FILE 329

DISARMAMENT

&

WAR DEBTS

DOCKET STARTS:

'WAR DEBTS'

June 4th, 1924.

Walter H. Kirchner, Esq.,
Box 864,
Vancouver, B. C.

Dear Mr. Kirchner:-

I have been interested in reading Dr. Clark's preface to your book on the Canadian War debt, and it is a great pleasure to realize that anything I may have said has been of help to others in consideration of the tremendously important problems which are still before us.

I shall be very pleased to read "Who Pays the Canadian War Debt"? as soon as I receive the copy which you so kindly have promised me.

Yours faithfully,

Box 864,

VANCOUVER, B.C.

May 16th 1924

Gen. Sir Arthur Currie, G.C.M.G., K.C.B.,
MONTREAL.

Dear Sir Arthur:-

I am taking the liberty of enclosing with this letter copy of a foreword to my book "Who Pays The Canadian War Debt ?", by Dr Michael Clark, former member in the Dominion Parliament for Red Deer, Alberta.

You will, no doubt, remember my conversation with you in 1922 when I was making a tour of Canada gathering data for this work. Five years of my life and all my material resources have gone into it. But I am sustained by the faith that something of a tangible nature has now been accomplished, to make possible in Canada, the exemplification of those ideals for which 60,000 of our dead lie sleeping in foreign soils.

In passing I might mention that few men have given clearer expression in public to those ideals than the leader of the Canadian Corps overseas, and that the constructive, thinking element among us still have unbounded faith that the man whose name is associated with the undying lustre of the Canadian Corps - "Spearhead Of The Army Of Liberty In France" - will yet lead the way to the greater objective here - The Winning Of The Peace.

In a chapter devoted to the Ex-service men I have pointed out what are considered some of the fundamental reasons why today we are a divided and discredited body, failing to take our rightful place in the national life as the spearhead of the New Order of things; and, furthermore, that so long as we allow the injustices created by the great profiteering crimes to exist we are breaking faith with the comrades sleeping overseas.

Organized Selfishness and Greed still hold sway in Canada and we have a great fight ahead of us before that spirit is superceded by the spirit of sacrifice for the common good of France and Flanders - the spirit that won the war.

Overseas, it was a question, perhaps, of physical courage sustained by the knowledge that we were fighting for the principles of Democracy, Freedom and Justice.

Here, in Canada, today in order to avoid continued economic slavery by the great masses of the nation to the War plutocracy, it is a question, perhaps, of Moral courage by men and women who realize that the apparent sacrifice of present advantages by the influential few always leads to an incomparably greater gain all round.

Canada is seething with anti-social thought, due to the outraging of every democratic principle for which the war was supposedly fought. And it is apparent to thinking men and women that at this juncture the only individuals capable of establishing a true democracy within our borders are the men and women of the Canadian Corps demanding, IN THE NAME OF OUR GLORIOUS DEAD, that the New Order of things, for which they fought, be established without delay and all barriers standing in the way of that grand consummation be swept aside in the interests of the greater national destiny. Probably, no body of men within the Dominion have such great moral grounds for taking this stand for the nation collectively that the Ex service men. And the hour for taking that stand has surely arrived now - if not long overdue.

The next logical step in this work to which I have set my hand - which after all is nothing more or less than the battle for the spiritual life of Canada, without which any nation must perish - is to get out a small edition of some thousand volumes before taking the matter up with the Eastern publishing houses for larger distribution. This will cost in the neighbourhood of between Twelve and Fourteen hundred dollars which I am raising among business men and

some of our leaders overseas.

In view of the nature of the forces challenged, the press of the country may, through the "Conspiracy of Organized Silence", by withholding reviews and other forms of publicity, attempt to neutralize this first concrete movement by Canada's Citizen army against the Organized War profiteering from which we are suffering today - the worst sufferers of all being the wreckage of the war. And, in that case, it will be necessary to adopy other means of reaching the people with the truth as to why they are suffering.

As soon as I have the first edition off the press will forward copies on to you and, no doubt, you will then be able to let me have the benefit of your larger experience and wisdom on this great national issue.

With very many thanks for your courtesy and assistance in the past on behalf of this work, and with kind personal regards, I am,

Yours sincerely,

Walter H Kinchner

FOREWORD.

In the following pages Mr Kirchner has perferred a powerful and convincing indictment of a great national injustice, and pointed out the remedy.

He is well entitled to do so, as he served with great distinction in the late war, having been promoted from the ranks, and received the valued decorations of D.C.M. and M.C.

He has since devoted close attention to our financial condition, and may very well prove to be a leader of the returned men and other reformers in demanding that the principles of democracy, freedom, and justice, fought for in Europe, be rigidly applied in Canada.

Our War Governments blundered fatally in avoiding for so long a period direct taxation to pay for the war, and resorting instead to large debts in untaxed bonds.

The results of this policy are with us now, and are no less than war profiteering by the rich in the time of peace and renonstruction, with the burdens borne by those least able to bear them and certainly least entitled to do so.

Only a revolution in our fiscal policy can remedy this intolerable state of affairs.

If this work has the circulation it deserves, it will be a potent factor in bringing this revolution about.

Michael Clark.

War Debt

Congressional Record

SIXTY-NINTH CONGRESS, SECOND SESSION

INDEBTEDNESS OF FOREIGN GOVERNMENTS TO THE UNITED STATES

STATEMENT BY MEMBERS OF THE FACULTY OF POLITICAL SCIENCE, COLUMBIA UNIVERSITY, ON THE WAR DEBT PROBLEM

EXCERPT FROM THE CONGRESSIONAL RECORD
FOR SATURDAY, JANUARY 8, 1927

WASHINGTON
GOVERNMENT PRINTING OFFICE
1927

28020—3315

STATEMENT BY MEMBERS

OF THE

FACULTY OF POLITICAL SCIENCE, COLUMBIA UNIVERSITY

ON THE

WAR DEBT PROBLEM

We the undersigned, members of the faculty of political science and associated schools of Columbia University, submit for impartial consideration the following statement:

In our judgment the war-debts settlements are unsound in principle. Certainly they have created and are fostering a deep sense of grievance against us. We do not urge that the debts be completely canceled. Whether there should be cancellation in whole or only in part depends on many complicated factors yet to be studied. What we do urge is complete reconsideration in the light of present knowledge. To this end we believe that an international conference should be called to review the entire problem of debt payments and make proposals for readjustment. This need not and should not in any way interfere with present negotiations nor the current operation of the Dawes plan. On the contrary, it would facilitate them. The proposed conference can not be hurriedly improvised, but definite steps looking toward its organization would ease the present situation, and we should find ourselves cooperating helpfully and constructively with other nations upon terms of a lasting settlement.

A TURNING POINT IN HISTORY

In the last few months the nations of western and central Europe have made an unprecedented effort to rid themselves of the menace of future war. At present they are succeeding beyond all expectation. In proportion to their success the whole world will share in the benefits. If their great adventure fails, the whole world, including ourselves, will some day suffer incalculably.

The prime condition of the success of any such movement is mutual trust and understanding. Our war-debt settlements have produced distrust and misunderstanding. When century-old political enmities are yielding to common sense, an international financial problem of recent origin, whatever its magnitude, should not be allowed to threaten the foremost gain in international relations since European nations began.

Our share in the war-debt problem arose out of our entry into the war in 1917. True we should have had no occasion for war had there been no European war. But the controversy as to the responsibilities of European powers for the outbreak of war in 1914 is not

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pertinent to that other question of why we went to war in 1917. America went into the war on an issue of its own. The casus belli for the United States was unrestrained submarine warfare; behind which lay—in 1917—an apprehension of decisive military and naval successes on the part of the central powers imperiling the development of free institutions.

Our declaration of war was followed by the mobilization not only of our man power but also of our material and financial resources. From the latter we made extensive advances to other nations fighting a common enemy. Thus arose the first phase of the war-debt problem. It was at a time when we were straining every effort to hasten our own direct participation in the war. From the record of debates in Congress it is clear that these advances were not regarded by those who voted them as business transactions, but rather as joint contributions to a common cause. But even if we did not have these statements, the grants themselves would have been justifiable upon no other ground. That the borrowers used the credits to help win their own wars is undoubtedly true; but the reason that we loaned them the money was the fact that by so doing they were also helping us to win our war. If this were not so, it would mean that our Government diverted for the use of others vast sums of money and essential war supplies at a time when it was calling upon the country to make every possible sacrifice to maintain its own cause. The credits were freely given because they were to secure for us effective support for our own effort, either directly on the field of battle or indirectly by strengthening the nations associated with us. They would have been justified by no other purpose.

Not all of our war loans were used directly for military purposes. Some of them helped to feed and clothe civilian populations. Some provided permanent improvements useful after the war was over. Some of the loans were made after the armistice was concluded.

In the debt settlements we have made, insufficient account has been taken of those differences. The origin of various items in the debts was ignored. In justice and in reason they should have been considered.

THE DEBT SETTLEMENTS

The United States early abandoned the attempt to collect the full amount called for by the original debt contracts. The first formal step toward establishing a new basis of debt calculations was the creation of the Funding Commission by the act of Congress of February 9, 1922. According to this act, the Allies were to pay all debts in full, but the rates of interest were reduced to 4¼ per cent. The very first debt negotiations, those with Great Britain, showed that still further reduction was necessary, and "capacity to pay" became the basis of these subsequent negotiations. This was the formula used in the reparations section of the Versailles treaty with reference to Ger-

many. At best a vague and difficult formula, it has nevertheless, upon the whole, been applied in a very real effort to reach satisfactory settlements. The Secretary of the Treasury has stated that the cash values cancelled in the settlements with Great Britain, Italy, Belgium, and in that offered France, amount to $5,489,000,000. This means that the United States is now cancelling about one-half the aggregate sum represented by the principal and interest of the original debts.

This partial cancellation would be generous to the extreme if the debts had been mere business transactions. It is nevertheless regarded by the debtor nations as not touching the heart of the issue. They hold in mind chiefly those credits which were used to wage war. They contend that they should not in fairness be required to repay advances that were expended for our benefit as well as for their own at a time when money was our only contribution. For over a year after our declaration of war their troops almost alone held the enemy in check. This was the critical period during which Germany, freed on the East, brought the whole weight of its power to break the western front. During this supreme crisis, if the Allies had spared lives or if we had stinted supplies, our war as well as theirs might have been lost.

No attempt to reopen these pages of history was made in the negotiation of debt settlements. This was chiefly because the act creating our Debt Funding Commission allowed only limited discretion to that body. Moreover, there is no way to compare the value of supplies with that of lives sacrificed in war.

The points ignored in the official settlements, however, have been all the more accentuated in popular discussion. The controversy has ranged far beyond the question of money. The question of generosity between debtor and creditor has been discussed upon terms of what equivalent, moral or material, has been rendered for the sums advanced. To the minds of our debtors this is the core of the controversy. Sooner or later we shall be compelled to give consideration to this point of view.

But before addressing ourselves to the more vital aspects of the controversy we must call attention to serious defects in the existing settlements.

THE EXISTING SETTLEMENTS

The existing settlements rest upon a basis which is itself open to question. The formula "capacity to pay," which, in the case of ordinary debt adjustments, may be applied to the possible benefit of both parties, proves difficult, if not impossible, of just application in the case of debts so vast as to reach over two or three generations. In most of the debt settlements the period agreed upon stretches forward 62 years. The estimates of capacity are of necessity based upon the statistics of the pre-war period and those of the abnormal post-war or reconstruction period. Obviously there are no figures for the future.

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How impossible it is to estimate the relative economic "capacities" of nations for so long a period will be clear to anyone who looks back over the last 62 years. The steel industry of Germany, now far surpassing that of England, is almost entirely the product of the last half century. Similarly, other basic industries, such as coal, wheat, cotton, rubber, potash, and even gold, are in process of redistribution among the countries of the world. Nations to-day are changing their relative positions even more rapidly than in the past. How, then, can there be any degree of certainty in the estimates of future capacity, upon which this settlement so largely rests? It is surely unjust to fix the burdens of future generations on the basis of guesswork.

This injustice is all the more evident when one compares the various settlements and notes the wide discrepancies in liberality. On a 4¼ per cent interest basis France is to pay only 50 per cent, Belgium 54 per cent, of the whole debt (interest included). Great Britain is to pay 82 per cent, while Italy pays only 26 per cent. Whatever justification there may have been for differences in treatment of the various national debts, it is unfortunate that the principle "capacity to pay" should result in such striking variations as these.

Still more regrettable is the impression which the formula conveys concerning our attitude as creditor. To exact a payment according to the capacity of the debtors seems to imply that the exaction is according to the full capacity to pay. If this basis of settlement had been rigorously applied, it would mean that we were threatening to lower materially the standard of living in Europe by taking tribute of their every possible saving for three generations to come. This is without doubt a wrong interpretation of the attitude of the creditor; but it is a natural, popular interpretation in the debtor countries. The phrase itself, "capacity to pay," rings hard and heartless.

As a matter of fact, it was partly to escape just this kind of international misunderstanding that negotiators dealt primarily with the interest instead of with the principal. The attention of the creditor could be drawn to the full amount of the principal, that of the debtors to the scaled-down interest or lessened annual payments. Unfortunately debtors and creditor looked at just the opposite items. The result is that dissatisfaction over the terms of the settlement has extended to a misunderstanding of motives. In the case of nations bound so closely and for so long to carry out agreements which seem to them unjust, this dissatisfaction may easily wreck the plans for world order and peace, according to which Europe is rebuilding its shattered economic fabric. Our debt settlements are part and parcel of a whole network of settlements between the other powers. It is clear that the whole matter should be reexamined on a basis not of immediate expediency but of justice and of generous intention that would give no reasonable ground for misunderstanding.

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SOME ECONOMIC EFFECTS OF THE PRESENT AGREEMENTS

Before proceeding with the proposal for a revision of the debt policy, let us see what are the economic effects of the present agreements. The political and moral issues are, as we have seen, of the greatest importance. But it will come as a surprise to many to find that the material interests involved, so far as we are concerned, are relatively small.

(1) Our scheduled annual receipts from debt payments during the next four years will be less than 5 per cent of either the present annual commodity imports or the present annual commodity exports of the United States. This percentage is smaller than the year-to-year fluctuations which have actually occurred in either exports or imports since the war.

(2) The scheduled annual payments for the next few years will constitute, it is estimated, less than one-third of 1 per cent of our annual national income. Even the increased payments called for in later years will not exceed one-half of 1 per cent of the probable national income.

(3) The scheduled annual debt payments will make much less difference in the American tax bill than is generally supposed. The payments due in the next four years amount to less than $2 annually for each person in this country. They amount to less than 10 per cent of the estimated yield of the Federal income tax of 1927; and if applied entirely to a reduction in the personal income tax rate they would make a difference of only $2 a year to a typical income-tax payer with net income of $5,000 a year. The latest tabulation shows that in 1924, 90 per cent of the Federal income taxpayers paid on net incomes of less than $5,000.

(4) Fulfillment of the debt agreements necessarily imposes on European debtors hardships much greater than the benefits that accrue to America. Great Britain, France, Italy, and other European countries are already bearing burdens which strain their courage and strength. Taxation, in proportion to income and population, is between two and three times heavier in England, France, and Italy than it is in the United States. Payments that could at best mean a paltry gain for most American taxpayers mean to the overtaxed debtors a crushing load.

A NEW BASIS POSSIBLE

We must substitute for the unfair and inappropriate principle of capacity to pay a full and frank reconsideration of the debt and reparation problems in an international conference to which all the countries concerned shall send representatives. To this conference the representatives of the United States should go, not with rigid instructions like those hampering our debt commission, but with directions to determine what settlement, compatible with the demands of justice,

would seem best calculated to promote the future peace and prosperity of the world. This is a joint enterprise. It calls for similar action by other nations and affects all international monetary operations directly caused by the war.

We realize that this statement has touched upon only a few of the many aspects of this complex question. We have said nothing about the legality of our claim to full payment. That is conceded by all of the debtor nations. We have passed over the fact that while the advances were made by the United States Government the means required were secured by issues of bonds to our own citizens, which bonds must be paid with interest whether or not the debtor nations make repayment. But to the extent that these advances were used by our associates to prosecute the war to our incalculable advantage, they seem to us like other war expenses, financed through bond issues rather than through revenues from taxation. We have said nothing of the special reason for moderation in our claims for repayment from Great Britain growing out of the loans she was making to our continental associates, also mainly to permit a more vigorous prosecution of the war, not of her declared willingness to forego repayment from them in exact proportion to the extent that we relax our demand for repayment from herself. This aspect must be given due weight in any international debt conference. Finally, we have not attempted to estimate the gains made by our associates, territorial and other, through the peace treaty. Their losses were incomparably greater than ours. They have come out of the war crippled and impoverished. No sober-minded economist would think of claiming that their gains would offset more than a fraction of their losses, or that should we cancel all the debts due us their economic position would be raised to anything approaching ours.

There is one aspect of the question, however, that must not be ignored. Can any thoughtful American view with indifference the growing odium with which this country is coming to be regarded by our European associates? This would be distressing whatever the occasion; but when from the European point of view, there is convincing justification for their unfavorable estimate of us, should we not welcome a chance to talk out our differences around a conference table? Evidence is accumulating week by week that our insistence on debt payment will cause the hatreds, which European countries are finding means to allay among themselves, to be concentrated squarely against us. Already international trusts are being organized to compete with our industries in neutral markets. Already it is being pointed out that the reparation payments which threaten to hold Germany in financial bondage for two or three generations are necessary to permit the Allies to pay their war debts to us. A coalition of Europe against the United States might prove a good thing for Europe. Can anyone believe that it would be a good

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thing for the United States? Thus the demands of justice are reenforced by the dictates of political expediency and the counsels of economic self-interest in urging us to meet halfway the countries of Europe in the International Debt and Reparations Conference, which we here propose.

John Bates Clark, Edwin R. A. Seligman, Henry R. Seager, Vladimir G. Simkhovitch, Roswell C. McCrea, Henry Parker Willis, Wesley C. Mitchell, John Maurice Clark, James W. Angell, Emilie J. Hutchinson, Elizabeth F. Baker, James C. Egbert, Robert Murray Haig, Roy B. Kester, Robert H. Montgomery, J. Russell Smith, T. W. VanMetre, James C. Bonbright, Frederick C. Mills, William E. Weld, Rexford G. Tugwell, professors of economics and finance.

Howard Lee McBain, Lindsay Rogers, Joseph P. Chamberlain, Hessel E. Yntema, Parker Thomas Moon, Raymond Moley, Philip C. Jessup, professors of public law.

William R. Shepherd, James T. Shotwell, Carlton J. H. Hayes, Robert L. Schuyler, David S. Muzzey, Dixon Ryan Fox, Austin P. Evans, Evarts B. Greene, Edward Earle, Harry J. Carman, Maude A. Huttman, J. Montgomery Gambrill, professors of history.

Franklin H. Giddings, Samuel McCune Lindsay, Alvin A. Tenney, Robert E. Chaddock, William F. Ogburn, Herbert N. Shenton. professors of social science.

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DOCKET ENDS:

'WAR DEBTS'

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Form 1 T.W.

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GREAT NORTH WESTE

TELEGRAPH
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AND CABLE

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HEAD OFFICE, TORONTO, ONT.

ORIGINAL OF MESSAGE

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Disarmament

SIR ARTHUR CURRIE
MCGILL UNIVERSITY.
MONTREAL.

1921 JAN 3 PM 5 04

CRUSADE INITIATED BY NEWYORK WORLD FOR GENERAL DISARMAMENT BY AGREEMENT AMONG BRITAIN JAPAN US RECEIVING UNPRECEDENTED RESPONSE FROM STATESMEN EDUCATORS FINANCIERS MINISTERS EDITORS LEADERS THOUGHT ALL OVER WORLD STOP STRONGEST APPEAL SEEMS BE ECONOMIC GROUND STOP PLEASE OBLIGE US BY WRITING OR TELEGRAPHING COLLECT YOUR VIEWS ON SUBJECT

THE WORLD.

