduce the already diminished French Military Mission entrusted with the organisation of the new Czecho-Slovakian Army, and within a short compass of time to replace the head of that Mission, who was acting temporarily as Chief of Staff to the Czecho-Slovak Army, by a Czecho-Slovak General.

To the more obdurate critics of the Franco-Czecho-Slovak Pact, Dr. Beneš retorted that his country, owing to its several ex-enemy neighbours, was handicapped in its efforts to pursue its economic reconstruction free from external anxieties. He considered it his first duty to remove that feeling of insecurity; but this he could only achieve by obtaining the Military Guarantee of one or more of the Greater Powers. Of these, however, France was the only one willing to give such a guarantee. Perforce he had no alternative but to accept it gratefully, although he would very much have preferred an Anglo-French Guarantee.

BERLIN, *January 14, 1924.*—The Czecho-Slovakian Minister has just returned here after an absence of two months.

IT is doubtful whether he is quite happy about the new Treaty between Paris and Prague. When I asked him what Beneš was after, he said: "The question is rather why did he choose the present moment to sign the Treaty? As a matter of fact it does not alter things very much or bind us to anything which was not previously understood. The French exercised immense pressure on us to sign this Treaty because they felt that Poland was still a weak ally. We were obliged to sign because of our pecuniary obligations to the Reparation Commission. Added to the public debt we have already issued, the sums due by us under existing contracts are so heavy that we could not bear them. The French have promised to get us out of our financial trouble and to bring in some 'C' Bond arrangement to relieve us. That is why we signed; but we were successful in refusing a military convention. We refused it already in the summer, and Foch, who then pressed it, now admits that we were right. He sees that one military convention inevitably creates another on the opposite side, and he is not too well pleased with the result of the Military Agreement with Poland.

"As for the supposed intermediary between France and Russia which was to be exercised by Czecho-Slovakia, there is just this much in it, that we have determined to follow England's example as soon as she recognises the Soviet Government. The French cannot afford to be the last in coming to terms—so that directly England signs, Czecho-Slovakia will follow, and France will make haste to come in too.

"THE Russians will make any promise which is demanded about recognition of pre-War debts. Not that their recognition will make much difference in a practical way, but Russia wants money. They are absolutely at their last

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gasp, and they cannot go on without funds from outside. They will sign anything and promise anything to get gold." As a matter of fact, the Soviet Government would sign anything—even without getting gold. For two reasons: (1) that they have no intention of carrying it out, (2) that they experience a certain malign satisfaction in making engagements with a bourgeois government which they have the definite intention of breaking.

BERLIN, *January 15, 1924.*—The President of the Republic and Frau Ebert dined here on Saturday.

CONSIDERING he was a working saddler and that she began life in very humble circumstances, it is astonishing with what dignity and reserve they behave. Nobody would take a liberty with Ebert; even with the most aristocratic of the former Princes and princelings he would maintain his composure. One cannot say that he is agreeable, but he converses easily and with extreme good sense. Nothing original, but nothing false.

WE invited rather a large party to meet them and had music after dinner. Everything went off well, although the party was composed of most diverse elements—some of the old German society, a few German politicians, two or three Jewish journalists, and a sprinkling of diplomats. The frontiers between the different sections of society here are so clear and strong that it is quite a novelty for most Berliners to meet anyone outside their own particular set. On Saturday, so far from showing dislike of the new faces, each section was evidently glad to overstep the usual boundaries and to see something of a different world.

THE British Embassy at Berlin is one of the best houses for reception I have ever seen. Built by the financier Strousberg about 1865, it has no particular style, except a Greek façade with a pediment. The decoration is anything but Greek; but the sweep of five salons leading to a

large and lofty ball-room at the end of the vista gives an impression of size and dignity. If I had brought out pictures and works of art the rooms might have been made really beautiful, but, like all official habitations, this one suffers, in comparison with a private residence, from an absence of works of artistic merit. I have been on the point of sending for my pictures on many occasions, but have always refrained on account of insecurity. So that all there is in the Embassy now are pictures and tapestries I have picked up in Berlin, some of them decorative, but nothing of any great account.

