

CHAPTER IX

JUNE—AUGUST 1925

Chamberlain on Mutual Security—Danger of Continental *bloc*—Setback in peace negotiations—Briand's Note well received—U.S. and British Bank officials visit Dr. Schacht—The German reply to the French Note—Proposed Conference of Jurists—Possible extension of Pact of Mutual Security to English Channel.

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LONDON, *June 25, 1925.*—An interesting interview the other day. Chamberlain was insistent that the German reply to the French Note of June 15¹ should be favourable and conciliatory. The best formula would be not to ask what was meant, but to say:

"WE agree to your interpretation that ' '" followed by a sensible view.

HE also said that the German Government might well be advised to reply, "We are so far agreed with your basis that we consider plenipotentiaries should be appointed as soon as possible."

HE is definite that the Pact must be mutual and reciprocal. REGARDING the place where the proposed Conference might be held, he would prefer London, but would accept Ostend. Paris he would not agree to. He was far from

¹ ON June 15 the French Government addressed to the German Government a Memorandum which had been drawn up in full agreement with the British Government. This document, after welcoming the German initiative of February 9, laid down certain principles regarding which agreement appeared necessary before negotiations could be undertaken. These conditions were: (1) that Germany should enter the League of Nations on conditions laid down by the Council; (2) that the Pact to be concluded should entail no modification of the Peace Treaties or other conditions regarding the occupation of the Rhineland; (3) that the Arbitration Treaties contemplated should apply with binding effect to all forms of dispute, the participating Powers in the Rhineland Pact having option to extend their individual guarantee to the observance of the Arbitration Treaties between Germany and her Eastern neighbours.

insensible to the historical importance of the Pact being called the "Pact of London," nor did he despise the pride of paternity. Owing in part to me, England had assumed the predominant rôle in the negotiation, and it would therefore be appropriate that the Conference to conclude the Pact should be held in London.

I WAS to return to Berlin as quickly as possible, as it was most important the German Government should not make any mistake in the present crisis, and I had a very special influence with them. I therefore settled to return on Friday morning.

BERLIN, *June 28, 1925.*—Another apparent setback in negotiations, this time from German causes. The Government here are frightened by the opposition of the Right, who dislike the whole Pact policy, and threaten to withhold their support, unless they get their price, which means a high duty on agrarian products. In addition to the above elements of opposition, Russian propaganda against the Pact has produced a certain effect, and many politicians are asking whether it is wise for Germany to adopt a policy so contrary to Russian desires.

STRESEMANN says that public opinion here appears to be divided between those who think that he was wrong to start the Pact negotiations and those who think he was right to start but that he has conducted them ill. However, he himself remains firm and is determined to push forward.

BERLIN, *June 30, 1925.*—I have been discussing the terms of the French reply with officials of the Wilhelmstrasse. My personal conclusion is that German objections to it are rather juristic than substantial—rather theoretical than practical. When we get to the draft stage, I doubt if any serious difficulty will be experienced. German objections to any proposed text usually look more serious

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than they are in fact. Get to close quarters with them and they disappear.

BERLIN, *June 30*, 1925.—Briand's reply has not met with a good reception here. The German verdict upon it is more unfavourable than its contents justify. It is called the "Lorelei Note," and they say, "Ich weiss nicht was soll es bedeuten dass ich so skeptisch bin." This is perverted criticism. It is questionable whether it will be possible to get the German Government to return an answer of broad acceptance. German criticism centres round the position of France as guarantor of the future German-Polish Arbitration Treaty. My opinion is that a good deal of the German hostility to Briand's reply is a screen to hide the internal political difficulties of the Government.

BERLIN, *July 10*, 1925.—Evidence accumulates that the German Government are becoming afraid of the initiative they took last January and February, and are being driven to minimise the purpose and scope of their proposals. They now say that they contemplated a short and simple agreement, and not a complicated legal document. London takes the view that the French Note is an honest attempt to carry a step further a proposal which was of German origin, and which the Allies assumed was intended to secure the preservation of peace. London considers the French response a great act of conciliation, and is convinced that if the Germans hold back now, the world will draw the natural inference. This inference will be that Germany does not mean Peace, and the policy of the Allies will have to be altered in consequence.

THE above view is strongly held in London. I do not myself agree that there has been a fundamental change on the part of the German Government.