67 Yonge Street,
Toronto, Ontario,
April 27th, 1927.

My dear Sir Arthur:-

Repeatedly I have the oppportunity of speaking in the United States, and I do not hesitate to deal with the debt question in a straight-from-the-shoulder manner.

Some time ago, I remember reading an address which you delivered to the Commercial Society of McGill University in which you made certain references to Britain's debt to the United States. Among other things you were reported to have said that "We have paid our debt to her in full to the date she entered the war. Any debts now owing were contracted since that date." This is a compelling statement, and while I am quite prepared to accept your statement as a fact, I would appreciate it very much if you could elaborate upon it, or if you could give me other authority for the statement, so that I could refer enquiring listeners to the same.

We are still looking forward, in the Rotary Club, to that promised address, and hope that at no distant date, you may find it possible to be with us.

If it is not possible for you to visit us before the 1st of July, I wonder if we could arrange to have you address the Club on Friday, the 11th of November, when we commemorate Armistice Day. I sincerely hope that we may have this opportunity of having you with us.

With kindest personal regards, I am

Yours very sincerely,

Norman Seagram

General Sir A.W. Currie, K.C.B., G.C.M.G.
Chancellor of McGill University,
Montreal, P.Q.,

NS:JL.

April 28th, 1927.

Norman Sommerville, Esq.,
67 Yonge Street,
Toronto, Ont.

Dear Mr. Sommerville:-

Let me acknowledge receipt of your letter of yesterday.

My authority for the statement referred to in your letter was an article which appeared in the Atlantic Monthly of last September on "The Debt Settlement - The Case for Revision" by the Rt. Hon. Philip Snowden. It is one of the best articles I ever read on the war debt and I would strongly advise you, if you have not already seen it, to get it from your library and read it. One sentence is "It was after America entered the war in April 1917 that Britain incurred her debt to America". I saw the statement I made quoted on other occasions, but I cannot remember now what the authorities are. However, as Snowden was Chancellor of the Exchequer during the Labour Government I am quite satisfied to take what he says as true.

Regarding my promise to speak some time to the members of the Rotary Club, I am afraid I cannot be very definite at present. With reference to the suggestion for Armistice Day, I have always spoken to groups of returned soldiers on that day and hesitate to obligate myself in any

other fashion. However, if it becomes possible I shall let you know.

Cordially reciprocating your good wishes, I am,

Yours faithfully,

67 Yonge Street,
Toronto, Ontario,
April 30th, 1927.

My dear Sir Arthur:-

I appreciate very much your letter of the twenty-eighth instant, giving me the reference as to the debt question. I shall get the article, and keep it for further reference.

After I had written you, I recalled that of course the war debt must have accrued after the American entry into the war, because up to that time, America, as a government could not arrange loans to any of the belligerents without a breach of neutrality, and it was only after they had taken the final, deliberate step that the government, as such, could arrange an accomodation to the allies.

My impression was that the entire debt was money which was used by Great Britain for other allies whose credit was not good enough to satisfy Uncle Sam, and therefore Great Britain was really only an endorser who is now called upon to pay the whole liability.

I remember speaking to a group of three hundred lawyers in Cleveland some time ago, when I illustrated the extent of the debt by pointing out that Great Britain would be paying for it, for the next sixty-two years, at the

rate of $500,000 every day. This was an amazing statement to these members of the Bar, who had not comprehended the size of the debt until it was presented to them in that form. Another phase of it, that seemed to them a very extraordinary one, and unreasonable, was that while the rate of interest for the first ten years is only three and one-half per cent, the rate of interest for the remaining fifty-two years appears to be seven per cent.

If there is any report of your address upon the debt question extant, to which I might have access, I should be very glad to know of it, so that I may study it.

I appreciate your thought respecting Armistice Day. I rather anticipated that you might have appointments to address soldier groups in Toronto at about that time, but I thought you possibly might be free for a Friday luncheon.

However, I shall keep in touch with you, and later on, when you appointments are more definite, we shall hope to have the pleasure of having you with us.

Thanking you again, I am

Yours very sincerely,

Norman Somerville

Sir Arthur W. Currie, G.C.M.G., K.C.B.,
Principal and Vice-Chancellor,
McGill University,
Montreal, P.Q.

DOCKET STARTS:

GERMAN CONSUL

CANADIAN PACIFIC RAILWAY COMPANY

OFFICE OF THE CHAIRMAN AND PRESIDENT

MONTREAL
November 25th, 1931.

My dear Sir Arthur,-

Knowing that you take a great deal of interest in the question of disarmament, I am sending you herewith, for your perusal, a letter from the German Consul-General with extracts from the address of Dr. Schwendemann.

When you have perused these, will you be good enough to return them to me at your convenience.

Sincerely yours,

Jno Beatty

Sir Arthur Currie, G. C. M. G.,
Principal,
McGill University,
MONTREAL, Que.

Miss Read:
One copy of the enclosures

November 30th, 1931.

E. W. Beatty, Esq., K.C., LL.D.,
Canadian Pacific Railway Company,
M o n t r e a l .

Dear Mr. Beatty,

Thank you very much for sending me the letter from the German Consul-General with extracts from the address of Dr. Schwendemann on the subject of Disarmament, which I am glad to have had the opportunity of reading.

Ever yours faithfully,

principal.

c o p y

German Consulate General.
1440 St. Catherine St. West.
MONTREAL.

November 20th, 1931.

Dear Mr. Beatty:-

From your letter of September 17th, 1931, by which you were kind enough to grant a free pass to Professor Jaeckh, and from the conversation the Professor and myself had a few days later with you, I know hom important you consider the question of disarmament. Some time ago I received a very interesting and clear article about this question, written by Dr. Schwendemann, who is a German expert on all questions regarding disarmament. Vice-Consul Schafhausen, who belongs to my staff, has made a translation thereof. I therefore have pleasure in transmitting to you a copy of the translation of the article by Dr. Schwendemann. (Enclosure No. 1.)

At the end of page 3 of the translation there are mentioned the provisions of Article 3 of the Geneva Draft Convention, regarding the reckoning of the "average daily effectives". A short elucidation of this point and of the further question as to the effectiveness of the method of limitation of armaments by limitation of annual expenditure as provided for in the Draft Convention is herewith enclosed. (Enclosure No. 2.)

May I quote in this connection some passages from the speech of the former German Minister of Foreign Affairs, Dr. Curtius, delivered at Geneva on September 12th, 1931.

"The conviction that disarmament, and not arm-

aments, will afford security, denotes the most significant characteristic of the League, contrasted with earlier methods of international politics. Security of the different nations is a guarantee for maintaining peace only if all states participate in it in equal measure. The Covenant knows only one kind of national security for all members of the League. Security, based upon supremacy in armaments, means always insecurity and danger for the country with less armaments. It sows mistrust and revives the armament race idea, the abolition of which was the most vital purpose of the creation of the League. How the feeling of military defenselessness against strongly armed neighbours presses upon a nation's soul and upon its whole life, is known to every German who has observed the effect of such condition upon his own people".....

"If the League fails in this task, it will cease to be what the peoples and we all expect from it. Failure of the Disarmament Conference would deprive the League of the moral authority in a world of political tensions which are seeking a pacific and effective adjustment."

In conclusion may I be allowed to quote another passage from the said speech, dealing with the economic situation, but which may also be applied to the question of disarmament.-

"We must not close our eyes to the fact, we must say it quite frankly, that in many countries there is to be observed a far-going skepticism and, what is still worse, a growing indifference with regard to the institutions of Geneva. Those circles in which we observe such attitude, are by no means only such which show a lack of understanding for the idea of the League, or even

an animosity towards it. It is exactly in those circles, where strong hopes were entertained as to the activities of the League, that the disappointment is growing on account of the lack of tangible results."

Hoping that the article by Dr. Schwendemann and the other information may be of some interest to you, I am, dear Mr. Beatty,

Yours sincerely,

L. Kempff.

(Enclosure No. 1.)

In consequence of the resolutions passed by the Assembly and the Council of the League of Nations on September 25th and 26th, 1925, the Preparatory Commission for the Disarmament Conference was called into being. This preparatory commission was charged with the preparation of the First General Disarmament Conference. The disarmament discussions within the League of Nations are conducted in accordance with Article 8 of the Covenant, which obliges all members of the League of Nations to reduce national armaments to the minimum "reconcilable with national safety and the enforcement of international obligations by joint proceeding." The Preparatory Disarmament Commission has fulfilled its task in six meetings, some of which lasted for several months, and concluded its last meeting on December 9th, 1930 by accepting a draft convention for international disarmament, which is intended to serve as a basis for the deliberations of the First General Disarmament Conference summoned for the beginning of February next.

This draft, the Draft Disarmament Convention, is a political document of exceedingly great importance. It is expected that the Disarmament Conference will last at least six months, and that 3000 to 5000 delegates and experts will come together at Geneva for the occasion, thus making the Conference one of the largest ever held. The United States, Russia, Turkey and other non-member states will take part. It will be a true world conference, and it will have to solve a real world problem, namely that of a general limitation and reduction of armaments and consequently, of creating a codification of armament conditions for the whole world. If one visualizes for a moment what part military armaments have played, and continue to play, in the history of mankind and in our present

era; that armaments are an expression of the entire dynamics of national life and political activity, one will realize the importance of the task set for the Disarmament Conference; one obtains a conception of the difficulties which the conference will have to overcome. At the same time, however, one will understand the importance of the Draft Convention issued by the Preparatory Commission, because the majority of this Commission has adopted the report - against German opposition - as a basis of discussion for the Conference. If one further calls to mind that Germany has been thoroughly disarmed by the Treaty of Versailles, and that her right to arm has been curtailed in every direction in the most unbearable manner; that our foremost endeavour at the Geneva Disarmament Conference must be to obtain equal rights in the field of armaments and to remove the crying injustice of the present disparity of armaments in Europe by reducing the armaments of other countries, and thereby to win recognition for German's right to equal security, one will admit that everyone interested in politics has to acquire a knowledge of the Draft Convention of the Preparatory Disarmament Commission. A knowledge of the Draft Convention is no less important than a knowledge of the disarmament clauses of the Treaty of Versailles. Only he who knows the most important provisions of the Draft Convention and of Part V of the Treaty of Versailles regarding Germany's disarmament, will be able to form an at least partial conception of the tasks of Germany's foreign policy at next year's Disarmament Conference, and only he will be able to follow the

Geneva discussions with understanding.

The Draft Convention is divided into six Parts, headed: Personnel, Material, Budgetary Expenditure, Exchange of Information, Chemical Arms, and Miscellaneous Provisions. It contains sixty articles with numerous annexes. Regarded from the outside, the Draft Convention intends to limit armaments by partial limitation of the personnel of land and sea forces, of war material, of expenditures for both purposes; further to limit armaments by prohibiting chemical arms; to control armaments or such limitations thereof, respectively, as will be laid down in a General Disarmament Treaty, by means of a general exchange of information regarding armaments, and by means of creating a Permanent Disarmament Control Commission and thereby fulfilling the obligations set out in Article 8 of the Covenant as well as the promise given in the introduction to Part V of the Treaty of Versailles, to the effect that Germany's disarmament was to be followed by a general disarmament. So far everything appears to be in the best of order. But why did the German representative on the Preparatory Disarmament Commission, during the discussions concerning the Draft Convention, protest against this draft again and again ? Why is its text crowded with reservations by the German delegation, and why did the German delegate during these discussions, as well as the German Foreign Minister, in the Council, decline the draft as a whole ? Why did they characterise it as an unsuitable basis for the proceedings of next year's General Disarmament Conference ?

An explanation of the most important clauses of the Draft Convention and their comparison with the clauses of the Treaty of Versailles regarding German disarmament will throw light upon the situation. We know that by the Treaty of Versailles Germany is forbidden universal military service, that her army is limited to 100,000 men, with a period of service of twelve years each. All measures of mobilization are forbidden, as well as the listing of discharged soldiers, which makes it impossible to train reserves. The Draft Convention does not forbid conscription where it exists. The limitation of personnel is not to be achieved by numerical fixation of effectives, but by means of limiting the "average daily effectives." This means that the total number of service days performed during one year by all effectives is divided by the number of days in the respective year. This applies not only to the army, but also to the "formations organised on a military basis", namely police forces of all kinds, gendarmerie, customs officials and forest guards. With this kind of calculation all trained reserves are first of all left out of consideration, i.e. the most decisive part of military armaments as far as personnel is concerned, and that part which Germany is prohibited from having trained reserves and from listing them, they are to be allowed to other states to an unlimited extent. It is evident that such procedure would serve only to establish once more Germany's hopeless military inferiority as against her neighbours, an inferiority created as regards peace forces, and especially in case of war, by the Treaty of Versailles. This inferiority would not be removed thereby, it would be established anew.

Chapter B. of the draft, concerning period of service, is to apply only to countries having conscription. It fixes a maximum period of service, which, however, may be exceeded if, owing to a falling-off in the number of births, the number of recruits for one year becomes too small. Obviously it is intended to insert here at the Disarmament Conference the existing laws of the various nations having conscription, concerning period of military service. This would naturally mean not a reduction of armaments, but their stabilization, a fixation of the present status.

Part II of the Draft Convention treats in three chapters on the material of land, naval and air armaments. A limitation of land armaments is to be effected merely by limiting expenditures for the upkeep, purchase and manufacture of war material, that is to say, by an indirect method of budgetary limitation, whereas in the case of naval armaments a simultaneous direct limitation, both of the global tonnage and of that of individual categories, and an indirect limitation by means of limiting annual expenditures for upkeep, purchase and manufacture of naval war material, is to take place. In the case of air armaments, a direct limitation is to be achieved by limiting the number and total horse power of the aeroplanes capable of use in war, in commission and in immediate reserve in the land, sea and air armed forces. Why, and for what purpose, apply these different methods of armament limitation to these three different kinds of armaments ? Why only indirect limitation of land armaments by budgetary

means, but no limitation of material, i.e. guns, rifles, tanks, etc., whilst a direct limitation is to be applied in case of naval and also of air armaments ? This differentiation is to be explained by very weighty political reasons. As regards limitation of naval armaments there exist already, as we know, the Washington Agreement on Naval Disarmament of 1922, and that of London of 1930, which provide for a limitation of global tonnage, of the tonnage of different categories of ships, and of that of individual ships. The Draft Convention adheres to these agreements. As regards land armaments, the heavily armed nations, led by France and her allies, have consistently opposed all armament limitation, i.e. all limitation of army material. One has to recall here again the armament provisions of the Treaty of Versailles. They fix the equipment of the German army from cannon to pistol. They prohibit the most modern and effective arms such as heavy guns and tanks, and above all they prohibit all kinds of army stores, all reserve material, further the exportation and importation of war material, as well as, with few exceptions, any kind of armament industry. No trace of all these limitations and prohibitions is to be found in the Draft Convention. This means, therefore, that concerning land armaments the "disarmament" of the other powers is to be effected, both as regards personnel and material, by methods differing entirely from those applied to German disarmament in the Treaty of Versailles. This imparity of methods means a monstrous

discrimination against Germany, both in principle and practice. Its consequence would be that Germany's absolute defencelessness would be perpetuated. For these reasons Germany rejected these clauses.

The situation is hardly any better as far as naval disarmament is concerned, although in this respect the draft provides also for direct limitation of material. For one thing, reserve stores, the "non-floating material", are not included, whilst Germany is forbidden such material by the Treaty of Versailles; for another thing, the sizes of ships are fixed for other states at very much higher figures than those applied to Germany by the Treaty of Versailles. Thus, the naximum tonnage for capital ships has been fixed for other states at 35,000 tons, for us at 10,000 tons; for destroyers at 18,500 for others, at 800 for us. Furthermore, submarines are altogether forbidden to us, whereas other may build these ships up to a size of 2000 tons. A disarmament agreement based on the Draft Convention would, therefore, change nothing in theimparity of armaments, established in our disfavor by the Treaty of Versailles. Also in this respect the Draft Convention would, just as in the case of land armaments, measure with two yardshicks -- to our disadvantage.

Finally, let us consider air armaments. Let us realize in advance that air armaments, be it aeroplanes or dirigibles, are forbidden to Germany by the Treaty of Versailles. The Draft Convention contains no prohibition of this kind whatsoever. It merely deals with a limitation of air armaments as far as numbers and total horse power of the aeroplanes are concerned, and that only as regards material in commission and in immediate reserve, but not as regards material in store. If the Draft Convention should

become international law, this would mean that Germany would be deprived in future of all air armaments and of any active air defence which, as we know, is likewise prohibited, while all along her frontiers thousands of fighting and bombing planes will continuously be ready to attack German towns at any moment, if necessary. Germany's utter defencelessness in the air would, therefore, be quietly perpetuated under the cloak of general disarmament. Again a monstrous process of measuring with two yardsticks, an utter negation of Germany's right to equal security with other nations! Add to this the fact that, as far as air armaments are concerned, civil aviation is drawn into the disarmament agreement. This means that the danger of restriction of commercial flying is added to the prohibition of air armaments as far as Germany is concerned.

Part III of the Draft Convention provides for a fixation of the total amount of annual expenditure for land, sea and air forces and formations organized on a military basis. It means that the disarmament agreement would add limitation of expenditures for military purposes to all those limitations and prohibitions already contained in the Treaty of Versailles.

Part IV of the Draft Convention, dealing with Exchange of Information, provides that every state has to furnish the Secretary General of the League of Nations regularly with detailed reports concerning disarmaments in accordance with twelve model tables annexed to the Draft. These tables contain data regarding land armed forces stationed at home and overseas, the total land armed forces, the formations organized on a military basis at home and overseas, the naval forces, sea formations organized on a military basis, air forces stationed in the home country, the total air armed forces, air armed forces stationed overseas, air formations organized on a mili-

tary basis, stationed in the home country and overseas. This part of the Draft further provides that information has to be supplied regarding those youths who have received "compulsory preparatory military training", whereas voluntary preparatory military training is left out of consideration entirely. Preparatory military training of youths, a well-known essential factor in French army organization, is, therefore, generally permitted by the Draft, whereas it is roundly prohibited, as far as Germany is concerned, by the Treaty of Versailles. Also in this respect, the disarmament of other is to be achieved by a method differing entirely from the model applied to Germany's disarmament. As regards publication of armaments, it is to be noted that the Draft does not mention any kindof control of war meterial, neither for active service nor of reserve material, nor does it mention the non-floating naval material. This is quite logical, one must admit, as long as no mention is made of this material in the Draft; however, in view of the prohibitions of the Treaty of Versailles, the omission is entirely unjustified.

Also Part V of the Draft Convention, dealing with Chemical Arms, likewise breathes the same spirit of insincerity as the other parts of the Draft, because it prohibits,"subject to reciprocity, the use in war of asphyxiating, poisonous, or similar gases, andof all analogous liquids, substances or processes." Doesn't that sound wonderful? Does it not mean that the hideous gas war is abolished, and that one no longer needs to fear gas bombs thrown from planes? Unfortunately only their "use in war" is prohibited and not preparations for the use of these arms: that is to say, the poison gas war on land and especially in the air is everywhere zealously prepared, only, it shall not be applied in war -- "subject to reciprocity". The German delegation to the Preparatory Commission has quite rightly demanded that the prohibition be extended also

to preparations, and has furthermore demanded a prohibition against throwing of bombs from the air, against large calibre guns and tanks of every kind, but unfortunately without success.

Finally, the last part of the Draft, Part VI, concerning Miscellaneous Provisions. It contains provisions for the setting-up of a Permanent Disarmament Commission, with the duty of controlling the execution of the Disarmament Convention. It also contains derogations. If, during the term of the Convention, one of the contracting parties considers "its national security" to be menaced owing to a change of circumstances, this party may suspend temporarily, insofar as concerns itself, the provisions of the Convention.