STRESEMANN came in after dinner and was obviously in good spirits. I did not have much conversation with him, but I gathered that he had received from London a very friendly telegram stating that the Bank of England was ready to proceed with the creation of a gold note bank at an early date. The idea is that the State Banks of England, Holland and Sweden should participate.

BERLIN, *January 31, 1924.*—At luncheon with Kühlmann to-day we discussed events in July 1914. He was then Counsellor to the German Embassy in London.

HE only returned to his post from leave on the Sunday before the declaration of war.

LICHNOWSKY sent him at once to the Foreign Office, but he was unable to see Grey, who spent most of those days in Cabinet meetings. However, in the afternoon he went to Lord Haldane's house, where Grey was staying, intending to wait for him. As it happened, he met Haldane outside his own house, and they walked up and down the pavement a considerable time. Haldane appeared not to consider as certain the entry of England into the War. That, at least, was Kühlmann's impression. Grey came later and took a different view. Though he listened patiently to Kühlmann's argument, he evidently thought the die was cast; that England was bound in

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honour to enter the War. I asked Kühlmann—"Did Grey mean that England was bound in honour to defend Belgium, or to co-operate with France?" He replied—"Rather bound to co-operate with France."

THIS view, however, does not agree with my recollection of events. I am clear that, without the invasion of Belgium by Germany, England would have remained—or at the lowest estimate might have remained—neutral in the first phase. On the day before the declaration of war, I sat next to Asquith at luncheon when the King of the Belgians' telegram arrived. Asquith handed it to me and said: "That will decide action by us." My strong impression is that, until the telegram arrived, he still hoped either for peace, or if not for peace, at least for the possibility of keeping England out.

To revert to the narrative of my conversation with Kühlmann, I asked him: "Did not the German Foreign Office know that the plan of campaign of the military authorities involved the invasion of Belgium, and did you not recognise that this must necessarily bring England in?" Kühlmann said: "No—there was great secrecy between the Departments. The soldiers disliked and distrusted the German Foreign Office. The plan they eventually adopted, namely, passage through Belgium, had been devised by von Schlieffen fifteen years before, and was probably the only one sufficiently worked out to be of practical value.

"A FEW years before, I had been Chargé d'Affaires at The Hague, and had once occasion, in order to guide my negotiations, to ascertain whether there was any chance of Belgian neutrality being violated in the event of a great war.

"ONLY with immense difficulty did I obtain a declaration from the German Military Attaché at The Hague—'I am authorised to tell you that in certain events there would be some danger of the action you enquired about—viz., the violation of Belgian neutrality—becoming necessary.'"

KÜHLMANN continued:

“ So far as I know, the German Foreign Office had not sounded Belgium as to their attitude in case of their neutrality being violated. It would certainly have been dangerous to do so, and I do not know that any such action was even contemplated. I doubt whether the Chancellor had detailed information concerning military plans, nor had the Foreign Office any basis for a reasoned opinion about Belgian resistance.

“ THE man who really brought on the War and who deliberately faced the consequences of a great European contest was Count Conrad von Hoetzendorff, Austrian Chief of the Staff. For reasons which you will find in his book, he considered it indispensable for Austria to re-establish her authority in the Balkans, and he did not shrink from the consequences. The German Kaiser certainly desired to avoid war. This is clear from what occurred when he first heard news of the Austrian Ultimatum to Serbia. He was away on his yacht in Norwegian waters, and directly he received the telegram he called his intimates to the chart-house (as his habit was when any important news came) and read out the information, saying he had decided to return at once to Berlin. He then told the story of his grandfather, the Emperor William, who, in 1877 or 1878, had asked the Tsar whether there would be war between Russia and Turkey. The Tsar had replied through a confidential German military officer attached to his Court that there would be no war. This assurance proved erroneous. The next time the German officer saw the Tsar, Russian troops were marching to the front. The Tsar said to him, ‘Remember what I told you, and you see what has happened. This is a war made against my wishes and in spite of my endeavours.’ The Emperor William cited this story as a proof of the necessity for him to return to Berlin so as to prevent a war occurring against his wishes and in spite of his endeavours.”