I AM constantly having to explain the attitude of Germany and assert her seriousness and goodwill. Paris and

London are distrustful and too ready to criticise. I have no extravagant belief in anyone, but incline to the maxim that you make many people better by treating them with consideration and confidence. The German is partly what you make him. A has an instinctive tendency to behave towards B as B expects him to behave.

BERLIN, *July 11, 1925*.—There is a certain divergence of opinion between Luther and Stresemann. The former holds that the German reply to the French Note must be endorsed by all parties of the Reichstag. Stresemann holds that to satisfy all parties the reply will have to be a poor flabby thing of no benefit or utility. He would prefer a strong, clear document. Stresemann further holds that the success of the German Government in the debate on the Pact depends less upon the precise terms of the German reply than upon a frank declaration by France and Belgium that Düsseldorf, Duisburg and Ruhrort will be evacuated simultaneously with the Ruhr, i.e. before August 16. If Stresemann could make this declaration during the debate he is confident of a great success.

I INCLINE to the Stresemann view. Throughout all the negotiations since 1920, sufficient account has not been taken by the Allied Governments of giving the German Ministry a good case to put before the Reichstag.

BERLIN, *July 14, 1925*.—The struggle between Stresemann and his opponents is becoming more acute. He is supported by Luther—some people say not very cordially, but I see no reason to doubt absolute loyalty. Stresemann is supported mildly by German National Ministers, but he is vehemently attacked by the extreme members of that party.

ONE must admire Stresemann's courage and skill in fighting for the Pact. He is confident of success, and believes that he has the whole-hearted support of his own

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Volkspartei. The best card Stresemann has is the Ruhr being effectively evacuated before the due date. If the three towns are also evacuated, the Ministers will be able to claim definite results of vast importance to Germany as being the result of their policy.

IF the present Ministry remain in office, the Pact policy will be pursued with vigour, but the German Nationals are said to have a new Cabinet ready, with Gessler as Chancellor, Neurath (the present Ambassador in Rome) as Foreign Minister, and Hassel (at present Consul-General at Barcelona) as Secretary of State. The latter is a nephew of Tirpitz, not the best port of origin for wisdom.

MEANTIME, the financial outlook is not brilliant. Credit will be very scarce until the Pact is concluded. The dearth of capital in Germany is phenomenal—even the largest firms are short. Balance sheets recently published have been disappointing.

BERLIN, *July 16, 1925.*—Norman, the Governor of the Bank of England, and Benjamin Strong, the head of the United States Federal Reserve Bank, are both here on a visit to Dr. Schacht, the President of the Reichsbank.

NORMAN tells me that the purpose of the visit is partly to establish a basis of future co-operation, but still more to give Schacht a lift and increase his prestige.

THE latter meets with great difficulty from his colleagues on the directorate of the Reichsbank and from the Berlin private bankers.

NORMAN foresees grave financial difficulties for Germany, unless the political atmosphere clears rapidly. He says there is no time to be lost—the crisis will be on us in two or three months.

HE added that he knew it would be difficult to get Chamberlain to realise the financial danger.

NORMAN himself looks like an apostle with a Bohemian tinge. He has an unusually mobile mind and a wide

philosophic outlook. A big factor in European reconstruction.

STRONG impresses me as worthy of his name. Very solid, very convinced both of America's wealth and of her righteousness, but a good fellow. He is travelling with his daughter, Mrs. Humphries, the most delicate of porcelain shepherdesses.

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BERLIN, *July 20, 1925.*—It is worthy of note that so far no one has brought forward the idea of guaranteeing the inviolability of the English Channel. Under the proposed Pact, England guarantees the security of both France and Germany against aggression, but obtains no increase of security herself.

Is it impossible to devise a clause which would work in this direction? I remain convinced that the best protection to both France and Germany is the "iron curtain" idea, i.e. a neutralised zone, the crossing of which would constitute aggression. Could not the Channel be considered an "iron curtain"?

THE following words might be added to the proposed Treaty of Security:

"THE above Powers further guarantee the inviolability of the English Channel, and of the seas which separate England from the low countries."

THERE are, of course, objections to the proposal. The first—a psychological one—is that we lose the moral advantage of our present position of guarantor, and put ourselves on the same plane as France, Belgium and Germany. While this may sound high-flown and even arrogant, it is not a consideration to be overlooked. To justify its sacrifice a material guarantee of real value would be required. Then again, if we place ourselves on the same plane as France, Belgium and Germany, we have to accept similar obligations, and would have to enter into universal and compulsory arbitrations with

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them. While I see difficulty in the negotiation, I am not convinced that the idea ought to be discarded.