Among the final provisions Article 53 deserves special mention. It reads:- "The present convention shall not affect the provisions of previous treaties, under which certain of the High Contractinb Parties have agreed to limit their land, sea or air armaments, and have thus fixed, in relation to one another, their respective rights and obligations in this connection.

The following High Contracting Parties ..... signatory to the said treaties, declare that the limits fixed for their armaments under the present convention are accepted by them in relation to the obligations referred to in the preceding paragraph, the maintenance of such provisions being for them an essential condition for the observance of the present convention."

This article has evidently a double meaning: first, the disarmed states are to oblige themselves voluntarily once again to acknowledge as legally binding the disarmament measures imposed upon them and to maintain them; secondly, the other powers are to consider themselves bound by the General Disarmament Treaty only for such time as the disarmed states adhere to their voluntary acknowledgment and continuation of the state of disarmament imposed upon

them. To make this really monstrous article properly understood it will suffice to quote the German reservation to this Article, which is printed in the Draft Convention: "The German delegation st stated that insofar as Article 53 does not refer to the Washington and London Treaties, it would vote against the Draft Convention as a whole. The Draff as drawn up by themajority of the Preparatory Commission excludes essential elements from the limitation and reduction of land armaments. Instead of leading to real disarmament, this Draft would werve only to conceal the real state of world armaments, or would even allow armaments to be increased. To accept it would at the same time to tantamount to a renewal of the German signature to the disarmament clauses of the Treaty of

of Versailles." One has to translate the substance of this German reservation from diplomatic parlance into everyday language in order to render the character of Article 53 still more lucid: The Draft Convention not only tries to apply to the disarmament of other states methods which are essentially different from those applied to the disarmament of Germany, methods that would not mean disarmament, but at best perpetuation of the present state of armaments, but it even expects Germany in all seriousness to assent to this pseudo-solution of the disarmament of others, to formally approve of their armaments which severely endanger Germany's security and at the same time to renew her signature under the clauses of the Versailles Treaty, which enforce upon Germany a disarmament not by any means fictitious, but most effective, and containing a far-reaching limitation of the most important national sovereign rights. The Article expects G ermany to thereby place the stamp of legality upon the injustice imposed upon us and to voluntarily renounce our right to equal security. One does not know whether to call such demands more cynical or more brutal! This much may be said anyway: those who have primarily inspired the draft have certainly gone the whole length. They have not hesitated to "fulfill" the solemnly undertaken and never-denied obligation of general disarmament, and to prepare its "fulfillment", in a manner which would severely compromise the sacred idea of general disarmament and which would administer the severest shock to the League of Nations if it should approve of this farcical disarmament.

The German people must understand what spurious game is being played here. It must realise in what manner its most important interests, its security, its claim to equal rights, in short, the fundamental problems of its existence are being dealth with. The former French Ambassador, for many years President of the Ambassadors'

Conference, Jules Cambon, has given the following definition of "security":-

The word means more than the integrity of home - country or overseas possessions. It signifies at the same time maintenance of the esteem which the world shows the nationx, the protection of economic interests, in one word, it comprises everything that signifies the greatness, the life of a nation." And all this the German people are to be denied, and deprived of for ever, by the Draft Convention of the Preparatory Disarmament Commission!

Does it really require manywords to bring home the fact that the Draft Convention is unacceptable to Germany, that our signature under its present text would mean that we voluntarily resign as a great nation, as a factor in European and world politics, that we would give ourselves up far beyond the bounds of the Versailles' dictates? We have indeed all reason to make use of the time until the beginning of the General Disarmament Conference in February next, in order to give to the German people as well as to foreign countries a clear conception of the true import of the Draft Convention, and to make all people understand that there is no surer way of preventing general disarmament than to uphold and adopt the Draft Convention of the Preparatory Disarmament Commission.

Enclosure No. 2.

Article 3 of the Geneva Draft Convention reads as follows:-

"The average daily effectives are reckoned by dividing the total number od days' duty performed in each year by the number of days in such year."

The meaning of this article may be illustrated in examining the question of the trained reserves of France. France has, in round figures, 4.5 million of trained reserves. Of those, 230,000 men participate in the annual military training for twenty days. The total number of days' duty performed annually is, therefore, twenty times 230,000 = 4,600,000. This figure is to be divided by 365, making 12,603. The 4.5 million of French trained reserves shrink down, by this method of computing, to 12,603. That those 4.5 million trained reserves are real soldiers and are to be counted as military forces of a nation, needs no special proff. If, nevertheless, proof should be required, such proof may be offered in quoting the Chief Inspector of the Polish Army, General Gustav Orlica-Dreszer, who recently visited Candda. In an interview granted to a representative of the Montreal "Gazette" and published on October 28th, 1931, the Polish General, speaking on the Polish army, stated:-

"At the moment there is a standing army of 270,00, but in case of war 1,500,000 men could easily be put into the field, as the peasants make good soldiers and after 3 or 4 days soldiering they become almost hardened campaigners."

Such trained reserves are, however, prohibited to Germany by the Treaty of Versailles.

The question whether the method of limitation of armaments by limitation of the annual expenditure can be considered as an effective

one, has been examined by a committee of financial experts which have made a report on February 28th, 1931. This report shows that disarmament by this method alone is not bery effective. Some important objections against this method are the following:-

1) The purchasing power varies in different countries:

The cost for feading and housing soldiers is quite different in the different countries. 240,000 French recruits, who receive dai daily about one cent, cost the same as 5100 English recruits who receive daily about fifty cents.

The small German army of 100,00 men whose members are professional soldiers, requires owing to the high pay of such soldiers greater monetary expenditure than the French army of a number of recruits six times as large.

The big armament industries of Schneider-Creusot in France, or the Skoda Works in Czechoslovakia, which can sell their products to the French and Czechoslovakian armies and to foreigh governments, can, on account of mass production, produce much cheaper than the few factories in Germany which are only allowed to work for the small German army.

2) The report of the financial experts states that not earlier than 26 months after the beginning of the fiscal year, a control of the expenditure for armaments is possible. This would mean that if a parliament had voted credits for the Department of Trade to subsidize industries, and if this Department had granted these subsidies to the armament industires, such procedure might become known only after years.

Deutsches Generalkonsulat für Kanada.

German Consulate General
1440 St. Catherine St. West

Ref. No. 41.

Montreal, February 20, 1933.

Dear Sir Arthur,

Being aware of your lively interest in the question of disarmament, I have pleasure in sending you herewith two brochures which have recently come to hand, namely "Disarmament or Preparation for War", by K.L. von Oertzen, and "Real Disarmament" by Dr. Hermann Kirchhoff.

As these brochures are very concise and to the point, I trust that in spite of your manifold duties you will find time to peruse them.

Yours faithfully,

L. Kempff

(L. Kempff)
German Consul General.

S/DO
ENCL.

Sir Arthur Currie,
Principal of McGill University,
Montreal, Que.

February 21st, 1933.

L. Kempff, Esq.,
German Consul General,
1440 St.Catherine St. W.,
Montreal. P. Q.

Dear Mr. Kempff,

Let me acknowledge with thanks your letter of February 20th, in which you are kind enough to enclose two brochures on Disarmament, by German writers. I shall read these with interest.

With all good wishes,

I am,

Yours faithfully,

Principal

DOCKET ENDS:

GERMAN CONSUL

DOCKET STARTS:

ADDRESS, 16 JAN. 1932

1) Honest, mutual, universal disarmament

2) Too much national politics and not enough world politics in this discussion
Disarmament not for one country or one party but for the world

3) Need of peace mentality, world is still warminded - regards war as a normal condition

4) no nation can be trusted who has unlimited armament

5) War profiteers not limited to war times

6) I wish some members of the Canadian delegation had been women.

Etc etc

GOVERNMENT HOUSE,
OTTAWA.

The strength and Expence
of Armed forces in a
country depend upon no
absolute or natural law.
It relates simply to the
circumstances of the time
and the probability & the
dangers actual or
potential which threaten
the country.

ADDRESS DELIVERED BY GENERAL SIR ARTHUR CURRIE, CHAIRMAN OF THE MEETING OF THE NATIONAL REPUBLICAN CLUB OF NEW YORK, ON JANUARY 16th, 1932, WHEN THE SUBJECT FOR DISCUSSION WAS "DISARMAMENT."

Inception of Disarm[illegible]t
Speech.

General Harbord,

Ladies and

Gentlemen,

I appreciate very highly the honour of being asked to preside at this meeting, and I am delighted to have the opportunity and privilege of being with you and of speaking to you on the vitally important subject of Disarmament.

I am not going to use time to repeat the usual platitudes about the common interests, the common language, the common traditions, and all those other natural and sentimental ties that bind your country and mine. It is no longer necessary: while we do not forget these things we cease to speak of them. I believe the time has come when our mutual friendliness, our neighbourliness, our unselfish interest in each other's welfare, can be taken for granted. Yet in those peaceful relations of many generations standing, there is a lesson to be learned, an all-important, a fundamental lesson in international relationships. Some may say that in our case the maintenance of peace is so obviously good business that such materially-minded people as ourselves would not act otherwise. I admit that. But peace is always good business. I think you will agree with me, however, that our peaceful relations have prevailed not because we have made treaties to abstain from war, or to abstain from making war an instrument of national policy (treaties have played very little part in our international diplomacy), but that the real reason for this happy history is that the peace between your country and mine has not been merely a negative peace, but a positive peace, founded on beliefs and sentiments of mutual friendship and mutual self-interest.

When your President invited me to be chairman of this gathering he said he supposed my views would be those of the average public man outside of the military services. The full implication of his words I do not know, but I take it he feels that in the United States, as in all countries, there is usually a difference of opinion between those who have some technical knowledge of these matters and those who have not. I am on both sides of that fence:—once in the military service, I am now an average public man.

In giving consideration to the views on Disarmament advanced by our soldiers and sailors, let us always remember that when war comes it is their lives which are first sacrificed, that they usually are not politicians and speak in the most direct and outspoken manner, and that they cannot forget, —they *must* not forget their sacred responsibility to advise what they consider best for the safety of their country under all circumstances. They are not responsible for political relationships; they take these as they find them and they advise accordingly. It would be most unfair and unjust to say that our sailors and soldiers are all anti-disarmament, for I am sure that honest, mutual, universal disarmament would find among them many champions.

I know that one of the dearest hopes of the men who actually fought in the last great war—the one which most sustained them in those tragic days—was that their efforts, if victorious, would put an end to all war. In every mess on the Western Front through four long years one heard this hope expressed; it sustained us through every ordeal. I do not know how many of the men who then controlled the destinies of Europe entertained such hopes, but I do know that thousands, yea hundreds of thousands of citizens sacrificed their happiness, their health, their fortune and their chances of fortune and their lives in the hope of winning permanent peace for their children and for generations yet unborn. Let me add that I was one of that number—alas now sadly disillusioned. And while I am now unalterably opposed to excessive armaments and support to the best of my ability, honest, fair and universal disarmament, I am not a pacifist. If, unfortunately, my country were forced into another war I would offer my services willingly but not gladly, and I would carry out every duty faithfully and zealously, although I know that war is not a game of "bumble-puppy"—that its business is killing.

This National Republican Club is, I take it, a political and national organization. Its members are drawn from but one of the political parties in this country. Let me say at once that the subject we are discussing today cannot be discussed in terms of partisan politics, nor can it be discussed from the point of view of one country alone. That has been the weakness of every conference on disarmament. There has been far too much partisan politics, far too much national politics and far too little world policy. Disarmament, I repeat, is not a question for any one party or for any one country; it is a question for the world. We must get outside the bounds of party and of country if we are to give it the consideration it deserves and requires. Unless we are prepared to recognize that the nations of the world are more than ever dependent on one another and that the social, economic and cultural welfare of one is vitally influenced by the social, economic and cultural welfare of the others, unless we will approach the consideration of this question in that spirit, we cannot be hopeful of a successful or satisfactory issue from any disarmament conference. As long as each nation seeks only to make herself secure against any possible combination of attack, as long as the present wasteful competition in armament continues unabated, as long as only a selfish nationalistic mentality sways the minds of nations, just so long will it be *futile* to talk of *national* disarmament.

I do not think it is my function,—indeed it would be an unforgivable presumption to suggest what action your country should take on this question. But I am bold enough to say that I think the United States is in the best position to lead the way, to set the example. Providence has blessed you: you are the richest of nations in a material sense; you are safest in your geographical position; you are not suspect; you are not involved as the nations of Europe are involved; your position is unique and your influence unlimited. But what you ought to do and how you ought to do it is your own affair. It is for the other speakers to make proposals, not for me.

I am here as chairman to introduce the subject, to emphasise its importance, to tell you what war is like, and to plead for a real peace mentality. I base the plea on several things.

First, the maintenance of large and excessive national armaments creates a heavy overhead charge against the national exchequer contributed by the tax-payers of the country, and therefore makes the payment of all international debts, both public and private, very difficult and perhaps sometimes impossible. Armaments should be purely protective and precautionary.

Second, no nation can be trusted to preserve peace which has at its disposal unlimited force, because the possession of arms is always a human temptation to use them. Arms are not meant primarily to promote peace but to be used when the blood runs high and are, therefore, dangerous to all parties interested, armed and unarmed. Further, armaments in the long run really do not create national security. The over-armed or super-armed nation only succeeds in arousing the bitterness and hate of its enemies and the suspicions of its friends.

Third, as I see it, a measure of disarmament is the only thing we can now do quickly to give direct proof of that feeling of friendship for each other which is, and alone can be the basis of real peace. And let us not forget that the profitable investment of large sums of private capital in the production and sale of armaments creates a powerful economic interest in the community interested in war. War profiteering is by no means limited to war times.

The world at the present time regards war as a normal condition, as something which is inevitable and only in temporary suspense. How, for instance, would any of us define peace? How does anyone define peace? Nine people out of ten will say "Peace is when there is no war." That definition is wrong, it misleads, but it is how we do look at it.

War I repeat, is just as definite a fact for most of humanity as the lava in an active volcano to the people who live on its flanks. The volcano may be silent for a year, for ten years, for a century, but the frightful

cauldron is boiling all the time and on the appointed day comes the bursting of the crater, the crash and roar and flame, the river of molten rock flowing over the land, overwhelming all in its path, leaving terror, death and destruction in its wake.

Such is war, and if all of us had seen at close quarters, as I have seen, the misery that war brings with it, we would not be surprised that those who took part in the last great struggle pray that they may never take part in war again. In the next war (if we cannot do something now to prevent war) the nations will kill, maim, wound, destroy, ruthlessly—and it will not make any difference whether the victims are soldiers or civilians. It is folly to suppose that "rules" for the conduct of war will be observed, as in an athletic contest, or that there can ever be "humane warfare." The end of war is slaughter, and from that slaughter civilians are not immune. Let me say this, that if your country were at war, every one of you, men and women, would be conscripted for war, and your wealth also. Whether you actively fought or did not fight, you would be just as responsible for all its horrors as would your soldiers and leaders. You cannot escape, you cannot shelter yourselves by being civilians, for in modern warfare no weapon will be ignored than can weaken the morale of the other side. The weakening of the morale of enemy civilians will be just as important as the destroying of armies.

Nations now are using all the arts they ever knew and all the science they have mastered to destroy, wholesale, and they will continue to do so as long as we *will* have war. In future it will be no use whatever to say that we must not use poison gas, we *must* not spread disease germs, we *must* not kill civilians, we must not have submarine warfare, we must not destroy hospital ships, we must not bomb hospitals, we must not drop bombs on undefended towns. All these things *will* be done, and the people who live in the remote parts of countries will be killed just as horribly and cruelly as those in the war zone,—and more frightfully, because they will have no protection.

Let me give you one picture of war, a memory I carry from the battle of Amiens. That battle was a great victory. It was perhaps the greatest triumph we had. Our troops went into it fit and healthy, high-spirited and well-trained. We had plenty of artillery, we had plenty of tanks. The Germans were completely surprised and thoroughly beaten. At the end of the day I was asked to go back to a casualty clearing station. I was told that something was wrong. I went back. And there I saw the aftermath of victory. Something was indeed wrong. The extraordinary secrecy of the movement had somehow hampered the Army medical services. I saw ambulance after ambulance full of wounded men, some shrieking, some groaning, some dying, some dead, some just suffering in patience, waiting to get to the hospital gate. Inside the doors of the building used as a hospital, its windows boarded up tight so that no light would reveal its position to enemy aircraft, the fumes of acetylene gas from the lamps, the terrible smell of gas gangrene from some of the wounds, the sickening odor of ether, the white faces of the worn-out nurses, the blood-stained hands of the doctors, who had to work as fast as butchers—only to save and not to kill—made a scene of horror that I can never forget. And the next time war comes that is what we will see in our now peaceful cities, and the doctors and the wooden operating tables will be our doctors and our office tables, and the blood will be the blood of our wives and our children.

You say that is impossible,—that it could not happen. It may be impossible today, but it will happen tomorrow, unless the viewpoint of humanity is changed. I do not need to remind you of our nearness to scientific developments which will make our very inmost cities as vulnerable as was the city of Rheims when it came under the fire of German guns.

Let me give you another picture, a picture of actual results of the war that ended in 1918, the war "that was to end war." 11,000,000 dead! If they were buried side by side, the graveyard would extend from New York to San Francisco, from Gibraltar to Moscow. 9,000,000 war

orphans; 5,000,000 war widows; 20,000,0000 helpless, wounded, broken men, and 50,000,000 starving unemployed. In the background of this picture are the ruins of churches and buildings and human institutions which had been constructed by the toil and sacrifice of centuries. A Canadian writer suggests that the statesmen and politicians of the world, particularly those selected for the Disarmament Conference, should conjure up that ghastly spectacle.

Excessive armaments, I repeat, are the outward and visible sign of minds which regard war as normal. Every one of the great powers, except Germany, is spending far more on armaments today than was spent before the war; one writer puts it at 70% more than in 1913. Despite all high-sounding phrases and international pacts, the land, sea and air forces of 1931 are far more formidable than those of 1914. Let us turn to history for a lesson. We saw how constant war preparation, reacting on and reacted upon by a false philosophy, transformed a peaceful people into a warlike one. We saw the steady, quiet German becomes a cold, ruthless fighter. Armaments have always been created to be used. History has shown us over and over again that nations brought up to the use of arms will use arms. The world expenditure on armaments today is officially estimated by the League of Nations at forty-five hundred million dollars each year. We are reminded of the words of Viscount Grey, Foreign Minister in England in the years before the War, when he told the world:

> "The enormous growth of armaments in Europe, the sense of insecurity and fear caused by them—it is these that make war inevitable."

Gentlemen, it is useless and futile to talk about "the war being over," for the whole thought of humanity IS war. There may be peace here, or peace there, temporarily; but man is essentially and forever at war. The volcano may burst out in one place or another, the eruption may kill millions or only thousands, but until the peoples of the world refuse to go on living on the slopes of the volcano, sitting on top of the ammunition, there can be no peace. No, my friends; nineteen hundred years after the coming of the Prince of Peace we are still at war. It is but nonsense to talk of this or that people as "peace-loving." There is no peace; you cannot love a negation. You yourselves are spending $2,000,000 a day on *war,* and no nation has made greater progress since 1918 in promoting the strength and effectiveness of its military power. *The mere fact that the guns are not being fired at this moment does not alter the situation*:—the hideous fact is that mankind is still at war.