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DISCUSSING the naval development of Germany which, in my opinion, was the ultimate cause that made war with England possible or inevitable, Kühlmann said that he had always been against a dangerous expansion of naval programmes. That was the reason why the Nationalists hated him.

HE told me that he had been on quite friendly, even intimate, terms with Grey, and had a great respect for him, but he thought that Grey took an excessive view of the obligations of England towards France. If Haldane had been Foreign Minister English participation in the War might conceivably have been avoided. The policy that he (Kühlmann) had advocated for England in the crisis which led to the outbreak of war,¹ and which he still believed to have been the right policy, was that England should abstain from taking sides in the War, but should mobilise and wait. After the first few battles she could

¹ IT is interesting to compare Kühlmann's advice with that reported to have been given by Roberts, Haig, and Kitchener. This is stated in the following terms in *The Decisive Wars of History*:

"BRITAIN'S contingent share in the French plan was settled less by calculation than by the 'Europeanisation' of her military organisation and thought during the previous decade. This continental influence drew her insensibly into a tacit acceptance of the rôle of an appendix to the French left wing, and away from her historic exploitation of the mobility given by sea-power. At the council of war on the outbreak, Lord Roberts, summoned from retirement, advocated the despatch of the British expeditionary force to the Belgian coast—where it would have stiffened the Belgian resistance and, by its mere situation, have threatened the rear flank of the German armies as they advanced through Belgium into France. But General Henry Wilson as Director of Military Operations had virtually pledged the General Staff to act in direct co-operation with the French. The informal military negotiations between 1905 and 1914 had paved the way for a reversal of England's centuries-old war policy.

"THIS *fait accompli* overbore not only Roberts's strategical idea but Haig's desire to postpone a landing until the situation was clearer, and even Kitchener's more limited objection to assembling the expeditionary force so close to the French and to the frontier."

then have dictated terms to the combatants, and imposed peace.

I DID not hesitate to tell Kühlmann that this policy appeared to me quite an impossible one. It would only have been advantageous or feasible in the improbable event of the first battles being undecided. If either side had considerable success, that side would not then listen to any intervention by England. The more one considers this scheme advocated by Kühlmann the less wise does it appear.

ON the other hand, I gather from Kühlmann that the possibilities of European War and England's attitude therein had not been under discussion during the earlier months of 1914. A gradual improvement of the Anglo-German relations during the previous two years had led Kühlmann to believe that a peaceful solution of difficulties might surely be arrived at by the same methods as those which had successfully settled the Balkan War crisis. When he left London for a short leave early in July, all the Anglo-German agreements had been initialled, and there were no signs of a coming war. As he was tired and overworked he went straight from London to his Bavarian mountain home, and remained there until, in July, a telegram from Prince Lichnowsky called him back to London. Kühlmann is clear in his recollection that no exchange of views, either written or verbal, concerning England's possible attitude in the Great War had ever formed the subject of correspondence between the Wilhelmstrasse and the German Embassy in London. There were two impediments to free discussion on eventualities: distrust between the War Office and the Foreign Office in Berlin; possibly also a suspicion in the Wilhelmstrasse that it was wiser to keep the German Embassy in London uninformed, the latter being considered too pro-English.

TALKING of points of similarity between the Russians and Germans, Kühlmann said Russians had all the German faults somewhat exaggerated. Personally, I consider there

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is little analogy between the two nations. Germans are orderly, methodical, thorough, and to a great extent men of their word. The Russians are exactly the reverse—subtle, charming, unreliable, incapable of organisation, incapable of precision or punctuality, with little or no respect for accuracy or for a promise given. Without German help, which gave them backbone and solidity, it is doubtful if the Russian Empire would have been adequately administered. I doubt its being reorganised without further German assistance. The Jews who now rule are an inadequate substitute. They do not supply the essential Russian deficiencies, and they share some though by no means all of the Slav characteristics, besides having their own remarkable qualities, which are neither Slav nor German. REGARDING the prospects of the Sub-Commissions of the Reparation Commission, Kühlmann said that he expected it would end by a loan to Germany with which some of the French claims could be satisfied. I told him I was sceptical whether England or America would lend money to Germany in order to pay France and Belgium. It would have to be proved that by this means great advance towards political stability and European peace had been made. That proof was not at the present moment forthcoming. KÜHLMANN, who has large industrial interests in the Rhineland and Saar coming from the estate of his first wife (a Stumm), told me he had often discussed Reparation with prominent French industrialists. Their opinion was totally opposed to the Poincaré policy, and he believed a solution would be found on something like the organisation of a Franco-German coal and iron combine of such a nature as to produce maximum output. He also thought that the claims of France could be satisfied by a loan—but the loan solution is easy to talk about, less easy to realise.

