

The time for cancellation will come when Europe is about ready, through the continuation of the great efforts required during reconstruction, to begin repayment and it will then hardly be profitable to debate whether we are cancelling our claims because Europe, with due regard to the standard of living of her people, cannot afford to pay, or because we, with due regard to the full employment of our workers, cannot afford to collect, because, for one thing, we shall be acting for both reasons: the same conditions that will

then make it possible for Europe to begin repayments, viz.: her ability to export a surplus of commodities, will make it inadvisable for us to receive payment, which will be actually made in the form of commodities.

All this is in the future. In the meantime, through discussion and still more through experience, we are preparing ourselves for the day when a decision will be required and time is doing the real work. Exchange rates are barely the ripples on the surface.

America's Coöperation Indispensable to International Security

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I AM bound to confess that I feel only an academic interest in the discussion of plans for the economic rehabilitation of Europe. I cannot believe that economic schemes, even the most practical, will produce any considerable results until certain vital political problems have been solved. A necessary basis for economic activity is and always has been political security, just as civilization itself awaited the attainment of personal security. Until men had established a modicum of immunity from attack by their fellow-men, our primitive ancestors stayed in their caves or stole out furtively on expeditions for food. Life was wholly individualistic and even the beginnings of social and material progress were impossible. In the same way, industry, trade and finance thrive only in an atmosphere of national security. There is a surprising parallelism be-

tween the relative industrial development of the different countries and the relative security each has enjoyed, whether the latter has resulted from accidental geographical considerations or from racial temperament.

The European political system has never and can never give permanent security. Continental Europe throughout its history has enjoyed only little patches of security, always underlain by plans for the next war. The continental political system is the result of evolution during centuries when men valued political power much more than they did economics, and the habits and traditions of European militaristic diplomacy have become too fixed to be changed without pressure from the outside.

Under this European system rulers and statesmen build military alliances ever stronger, one nation against another, while the ordinary citizen is cajoled into patriotic assent—the am-

¹ Author of *While Europe Waits for Peace*, Macmillan, 1921.

bitious, by promise of glory and profit; the fearful, by hopes of peace through "balance of power." This building of alliances and piling up of preparations for war goes on until war is inevitable and comes almost as a relief. It is like a dam thrown across the course of a stream, an embankment built continually higher as the waters rise. The bursting of the dam may be long delayed, but catastrophe at the end is certain.

The economic organization of society in Europe has grown up as best it could during the little intervals of peace, and it has grown up in spite of government and in spite of the policy of rulers. Everywhere the character of European industrialism shows the blighting effects of its historical subservience to militarism.

AMERICAN SECURITY AND EUROPEAN VIGILANCE

Here in America our geographical position has for a century so shielded us from outside aggression that we have forgotten the very essential part played by national security in our preëminent economic development and in the maintenance of our material prosperity. We have come to take security for granted as we do the air we breathe. It is unimportant whether our security has been at all times as complete as we believed it. The governing factor in our development is confidence which through most of our history has permitted us to go about our business of organizing production as if war and the necessity for military preparation either did not exist or were very secondary to our economic activities. Europe placed military considerations first. We placed the social and economic first, and the effect of this fundamental difference is shown both in the relative material development of the two continents and in their tradi-

tions and ideals. The difference is partly psychological. It may be compared to the difference between the atmosphere of security surrounding life in a New England town and that of vigilance in one of the old western mining camps. In the former, although crime and criminals still exist and the citizen may be said to be in some theoretical danger, yet, as a matter of fact, the townsman goes about his business unarmed and oblivious to the chance of attack. In the mining town of the last generation even peaceable men gave much thought to self-defense. When they walked abroad they placed pistols in their belts as naturally as they put on their hats.

For more than a century America enjoyed the security of isolation. We have this no longer. The events of 1914-1917 proved that the development of transportation, the advance in military science and the integration of empires and alliances have forever destroyed our isolation, and with it our separate security. It is probable that in America we lost the reality of international security ten years before we recognized it was gone.

This generation has seen in Europe a little longer period of peace than usual. It saw the great European "dam" called "balance of power" built higher than ever before, and in the end, it witnessed the most devastating war in all history—a war which revealed our inevitable partnership in future European wars, and hence our vital interest in reforming the European political system.

I am not condemning Europe or European statesmen, but am stating facts which every far-seeing European will acknowledge. More than one such has assured me that the people of the Continent cannot break with their old traditions unless they are led or forced by a power outside themselves. There

are too many historical distrusts and hatreds. For too many centuries racial antipathies were encouraged among European peoples in the interest of autocracy, and too many cynical politicians now find these antipathies their best political support. It is perhaps well for us to remember that our own traditions and international ideals are not so much to be credited to superior virtue as to the isolation and security we have enjoyed.