Since the War certain steps have been taken, certain agreements made which it was fondly hoped would lessen the possibility of hostilities. A League of Nations was created and machinery for its functioning established. It lacked certain elements of strength from its beginning: your great nation stood out, and Russia was not admitted. Furthermore, in a world which still thinks in terms of force it lacked the means to enforce its wishes and decisions. That positive weakness has been woefully apparent in recent months and confidence in the League rudely shaken. Then we have relied on Washington Pacts—and I shall not be thought rude if I intimate that we have been disappointed. And last, we had the Kellogg-Briand treaty which registered the determination of over sixty countries, including yours and mine,

> "that they condemned recourse to war . . . and renounced it as an instrument of national policy in their relations with one another; and that the settlement or solution of all disputes or conflicts of whatever nature . . . should never be sought except by pacific means."

Could anything be more explicit? But how *honest* were the countries that signed? Let us *be* honest. *If we are not going to use war as an instrument of national policy, surely we do not require the great armaments of to-day.* As for the Kellogg-Briand treaty, it has had its test in the past months in the Orient, that new centre of world politics, and there is only one thing to be said of the result, the Kellogg-Briand treaty has failed, if words mean anything, whatever excuses may be offered. Those who will fearlessly face *facts* will see that all these treaties, peace pacts, promises, can-

not save us, as long as the whole world is bent on piling up the guns and ammunition, one nation against another.

It would, however, be poor policy at the present time to advocate anything like total disarmament. Humanity has travelled too far along the path of international bitterness and hate this last half century past, and especially since that darkest day that ever dawned in human history, the morning of the fourth of August, 1914. It is futile, therefore, to expect that we can retrace the whole distance we have covered during this time in the twinkling of an eye. All that we can do, it seems to me, is unitedly to set our faces in the opposite direction, and try every practical thing we can from now on to remove all existing causes of international mistrust and fear.

We are sometimes told that to talk about disarmament is merely to waste our time. But our discussion cannot be futile. Disarmament is not a phantom. It is the first definite step towards the goal for which we are all striving, the goal that is now clouded in the mists of selfishness and prejudice and tradition, but which in due time will be attained. Peace is the most practical subject to talk about in the modern world. Unless it permeates the thought of the world until war becomes unthinkable, the world is doomed to destruction. Its salvation is disarmament. Today the nations live in an atmosphere of fear, in a shadowy haze of insecurity. They are suspicious, one of the other. They seem ever to be on the alert, to be "standing to," as it were, each watchful of the other, as if expectant of a treacherous move. This attitude of fear must disappear, and its disappearance will be hastened by disarmament. Because that cannot be immediate and complete does not mean that it can never come, or that we should not strive for its achievement.

Notwithstanding the views of pessimists and cynics, this world of ours is a world of progress. It is a better and greater world than the world of our fathers. With the years it has moved upward from the jungle, slowly, perhaps, at times, but nevertheless surely. Our task in this century is plain—it is to accelerate the world's progress towards peace, until the code of the tiger is a code of the past and harmony rules the hearts of men and nations. I am here today, and you are here, because we believe that disarmament is the greatest factor in bringing in that dreamed-of era of universal peace,—an era in which brotherly love and the spirit of neighborliness take the place of hate, an era in which the absence of arms eliminates fear and suspicion, an era in which the honours of the field of slaughter and the cruel and grievous aftermath of battle will be unknown, an era in which,—as it was hoped more than three hundred years ago,—

"Each man will sit secure under his own fig vine
And sing the merry song of peace to all his neighbours."

That is the task of the twentieth century. That must be our greatest contribution to the progress of the world. And that, gentlemen, is not an idle dream. It is a fact which can be realized by the nations of the world, working in harmony and in mutual regard and faith.

Quality Press Limited, Montreal

DOCKET ENDS:

ADDRESS, 16 JAN. 1932

DOCKET STARTS:

*DOROTHY MCMURRAY'S SUGGESTIONS

[*PRINCIPAL'S SECRETARY]

D. Neh's suggestions following on conversations with Sir A.

Outline of Remarks by Sir Arthur Currie

as Chairman of Disarmament Meeting in New York. Jan. 16.

1. Open by saying that he is going to refrain from indulging in these all too common platitudes about the undefended border line, and blood thicker than water, a common speech, a common tongue, common hopes. I think these are things that we ought now to take for granted, the time has come between our two countries when these things should be understood without words. A man does not make an announcement every other day that his wife is virtuous; he assumes that she is, just as an Englishman assumes that he is the best thing on earth and the rest of the world are damned silly if they don't acknowledge it.

2. I presume we are all here because we want peace, because we are anxious to do what we can to promote peace; we are here because we don't want war.

3. Develop the theme of the waste and extravagance of war. The cost to the nations, the real cost in bitterness sorrow the moral things lost, all the aftermath of war not to be estimated in dollars and cents, - although we cannot ignore dollars and cents either when we are faced with an economic situation such as we have today that can't right itself until we do something about it.

4. While I would not say the last war was in vain at all - I cannot, for I do not believe it - to the mothers and fathers and relatives of those men one led in war one cannot say that they died in vain, that it was not worth the cost. I recall the days over there, we could not sit down in any mess at night time without hearing talk about these things about the way everything would be different afterwards, that we would not allow these things to go on that went on before, this selfishness and falseness of standards and ways of living, in international relations, relations between individuals, institutions, all those things that lead to trouble - these ways were going to be wiped out and put right. But nothing has happened. Nothing but delusion. The same old war profiteers have become the peace profiteers.

5. After some portrayal of the real cause of war and the reasons for the real desire for peace, - the horribleness of the last war which will be as nothing compared to the one that is coming, when there will be no escape for anybody - because you can make all the conventions you like about governing war, and none of them, not one of them, will be observed. I am not a pacifist. If I had to go to war again I would go, I would fight with just as much ruthlessness as I could, I would kill, maim, wound, destroy, it would not make any difference to me whether they were soldiers or

civilians - there is no weapon that can be used to weaken the morale of the other side that will not be used, that is just as important in modern warfare as destroying armies. In the old days war was not so bad, when you could put an army of one country against an army of another and they fought it xxx out in a hand to hand struggle until they killed each other - that was not so bad, it was not even a bad thing from an economic point of view if a nation was a little over-populated to destroy a few of them in that way , in the old times war was rather a fine thing, there was a certain amount of chivalry about it, about a hand to hand struggle, the best man won, it was a matter of his own personal courage and initiative, and in those days, too, a man could be kind to his foes sometimes; but xxx war now is rid of all that sort of thing, nations now are just using all the arts they ever knew and all the science they have mastered to destroy, and will continue to do it, it is no use saying in future that you must not use poison gas - they WILL use it; or you must not spread disease germs - they WILL. The stakes are so high. And I do not blame them. It may sound a terribly cruel thing and may be wrong and maybe one should not say it, but it is just this: if you are going to have war you cannot circumscribe the conditions under which war is going to be fought, it is no use saying you must not have civilians killed, you must not have submarine warfare, you must not destroy hospital ships or bomb hospitals. They WILL. You can t say bombs must not be dropped on undefended towns ; they WILL be dropped, and the people who live in the back of countries are going to be killed just the same as those near the war zone. (paint a horrible picture of what the next war will be like.

5. The nations have agreed not to use war as an instrument of national policy. But how honest are they? Just how well are they keeping their agreement? That's another matter; but if they are at all honest, if they are not a lot of hypocrites (and if they ARE hypocrites there is not much hope for anything and they might as well have done with it and destroy the race, because it is not worth preserving) But if they are not hypocrites let them be honest . IF WE ARE NOT GOING TO USE WAR AS AN INSTRUMENT OF NATIONAL POLICY WHY DO WE WANT TO ARM?

7. Perhaps you can't disarm entirely, it may be you can't disarm at all at the present time with war going on in Manchuria and certain nations of Europe on the verge of revolution and the situation not clear even on this continent, -but at least there ought to be some possibility of reducing arms and this horrible drain of money spent on armament each year. At least we would have some relief from the burden of taxation that is responsible for the unhappiness and worry and distress. It is hard to estimate the effect on the English people when they know that out of every pound they have to pay the biggest part of the pound in taxation

principally for former wars and present armaments.

8. But partial disarmament alone will not save us. If five or six big fellows have two rifles and three revolvers apiece and you take away one rifle and two revolvers from each of them, the situation remains unchanged.

DOCKET ENDS:

*DOROTHY MCMURRAY'S SUGGESTIONS

[*PRINCIPAL'S SECRETARY]

DOCKET STARTS:

COL. B[OVEY]'S PRECIS

A

I think the time has come when these things should be understood without words, that we should take them for granted. A man does not make an announcement every other day that his wife is virtuous; he assumes that she is; just as an Englishman assumes that he is the best thing on earth and the rest of the world are damned silly if they don't acknowledge it.

Col. B's précis

I wonder just what you expect of me at this meeting? When your President invited me to be your chairman he said that he supposed my views would not be very dissimilar to those of the average public man in this country outside of the military services. I do not know just what I am to understand by that but I take it that he feels there is a difference of opinion in the U.S. between those who have some technical knowledge of these matters and those who have not. Amd the only difference of opinion that I could think might exist is that the man outside the services is more in favour of disarmament than the man who is in them.

I am not going to waste my time or yours by repeating the usual platitudes about the common interests and the common language of my country and yours, about the century and more of peace that has existed along our border. (Insert A) In this particular corner of North America we have kept the peace because it was the best thing to do, because there was no adequate reason for doing anything else. There is no doubt that our interests are very closely linked together. It is impossible for Canada to be prosperous if the U.S. is not prosperous, the U.S. still looks to Canada as its best customer. Peace in our case is obviously good business. I suppose that is why you find it possible to invite me as a Canadian to preside over this meeting, and I shall speak to you just as frankly as if I were not a Canadian

This is a political and a national organization. Its members are drawn from one side of politics in one country. Let me say at once that th subject which we are discussing today cannot be discussed in terms of politics or from the point of view of one country. That has been the trouble with almost all of the discussion that has ever taken place. There has been far too much politics and far too little policy. Disarmament, I repeat, is not a question for any party or any country: it is a question for the world. You must get outside the bounds of party and of country if you are going to give it the consideration it deserves.

And you must disabuse yourselves of all your preconceived ideas. That has been another trouble with most of our discussions. We all have what the French call "back thoughts", - ideas and reasons that we do not let come to the front in any discussion. A soldier or a sailor cannot discuss disarma ment without realizing that it may mean his losing his job. A man who has his mind fixed on national defence cannot discuss disarmament without remembering that he is partly at least responsible for the safety of his country under all conditions.

Disarmament is not even a complete project. It is only part of a project. It is the part on which we have fixed our attention, focussed our attention because it is the most obvious. The real goal at which we are aiming, the goal which we cannot see for the fog of selfishness and ill-feeling and tradition that blinds our eyes, the real goal, is a completely new philosophy. The human race at the present time regards war as a normal condition of things. I do not mean to say that we regard battle, suffering and death, or even the pride of victory, as being the ideal employments and ends and conditions of humanity, but we do regard war as something which is only in suspense. How, for instance would any of you define peace; how does anyone define peace? Nine people out of ten, ninety-nine out of a hundred, will say, "Peace is when there is no war." That is a totally wrong way to look at the matter but it is the way that we do look at it. It is just as wrong as if we defined life by saying that a man is alive when he is not dead.

War is just as present a fact for most of humanity as the lava in an active volcano is to the people who live on its flanks. The volcano may be silent for a year, for ten years, for a century, but the frightful cauldron is boiling away all the time and on the appointed day comes the bursting of the crater, the crash and roar and flames, the river of moulten rock flowing across the land, overwhelming all that is in its path, leaving terror, death and destruction in its track.

That is what war is, and if all of you had seen at as close quarters as I have seen the misery that war brings with it you would not be surprised that although I took part in the last great struggle I pray that I may never take part in one again. Mark this. I am not a pacifist. If I had to go to war again I would go; I would fight with just as much ruthlessness as I could; I would kill, maim, wound, destroy, it would not make any difference whether they were soldiers or civilians - for in modern warfare there is no weapon that can be used to weaken the morale of the other side that will not be used. To weaken the morale of the other side is just as important in modern warfare as to destroy armies. In the old days war was not so bad; you put the army of one country against the army of another and they fought it out in a hand-to-hand struggle; it was not even a bad thing from an economic point of view, if a nation was a little over-populated, to destroy a few of them in that way. In the old days war was rather a fine thing, there was a certain amount of chivalry about it, in a hand-tohand struggle the best man won; it was a matter of his own personal courage and initiative, and in those days, too, a man could afford to be kind to his foes sometimes. But not now. No, war is now rid of all that sort of thing. Nations now are just using all the arts they ever knew and all the science they have mastered, to destroy, in a wholesale fasion, and will continue to do it. No, in future it is no use whatever saying, you must not use poison gas. They WILL use it. You must not spread disease germs. They WILL spread them, the more horrible and deadly, the better. The stakes are so high. And I do not blame them. It may sound a terribly cruel thing and it may be wrong, and maybe one should not say it, but it is just this: If you are going to have war you cannot circumscribe the conditions under which war is to be fought. It is no use saying, you must not have civilians killed, you must not have submarine warfare, you must not destroy hospital ships, you must not bomb hospitals. All these things will be done, bombs will be dropped on undefended towns, and the people who live in the back parts of countries are going to be killed just as horribly and cruelly as those in the war zone.

And let me say this, that everyone of you, men and women, everyone who did not actually abstain from war, and take the consequences of so doing, everyone of you would, if your country were at war, be just as responsible for all its horrors as would your soldiers. You cannot escape, you cannot shelter yourselves by being civilians.

Let me give you one picture that I saw after the battle of Amiens. The battle of Amiens was a great victory. It was perhaps the greatest we ever had. Our troops went into it fit and healthy and well trained, we had plenty of artillery, the Germans were completely surprised and thoroughly beaten. At the end of the day I was asked to go back to a casualty clearing station, I was told that there was something wrong. I went. And there I saw the aftermath of victory. There was something wrong; the extraordinary secrecy of the movement had somehow hampered the medical services. And there was ambulance after ambulance full of wounded men, some shrieking, some groaning, some dying, some dead, some just suffering in patience, waiting to get to the hospital gate. Inside the doors of the small building, its windows boarded up tightly so that no light would give away its position to enemy aircraft, the fumes of acetelyne gas from the lamps, the terrible smell of gas gangrene from some of the wounds, the sickening scent of ether, the white faces of the worn-out nurses, the bloody hands of the doctors who had to work as fast as butchers only tosave and not to kill, made a scene of horror that I can never forget, and the next time war strikes this country that is what you will see in your cities and the doctors and the wooden operating tables will be your doctors and your office tables and the blood will be the blood of your wives and your children.

You say that's impossible, that it could not happen. It may be impossible today, but it will happen tomorrow unless the viewpoint of humanity is changed. I do not need to tell you how close we are to scientific developments which will make your very inmost cities as vulnerable as was the city of Rheims when it came under the fire of German guns.

There is no use whatever talking about "the war being over" or "when another war comes". The whole condition of Humanity is

IS war, war, war. There may be peace here or peace there, but man is essentially and forever at war. The volcano may burst out in one place or another, the eruption may kill millions or only thousands, but until it is dead it will go on killing.

There has been one sign of better things, the Kellogg-Briand treaty. The K-B. treaty was the voice of men who saw something else than war as the main fact of human existence. The nations agreed not to use war as an instrument of national policy. But how honest were they? Just how well have they kept their agreement? That's another matter. If nations are just a lot of hypocrits there is not much hope for anything and they might as well have done with it and destroy the race, for it's not worth preserving. But if we are not hypocrites, let's be honest. If we are not going to use war as an instrument of national policy, why do we want to arm?

Why do we want to arm? We do not want to arm. We arm not because we want to but because we are at war. Nineteen hundred years after the coming of the Prince of Peace we are at war. It is nonsense to talk of this people or that peopleas "peace-loving". You cannot love a negation The U.S. is spending two million dollars a day on war; Britain and France nearly as much. The mere fact that the guns are not being fired at this moment does not alter the situation: mankind is at war.

Armaments are a constant reminder that war is our great calling. The very existence of armaments tell us that our highest duty is fighting. Well, you will say, did not America do something by putting forth the K-B. treaty? Yes, of c urse America did and I should like to associate my own country with America in the action she took. But where is the K-B. treaty now? The K-B. treaty had its test within the past few weeks, it had its test in the Orient, in the new centre of world politics. There is only one thing to be said of the result - the K-B. treaty is a dead letter. Let me say this, too, that we Occidental people do not realize what issues may come from the recent events in Manchuria. I have thought of what they may be and I tell you frankly that I dare not voice my thoughts.

And what about the Armament Holiday? Well, I do not know what about it; I do not know whether there is one. But I doubt it.

If all this is true, you will say, why waste time talking about Disarmament? Why spend our efforts on the realization of an idle dream? Gentlemen, I do not believe that peace is an idle dream, and you must start somewhere. / Well, begin with armaments. We saw before the last great struggle how constant war preparation reacting on and reacted on by a false philosophy transformed a peaceful people into a warlike one. We saw the steady, quiet German become a cold, ruthless fighter. History has shown us over and over again that a n tion brought up to the use of arms will use arms. A bull-dog which is not trained to fight is the most peaceful animal alive: a bull-dog trained to fight is the most quarrelsome and dangerous of beasts, his greatest joy is to kill another bull-dog, oryou, or anything else that he can get hold of. And in spite of all our civilization we are not much better than bull-dogs.

The basic reason for reducing armaments is not to save money - the more money we spend just now the better. It is not to keep people from going to war. It is to get a new idea into the heads of the human race

and a new ideal into their hearts. If you say to me, we cannot reduce armaments, we must think of national defence, I remind you that I said at the beginning, you cannot treat this subject nationally. If you say there are political reasons why we in particular can do nothing, wellk I am sorry to hear it.

If you say that no one can do anything, then I say that you are wrong for to say that armaments cannot be reduced is to say that peace can never replace war in the hearts of men.

Now, gentlemen, I suppose that some of you are thinking, It is all very fine for a university principal to come here with these high-flown ideas. But we have to face the practical things of life. Some would like to say to me, What constructive suggestion have you to make? How are you going to get us into this golden age of yours? You would like to remind me again that America piped the K.B. pact to the rest of the world, and that the rest of the world would not dance.

Well, gentlemen, at this point I must remind you that I am a Canadian, a foreigner, and that it is not my place, indeed it would be an unforgivable presumption for me to suggest what action your country ought to take. I would like to say, if you will allow me to do so, that I think your country is best placed to make a beginning. You are the richest of nations. You are the safest in your geographical situation (and I have not forgotten the Philippines or Hawaii.) You are not suspected. You are not involved. But what you ought to do and how you ought to do it is your affair. It is for your other speakers to make the proposals, not for me.

DOCKET ENDS:

COL. B[OVEY]'S PRECIS

How Long Must the War Go On?

An Address delivered at the Annual Convention of the
League of Nations Association, Philadelphia, Pennsylvania,
Friday, January 15, 1932

BY

NICHOLAS MURRAY BUTLER

Speaking before this Convention, meeting in Chicago one year ago, a brief survey of the most important problems then facing the international life of the world was offered and the question pressed, What will the American people do about it? A full year has passed, and the answer to that question is, Apparently practically nothing! The American people just now seem content to prefer the lugubrious continuance of adversity to stirring themselves to regain prosperity; to permit their capital resources to be drained to an extent that is little short of astounding rather than to make an effort to lead the way in bringing to an end conditions which make possible that draining; to watch some seven millions of unemployed walking the streets in distress and want and to give unselfishly of their savings to help their less fortunate fellows, seeing factories close, railways drift toward receiverships and farm income fall from twelve billion dollars in 1929 to seven billion dollars in 1931, rather than to proceed to reconstruct their economic policies and international relationships so as to stimulate industry, trade and transportation and offer new and multiplied opportunities for gainful occupation; to dawdle idly in the presence of foolish and meaningless talk at Washington rather than to rouse themselves to act to compel their government to conform to instructed, unselfish and high-

minded public opinion. The trouble is that the war is still going on.