BERLIN, *January 31, 1924.*—The progress of currency reform has been astonishingly rapid.

THE last week of January is rendered memorable by the issue of a budget on a gold basis. Two months ago, such a thing was inconceivable. During the preceding three years, the deluge of banknote issues made it impossible to form any estimate of the national revenue and expenditure; now the finances of the Reich are being reduced to order by a Finance Minister who has little of the fairy about him, but who has the indispensable faculty of being able to say "No."

IT is too soon yet to say whether the new order will prove stable.

BERLIN, *January 31, 1924.*—We have not only a gold budget, but the Reparation Sub-Commissioners have arrived in Berlin. I hope three rules of veterinary practice will be observed. These are:

- (1) THE absolute necessity of not milking the cow before the animal has been got on to its legs.
- (2) THE advisability of not amputating the cow's legs as a step towards getting her on to her feet.
- (3) THE expediency of not bleeding the animal through ten or twelve different channels. After a temporary moratorium, payments must come through one channel. So far, a large part of the reparation paid by Germany has been wasted on the cost of the armies of occupation—this must amount to four-fifths of the total sum.

BERLIN, *February 6, 1924.*—No one here is more pleased about the recognition of the Soviet Government by England than Maltzan, the Secretary of State. He remains faithful to his conviction or his prejudice that the Soviet can do no wrong, and that the only path of salvation both for Germany and England is a close alliance with Moscow.

HE is somewhat obsessed with the idea that partly through the diplomatic skill of the German Ambassador in Moscow (which is undoubtedly great), and partly through his

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aristocratic prestige, to which the Soviet are not insensible, Brockdorff-Rantzau can control Russian policy.

I MET the said Brockdorff-Rantzau, the chosen emissary of these ideas, for the first time last night. Quite the stage type of a somewhat degenerate and diabolical diplomatist of the old school. Precise deliberate manners and a general appearance suggesting, what is indeed the case, that he never goes to bed before 4 a.m., and never gets up before noon, seeking meantime to compensate nature for deficient and displaced sleep by perfumed cigarettes and innumerable drugs. However, Maltzan avers that his polished manners and distinguished origin, together with a very bitter tongue, have given him immense power with the Moscow dictators.

MALTZAN, who usually is not at all impressed with England's diplomatic position, declares that during the last three months everything has gone in our favour.

In his opinion, the crowning stroke is, of course, the recognition of the Soviet, but there have been other favourable circumstances:

THE Italian Yugo-Slav Treaty;

THE friendship between Italy and Spain;

THE refusal of the French Loan by Roumania;

THE fall of the franc;

THE cordiality between England and America;

THE appointment of the Sub-Commissions.

All these events could not fail to bring France to the reflection that Poincaré had led her into isolation, relieved only by the still small voice of Beneš.

BROCKDORFF-RANTZAU has reported to Maltzan that at his last interview with Tchitcherin the latter had frankly said that now he had obtained England's recognition he was going to be less forthcoming towards Italy. He had contemplated giving very considerable privileges to Italy in the Ukraine and in the matter of Black Sea navigation, but he was examining if these intentions could not be whittled

down. As regards France, he felt he could now afford to wait.

TCHITCHERIN had declared that his policy in Central Asia would now be much less anti-British.

THE country really in a quandary to-day is Poland.