BERLIN, *July 22, 1925.*—On the question whether to insert stipulations in the new Security Pact guaranteeing the inviolability of the English Channel, and the air above it, one must bear in mind that the present relations between England and the Continent are to-day more favourable than one can count on their being permanently. Owing to the moderate and sensible attitude of England towards Germany, and owing still more to the Poincaré hostility against Germany, we enjoy to-day a position here which we shall not permanently maintain.

UP to recent times Great Britain was in no need of any international guarantee of security, but the situation has unquestionably been modified by the development of aviation. Hitherto, if the sea was inviolate Great Britain was safe. Now we require protection against air attack. In a large measure we have lost the benefit of our insular position, and have become no more immune from violence than a continental Power. It would thus seem that the iron curtain conception which it is proposed to establish on the Rhine might, if applied to the Channel, represent a considerable increase of security.

THE following words might be added to the proposed Treaty of Security: "The above Powers further guarantee the inviolability of the seas which separate Great Britain from the continent of Europe, and of the air above them." The proposal merits examination by competent authorities, if such can be found, who would bring to the task a frank appreciation of new facts, and have a clear apprehension of the changes wrought by recent inventions and developments.

BERLIN, *July 24, 1925.*—I have been thinking over the possibility of extending the Pact of Peace idea to England.

We ought to look facts fully in the face, and not shirk the consideration of disagreeable possibilities.

THE forces behind the continental *bloc* idea are very considerable. As I have often stated, the general trend of Jewish opinion on the Continent and in Germany in particular is hostile to the British Empire, and the Jewish Press is a considerable factor in the formation of public opinion.

It may also be said broadly that literary and scientific circles in Germany are rather anti-English, and artistic circles are definitely pro-French. The only body of opinion upon whose sympathy we can count is the sporting fraternity, but they are not in touch with the intelligentsia, nor do they command Press influence which renders touch with the intelligentsia superfluous.

It would therefore be expedient not to neglect the creation of some potential barrier against an anti-English combination. This might conceivably be inserted in the documents now under discussion. To-day it may appear unnecessary if not derogatory. In a future crisis it may prove a help in time of trouble.

BERLIN, *July 29, 1925*.—News from London points to the fact that they are disappointed by the German reply.¹

¹ IN reply to the French Note of June 15, the German Government replied on July 20, expressing the presumption that the proposed Pact would not exclude the possibility of eventually adapting existing treaties to changed circumstances, and that it would react favourably on the conditions in occupied zones and the ultimate solution of the Occupation problem itself. The German Government proposed as a basis for the Arbitration Treaties the model of those previously concluded between Germany and certain neutral Powers. They asked that, in no case, should coercion be applied without previous recourse to some solution or arbitration procedure. They demurred to the proposal that the Arbitration Treaties should be guaranteed by the unilateral decision of any individual Power. Finally, the German Government stated that, while prepared in principle to support Germany's entry into the League, their objections previously formulated in regard to Article XVI should be met by the Allied Powers.

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Chamberlain had hoped that the terms of this document would be such that he would be able to press the French Government to open verbal discussions at once. This is now impossible. The German answer is so much of a challenge as to render indispensable a written reply. The sooner we stop notes and get to interviews, the better it will be for the chances of the Pact.

CHAMBERLAIN has started the idea of a Conference of Jurists.¹ I do not think the German Government much like it, but they may have to make the best of it. It so happens that the jurists of to-day, alike in England, France and Germany, are about the most reasonable individuals in each camp.

My own view of the German reply is much less unfavourable than that formed in London. Indeed, I see no reason why verbal negotiations should not ensue directly upon it.

¹ At the end of July the French Government had transmitted to London a redraft of the proposed Pact of Mutual Guarantees based on the original text elaborated by Sir Cecil Hurst and M. Fromageot. The British Government thereupon sounded Berlin as to its readiness to allow the legal adviser of the Wilhelmstrasse to attend a special Meeting of Jurists, at which the above redraft might be discussed between him and his British, French and Belgian colleagues.