By the terms of the Armistice signed on November 11, 1918, it was provided that on the western front there should be cessation of hostilities on land and in the air six hours after the signature of the Armistice and that there should be immediate cessation of all hostilities at sea. Nothing was said in that famous document, and nothing could be there said, about the cessation of hostilities in human minds and in human hearts. What causes this country today to suffer so greatly and what is bringing unprecedented distress to the whole world is the fact that the war is still going on. Hostilities, to be sure, are no longer military or naval in their expression, but they are none the less angry, bitter and selfish. How long must the war go on?

That which came to its tragic end in the years 1914-1918 was the system of armed and competitive nationalism which had been growing up in the western world for centuries. When it pulled down the roof of that world upon millions of innocent and once happy homes and sent to their unmerited death millions upon millions of human beings who had not the least notion of what the fighting was all about, its lessons were so plain that for a time it seemed as if the public opinion of the world had learned what they were and was prepared to act upon them. The League of Nations came into existence and began helpfully and with large promise to set about its noble task. The Permanent Court of International Justice at The Hague, creature of American example and American leadership, was constituted and quickly made a place for itself in the field of international relations. The Bank for International Settlements at Basel was brought into being, and there was quick promise through it of new leadership in all that pertains to international coöperation in the fields of economics and finance. The Pacts of Locarno, definite and convincing, were followed by the Pact of Paris, as definite and as convincing as any declaration of governments can possibly be. This Pact, under the

provisions of the Constitution of the United States, at once became the supreme law of the land, and every violation of it or any attempt or preparation to violate it became an act of lawlessness. The names of Briand and Stresemann were names to conjure with. Under their kindly and understanding guidance, public opinion not only in France and in Germany, but throughout the world, was being led toward the vision of the new day when the time-old suspicion and antagonism between the two great peoples on either side of the Rhine would disappear before new understanding and a new spirit of helpful coöperation. All these things had been done, and the future seemed full of promise.

Then reaction began, at first slowly and sporadically, then more generally and more widely diffused. There were outbreaks and manifestations, now here, now there, of the old nationalistic spirit, miscalled patriotism, and every such outburst in one land stimulated outbursts of like-minded reactionaries in other lands. That the world has been slipping backward since the Pact of Paris was signed can not be doubted. Hostilities have broken out again, not on an eastern front nor on a western front, but, unhappily, in the hearts and minds of great numbers of human beings for whom there has been no effective armistice. At a time when trade barriers should everywhere be lowered in order that trade itself may be stimulated and employment given to the millions who are now seeking gainful occupation, those barriers have almost everywhere been either raised or made stouter. At a time when there should be complete international coöperation in examining the foundations of the present economic and financial crisis and in proposing and making effective policies for relief from it, that coöperation is resisted, first and chiefly in this land and sometimes but less stoutly in other lands, on the plausible but wholly misleading plea that we must look after our own and leave the rest of the world to see what it can do for itself. The trouble is that there is only one way adequately and suffi-

ciently to look after our own and that is to join the whole world in looking after all of us, for the day has long since gone by when any nation, however populous or however powerful, has or can have an independent economic and financial life of its own. "Let us withdraw from Europe and mind our own business," cry strident voices at Washington, and their cry is repeated in a considerable portion of the American press. Why should not Idaho and California on like grounds withdraw from the Union? Why should not Bannock County withdraw from Idaho and Inyo County from California? Why should not Pocatello withdraw from Bannock County and Independence from Inyo County? Why keep up these hampering entanglements, alliances and associations? Why not let every community look after itself and let the devil take the hindmost? What need have Pocatello and Independence for the potatoes of Aroostook, the corn of Kansas, the cotton of Georgia or the oil of Oklahoma? Are they not themselves upright, forthright, downright people and able to attend to their own business without alliances and entanglements with others? That is the morality as well as the stupidity of the policy called isolation, and its economic and financial results, if it be pursued long enough, will be so disastrous that present conditions will seem like an abounding prosperity. When Thomas Jefferson put his pen to the Declaration of Independence, he took no such immoral and unreasonable position but proclaimed a decent respect to the opinions of mankind and declared the causes of the separation from Great Britain in that spirit and for that purpose. It is a decent respect to the opinions of mankind and a decent respect for the prosperity and happiness of our own people which should now lead our public opinion to compel the government at Washington to move quickly to end the war which is still going on.

Speaking to a score of cardinals on Christmas Eve, Pope Pius XI used these words:

"Unfortunately We see but one solidarity, namely, of distress, of pain and suffering. There is but one ten-

dency, and it is for isolation, for reciprocal exclusion and for difference, whereby the general suffering can but grow."

These few words are pregnant with meaning and are profoundly true. How long must the war go on?

No one who faces the facts can deny that the treaties which followed the Armistice were built upon the foundation of that old order of armed and competitive nationalism which, if the lessons of the great war had been learned, would have been seen to have reached its end. The dictated treaties, built upon this foundation, were, and could only be, abundant in causes of difficulty, of friction and of dispute. To reconsider their provisions within any brief period of years is a psychological impossibility, but to overcome and to minimize the new difficulties which those treaties create is by no means impossible, leaving readjustments in the treaties themselves to the slow process of time. If only the fact be grasped that economic boundaries no longer bear any relation to political boundaries and that, if national prosperity is to be restored and to continue, new and natural economic unities must be created by overleaping political boundaries, now in one direction, now in another, and now in many directions at once, the new day will begin to dawn. If trade and industry and transportation can be restored in central and western Europe, in eastern Europe and in the Balkan States by the creation of new economic unities, with simple and helpful administration of laws of inspection and taxation at a political boundary, the whole world will begin to revive and then to move forward on a new and higher plane. But the United States must play its part and must go and do likewise. It must recognize that in these days no nation can be an end in itself but that each plays its part like a brick in a wall, like a stone in a monument, like a link in a chain, like a citizen in a state, as a member of that commonwealth of free and independent nations which is just now being born. Far-seeing statesmen and wise economists have seen all this and have projected or proposed it, but every

effort to advance it is always confronted with the opposition of the entrenched powers of privilege and of special interest which uniformly clothe their selfish appeals in the garb of patriotism. These interests object violently to the dole when it is in the form of payment to an individual without employment, but they applaud it as wise and patriotic when it is in the form of a bounty to themselves and their own undertakings. Surely, with some twenty-five or thirty millions of human beings without employment in Europe and America, it is madness to withhold longer the constructive international action which can alone solve these problems. How can Europe or Asia or Africa pay debts owed either to or in the United States over the barrier set up by a high and thick tariff wall and a wish to build up and maintain a permanent surplus of exports? It can not be done! American policy in this respect provokes like policies in Europe, and the situation grows steadily worse.

The mere announcement on June 20 last that some change for the better in our international policy was proposed so cheered and so heartened the American people and so restored their confidence that in a few short hours billions of dollars were added to the value of those securities which are held for investment by every sort and kind of person throughout this land. Prosperity began to return. When a few days later it was declared that nothing important was to follow, those billions of dollars of increased value quickly disappeared, followed by many other billions of dollars of value. Depression and dejection displaced the beginnings of a new confidence, and the last state of those prices of investment securities was worse than the first. Surely, the intimate relation between international policy and national prosperity has been amply demonstrated.

The attempts which were made to distribute the cost of the great war among the participating nations by the recognition of intergovernmental war debts have dismally failed, as they were doomed to do from the first. The monstrous idea that the world would submit to carrying for sixty-two

years the burden of so-called international governmental indebtedness growing out of the conduct of the war, could not find more than very temporary acceptance while men did not understand what it meant. The German people, engaged in the terrific struggle to build a democratic government on the ruins of a traditional imperialism, have been bled white through their effort to meet the burden imposed upon them. Those who were their enemies on the field of battle would gain infinitely more by ceasing to endeavor to collect impossible reparations and by beginning as quickly as may be to build up prosperous and profitable commercial relationships with a restored and productive German industry. The allied and associated powers endeavored to distribute among themselves their intergovernmental debts and advances of one sort and another. The task was possible on paper perhaps, but not in fact. As events have turned out, for every dollar that the American people have received on account of so-called intergovernmental war debts they have lost many, many dollars of their own capital and income, largely because of the arrangements which these so-called intergovernmental war debts reflect and evidence. Wholly apart from the stupendous capital losses and the losses of markets which have resulted from the existing international situation, the public treasury of the nation and of the various states has collected hundreds of millions of dollars less in income tax than three years ago. What, then, can possibly be the use of continuing a condition under which the American people lose many times what they collect on the foolish plea that if they do not continue to collect they must make good the amount not so collected? Are the American people so unpractical that they will continue to prefer to receive five dollars and to lose fifty dollars, rather than to cease to collect the five dollars and to have back the fifty dollars from which to make good the five dollars?

We must not blind ourselves to the fact that the war is still going on. It is going on with great vigor at Washington, as a most casual reading of the Congressional Record

will amply demonstrate. It is going on when it is calmly proposed that the Congress, facing a deficit of colossal proportions, shall undertake to commit the nation to a new expenditure of some $600,000,000 for the purpose of strengthening an instrument of war which we have pledged ourselves never to use. Have we lost not only our national common sense but also our national sense of humor? What sort of spectacle shall we present to the historian of tomorrow who tells the world the effect of the great war upon the people of the United States, upon their civilization and upon the operation of their government?

It is the business of public opinion to move to stop the war, that war which is raging in the hearts and minds of far too many millions of men in our own land and in other lands. This is not a form of war which can be brought to an end by any kind of force or by the use of anything that resembles the once powerful military arm of government. It can only be brought to an end by persuasion, by good will and by self-determination. The battle is raging on the field of ideas, and the combatants are the ideas of yesterday and the ideas of tomorrow. We have our choice between looking backward and looking forward. We may, if we insist, continue to look backward, entrench ourselves behind the breastworks of armed and competitive nationalism, relapse into the dull placidity of somnolent selfishness and let civilization take the consequences, whatever these may be. Or we may look forward and throw our whole force, intellectual and moral, behind those institutions, still in the making, which are the expression and the embodiment of forward-facing men's convictions and ideals. Chief among these are the institution for international consultation provided by the League of Nations at Geneva, the institution for judicial determination of international differences provided by the Permanent Court of International Justice at The Hague, and the institution for financial international understanding and coöperation furnished by the Bank for International Settlements at Basel. These three cities, Geneva,

The Hague and Basel, embody the hope of the world. They are the centers at which the highest type of human effort will focus itself for the purpose of realizing those ideals of national prosperity, national security and national happiness which in these modern days can have no other foundation than international understanding, international coöperation and international peace. The coming commonwealth of free and independent coöperating nations will be a commonplace a hundred years from now. Men will then look back and wonder at the slowness of its making, at the obstacles that were put in its way, at the arguments that were advanced against it. But they will see Magna Carta striving for hundreds of years effectively to establish its principles. They will see the Bill of Rights meeting with every sort and kind of obstacle before it was universally accepted. They will see the Constitution of the United States opposed and defied by able and resolute men on precisely the grounds that are now so often advanced at Washington for resisting international coöperation and international peace. Rhetorically, all Washington is for international understanding and international peace, but propose any specific act for the fuller accomplishment of those ends and see what reception it meets from those who in rhetoric are most eloquent and most abundant!

How long must the war go on? It will go on until reason overthrows passion, until kindliness displaces hate, until generous concern for the welfare of all men drives out narrow selfishness and until eyes now so tightly closed are open to the vision of the new day. Then America will be prosperous again and prosperous, let us hope, forever. Is this impossible? Perhaps, but I think not.

Additional copies may be had by addressing
Carnegie Endowment for International Peace
Division of Intercourse and Education
405 West 117th Street
New York, N. Y.

League of Nations,
Geneva,
February 24th 1932

Dear Sir Arthur,

I am sending to you herewith the League document containing the far-reaching German proposals.

Last evening Miss Hurlbatt and Dorothy Heneker had dinner with me and we talked late into the night about McGill and Montreal. Geneva is a remarkable meeting place.

With kind regards,

Yours sincerely,

Laurence C. Tombs

Sir Arthur W. Currie, G.C.M.G., K.C.B.,
Principal and Vice-Chancellor,
McGill University,
Montreal.

Official No.: **Conf. D. 79.**

Geneva, February 18th, 1932.

LEAGUE OF NATIONS

CONFERENCE FOR THE REDUCTION AND LIMITATION OF ARMAMENTS

Proposals of the German Delegation

When the German Government rejected the draft Convention at the last session of the Preparatory Disarmament Commission, they made it clear that, at the Conference itself, they would do their utmost, in co-operation with the other countries, to help finding the right way to disarmament. It is in this spirit that the German delegation submit the following proposals to the Conference.

In drafting these proposals the German delegation started from the fact that Germany and three other countries have already carried through disarmament for some years past under a regulation which was set up by the same Powers that drafted Article 8 of the Covenant and declared at the same time that the disarmament of the above-mentioned four countries was to be the first step towards general disarmament as provided for in the Covenant. Germany therefore considers her own disarmament as indicative of the course which the disarmament of all Members of the League will have to follow, having regard to the fundamental equality of rights of all Members of the League which excludes all discrimination in regard to any of them. The principles governing the general reduction and limitation of armaments, which the Conference is called upon to lay down, must be equally applicable to all Members of the League and to all countries associating themselves with the League's action for disarmament.

The defects and omissions of the draft Convention, which have made it unacceptable to the German Government, can be seen from the reservations incorporated in the report of the Preparatory Commission. A few examples will be sufficient.

One of the chief defects of the draft Convention is the insufficient limitation of land material. A mere reduction of expenditure, as provided for in the draft, does neither affect the existing material in service or on stock, nor does it provide a reliable basis for the future limitation of fresh material. The draft Convention enables the countries generally to keep, and even to increase, their heavy offensive armaments. The air armament as such, in particular, is allowed to subsist in the draft. By exempting from reduction and limitation the main part of reserve aircraft and reserve airplane engines the draft even creates the possibility of a competition between the signatory States in the development of these instruments of aggression. As to personnel, the draft Convention allows the various systems of recruitment to be maintained, but in the case of conscript armies it does not include in its provisions the trained reserves on which the strength of such armies rests. Finally, by departing in almost every decisive point from the rules of disarmament imposed upon Germany at the end of the war, while expressly maintaining these same rules for Germany in its general provisions, the draft Convention makes it impossible to reach an acceptable solution of the problem of disarmament.

The following proposals, which are not exhaustive but reproduce the opinion of the German Government in its general outline, are intended to carry through an effective reduction and limitation of armaments extending to all important factors of armaments. They include, in particular, measures of fundamental importance in regard to the prevention of an aggression. The proposals are based upon the principle that there can be only one system of disarmament in future which must be equally applicable to all countries; such a system would produce an equitable and effective solution of the problem of disarmament if armament figures to be incorporated in it for all countries were fixed at the lowest possible level. These proposals are furthermore taking into account the necessity to safeguard the national safety of nations as provided for in Article 8 of the Covenant.

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IX. DISARMAMENT

1932. IX. 21.

In submitting these proposals to the Conference, the German delegation wish to make it clear that the German Government cannot accept a Convention unless its provisions are equally applicable to Germany and to other signatory countries.

I. Land Forces.

A. *Personnel.*

1. The personnel of the land forces shall generally be recruited only by means of voluntary enlistment.

2. Should this solution prove to be unacceptable to the Conference, and should, in consequence, the choice of their military system be left to the decision of the countries themselves, it will be necessary, in the case of conscript armies, to make adequate allowance for trained reserves, which are known to constitute the main part of armies in case of war and to include these trained reserves in the general reduction.

3. Due regard must be had in any case to the special circumstances of States having a militia system.

4. The number of officers should be fixed at the lowest possible figure for all countries alike in terms of a percentage of the total effective strength of the armies, and that figure must not be exceeded.

5. Police forces, gendarmerie and similar organisations must be limited and subjected to provisions excluding their utilisation for military purposes.

B. *Material.*

6. It shall be generally and absolutely forbidden to maintain and utilise the following categories of arms:

(*a*) Outside fortresses and field works: guns of more than 77-mm. and howitzers of more than 105-mm.;

(*b*) In fortresses and field works: guns of more than 150-mm. and howitzers of more than 210-mm.;

(*c*) Mortars and trench-mortars of every kind of a calibre of more than 150-mm.;

(*d*) Tanks of every kind.

7. The armaments allowed under the above regulation shall be fixed for each State both as regards categories and quantities, together with a uniform allowance for replacements. Countries which do not possess armament factories and work-shops of their own can furthermore be authorised to retain certain reserve stocks. Armaments existing beyond the authorised limit must be destroyed.

C. *Fortifications.*

8. The construction and maintenance of fortresses, field works and works which, owing to their proximity to the frontier constitute a direct menace to the neighbouring country and might possibly obstruct measures taken for the prevention of war, shall be prohibited. (As regards coast-defence works, see II.C.)

II. Naval Forces.

A. *Material.*

9. The maximum tonnage of the various types of vessels shall be reduced simultaneously with a proportional reduction of the total tonnage. No vessel of war shall, in future, exceed 10,000 tons or carry guns of a calibre of more than 280-mm.

10. The maintenance of both naval and land air forces being prohibited under Chapter III, the maintenance of aircraft carriers is likewise generally forbidden.

11. Submarines shall be abolished and forbidden.

12. The following " definitions " shall apply to all vessels except special ships or vessels exempt from limitation:

(*a*) *Capital ships:* vessels of war whose displacement exceeds 6,000 tons standard displacement or which carry a gun with a calibre exceeding 150-mm.;

(*b*) *Cruisers:* vessels of war exceeding 800 tons of standard displacement or the calibre of whose guns exceeds 105-mm.;

(*c*) *Destroyers:* vessels of war whose standard displacement does not exceed 800 tons and the calibre of whose guns does not exceed 105-mm.

13. *The non-floating* material shall be fixed for each country both as regards categories and quantities.

B. *Personnel.*

14. The naval personnel shall only be recruited by way of voluntary enlistment. The system of limitation, however, should be adapted to the system to be applied to the personnel of land forces.

15. As regards officers and warrant officers, a percentage of the total strength shall be fixed as maximum limit.

C. *Fortifications.*

16. Coast-defence fortifications may, in principle, be maintained in their present extent. Fortifications, however, which control natural waterways between two open seas shall be forbidden, in order to secure to all nations free and unhampered passage through these waterways.

III. Air Forces.

17. The maintenance of air forces of any kind is forbidden. The total air force material which has so far been either in service or in reserve or on stock shall be destroyed, except those armaments which are to be incorporated in the quantities allowed for land and naval forces.

18. The dropping of bombs or any other objects or materials serving military purposes from aircraft, as well as all preparations to this effect shall be forbidden without any exception.

19. With a view to strictly enforcing the prohibition of any military aviation, the following shall, *inter alia*, be forbidden.

(*a*) Any instruction and training of any person in aviation having a military character or a military purpose.

(*b*) Any instruction or training of members of the army or navy in civil aviation.

(*c*) The construction, maintenance, importation or putting into commission of aircraft which is in any way armoured or protected or supplied with devices for the reception of warlike armaments of any kind, such as guns, machine-guns, torpedoes, bombs, or which are supplied with gunsights or devices for the dropping of bombs and with similar warlike instruments.

(*d*) The maintenance of any relations between the military or naval administration and civil aviation for any military purpose.

IV. General Clauses.

A. *Chemical Arms.*

20. The prohibition of the military utilisation of asphyxiating, poisonous or similar gases and all similar liquids, matters or processes as well as of all other means of bacteriological warfare shall be extended to the preparation of the utilisation of these weapons.

B. *Traffic in Arms and Manufacture of Arms.*

21. The export and import of war armaments and their ammunition as well as of war material shall be strictly prohibited. Countries, however, which are not in a position to manufacture the quantities of arms, war materials and munitions allotted to them shall be given the possibility of importing the necessary quantities from abroad.