IT is quite clear that French support can only be counted upon by the Poles so long as there is no close understanding between France and Russia. As no country can possibly be friends at the same time with Russia and with Poland, France may have to choose between the advantages of the Russian heiress and the charms of the Polish siren. The difficulty for Poland is that there is really no alternative. The Czechs dislike them and the Germans despise them. England is too far off, and, like France, cannot sacrifice trade interests in Russia for the smiles of Warsaw. So, in last analysis, Poland has no one on whom she can count, except perhaps the Turks—a reflection which may show that cleverness, accomplishments and versatility are not the most desirable qualities in a nation.

BUT—since 1920, though I have been resident in Berlin, where the very wind is anti-Polish—I have always believed that Poland may astonish the world, if the crisis be grave enough. This nation has saved Europe from Asia on more than one occasion.

BERLIN, *February 7, 1924.*—The two Sub-Commissions of the Reparation Commission are leaving this week.

AS regards thesecond one, under the presidency of McKenna, the members seem to be fairly unanimous that the amount of German money abroad is between £150 and £200 millions sterling, but that there is no means of bringing it back by force or menace. Therefore, as far as compulsory contribution to Reparation is concerned, it matters little whether it is £200 millions or £2,000 millions.

McKENNA is alert and acute as ever. Everybody who has seen him likes him. At luncheon the other day he

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made such friends with Stresemann that I thought they would embrace on parting.

THE other Sub-Commission I am more doubtful about. Kindersley, who has a great record, prides himself on his independence, and has kept very clear of Bradbury and of everybody else who knows the pitfalls—so he may tumble into one or more of them.¹ I gather that before arriving in Berlin he had wild notions about what was possible and what was desirable. These have been slightly watered down here, but I expect the aroma of old misconceptions lurks in the glass. Stamp appears to have done exceptionally well, and to have impressed all and sundry by his profound knowledge of taxation and administration. By sheer technical mastery he has made himself the ruling spirit among his section.

THE American President, Dawes, knows nothing of the detail and takes no interest in it, but he possesses a mysterious power of swinging American opinion. As with Baldwin, his authority and popularity have been attributed in part to his addiction to a pipe. Why should an inveterate pipe-smoker be trusted? Why is a cigarette-smoker of lighter metal? Why is a cigar-smoker ostentatious, a sensualist and presumably a profiteer?

YOUNG, the second delegate, a youth of forty, has already made himself the head of the General Electric Company, and is said to outclass humanity intellectually. In conversation he is deliberate and reticent. The Americans, with their mania for booming everything, talk about his mind as being the most perfect of instruments. Some of his colleagues naturally say this is nonsense, but he has money and prestige behind him and the reputation for prescience in business.

FRANQUI is a forceful personality of the banker-condottiere type.

MOST of the Professors who are attached seem to lack

¹ THIS anticipation was not realised.

personality and the loud voice requisite, but the Americans, especially Kemmerer, are, in a quiet way, first-rate men. Whether Owen Young has grasped the political condition I rather doubt. It is important that he should. He appears too much inclined to propose that large sums should be paid to Belgium and France with a view to getting them out of the Ruhr.

RUMOUR has it that the Commission, including the Belgians—indeed, notably the Belgians—is convinced of the necessity for France and Belgium to evacuate the Ruhr, at any rate as regards the release of industry from any shackles. If they do this, well and good, but I shall believe in the French delegates signing when I see it in black-and-white.

THE following notes, which I made for my conversation with Kindersley two days ago, show the subjects I consider of primary importance:

- (1) RUHR. French withdrawal indispensable. Commission should visit the district.
- (1a) MAINTAIN currency stability at all costs.
- (2) WHAT will be German budget, both with and without Ruhr?
- (3) FINALITY in Reparation, though desirable, is difficult.
- (4) SLIDING scale of increase in Reparation, proportionate to improvement of certain revenues.
- (5) CONCENTRATION of the thirty-six heads of Reparation, which have been paid in the past, into one. Necessity of clearness and simplicity.
- (6) REDUCE cost of Armies of Occupation, so as not to spend on them 70 or 80 per cent. of total Reparation paid by Germany. This has been the proportion up to December 1922. In 1923 it was still higher, covering the Ruhr.