WHEN, early in August, M. Briand and the other Allied Foreign Ministers visited London for two days to discuss the forthcoming Allied-German negotiations, M. Briand expressed his approval of the British idea that a German jurist should collaborate with the Allied jurists in framing a text which should form the basis of the negotiations between the Foreign Ministers. Towards the end of August, therefore, Berlin was formally invited by the French, British and Belgian Governments to appoint a German legal adviser to meet and discuss with their own legal advisers the technical and legal aspects of the Draft Treaty. Italy had been left out of the conversations on the subject, but intervened at this stage with the demand that she should be represented at the Jurists' Conference. This point was naturally conceded and, on September 1, Sir Cecil Hurst, M. Fromageot, M. Rolin, Signor Piloti and Dr. Gaus—the German delegate—met in London. The meeting, despite the aridity of the subject and the numerous variants proposed by Dr. Gaus, was singularly harmonious and useful. Dr. Gaus succeeded in obtaining quite a number of modifications in the original Anglo-French text.

THE criticism which may be made is that the Germans continue to quibble about their entrance into the League. Chamberlain from the first has held this to be a *sine qua non*, and I am instructed to be quite categorical on the subject. OUTSIDE the question of the League of Nations and Germany's entry, there is the problem of the occupied territory. London thinks that Stresemann was wrong to raise this at the present stage of the negotiations.

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BERLIN, *July 30, 1925*.—The Wilhelmstrasse is still convinced that Briand intends to kill the Pact—and to do it in such a way that the blame will fall on Germany. This suspicion is entirely contrary to the evidence.

HOWEVER, error in this case has the less importance—since, on the supposition that Briand is insincere, the right attitude for Germany is to demonstrate irrefutably her own sincerity.

BERLIN, *August 7, 1925*.—The supreme importance of the protracted negotiations regarding the Pact is such that everything else recedes into the background, even the Commercial Treaty. This will be approved by the Reichstag Committee. It will come before the full Reichstag on Tuesday or Wednesday.

THERE is distinct improvement about the Pact negotiations. The German papers do not say much regarding the promised evacuation of the Ruhr and the three towns, but there is no doubt that the attitude of Herriot on this subject has powerfully affected public opinion here. It is no exaggeration to say that six months ago no one here believed in the possibility of the Ruhr evacuation in August 1925, while as little as a month ago the Government themselves were extremely sceptical regarding the evacuation of the three towns. A great accession has now taken place to the ranks of those who believe in the possibility of reconciliation.

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BRIAND's declarations regarding the Pact are in the main reasonable. But I am sceptical about the meeting in Geneva, which has been proposed. The atmosphere there contains too much Polish and Czecho-Slovakian perfume. The Germans would be less suspicious if London were chosen. Failing London, I prefer Ostend or Brussels. Suspicions regarding the sincerity of the German Government and their desire to bring the Pact negotiations to a successful conclusion are entirely mistaken; their whole political prestige depends on the result. How can they be hostile?

REGARDING the idea of a meeting of legal experts, this is still opposed here—I think wrongly. While I do not fear a meeting of legal experts, I should prefer a Ministers' Conference. Anything rather than further Notes. Directly the Germans begin to write they lapse into pre-conditions, bearing upon the improbable, and the more numerous and abstruse these pre-conditions, the better the German draftsman is pleased.

BERLIN, *August 11, 1925.*—During the last two months there has been a vast improvement in the situation here. This is mainly due to the French having evacuated the Ruhr, and to their intended evacuation of the three "Sanction" towns—Düsseldorf, Duisburg and Ruhrort. Regarding the latter, orders have been given, but complete evacuation will not take place until towards the end of the month.

THIS action on the part of the French has had two effects here—that of strengthening the position of the Luther-Stresemann Government, and that of increasing the number of adherents to a policy of reconciliation. The whole basis of reconciliation is reciprocal advantage and belief that engagements made will be adhered to. This being so, the occupation of the Ruhr by Poincaré destroyed the hope of any increase of confidence, while the delayed

evacuation of the Cologne zone on the inadequate pretext of non-fulfilment of disarmament destroyed belief in the execution of engagements which the Allies found inconvenient.

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If the present negotiation for a Pact can be carried through rapidly on the strength of the good impression made by the Ruhr evacuation, a new era of mutual confidence between France and Germany may commence. I say "mutual confidence" and not "friendship," because, at the present time, hostility between the two nations is too great for anything better than an absence of mutual apprehension. It is sometimes argued that a Pact of Mutual Guarantee is not requisite, the same object being attained almost as effectively by adoption of the Protocol, with the advantage that the latter involves England in less direct responsibility and less danger of becoming engaged in war. To my mind this reasoning altogether neglects the most important point, namely, that no moral pacification and a very small increase of confidence would result from the signing of the Protocol, whereas a direct Pact of Mutual Guarantee, binding France and Germany not to make war upon one another, would remove from the European sky the most menacing of its clouds. If the danger of war between Germany and France is eliminated, the chances of the maintenance of Peace in Europe increases two or three hundred per cent. The whole diplomatic atmosphere will be modified.