22. The manufacture of war armaments and munitions as well as of war material shall only be carried out in a limited number of private or State factories or workshops which shall be made public. The Governments undertake to ensure by appropriate measures that the production does not exceed the quantities allowed for their own use and for export to countries without an armament industry.

C. *Expenditure.*

23. In conformity with the obligations of the Members of the League embodied in Article 8 of the Covenant, to exchange full and frank information as to the scale of their armaments, this exchange must also extend to expenditure for armaments.

Observation. — The German delegation are of opinion that the numerous deviations from the solid basis of the gold standard which have recently occurred are going to bring about such a decisive and unforeseen change in purchasing power that, for the time being, the method of financial limitation cannot be used as an effective measure of disarmament. Under the present economic and monetary circumstances, the application of this method would give rise to continual derogations which would seriously interfere with the steady advance of the process of

contractual disarmament. Moreover, the establishment of a common plan for the financial limitation would be connected with extraordinary difficulties owing to the great differences which are at present existing in the various countries as to the stocks of material in hand. On the other hand, regard must be had to the fact that any really effective direct disarmament would be automatically accompanied by the indispensable decrease of the heavy financial burdens under which the nations are suffering owing to the exaggerated level of armaments.

D. *Control.*

24. The carrying through and the observation of the disarmament clauses shall be secured by a procedure of control equally applicable to all countries.

V. *Transitory Provisions.*

25. In so far as the realisation of the present proposals necessitates measures of a technical nature or measures of organisation, the Conference shall have to lay down provisions regarding the procedure and the periods which the various States shall have to observe in adjusting their present armaments to the level fixed by the Convention.

Dal. Rev. Jan 1932

THE POLITICS OF DISARMAMENT

R. A. MacKay

DISARMAMENT has been the dream of idealists for centuries; as a problem of diplomacy, it dates from the Treaty of Versailles. On the one hand, the Treaty radically reduced the armaments of the defeated Powers; on the other, it imposed on other signatories to the Treaty the obligation to disarm in turn—an obligation which is far from being fulfilled. In naval armaments alone and among the three great naval Powers, Great Britain, the United States and Japan, has there been progress. Land and air armaments in Europe are to-day greater than before the War, and it is to the limitation and reduction of these that the coming Conference will chiefly turn its attention. The obstacles to its success are tremendous. None is perhaps more serious than the fact that the problem of armaments cannot be isolated from politics. Disarmament, indeed, is primarily a political problem. Behind the inevitable disputes at the Conference over tons and guns, over tanks and aeroplanes, and over professional armies and trained reserves, will lurk the conflict in policies of the Great Powers. An understanding of the Conference requires, therefore, an understanding of the political situation.

The Conference meets in an atmosphere of discontent and insecurity in Europe. The primary reason for this state of nerves is the settlement of Versailles itself. While promising disarmament, it unleashed the forces of hate and reaction which have made armaments inevitable. The Settlement followed the approved tradition of crushing the vanquished, though it dressed the tradition in cant phrases of justice and self-determination. Austria-Hungary was dismembered, and Germany partly so. Virtually solid blocks of German population were handed to Poland and Czechoslovakia, and of Magyars, Russians and Bulgars to Roumania, thus creating new Alsace-Lorraine problems for future generations. Crushing burdens of reparations were laid on the vanquished in the name of an outraged humanity, while the defeated Powers were all radically disarmed and Germany subjected to the indignities of military garrisons on the Rhine for fifteen years. Above all, by Balkanizing Central Europe politically the Peace Settlement virtually

shattered the delicate economic organization upon which human welfare there depended, thus reducing millions to poverty and even starvation. The Treaty, indeed, sowed dragons' teeth in Europe.

The hope that the League of Nations would mitigate the "Carthaginian peace" has been realized only to a very limited extent. From the outset the absence of the United States has lessened the moral force of the League, and has made difficult of realization one of its cardinal principles—that it should provide a means for organizing not only the moral but the material forces of the family of nations against disturbers of the peace. Thus the League has not been able to guarantee to members like France, which have felt the need of strong material forces for their protection, that the collective force of its members will rally to their support in the hour of danger. Important as the League is as a means of settling disputes, it is by no means the mutual insurance scheme against external aggression intended by its framers. Nor has the League been able to carry successfully special burdens which the Peace Treaties laid upon it, such as the protection of national minorities in the new and enlarged states. Much less has it been able to check the growing economic nationalism of European states which has virtually completed the destruction, begun by the Treaties, of Europe's economic life. The nature of the Peace Settlement perhaps made it inevitable that brute force would be necessary to maintain it. A strong League might have secured peace by a minimum of force, and by mitigating the worst injustices of the settlement might have promoted peace by consent, once men's minds had become accustomed to the new political and economic order. But peace by consent in Europe is perhaps more remote than when the guns ceased over thirteen years ago.

The failure of the League to guarantee peace has been the excuse for the recrudescence of the old régime of arms and alliances. France, Belgium and Poland were early linked in alliances for their mutual protection against their common enemy, Germany. The Little Entente, Czechoslovakia, Roumania, Jugo-Slavia, was similarly a product of fear of a common enemy, Hungary. And the French "system of Europe", which unites all these states in military alliances with France, is the final outcome. Common fears and common desires to safeguard the treaty settlement are the psychological foundations of the system, and French military supremacy and loans for arms and military purposes its material foundations. Instead of the League, France and her allies are to-day the real guarantors of the *status quo* in Europe. By the Peace Settlement

Europe threw off a master, only to be controlled by a former mistress instead.

Yet in fairness to France it must be recognized that she has probably arrived at this position by inadvertence rather than design. The primary concern of France at the close of the War was military security against Germany. With this in view, Foch demanded the Rhine as a frontier. Mr. Lloyd George and President Wilson flatly refused, but undertook instead a military guarantee of France against further aggression by Germany. When the guarantee was repudiated by the United States, Great Britain refused to undertake it alone. France, having now neither the Rhine nor the guarantee, began the formation of alliances with the successor states of Central Europe. Yet even then she does not appear to have believed that this was the best avenue to security. She turned at the same time to the League, which she had hitherto regarded with tolerance rather than enthusiasm, and endeavoured to revive the idea that all members of the League should collectively guarantee the territorial integrity of each. Meantime it had become clear that France would not disarm without guarantees in advance. This situation induced the British Labour Government to meet the French half-way, and the Geneva Protocol of 1924 was the result. The Protocol aimed to strengthen the League by making more certain the application of sanctions against an aggressor, and provided for calling a disarmament conference once the Protocol was accepted by a certain number of states. The Protocol, however, received its quietus at the hands of the British Conservative Government and the Dominions. On second thought, all the British members of the League objected to definite commitments in advance. Moreover, they saw in the Protocol the possibility of friction with the United States, should they ever be called to fulfil their bond.

An alternative plan was, however, brought to maturity the following year in the Locarno Agreement, which marks the greatest concession (to French views) made by Great Britain since the Peace Conference. By Locarno, Great Britain and Italy agreed to come to the aid of France or Germany in the event of either being the victim of aggression at the hands of the other. It marked an equally important concession on Germany's part, since it assumed the acceptance of the territorial settlement in the West, that is to say, the loss of Alsace-Lorraine and the demilitarization of the Rhineland and the strip thirty miles wide along the east bank of the Rhine. Germany in turn was to be supported for membership in the League and for a permanent seat on the Council.

The mothers of Europe might now sleep in peace, exclaimed Briand, as he welcomed Germany into the League a few months later.

Locarno has proved, however, a vain hope. By the alliances of France with the successor states of Central Europe, the security of France had become definitely linked with the security of existing frontiers from the Baltic to the Black Sea and the Aegean. While Locarno guaranteed France specifically, it extended no specific protection to her allies. France has not, therefore, regarded Locarno as a substitute for a collective guarantee. Her system of alliances has continued and has, indeed, been strengthened since Locarno. Unfortunately also for the cause of disarmament, no *quid pro quo* in the shape of limitation or reduction of armaments was exacted from France. Indeed, France even refused to attend the Geneva Naval Conference held two years later, thereby endangering its success from the outset. And French military budgets have increased since Locarno.

It is extremely difficult for Canadians to understand the French attempt to build security by piling military guarantee on military guarantee. The veriest tyro in military strategy could scarcely see in Germany a menace to France within this generation. But France thinks, or rather feels, in long terms; it is not Germany of the present generation she fears so much as Germany of the future, a Germany recovered from economic convalescence and able to repudiate the Versailles Settlement. France perhaps more than any other country in Western Europe suffers from an inferiority complex due largely to the memory of two invasions within less than half a century, and to a low birth-rate, combined with the fact that its population is less than two-thirds that of Germany. To France the history of western Europe is the history of "a perpetual prize fight of which France has won this round, but of which this round is certainly not the last".[1] France would postpone the next round indefinitely if she could. And she proposes to do so by the approved Napoleonic tradition of force or threat of force, a tradition handed on to the present generation by Bismarck's policy of "blood and iron". The images of Napoleon and Bismarck are seared on the soul of France.

Yet the security which France has in view is undoubtedly wider than mere territorial and political integrity. It includes the security of the Versailles Settlement in Europe. But the Settlement in Eastern Europe might be overturned without endangering French soil. Why, then, should France be so concerned with its maintenance? Clearly the reason is that the Versailles Settlement made

1. Keynes: *Economic Consequences of the Peace*, p. 35.

France the first Power on the continent, and it is this position rather than the territorial arrangements as such that she is now endeavouring to safeguard. These curity of existing frontiers has become the security of her present prestige.

Security, whether of frontiers or prestige, attained by the methods France has adopted inevitably promotes insecurity of other states. This is specially true as respects Germany, which is surrounded by the armed ring of France and her satellites. While Stresemann remained at the helm the forces of reaction in Germany were held in check, but it is doubtful if even Stresemann could have made headway against the storm of the past few months. Germany has been profoundly disappointed with the results of the Stresemann policy of reconciliation with France and fulfilment of treaty obligations. Locarno did not lessen the military threat against Germany. Not until 1930 did the French troops leave the Rhine, and then only after combined diplomatic pressure on the part of Germany and the British Labour Government. Reparations still remain the occasion of trouble, in view of the French hostility to anything savouring of leniency. On top of the growing resentment came the economic depression to add fuel to the flame. Nor can Germans overlook the French delay of the Hoover moratorium last summer until it all but failed to save Germany from utter financial collapse.

German resentment, however, goes beyond immediate French policy to the Treaty of Versailles. The territorial settlement in the East which cut East Prussia from the rest of Germany by the Polish Corridor and which left, all told, some two and a half million Germans under Polish rule has not been accepted by the masses of Germany as a final settlement. The war guilt clause, by which Germany was compelled to accept responsibility for herself and her allies for starting the War, has never been believed by the German people. Historical research has confirmed their disbelief. To the patriotic German it is a living lie, reflecting on the honour of his beloved country.

No less a cause of bitterness is the inequality in armaments begun by the Treaty and still unadjusted. It must not be forgotten that in compelling the reduction of Germany's armaments the Allies definitely promised general disarmament.[1]

1. The preamble to the disarmament section of the Treaty of Versailles reads:
"In order to render possible the initiation of a general limitation of the armaments of all nations, Germany undertakes strictly to observe the military, naval and air clauses that follow".
This clause was drafted by the Allies, not by Germany. Moreover, in their reply to the German delegation on June 16, 1919, they declared:
"The Allied and Associated Powers wish to make it clear that their requirements in regard to German armaments were not made solely with the object of rendering it impossible for Germany to resume her policy of aggression. They are the first steps toward that general reduction and limitation of armaments which they seek to bring about as one of the most fruitful preventives of war, and which it will be one of the first duties of the League of Nations to promote."

Germany has been disarmed; the Allied Powers have not made good their promise, and there is a widespread and growing opinion in Germany that they have no intention of doing so. Hence the rising demand which no Government in Germany can possibly ignore, that the Allies must disarm or the disarmament clauses of the Treaty of Versailles be repudiated. In part this demand is based on a feeling of helplessness against France and her allies, in part on a sense of inequality. In the family of nations states take rank largely in accordance with their military or naval power. To keep German armaments permanently lower than those of Belgium is to German nationals an intolerable injustice. And a sense of injustice is a dangerous emotion, whether in domestic or international politics.

It is on such sentiments that Hitlerism feeds. Hitlerism is largely a counsel of resentment and despair. It offers little that is constructive; its chief programme is simply the repudiation of the Treaty of Versailles. The economic depression has undoubtedly increased Hitler's following, but he was a growing force long before the depression hit Germany. To-day his party is the largest and most aggressive in Germany. So far it has been relatively content to advance to power by way of the ballot-box; but there are many who fear that it will resort to direct action, as did Fascism which it professes to follow. The present economic and financial crisis, the strength of Hitlerism and its appeal to the worst in national sentiment, make Germany ripe for revolution. The virtual dictatorship of the Bruening Government may, of course, stave it off, but there is the presidential election coming in May. Whether the personal popularity of the aged Hindenburg, if he chooses to stand again, will enable him to win against Hitler or one of his lieutenants, remains in the lap of the gods. In any case, the dangerous internal situation in Germany, both economically and politically, meantime tends to stiffen the French *bloc* against disarmament.

Reaction to the French policy of military security has not, however, been confined to Germany. Italy, too, has been affected. There are, of course, specific points of dispute between France and Italy, as for example, boundaries between their African colonies, but the matter goes deeper. Italy has found herself diplomatically isolated by the French policy, and, what is more, strategically insecure. Without the resources at home to feed her people or to fight a first-class war whatever her armaments, Italy has become apprehensive of the growing French fleet in the Mediterranean and the alliance with her eastern neighbour, Jugo-Slavia. The situation would concern a Socialist Government scarcely less than that of

Signor Mussolini. It has had two results; it has stimulated counter-arming, and has turned Italy to strengthening her position by diplomatic means. Understandings, perhaps even alliances, have already been entered with Hungary and Bulgaria, and overtures made to Roumania. More significantly, Mussolini within the past two years has reiterated again and again that the Peace Treaties are not eternal and that they must be revised in the interests of peace and justice—a position even the German Government dare not take openly. While Italy would not be averse to a new territorial deal, this is perhaps secondary to the purpose of securing the emotional support of the German people. Recently the rise of Hitlerism has tended to cement the two peoples.

And a new ogre, Russia, has appeared on the fringes of the German camp. Until 1927 Russia was generally content to play the role of Ishmael in League affairs. In that year the Soviets entered League activities by attending the Preparatory Commission on Disarmament at Geneva. The reasons were perhaps two-fold—credits and security, the latter of which concerns us here. Bolshevik leaders seem generally convinced that war between Communism and Capitalism is inevitable. Marx predicted it; *ergo* it must be. Yet despite such superficial preparation as a well-drilled and equipped army, the Bolshevik Government knows well that at present war with any of the Great Powers would be disastrous, because of the immature industrial organization of Soviet Russia as compared with other industrialized countries. War might, indeed, mean revolution at home, hence their desire to stave off the "inevitable" war as long as possible. Yet the armed ring of French allies along the borders of Russia and their anti-Communist policies seem a menace to Russian security, the more so in Russian eyes because these states are satellites of capitalistic, bourgeois France. And on many points Russia finds herself in opposition to the French system of Europe and in substantial agreement with Germany and Italy. Indeed, a *rapprochment* between Russia and Germany was part of Stresemann's policy of advancing diplomatically on both fronts at the same time. Thus Locarno was balanced by a trade agreement with Russia, and the entry of Germany into the League by a security pact with Russia, which was supplemented in 1929 by provision for settling peaceably all disputes between the two countries.

Nor is Italy outside the picture. A trade agreement between Russia and Italy has been in existence since 1924, and a Russian Naval Mission actually visited Italy in 1930. Omens of a probable German-Russian-Italian *bloc* are becoming increasingly evident.

At the last session of the Disarmament Conference, for example, the three Powers on many occasions voted together and against the French group.

Thus distrust of France has become the Cave of Adullam to which the discontented states of Europe are resorting. Pacific in intention as the people of France undoubtedly are, French methods of guaranteeing security have gravely upset the balance of power in Europe. In the absence of a strong League of Nations which could guarantee peace and could promise a substantial measure of justice, the old order of the balance of power is an instinctive alternative. The balance of power is, indeed, as natural a habit of European diplomacy as the Monroe Doctrine for the United States, and discredited as it appeared to have been by the War, there are symptoms of an early return if France continues to dominate Europe as she has done since the War. And the impending weights in the scale-pan indicate a new and highly dangerous grouping. If the balance of power is restored, with its inevitable system of counter-alliances, what hope is there of disarmament, or of permanent peace, or even of civilization in Europe?

The prospects of any success in the coming Conference are gloomy, but not hopeless. Great Britain and the United States will sit as intermediaries between the revisionist and the French group of European states. Both are profoundly concerned with the rising tension and the mounting burden of armaments in Europe. With the possibility of naval rivalry between them now barred by the London Treaty, they will enter the Conference not as rivals but as friends who think alike on the general problem of armaments, and who are determined as never before that disarmament must be. Both are convinced that competition in armaments leads sooner or later to war, and that armaments are in a large measure at the root of the present economic condition of Europe because they have weakened confidence in its political and economic stability. Both, as trading nations, are profoundly concerned with the return of confidence and stability in Europe, and they believe that an agreement limiting and reducing arms would go far to promote confidence. To Great Britain there is the added factor that the increasing armaments in Europe tend to make her, like Italy and Germany, insecure. Yet disarmament cannot come by wishing; nor can the armed nations of Europe be compelled to disarm against their will. Progress at the Conference will be possible only if the forces which to-day make for armaments in Europe can be headed off or reconciled. If our analysis of the situation is correct, the questions at issue are these: Can the security of France and her allies be assured

to their satisfaction by means other than freedom in the matter of armaments? And can the defeated Powers be given the hope that the present system of inequality in armaments and other injustices of the Peace Settlement can be redressed by means other than war or counter-armaments? What help can Great Britain and the United States bring to the solution of these problems?

As for the first problem, in plain words the issue is, On what terms can disarmament be purchased from France? Speculation as to possibilities is perhaps not unprofitable. Head of the military group which to-day dominates Europe, suffering comparatively little from the economic depression which has compelled other states to look upon disarmament as a necessary economy, and with a huge gold reserve and Europe badly in need of credit, France is in a position to exact stiff terms. The military or naval limitations or reductions she may demand of her neighbours do not concern us here. France has always insisted that security must precede disarmament, and the type of security she obviously prefers is some form of a collective guarantee, such as the Protocol of 1924 provided, or as an alternative a specific guarantee from Great Britain, such as Locarno. France is, however, little concerned with a guarantee of frontiers throughout the world; her concern is with Central Europe and the Mediterranean. No French Government could probably carry the French parliament and the French people if it consented to limitation or reduction of armaments without at least the appearance of a victory in the matter of guarantees for these areas. The problem is then, Can Great Britain reverse her policy and consent to such guarantees?

The difference between the two Powers is perhaps more apparent than real. Great advances have been made on both sides since Locarno, and especially since the Protocol. One of the chief objections of Great Britain to the Protocol was the compulsory settlement of all disputes. Since then, all British members have accepted, subject to reciprocity, the compulsory jurisdiction of the World Court which provides for settlement of certain specified justiciable differences, and all but South Africa the General Act for the pacific settlement of all disputes. Moreover, Great Britain has accepted, subject to an agreement on disarmament being reached at the coming conference, the Convention for Financial Assistance to states the victims of aggression. This Convention is an important step in providing for the fulfilment of the obligations of the Covenant to preserve the territorial integrity and existing political independence of members of the League. In all these steps, France has kept pace with Great Britain. Above all, Locarno

has definitely linked Great Britain with European peace. Although Locarno professes to commit Great Britain only to the preservation of the *status quo* between France and Germany, it is inconceivable that Great Britain could keep out in the event of trouble in Eastern Europe which embroiled France and Germany, and any attempt to alter boundaries there by force would almost inevitably do so. It is nonsense to pretend that Great Britain retains complete freedom of action if trouble occurs in this area. And, of course, there are the obligations to assist in keeping the peace in Europe as elsewhere which, though indefinite, certainly exist under the Covenant of the League. Because of Locarno and the League, Great Britain has no longer a free hand in European affairs; yet because of her refusal to go farther than Locarno in making her promises definite, she has relatively slight influence in preventing the reactionary policies of the successor states which seem to be leading straight to war.