BERLIN, *February 7, 1924.*—Stresemann, who lunched here yesterday to meet McKenna and Sir Josiah Stamp, com-

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plains that his whole time is taken up with petty questions and minor bothers. There is no end to these. To-day there has been a great fuss because of too little sympathy shown, in that the flag of the German Embassy in Washington was not flown at half-mast as a sign of mourning for the death of ex-President Wilson.

NOTWITHSTANDING these worries, Stresemann seems to maintain his position, and is the sheet-anchor of the Government. The present combination is not a bad one—a conciliatory and deeply religious Chancellor, obviously filled with the best intentions but without parts brilliant enough to excite animosity; subordinate to him—in form rather than substance—a Foreign Minister who is bold, vocal and perhaps less orthodox, but with clear views and determination.

SINCE he has been in office Stresemann appears to me to have gained in wisdom and he has certainly gained in authority.

HE has never been hostile to a settlement between Germany and France, if anything like reasonable terms can be obtained. His constancy, however, in this regard has never been put severely to the test, for Poincaré has remained narrow, negative and insulting.

PERSONALLY, I find Stresemann straightforward and reliable. Rapping things out in a high metallic staccato gives him such physical exhilaration that he cannot be either reticent or deceitful. No one ever delighted more in his own felicity of expression.

STRESEMANN, it is said, holds that there is no difficulty in declaring the Rhineland and Palatinate demilitarised in the extended sense that Germany would publicly renounce any idea of using these districts for military purposes, either in peace or in war, and bind herself not to do so.

IT would have to be clearly understood that a similar obligation would be undertaken by France. German

administrative and financial rights must be maintained intact. It would thus not be the creation of a new Buffer State, but a military prohibition by Germany and France over a certain portion of territory, so far as military preparation and warlike operations were concerned.

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BERLIN, *February 10*, 1924.—I chanced upon the American experts this evening at the American Embassy.

MY first impression of Dawes was decidedly better than that formed by his colleagues on the Commission. Very shrewd and quick. Young, on the other hand, I thought rather solemn. He is said to be an abler man, but I should prefer dealing with Dawes, perhaps because he is more impressionable.

THIS evening he had just got hold of a new idea about which he was very enthusiastic, viz. to make Germany pay a given percentage on her total revenue, say 15, 20 or 25 per cent. The plan has novelty, and harmonises with my view that there must be something of the nature of a sliding scale; absolute fixity is not only difficult but certain to be wrong. Young came in afterwards and seemed less enthusiastic about Dawes' idea than Dawes himself.

His principles are "commensurate payment by Germany in proportion to Debt Charge in creditor countries." At first sight this sounds all right, but it hardly stands analysis: it is an endeavour to commensurate the incommensurable. In the case of England, France and America, the debt is owned to at least 90 per cent. by internal creditors: in the case of Germany the payment would be 99 per cent. external. What is the standard which measures the one in terms of the other?

YOUNG replies to this that one could make the payments by Germany similar to internal payments by accumulating a fund in Berlin, such fund only to be exported as and when exchange permitted it, i.e. presumably when there is an excess of exports. In the event of the total sum not being

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exportable, the balance to be left to fructify in Germany—to be lent to banks, to industry and commerce. There are very obvious objections to this scheme, and I cannot conceive the creditors, particularly the French, leaving a large sum of money, most of which belongs to them, to fructify in Berlin with a remote chance of some of it coming out at a future time. Young did not say what would happen if this fund continued to increase and continued to remain unexportable, but he admitted that instead of leaving the remittance entirely to the discretion of the bank a fixed exchange should be named beneath which no remittance was to be made.

DAWES then reverted to the question of “gages,” saying that it was essential to give France “gages” in order to get her out of the Ruhr. I objected to anything like peripheral gages, preferring control of—or advice regarding—central finance, or control of some specific revenues—nothing territorial or of a nature to segregate a district.

BERLIN, *February* 12, 1924.—Met General Hoffmann again to-day at luncheon.