No countries, except France and Germany, will gain more by this Agreement than Czecho-Slovakia and Poland, where frontiers are hardly yet solidified and where stability would be greatly endangered by any outbreak of hostilities. THE advantage of the Pact of Mutual Security will be most direct to the principal contractors—to Germany in the immediate present, since she is disarmed; to France in the further future, when she may have only 40 million

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inhabitants against Germany's 80 millions. Were I a statesman of either of these two countries, I should not rest until the Pact had been signed, sealed and ratified.

THE direct advantage to England is less obvious, but the indirect advantage of becoming arbiter between France and Germany gives us a position of enormous potentiality. It makes us a dominating factor in European politics.

A SECONDARY effect of the Pact will be to relieve Germany of the danger of being driven into the arms of Russia. I have never been an alarmist on this subject, believing the difference of political temper between Germany and Russia to be such that a close alliance between Soviet Russia and a fundamentally aristocratic Germany is hardly conceivable. Still, the circumstances of the Genoa Conference may recur, and another and worse Rapallo Treaty ensue. Under the Pact, Germany is accepted as an equal and as a co-partner with France and England in the maintenance of Western European conditions. As such, the danger of her being attracted into the Russian communistic orbit is obviously diminished.

As regards opinion in Germany on the Pact, the Government is mainly drawn from the Right, but the principal support for the Pact comes from the Left. The Right tolerate and will probably vote, but without enthusiasm. Luther and Stresemann have secured them by accepting the new scheme of taxation which gives protection to agricultural produce. But at heart the Right remain hostile to any final abandonment of Alsace-Lorraine—hostile to any reaffirmation of the Versailles Treaty.

STRANGE as it may seem, they are less hostile to Communistic Russia than are the German Socialists. The latter compete with the Communists in the same market, but it is certainly an anomaly that both the Commercial Treaty with England and the Pact of Mutual Security will be carried by a Government nominally of the Right, on the real foundation of support from the Left.

THE Commercial Treaty between Germany and England will presumably be ratified to-morrow. There has been a certain amount of opposition to it, but not on intrinsic grounds. The opposition has come mainly from colonial cranks, who are spread through all parties in Germany and command a good deal of influence. Also from the Völkische, who are against anything sensible, and the Communists, who are against anything English.

I HAVE recently reread the Protocol attached to the Treaty, and am impressed by the breadth of the basis on which it is framed. If both countries live up to what both have signed in the Protocol, there will be a happy future for Anglo-German trade.

MOREOVER, a great example will have been set for other countries desiring to conclude Commercial Treaties.

THE merit of the Protocol is that it establishes agreement on all the following points:

Most-favoured-nation treatment.

No discrimination.

SYMPATHETIC consideration of unfair treatment.

RECIPROCITY.

FULL account taken of favourable English treatment, i.e. a definite return for Free Trade.

(THIS principle appears for the first time in a commercial treaty.)

READINESS to enter into verbal negotiations to examine complaints.

No prohibitions or restrictions, except those notified before ratification of the Treaty (a very limited list).

REMOVAL of special disabilities imposed on Germans in England—a bad relic of war psychosis, quite inapplicable to entirely altered conditions.

FACILITIES, equal to those enjoyed by German companies, for English shipping, English banks, and English insurance companies.

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BERLIN, *August 11, 1925.*—The reply to the German Note is being drafted in London. Briand is reasonable, and realises that the essential point is to enter upon a real discussion with the Germans; not to impose another Treaty upon them.

CHAMBERLAIN continues to press his idea of a preliminary discussion between jurists, perhaps the most practical solution. It certainly will achieve this—that the Germans will be put on an equality with the Allies, and Stresemann will know in advance the general character of the proposals the Allies will make. He can therefore consult his colleagues in Berlin before coming to the Conference. IN sketching the terms of the Pact, the object of London has been to secure that there shall be arbitration (judicial or by a tribunal of conciliation), and that the decision of the Arbitrators shall be of binding force. The only case justifying resort to force without first exhausting the procedure of conciliation would be where one of the parties had been guilty of such a flagrant act as constituted an immediate danger to the others. In such a case, and only in such a case, is an immediate recourse to force contemplated. What applies to Germany applies also to France.