Great Britain's difficulty in going farther consists in her dual rôle as at once an European country with vital European interests, and a world Power with interests no less vital abroad. This difficulty has been accentuated by the rise of the United States as a naval Power. No British policy which endangered Anglo-American relations can be to-day satisfactory. Yet the risk of falling foul of the United States through guarantees to France is certainly less than it was prior to the Kellogg Pact of 1927. By the Pact the United States has become indirectly linked with the League in its efforts to preserve peace. The Pact, of course, makes no provision for sanctions against an aggressor as does the Covenant of the League. Yet since all League members are members of the Pact, the United States, even if it did not assist, could scarcely avoid permitting action against a state which resorted to war in violation of its obligations under the Pact. The recent Manchurian issue, when the United States freely co-operated with the Council in trying to effect a peaceful settlement, denotes a new departure in American policy towards the League. There is thus much less danger of the League, or any member thereof, resorting to action against an aggressor without knowledge of the views of the United States in advance. Yet the danger of friction has not been absolutely removed, and British policy must keep it in mind.

A further difficulty arises from the constitutional position of the British Dominions. Foreign policy is no longer the sole concern of Downing Street, and four of the Dominions look upon European difficulties from a position of relative security overseas. The Dominions have never been enthusiastic about the obligations

in the Covenant of the League requiring aid in support of members the victims of aggression and action against aggressors. Much less are they likely to undertake definite commitments in Europe—no Dominion has ratified Locarno. While it is scarcely conceivable that further commitments in Europe by Great Britain if she felt them essential would be vetoed by any Dominion, further commitments would scarcely strengthen the Commonwealth relationship, and in the event of Great Britain being called upon to fulfil her bond under such commitments the Commonwealth would undoubtedly be put to severe internal strains.

At the conference, Great Britain may face the unpleasant alternative either to extend further guarantees to France in return for progress in disarmament, or to permit the breakdown of the conference. The risk in following either course is tremendous. The first involves possibilities of internal difficulties in the Commonwealth, and perhaps of friction with the United States. Both possibilities are, however, remote and would happen only in the event of Great Britain being called upon to fulfil her obligations, and the existence of a promise by Great Britain to take action against an aggressor might be expected to prevent any aggression in advance. On the other hand, to risk a breakdown of the conference is to risk a continuance of the present situation in Europe which is both retarding the economic recovery of Europe and setting the stage for war.

There remains to be considered the possible special contribution of the United States. Certainly no American Government could risk an offer of a collective guarantee to Europe or a specific guarantee to France. On the other hand, the United States possesses a powerful lever in the war debts. Mr. Hoover's message to Congress foreshadows action on war debts, and there are persistent rumours that an offer of cancellation will be made on two conditions—first, proportionate reduction in reparations, and secondly, a substantial measure of disarmament. Alone this offer might bear little fruit; a patriotic Frenchman might be expected to look upon an agreement of this sort as selling the security of France for a mess of pottage. Yet if some form of military guarantee were forthcoming from Great Britain, and France could strike a good financial bargain, as she well might, the offer might look attractive.

There is the final problem of assuring peace in Europe—the removal of the sense of injustice under which the defeated Powers are smarting. The loudest demands are for a revision of the territorial settlement, but this is out of the question. It could

not be obtained by pacific means, and war would simply rivet new and perhaps more terrible evils on Europe. In any case, given the ideal of national self-determination which at present holds Europe in thrall, no redrawing of boundaries could eliminate the minority problem or make state territory coincide with state economic need. Whatever Europe wants, what it needs is a liberal application of internationalism, not another dose of the poison of nationalism. A reinforced League of Nations seems to be its only hope, a League able to secure observance of minority obligations and to promote real economic co-operation between Europe's impoverished peoples. Neither of these objectives is at present attainable because the League is without the necessary moral force, largely because it is losing ground before the rising tide of militarism. No more practical step could perhaps be taken to revive faith in the League than progress at the Disarmament Conference, and particularly so if it were accompanied by drastic reductions in reparations. Such steps would tend to cut the ground from under the feet of Hitler and other chauvinists, and bring new hope to the defeated peoples, not so much for its immediate material effects, but as an earnest of the future. But the removal of the injustices of the peace is at best a long process.

"The problem of disarmament is not the problem of disarmament", says a distinguished student of the subject. "It really is the problem of the organization of the World Community."[1] Progress in disarmament at the coming conference seems to depend primarily upon two factors, the contributions Great Britain and the United States, but particularly Great Britain, are prepared to make to the building of the world-community, and the willingness of France to forego a policy which threatens to bring the half-completed structure tumbling down about our ears.

1. de Madariaga: *Disarmament*, p. 56.

DALHOUSIE UNIVERSITY
HALIFAX, N. S.

DEPARTMENT OF POLITICAL SCIENCE

Feb 5/32

Principal Sir Arthur Currie,
McGill University
Montreal.

Dear Sir:

Knowing your interest in the subject of Disarmament I take the liberty of sending you the enclosed reprints. The One on the Naval Conference 1930 is a bit out of date but may be useful for filing purposes.

Very truly yours
R A MacKay.

February 10, 1932.

R. A. MacKay, Esq., LL.B.,
Department of Political Science,
Dalhousie University,
Halifax, N. S.

Dear Mr. MacKay,

Thank you very much for sending me your articles on Disarmament, which I shall read, I am,sure, with interest and profit.

With all good wishes,

Ever yours faithfully,

Principal

Extract from "World Wide" of March 5th, 1932

THE ECONOMIC CRISIS AND THE WAY OF ESCAPE

Sir Basil Blackett's Halley Stewart Lecture - Reported in The Christian World (London).

(Sir Basil Blackett -
Chairman - Imperial & International Communications Ltd.,
Director - Bank of England,
Director - Debeers Cons. Mines,
etc., etc.)

(In this lecture which was throughout a call to adventurous thinking, Sir Basil sees the economic crisis as one of plenty and not of scarcity.)

Modern civilization finds itself on the brink of chaos owing to the inability of human beings to manage the machine they have brought into being. It is not merely that we are failing to take advantage of the marvellous opportunities that science opens up to the twentieth century, but we are in immediate danger of finding ourselves the victims of a Frankenstein monster of our own creation. The invention of man has outstripped his code of morals, both in the national and international sphere.

The structure of the twentieth century cannot be built up on outworn foundations. If we are to survive, we must be prepared to think adventurously, and to challenge existing customs based on them. We must, moreover, distinguish between those which are of permanent value, and still retain their value, and those which have ceased to be valuable in modern circumstances.

At the same time we cannot hope to escape by ignoring the past. We are the heirs of a thousand-year-old civilization. We cannot preserve and hand on to our successors the marvellous inheritance of the achievements of the spirit of man in all the ages past if we think of our task as a break with the past. The bloody revolution and the policy of drift alike lead to a new dark age.

The war and its aftermath provide an obvious explanation for most of the world's present economic troubles but it is possible that we overestimate their importance as fundamental causes. The war itself was, in some senses, only a devastating explosion of forces which in the passage from the nineteenth century to the twentieth century had been inextricably generated by the conflict between man's rapid intellectual and scientific advance and his mental and spiritual growth. The war hastened the tempo of the change and has intensified its bitterness. But there are many elements in the present day economic conditions which would anyhow have led to maladjustment; for example, the progressive decline in the birth and death rate, and in the growth of population in those countries where western civilization seems advanced. Or again, the impact of Western civilization on Asia and on Africa, and the growing instability of capital due to applied science and new invention.

The philosophy of laissez faire in the nineteenth century assumed a rapid growth of population and a material progress in a wide area outside Europe for expansion and new development, and assumed something like approximate stability of values for such things as railways and coal mines and

generally for capital works involving long term outlay. Obsolescense of plant and labor on the scale to which we have begun to accustom ourselves in the last decade were not provided for in the Victorian industrial outlook. Who, for instance, foresaw the onslaught of the internal combustion engine and road transport upon the railway systems of the world? Who foresaw the sudden destruction of the earning power of large coal mining valleys in South Wales, or who foresaw the conversion of prosperous regions of the North-East coast into derelict areas almost over-night? With the possibility continually present of some new invention which will throw on the scrap-heap the whole of factory buildings and plant, all the accumulated experience and skill engaged in an industry, it is not want of enterprise alone but foresight and caution, that may be fully justified, which prevent capital from flowing freely into channels which on a short view promise to be prosperous.

Suppose, for example (I do not wish this to be taken as prophecy), the conveyance of electrical power by wireless were proved to be not only theoretically but commercially possible, what would be the effect on the capital which we, as a nation, wisely, as we thought, have sunk in nation-wide electricity schemes? What would happen to the industry making the power cables, or what would happen to copper-mining? When we let our minds dwell on this aspect of modern life we are tempted to endorse the well-known observation of a Bishop who said it would be a good thing for the world if science took a twenty year holiday from invention.

What are we to put in the place of laissez-faire? We look abroad and we see in Italy and in Russia two very different political systems actively engaged in attempting to rebuild their national life on new foundations. They are diametrically opposed in many important respects, but Fascism and Bolshevism are agreed on two points: they both pay scant respect to the claims of political and personal freedom, and they both insist on the need for conscious co-operative production and political planning in their economic activities. If we are abundantly right, as we believe we are, in believing on the contrary that freedom is a supreme human value without which life is worthless, have we any sound reason for denying their other assertion that conscious cooperative production and forward planning are essentials for the reconstruction of twentieth century life?

A year ago planning was a new and startling idea in this country. Today it has become a cliché and is correspondingly devoid of content for the mass of us. But I think it is still true to say that rooted as we are in the British tradition of personal and political freedom, the average man and woman among us instinctively distrusts the idea of conscious co-operative planning, and we tremble for our cherished privileges and liberties when it is suggested to us that we have something we can learn from Italy and from Russia.

What I wish to put before you is the view that conscious co-operative planning is not only a desirable means of progress, but an unavoidable necessity if we are to save the economic structure of modern civilization from disaster, and that the immediate task to which we should all bend our energies is consistent with freedom, and freedom with planning. The task of steering the wise course between tyrannous compulsion and anarchic individualism is not an easy one. The community does already intervene actively in the life of the individual in very many ways, whether as the State or as the Local Authority, or merely to assist groups to do collectively for the community what as individuals they could not do in isolation.

Perhaps the building up of a body of statutory law and of custom and a code of behavior for the motorist is as good an example as can be found of the manner in which we try to meet our difficulties. In the absence of the statutory control and of the road-users' code of behavior we should find ourselves hopelessly frustrated and far less free than we are when we motor along country roads or city streets. We have enhanced our freedom by co-operative action and have created rules which are in a true sense self-imposed, but the freedom which we seek is clearly something quite different from the right to do as we like. We are wisely extending the spirit of the mediaeval doctrine of monk demesne to spheres other than the use of land.

Clearly, we are far from the unregulated individualism of the nineteenth century. Never, perhaps, in the world's history has there been so large and widespread a fund of human goodwill among men and women all over the world anxious to serve their generation, and never have men and women felt more keenly the exasperating frustration which renders their own intentions and desires nugatory and unavailing. Our ideal is a nation, and a world of free men and women disciplined and with a social conscience, and if we are to go forward towards our ideal we must feel that we have a comprehensive map or plan consciously in mind to guide all our steps and willingly accepting the duty and obligation of framing and keeping rules of the road, compulsorily where compulsion is needed to protect ourselves against the road hog, but voluntarily in the sense that they are imposed and observed by our conscious volition and co-operative action.

This country has always been inclined to pride itself on muddling through. It has had a perfectly valid sense of the futility of grandiose paper plans which break down at the first attempt to put them into practice, and has had an obscure feeling that it is better to take the next practical step in one particular field without worrying very much about what is to be done next, and even without worrying about the parallel steps in other parts of the field which are necessary to make what it is doing really effective or even worth doing. There is, however, all the difference in the world between planning Utopia and consciously and deliberately thinking out a plan of national reconstruction in all its inter-relations with time and progress, designed to keep advances in each part of the field in step with the general advance along the whole line.

Moreover, what is practicable within the next decade, or half decade, must depend upon the feasibility of carrying practical men and women along with you, and on the successful application of the technique of persuasion to a somewhat stubborn mass of public opinion. Notwithstanding, there is great value in having a comprehensive vision of the whole field as we should like to see it, as it were a picture and long term objective for a period of ten years ahead, or fifteen years ahead, or twenty years ahead, against which we can measure what we have to produce. If we had a comprehensive view of the whole and a clear picture even if we never produce fully up to it, we would be in possession as we have never been before, of the precise value and priority of any particular measure of reform and to make sure that none were out of place or acting out of step with the comprehensive plan for which they were working.

First and foremost then in planning national reconstruction, I put the necessity for comprehensive insight and a firm grasp of the inter-relationships between various aspects of our political, economic and social life. The Cabinet Room at 10, Downing Street ought to have up in a prominent place a motto, "The Altogetherness of Everything". How many of our troubles are due to our insistence on thinking and acting piecemeal, and as a natural corollary which happens much more often than we know, debating and acting on two or more inconsistent policies simultaneously.

At the present moment tariffs, currency, reparations, inter-allied debts, foreign policy, imperial policy, disarmament, the rationalization of industry, town and country planning, unemployment, derelict areas, transport, electricity, and hosts of other things are inextricably inter-related. How far are they being considered in close connection with each other? A year ago we had the Macmillan Committee sitting with terms of reference which prevented them from considering alternatives to the gold standard. Today the Unemployment Committee is at work preparing a final report which, unless it exceeds its terms of reference, will have nothing to say about reparations or tariffs or the stabilization of the purchasing power of money. It is the common jibe against the expert that he knows more and more about less and less. But he must, in common fairness, be given the opportunity at least of pointing out that the cleaning up of his field will be useless and even harmful, and certainly wasteful, if thistles continue to flourish in fields all around him.

It is said that in proportion to their numbers there are more chess experts in lunatic asylums than any other class, next to them come currency experts. In view of what we have done with currency, and what currency has done with us in the last twenty years, we are all fit for the lunatic asylum. If more currency experts go mad it is the natural result of their coming face to face with the insanity of the monetary system with which man has provided himself ever since he left barter. Money was meant to be a yard-stick with which to measure value, but throughout the ages man has never been able to give a monetary yard-stick which would not at one time measure a hundred inches and at another one inch.

It is obviously not a fact that money remains stable in terms of commodities, but nearly everything we do in our every-day business life is based on the unconscious assumption that it does remain approximately stable. That is true of every insurance contract and every other money contract we enter into, every wage rate fixed over a period, every lease, every mortgage, every public issue of bonds or debentures or Government stock, and Trustee Acts in their endeavour to protect the widow and orphan, make it impossible for a trustee to take the fluctuations in the purchasing power of money into account and insist on investment in Government stocks, and similar securities, and when money values are unstable, as of late, are now the most unsatisfactory form of gambling you can invent.

In the forefront of the reforms which the planned twentieth century demands is a stable money whose purchasing power will remain constant. It is our failure to see this primary necessity of any rational monetary system that our present distress is primarily due. From the many discouraging signs of the times there is some comfort in the reflection that all over the world, and in particular in this country, there are growing evidences of a widespread determination to have done with the disparities of value fluctuations of prices, and to insist upon a monetary system which is worthy of the twentieth century.

There is still a strong tendency to stigmatize all talk of stable money as unorthodox and visionary and cranky. Do not let yourselves be blinded. Let the British people with their strong sense of the practical realize that stable money is an intensely practical proposition within their grasp today, if only they will believe in it and work for it, and insist on getting it, and making up their minds to insist and enforce all the measures necessary to secure and maintain it.

Before leaving the question of stable money, I want to deal with one aspect of it which causes real difficulty to many people. Stability of price

level does not mean that a particular price will never vary, and it does not mean that there will always be the same fixed value for a loaf of bread or for a pair of boots of given quality. The price we pay for a commodity or service is expressed in money, and money is really only the simplified means of expressing and facilitating the exchange of one commodity or service for another commodity or service. If I say that my wages are three pounds a week, and an umbrella cost ten shillings, what I mean to say is that my weekly wage would buy six umbrellas. I express in terms of money the value in exchange between my week's wages and umbrellas. The relative price will always vary. The price of wheat, for example, is likely to come down in terms of umbrellas or boots in a year of good harvest. Or, for example, the market value of a pair of boots is decreased by a new invention. Their price relative to other things will come down, and their price will also come down in relation to wages generally, including the wages of those who make boots, for with stable money there is a natural tendency for the remuneration for the surplus, including wages, to increase in relation to the price or cost of commodities. We are not talking about fixing particular prices but about the stabilization of the purchasing power of money for goods and services generally.

I have put stable money in the forefront of what is needed for successful national reconstruction and if I have done so it is because national planning ahead is so difficult as to be almost impossible without reasonable stability of price. It is equally true that success in securing stable money is hardly to be hoped for without much greater conscious direction and planning, planning in other parts of the economic, social and political life. In the financial sphere, for example, careful attention would be required to the subject of saving and of investment. In past years there has, in fact, been much more direction and control of the flow of capital into new development, especially into external development, than generally recognized, but such direction and control has been unsystematic, haphazard and largely unconscious. We need a new technique, both of saving and investment, and here I should like to say on the subject of saving that new capital can be created by saving and only by saving. Some of our troubles in recent years have been caused by a diminution of our national savings, the result partly of the redistribution of our national income during and after the war. In Russia a gigantic effort is being made to force savings by keeping down the standard of living to what seems to us to be at an intolerably low level in order to provide capital for their Five-Year Plan. We do not want anything of that kind here; but we do need all the capital, that is, the new savings that the nation can provide.

Conscious as we have been of the paradox of poverty in a world of plenty, we have been, as a nation, unwilling to believe, and, I think, rightly unwilling that drastic economy and a lowering of our standard of living can be the right way out of our difficulties, and unfortunately it has been quite true during the last few years that much of our sufferings have been of little value to the nation, and that the further cutting down of expenditure has too often simply meant additions to the number of the unemployed. But we must be careful not to draw the attractive conclusion that saving is a mistake. For the individual reasonable provision against contingencies and against old age is, in a nation of free men and women, self-disciplined by an active social consciousness, a primary duty to himself and an obligation which he owes to the community. The planned state will have need of all the new capital which his savings create, but unlike what has been happening by drifting the planned state will make effective use of the money.

The altogetherness of everything. . . . All along the line we have to advance simultaneously. We have to get to work and overhaul existing methods and practices, and rebuild a large number of our institutions in the economic sphere. Agricultural marketing, transport, housing, all need our attention, and they need attention in relation to each other. They cannot be dealt with piecemeal.

Questions of housing and of transport are very closely related to the improvement of agriculture and the improvement of the marketing of agricultural products. Then again all those have to be related to the social services, questions of health and education and all those with the problem of making real use of our leisure hours.

In the sphere of internal politics it has long been evident that tasks are being set for the Cabinet, for Parliament and for the voter, which the machinery of government, centrally and locally, built up in past ages and during the nineteenth century, does not enable them adequately to perform. Just like the individual, parliaments and cabinets, and indeed voters, find themselves frustrated by the same complexity of twentieth century life which frustrates us as individuals. . It may be that the line of advance will be a considerable devolution of powers from governments to self-governing organizations, such as industrial councils and new public utility corporations. All these questions require careful study and thinking out and a long examination. Nor can we stop short even with internal problems of the machinery of government. We have to keep in mind always imperial and world contacts and our planned Great Britain has to fit itself harmoniously into the whole of the twentieth century world.