NEW HOPE OF LIBERALISM

In December, 1918, Europe pinned its hope to a new internationalism which the United States would bring to it. The passionate welcome given to Woodrow Wilson was an expression of this hope. Europe accepted the League of Nations as a foundation on which to build a new political system on the American model. During those first few months new ideals were everywhere discussed in Europe and liberal statesmen were supported in every country.

Then we deserted. Within less than a year after the Armistice our intention to withdraw from European affairs had become evident and a panic of reaction ensued. Everywhere arose a fear that the time lost coquetting with American ideals had sacrificed political and military opportunities. Fear increased old hatreds. It brought the old-line nationalistic statesmen to the front and discredited anti-militarist leaders. The old politico-military formulas were reestablished. A feverish quest for military alliances began and has continued up to the present time.

Great Britain alone has kept up hope and maintained the struggle for a new order. To a certain extent the Channel has done for her political development what the Atlantic did for us. Since 1919 Mr. Lloyd George has fought the battle alone and, if one may

judge by current events, he is losing.

So much for generalities.

During the Armistice and for a year after the delegates to the Peace Conference went home, I was the sole representative of the American State Department in the Rhineland. After the Peace Conference the Rhineland became the storm center of Europe. As the American member of the Inter-allied Rhineland Commission, which by the treaty became the supreme representative of the Allies in the "occupied" territory of Germany, most of the plans, ambitions and intrigues of that period necessarily came under my eyes. I believe I was unprejudiced, and I know that I honestly tried to use my American business training to appraise accurately the different European national aims and the principles of men responsible for European policy.

After the Armistice, France, the natural leader of the continental nations, had a great fear, and we must admit it was a legitimate fear. She had for neighbors seventy million revengeful Germans, who had demonstrated more than once their will and their ability to crush her unless she had the most powerful support. Yet, during the Peace Conference and for several months thereafter, the people of France showed a willingness to compromise with American and British ideals. The hard-boiled nationalists were in eclipse. Even moderate nationalists were apologetic and sought their ends by indirection. The spirit of revenge, in principle at least, was deprecated. Everywhere I felt that the majority of the responsible men of Europe were willing to exchange a portion of the military advantages of victory for a chance of new security.

EFFECT OF PRESENT POLICY ON FRANCE

Then, I saw the hope of American assistance fade, and with it the spirit

of liberalism in Europe. Popular fear instantly regretted the lost time and opportunities. From that time the spirit of M. Poincaré (than whom there is no more honest patriot, along the old nationalistic lines) came to represent the spirit of France. On the one hand, military alliances with Belgium, Poland and other countries were eagerly sought; on the other, a determination to ruin or break up Germany became a national obsession. Many were the plans to accomplish this object, such as the insistence on impossible reparations, the several attempts to separate the Rhineland from Germany, the threatened occupancy of the Ruhr, the attempt to lure Bavaria into a separation from the German Reich and the handing over of Silesian coal to Poland.

There came a day, however, when the keenest minds in France realized that seventy million Germans could not be permanently ruined or separated. At the same time came a realization that circumstances had left France far and away the predominant military power in Europe. Continental political logic pointed to only one course of action—namely, to insure the safety of France by maintaining this military predominance.

Recent events have confirmed my belief that a military domination of Europe is in the minds of those who now control the destiny of France.

Consider for a moment. The two most obviously necessary measures for accomplishing this purpose are:

First, to keep Germany weak, helpless and at the mercy of France as long as possible. This requirement is being accomplished by an unyielding insistence on reparation payments which are absolutely impossible of fulfillment. Such insistence serves to keep Germany a treaty-breaker, a condition which not only insures

an indefinite "occupation" of the Rhineland, but renders probable provocations which will warrant "occupation" of the Ruhr by a French army—an "occupation" which is, I believe, the crux of the French military policy. Personally, I expect to see a French army in the Ruhr before the end of the present year, unless Mr. Lloyd George actually goes to the extent of threatening a break of the Entente.

The second necessity is an overpowering army. France has today nearly 850,000 fully equipped soldiers under arms. And France refuses to discuss disarmament.

EFFECT OF PRESENT POLICY ON GERMANY

As to the effect of the present European policy on Germany, I can speak with even more first-hand knowledge. While in the Rhineland I studied all classes, not only directly, but through weekly reports of personal representatives scattered throughout the country, whose business it was to interview farmers, workmen and professional men on subjects which bore on the relation of the German people to our "occupation." I found the masses in Germany astonishingly non-political. In general they cared little about the form of their government or who should rule them, if only they had food, fuel and peace. I found very few of them strong for a return to Kaiserism. All classes, except the very rich, were inclined to give the republic a trial.