HE has been away most of the winter at Munich, and has returned much disappointed with the foolish action of his nationalist friends. By his account, had he arrived in Munich a week earlier the putsch¹ would not have taken place. He explains what happened as follows :

KAHR had been in collusion with Ludendorff, Hitler and others, but less with a view to some violent step than with the object of exercising pressure on Berlin. He wanted to force Berlin to get rid of the Socialists and to take strong measures against Saxony and Thuringia, but Hitler, who was a wild enthusiast, could not be controlled. At the meeting in the Brewery, when they presented a pistol at his head and forced him to concur, Kahr already

¹ THE Ludendorff-Hitler putsch which took place in the autumn of 1923. See vol. ii, p. 52.

knew that his subordinate would take the necessary measures to bring in the Reichswehr to put down the revolt. Kahr defends himself by saying, "What was the good of my saying 'No' and getting shot? If I said 'Yes' it was certain order would be restored in a few hours."

HOFFMANN says Ludendorff has lost all sense of proportion. His head has been turned. During the War he was undoubtedly an admirable organiser and a first-rate General. For two years and eight months General Hoffmann worked as Senior Staff Officer under Ludendorff. He was neither agreeable nor friendly, but that did not matter. He was a marvellous organiser and a great soldier. Now they were no longer friends. A year ago they nearly had a duel as a result of reciprocal insults.

HOFFMANN declared as his personal opinion that the great military genius of the War was the Austrian Conrad. His was the strategical conception of breaking through into Russia. Conrad complained that Austria had been deceived by Germany.

THE military scheme agreed between him and von Moltke before the War broke out was that if the Austrians could hold their Eastern Front against Russia for thirty days, by that time the Germans would have beaten the French and would be able to send troops to their assistance. But the Marne came, and General Headquarters could detach no troops to support the Austrians. The German plan of operation had been to allow the Eastern Front to take its chance at the beginning of the campaign, concentrating everything upon a crushing blow against Paris. It was not according to plan that the Germans won the battle of Tannenberg. This occurred unexpectedly, because the Russian troops had no officers, and still less any higher leadership. Their divisional commanders were wretched. The General recalled the saying of Galliffet: "Give me the Russian soldier, the Prussian lieutenant and a French band, then I will conquer the world." Ludendorff was sent

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from the Eastern Front to the Western in August 1916. Within three months from that date Hoffmann, who was left on the Eastern Front as Chief of the Staff, had sent him 1,200,000 men, keeping only 800,000 in the East. He did not understand why Germany had not been able to gain a complete victory. He did not blame Ludendorff, because for the two years and eight months they worked together they had never held different views on any military subject. He could not therefore suppose that Ludendorff had lost his military capacity just at the moment of his transfer.

TALKING of the relations with France he said that he had seen Rechberg, who had told him that he had recently been sent by Poincaré to Foch, and had spent three hours talking to him. Foch's only idea of policy was to keep his army of 700,000 men undiminished.

As for war between France and Germany, Hoffmann said: "Germany cannot fight. We have only one course, and that is to come to terms with France. If we don't we shall lose our industrial districts and our industrial liberty. Later on, of course, the diplomatic picture may change. France may get the whole of the Belgian coast and may concentrate the coke of the Ruhr, the steel of Lorraine, and all the mines and factories in France and Western Germany into one whole. England would then have against her a combination which she fought in the time of Napoleon, and Germany may assist her.

"BUT that kind of policy is impossible to-day: Germany would bear all the blows, and nobody would come to her relief."

LONDON, *February 13, 1924.*—

APHORISMS ON REPARATION

I. No settlement of reparation possible without settlement of Security.

2. No settlement of reparation durable without Currency Stability and Budget Equilibrium.
3. No agreement probable on any fixed capital figure.
4. THEREFORE a sliding scale; an indeterminate formula indispensable.
5. No financial stability in Germany attainable without:
 - (a) RUHR restoration as an integral part.
 - (b) A WATERTIGHT moratorium.
 - (c) CURRENCY Stability to have absolute priority.
 - (d) REPARATION payments to be unified.
 - (e) RECOGNITION of the fact that payments in kind are as onerous as payments in cash, plus a factor of aggravation.
6. As "le micux est l'ennemi du bien," an attempt at finality is the enemy of provisional agreement.
7. "LA recherche d'une solution définitive est interdite."