After the War, world hopes for a pacific Germany centered in the new republic, in the lesson taught the mass of the people by the War and in a change of the ideals of the new generation. Continued misery is now turning the German people away from the republic. They look simply at the fact that under the empire they were

well fed and happy, while now they are hungry and miserable. Throughout history the middle classes have been the bulwark of democracy. There is today in Germany a serious danger of an alliance between the extremes of the social classes against the middle.

Again, the new generation in Germany, seeing the other nations of Europe relapsed into pre-war internationalism and having more than a suspicion that France has adopted many of the German pre-war ambitions, will come to believe their present misfortunes due not to false ideals or the immoral policy of their government, but to faulty technique. They will be easily assimilated to some future imperialistic plan which promises through a better preparation to obtain for them revenge and national glory.

SUMMARY AND CONCLUSION

To summarize:

1. The attempts to rehabilitate Europe economically will be futile, or at least the results trivial, until security is attained.

2. In all the centuries the European political system has never created anything but temporary security.

3. Modern weapons and the present financial and political demoralization render the promise of future security under the continental system too temporary for economic revival.

4. The continent of Europe is so bound by habit and tradition that it cannot alter its political system without outside help.

5. The United States by the accident of geography has enjoyed security and developed a system adapted to security, hence adapted to encourage industry and trade.

6. Our peculiar relation to Europe, and especially our financial position, place it within the power of America to force upon the continental nations

those non-militaristic political formulas which have made a peaceful association of states possible on this side of the Atlantic.

7. Not only is it our duty to render assistance, but industry, trade and finance have become so internationally related that we cannot prosper unless Europe prospers, while European military alliances are now on such a huge scale and the catastrophes so terrible that we must in future always suffer with the rest.

We have refused to join the League of Nations—the first attempt ever made to get together all the nations of the world, big and little, for the purpose of establishing international public opinion as a support for peace and justice. We have refused to help apply our own ideals—to aid an association built on our own model. We have cynically disclaimed other motives than selfishness for this desertion by joining three powerful nations in an old-fashioned alliance—of the continental model.

I still believe the United States will join the League of Nations. When those practical facts—persistent business depression and the cause of that depression—force their way through the murk of sentimental and political misconception developed during 1919 and 1920, when the farmer, the miner, the workman and the business man brush aside the prudery which now makes it bad form even to mention the League of Nations, our people will see the inconsistency of America's position, the tragedy of our desertion, and will insist that the United States join with the other peoples in a league for peace.

Then we will join the League of Nations and our leadership will make of it the most powerful factor for the maintenance of peace and security in the world; and then, and then only,

the first effective step will have been taken for the rehabilitation of Europe—and of America.

In conclusion, I wish to say that I am not primarily making a plea for the existing League of Nations. I merely desire to bring up for consideration certain conclusions forced upon me by personal observation of the tragic rise and fall of a great hope.

I saw the mass of the French people, in the sunshine of a new American-made security, develop such powerful anti-military sentiments as to give effective promise of a new internationalism in Europe. I repeatedly heard representatives of the great middle class condemn their nationalistic statesmen and from December, 1918 until October or November, 1919 I

observed the immense popular support given to liberal leaders.

And then America withdrew and the dream faded and fear came back stronger than ever. It was a great fear which drove men to military schemes and military leadership as their only alternative. I left Europe with a firm conviction that only America could check the rising tide of fear-bred militarism and that without our political coöperation no security could be established in Europe sufficient to form the basis for economic revival. And I join an increasingly large number of American business men in believing that, until such European revival is made possible, we can expect no relief from our present business depression.

Is American Prosperity Dependent Upon the Rehabilitation of Europe?

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AN answer to this question from the point of view of a manufacturer is easily given; namely, that America, meaning particularly the United States, could, if necessary, get along without Europe. All essential products, including capital, are being produced in the United States, and if a cataclysm should destroy Europe it is, of course, obvious that North and South America could continue to exist very well. Mere existence, however, is not living to the fullest capacity of our opportunities, and the elimination of Europe would be a very unpleasant process. Furthermore, the readjustment to such elimination would be long and painful and attended by great suffering in this country and throughout all that would be remaining

of the civilized world. If in the original creation of the world Europe had been eliminated there is no doubt but that the world would have satisfactorily prospered.

The United States of America has long been an associate of European nations. It has built up a foreign trade in raw materials and the products which were necessary to these countries, and without which it would have been impossible for them to have achieved so great a place in the world's manufactures; and thus our prosperity, as well as that of these European nations, gradually became greater and their activities or industries more diversified with the gradual increase and improvement of the means of transportation and communication employed.