The task before this generation is an immense and a formidable task. First of all we have to pull ourselves out of the slough of despond into which we have fallen, and then to build up anew the whole structure of our life in an environment which the marvellous achievements of twentieth century science are daily making ever more strange and more unfamiliar, to all but the youngest, and we have to do all this without sacrifice of the past, without break of continuity, with a full sense of our responsibility for the great inheritance of mankind's spiritual and material achievements in past ages. We may well feel humbly that more is being asked of us than we are able to perform. We may well feel also that our vision of the possibilities of the future is too dazzling for us.

For the first time in human history the mere problem of daily subsistence has ceased to be the primary pre-occupation of a large part of the inhabitants of the earth. There is no reason, except human weakness, why in a short time any human being should feel serious anxiety at any period of his life about the provision of food and clothing and house room for himself and those who are dependent upon him. Science offers to us, and to the generation immediately ahead of us, a standard of living and of material comfort immensely higher than anything that has been known to any of those who have gone before us. Shall we not bend all our energies to the work of making straight the path by which we and they should enter into our inheritance and to fitting ourselves, if we can, and at all costs helping our successors to become more worthy in body and in mind, and in spirit, of the immeasurable opportunities which are offered to humanity of a higher and a nobler life?

McTAGUE, CLARK, SPRINGSTEEN, RACINE & SPENCER

C. P. McTAGUE
J. H. CLARK
A. RACINE
S. L. SPRINGSTEEN
H. M. McTAGUE
N. L. SPENCER
L. R. McDONALD
A. H. STEVENSON
PAUL MARTIN
LEON LALANDE

SECURITY BUILDING
WINDSOR, ONTARIO

BARRISTERS
SOLICITORS

March 23rd, 1932.

Sir Arthur Currie,
President, McGill University,
MONTREAL.

Dear Sir Arthur Currie:-

I thought you would be interested in seeing a report of the speech made in Windsor last week by the Honourable Vincent Massey when addressing the Border Cities Branch of the League of Nations Society.

Yours sincerely,

Paul Martin

PM:EP
Encl.

April 6, 1932.

Paul Martin, Esq.,
McTague, Clark, Springsteen, Racine and Spencer,
Security Building,
Windsor, Ont.

Dear Mr. Martin,

Let me thank you very much for the report of the speech made in Windsor by the Honourable Vincent Massey when addressing the Border Cities Branch of the League of Nations Society.

Yours faithfully,

Principal.

But whether this will be so or not, and whatever the settlement will be, the League has now reserved its moral judgment until the inevitable treaties can be scrutinized in the light of those conventions which already bear on the issues of the Far East.

After all, it is well to remember that this issue in the East, grave though it is, represents only one episode in a procession of many. Let us try to see things in a proper perspective. Suppose the League disappoints us in this present instance. If it keeps its sacred principles uncompromised we need have no fear. The only danger is that through a tendency to mere manoeuvre or too great an effort to please those principles may not be honestly upheld. That would be the great betrayal. Defeat itself would be, by way of comparison, nothing; it would only serve to show that the old nationalism of the 19th century in certain quarters of the world at least, is still too strong for the 20th century ideas which the League represents; that we have a longer road to travel than we had thought. But I agree with General Smuts when he said, some two years ago in speaking of its establishment:

> "By the side of that great decision and the enormous step in advance which it means, any small lapses on the part of the League, are trifling indeed. The great choice is made, the great renunciation is over, and mankind has, as it were at one bound and in the short space of 10 years, jumped from the old order to the new, across a gulf which may yet prove to be the greatest break or divide in human history."

And we may agree too with Lord Grey when he said, only three months ago that, judged by the amount of progress which it has made in the last few years "the institution of the League of Nations and the work it has already done are perhaps the greatest landmark of progress in the history of the world."

The League represents the greatest effort in human history to replace in international life the law of the jungle with decency and order. Let us not lose faith in the League. Let us hope with an unbroken confidence that those ideals will remain unsullied and inviolate, those principles, like truth itself, will ultimately prevail.

The bayonet is not a good answer to the boycott.
—Sir Austen Chamberlain.

THE CANADIAN POSITION ON DISARMAMENT*

By Rt. Hon. Sir George H. Perley,
Leader of the *Canadian Delegation* to the *First World Disarmament Conference.*

THE Dominion of Canada, which has a deep and abiding interest in the reduction and limitation of armaments as a method of ensuring world peace, is united in urging with all power at her command, that something practical and concrete should be done toward this end at the present conference. Her delegation will be proud to carry out its instructions to give any assistance within its power in the achievement of this much to be desired result.

Canada is conscious of the fact that the solution of the problems before the conference is of direct and vital importance to her, as indeed it must be to every state, no matter what its position may be. There is no country which can escape the result of what this conefrence may do, or refuse to do at this time. On every country represented here, there is a solemn obligation taken to do what lies within its power to make that result one of benefit to humanity. Nowhere is this obligation taken more seriously, either by the government or by the people, than in the country which I and my colleagues have the honour to represent. In no country is the interest in this conference, or anxiety for its success, greater than in the Dominion of Canada. The presence here in our delegation of two ministers of the crown and the president of the National Council of Women of Canada is an indication of the importance that our government attaches to it. The Canadian petitions that have been laid before you are a witness to the intense interest of our people in your deliberations; and this morning I have a cable from Ottawa telling me that further signatures have now come in to those petitions, so that they now number over half a million out of a population of ten million. Those petitions are no meaningless lists of names, but the living expression of the public opinion of our Dominion on this question of disarmament. A half million of our citizens, no small proportion of our population, representing every class and every section, have made this declaration for peace through reduction of arms. In the

*This is the complete statement which Sir George Perley delivered on behalf of Canada before the World Disarmament Conference on February 13, 1932.

dark days of 1914-1918, the Canadian people put all their energy into war; they are happy now to be able to devote that energy to peace. We take this disarmament conference very seriously, because its success will provide an alternative to war and we have been forced to take war seriously.

His Majesty's Government in Canada is convinced that the time has now come for a general limitation and reduction of armaments, and we believe that for this purpose the draft convention now before the conference, though it includes details which require further examination, provides a suitable basis for discussion and consideration.

We appreciate, of course, the relation between armaments and national security, but our experience has taught us that reduction of armaments can itself be a source of security. The two are, indeed, inter-related and inter-dependent. Certainly, every page of history proves that no permanent security can be found in armaments alone, for every effort made to achieve that form of security means insecurity for some one else. Your security becomes your neighbour's insecurity, and he, inspired by considerations of fear and self-defence, builds up his own armaments. The vicious circle has begun, to which there is no end until sword cuts through.

Our own country is, we have the right to say, relatively without armaments. We are more than ten millions of people, and the fifth trading nation in the world, but our armaments, as the figures which we have published show, are calculated only for the preservation of internal order and for the performance of the obligations imposed on us by international law. In no conceivable sense could they be considered as a menace to any State. Nevertheless, we feel secure.

We admit that this security is in some measure the result of a happy combination of geographical, historical and political circumstances. Canada is one of the self-governing countries which compose the British Commonwealth of Nations. On the east and west, we face the ocean; on the north, the arctic seas. On the south, we have as our neighbour a great and friendly nation, with whom we have developed machinery for arbitration and conciliation, the successful functioning of which is causing the

peaceful settlement of disputes between us (and we have many of them) to become a habit rather than an event. Our experience in this regard has brought us the conviction that the best insurance against war is the friendship and good-will of your neighbours. We do not deny that in respect to our situation, then, we are one of the most favoured of countries. Yet we make bold to declare that armies on our frontiers or warships on our inland seas might prejudice the beneficent effect of that fortunate situation.

In respect to the organization of peace, the importance of which we appreciate, we recognize the value of the many agreements that have been made during the last twelve years, and we are convinced that those agreements should already have resulted in a marked reduction of armaments rather than in the disturbing increases which, in many cases, the published figures show. We think further that this organization of peace can best be achieved at this time by emphasizing the prevention of conflict, rather than the punishment of aggression; by building up machinery for conciliation, rather than providing for sanctions; by using the League of Nations as a channel through which international public opinion can express itself, rather than by developing it into a super-State. In adopting this view, which we genuinely consider to be a constructive one, we are convinced that we are serving, not merely our own interests, but the true interests of all nations as well.

It has at times been suggested that our own fortunate situation and our isolation in the New World have made us indifferent to the problems of the Old. We frankly admit our reluctance to become involved in political problems over which we have no control and whose solution we cannot affect, but we are not indifferent to those problems. Bitter experience has taught us that under present conditions we live in a world of interdependent States, and fifty thousand Canadians who will forever sleep in European soil are silent witnesses to this fact.

May I repeat, in conclusion, that His Majesty's Government in Canada will whole-heartedly support any and every constructive proposals for the limitation and reduction of armaments which may be laid before this conference. We believe that action

towards this end should be taken, and taken now. Further delay would be fatal.

The generation that remembers so well the horror, the futility, the brutality of war is passing away. This, ladies and gentlemen, may be the last great opportunity given us to act, before responsibility passes to those for whom the sound of the trumpet may seem to be a call to adventure rather than a summons to death.

If we seize this opportunity, we may possibly exaggerate our success. But, if we let it pass, we will never be able to exaggerate the tragedy of our failure.

If there should be official declaration of war between China and Japan, and if the struggle were to continue for any length of time, Canada would feel the benefit in that the Dominion would be called upon to export to the belligerents food, war materials and lumber. This was the view expressed yesterday afternoon by Sir John Aird, president of the Canadian Bank of Commerce, to a representative of The Gazette to whom he accorded an interview in the Windsor Hotel.

—Montreal Gazette of Feb. 18, 1932.

How many people realize that fortunes are being made in Europe out of arming China and Japan? The German press is supplying some interesting details. The names of the ships with their dates of sail are given; they show that large freights of explosives, bombs, machine guns, airplane parts, and revolvers have left the harbours of the Elbe bound for Japan during February. The Skoda factories in Czechoslovakia sent 700 boxes of munitions, via Hamburg, to Japan and on the following day a Norwegian steamer, Zoward, took 4,000 boxes of explosives from Germany on its way to Japan. And so on from day to day. The German chemical industry has sent huge quantities of acid to Japan for making explosives and in one case 2,600 crates of chemicals were declared as "pianos." The Skoda works which are controlled by the Schneider Creusot firm in France, have already done well out of this war. Already 18,000 bombs and 2,300 gas bombs have been shipped to Japan. The Japanese Military Commission was in Czechoslovakia in February and this visit is probably not unconnected with the big contract for bombs to be shipped via Trieste on which the Skoda works were busy shortly afterwards. In France the Schneider works at Creusot have received a contract for 20 heavy tanks and the French automobile factory at Dijon is making 4,000 heavy airplane bombs for Japan. In Poland the Japanese have given contracts to firms in Upper Eastern Silesia amounting to more than $3,000.000. From the United States according to a declaration made in the House of Representatives, munitions worth 180,000,000 dollars have been shipped to Japan. One is not surprised that there are forces in the press and elsewhere directly working to prevent agreement about disarmament at Geneva.

—New Statesman and Nation, March 28, 1932.

The I. L. O.—A WORLD RESPONSE TO AN IDEAL

By D. A. STEVENSON,
Canadian Representative in the Intelligence Division of the *International Labour Office*, Geneva.

Mr. Stevenson, who as announced in the last issue, has undertaken to do for the International Labour Office what Miss Mary McGeachy is doing for the League of Nations itself—that is, write for each issue an account of work at Geneva during the previous quarter outlined the purpose of this his first contribution in these words: "For my first article I suggest sending a general account of the history and aims of the International Labour Office . . . . . I found during a two months' trip through Canada this (last) summer up as far as the Yukon that the persons who had any idea at all of the International Labour Office were very few and far between... Fortunately I had with me some pamphlets issued by the Office on its work and these I gave away (never without being requested) to all kinds of people, from engine drivers to editors")

THE International Labour Organization (the social branch of the League of Nations, as the Secretariat is the political and the Hague Court the legal) was formed with its own separate constitution, though under the *aegis* of the League of Nations, by world labour's "Magna Carta," Part XIII of the Treaty of Versailles, which proclaims that "peace can be established only on social justice."

The International Labour Organization has no political aspect, but is devoted entirely to the scientific study of industrial and social problems, and especially to the effort of securing improved labour conditions particularly in backward countries or in those trades and occupations in which workers are exposed to special dangers of accident or disease.

The Organization is composed of three parts: the annual International Labour Conference (the legislative body)[1]; the Gov-

1. The Canadian delegation to the forthcoming Sixteenth Session of the International Conference, opening in Geneva on April 12th, includes the following:—
Government Delegates—Hon. G. D. Robertson, Ottawa, Ontario;
Dr. W. A. Riddell, Canadian Advisory Officer, League of Nations, Geneva
Technical Advisers to Government—Hon. C. J. Arcand, Minister of Labour of Quebec, Quebec, P.Q.
Mr. Robert H. McGowan of Cobalt;
Mr. Pierre Beaule, Quebec, P.Q.
Mr. E. H. Cook, of Winnipeg.
Employers' Delegate—Mr. Melville P. White, Canadian General Electric Co., Toronto, Ontario.
Workers' Delegate—Mr. Tom Moore, President of the Trades and Labor Congress of Canada, Ottawa, Ontario.
Technical Adviser to Workers' Delegate—Mr. Percy R. Bengough, Vice-Pres. Trades and Labor Congress of Canada, Vancouver, B.C.

DOCKET STARTS:

OLIVER, D. W.

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Bank of Montreal.

DRUMMOND & ST. CATHERINE STS. BRANCH

1205 ST. CATHERINE STREET WEST

Montreal, Que.

Thirteenth
April,
1932.

Dear Mr. Beatty:-

I enclose copy of a letter to our friend, Colonel Hamilton Gault. My reason for sending it to him is, that I do think that some outstanding man with a great deal of influence should try and step into the picture at the present time, in an endeavour to get this World of ours started on its feet again.

If after you have read what I am sending you, you think our mutual friend, Sir Arthur Currie would care to see it, I should be indebted if you would send it on to him.

This matter of War Debts and Reparatinns I have studied for the past eighteen months, because I feel that, unless something is done as soon as possible, and certainly before the Imperial Economic Conference takes place, we are in for a much worse time than we have gone through (if possible) during the past three and a half years.

With kindest thoughts.

Yours sincerely,

D.W. Oliver.

E.W. Beatty, Esq., K.C.,
c/o Canadian Pacific Railway Co.,
Montreal.

O/B

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DRUMMOND AND ST. CATHERINE STS. BRANCH
1205 ST. CATHERINE ST. WEST
MONTREAL. QUE.

April, 1932

My dear Hamilton:-

For over a year, I have felt as you know, that the World's Crisis and Business Depression is caused to a large extent, by nothing definite having been arranged once and for all, to cancel or postpone all or part of the War Debts and Reparations.

It is unfortunate that there happens to be Elections this year, in France and the United States, but it is consoling to know that Hindenburg has been re-elected in Germany, and that your National Government is doing so splendidly.

I have given a lot of thought and study to this important situation and have collected a number of prominent men's views, which corroborate in a way, with my own feelings.

Last June, my late friend, Mr. Paul M. Warburg, Chairman of the Board, The Manhattan Company, New York and a number of prominent Bankers and American business men, tried to induce Mr. Hoover and his colleagues to put through a three or five year Moratorium, but the best that could be done was, as you know, one for one year only, which expires next July, which is unfortunate, because it may interfere indirectly with the Imperial Economic Conference in Ottawa, and it is to be hoped that something will be done to cancel or postpone the War Debts and Reparations, before the Moratorium expires.

There has been a great deal as you know, written on this subject, but out of all the many views, the outstanding ones appear to me to have been written by: H. Carl Goldenberg, M.A., C.E. Mitchell, Chairman, National City Bank, New York; Sir John Power, Lord Beaverbrook, an Editorial taken from the Montreal "Gazette", Mr. Kent's Address before Congress, and the Right Honourable David Lloyd George's views taken from his book just issued, and Address by Honourable Ogden L. Mills, Under Secretary of the Treasury at the Annual Meeting of the American Acceptance Council, January 25, 1932.

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DRUMMOND AND ST. CATHERINE STS. BRANCH
1205 ST. CATHERINE ST. WEST
MONTREAL, QUE.

Colonel A. Hamilton Gault,
D.S.O., M.P.

April, 1932

I attach extracts of some of these gentlemen's remarks.

Would you kindly let Lords Hailsham and Beaverbrook read this correspondence.

With kindest thoughts and best wishes.

Yours ever sincerely,

D.W. Oliver

Colonel A. Hamilton Gault, D.S.O., M.P.,
Hatchet Court,
Taunton, England.

- EXTRACTS FROM -

REPARATIONS and the WORLD CRISIS.

by

H.Carl Goldenberg,M.A.

.....

The collapse of the various Reparations Plans on three occasions within a period of twelve years, with disastrous consequences to Germany and her creditors,is a sufficient indication of their unsoundness in the present state of German and world economy. Germany's capacity to pay, as was agreed by the experts of the Dawes and Young Committees, is dependent on a surplus in her foreign trade and commercial services rendered abroad, sufficient, after providing the needs of private industry, to provide also the foreign exchange required for reparations. But in no year, since 1924, has Germany's balance of payments been sufficiently favourable to make economically possible out of her own resources the large unilateral payments required for reparations. The heavy cost of the war and the post-war inflation destroyed a large proportion of the capital of Germany. The Treaty of Versailles deprived her of her colonies, the sources of her raw materials, and created the Polish Corridor, separating Germany from the rich agricultural lands of East Prussia. There has necessarily followed an increased importation of food-stuffs and raw materials. To offset these increased imports and to effect the excess of exports essential to create the economic surplus which would facilitate the payment of reparations, Germany must be in a position to export increased quantities of her merchandise. But her creditors have erected lofty tariff walls and refuse to accept these exports.

The tariff policies of the nations of the world constitute one of the greatest barriers to economic revival and are rendering impossible not only the payment of war debts and reparations, but of ordinary debts. The United States, the world's principal creditor, has raised a tariff wall which has compelled the nations of Europe to pay their debts in gold. Similarly, France has accumulated a huge gold supply. The relative

scarcity of gold in the rest of the world has caused a decline in the volume of international trade and the tremendous fall in prices. A lowering of tariffs and a realization of the fact that, to export, a nation must also import, would greatly facilitate a saner redistribution of the world's gold supply and a revival of international trade.

Despite the official refusal of the United States to recognize the inter-relationship of reparations and inter-Allied war debts, the Allies have been meeting their war debt payments out of reparations receipts from Germany. The fact that President Hoover's moratorium extended to both reparations and war debts indicates their close relationship. By the Balfour Note of 1922, Great Britain voluntarily reduced the reparation payments from Germany and the debt repayments from her allies to the amount annually required to meet her payments to the United States. If the United States were to cancel war debts the way would be paved for a cancellation of reparation payments. But so long as these debts exist and payment is necessary, and so long as the creditor-nations maintain tariff barriers compelling payment in gold instead of goods, the economic situation of the world will remain disturbed, and it will be hipocrisy to expect Europe generally and Germany, in particular, to meet their obligations. Creditors as well as debtors are bound to suffer. The Wiggin Committee, which investigated Germany's credit requirements after the Hoover moratorium, concluded that "Germany has provided a forcible illustration of the fact that the world has been endeavouring to pursue contradictory policies in developing a situation where annual payments of large sums have to be made by debtor to creditor countries, while at the same time putting obstacles in the way of the movement of goods with which to make such payments. Financial remedies are powerless to restore economic prosperity unless there is a radical change in this policy.

Tariff barriers, the difficulties in the way of exports and the loss of national capital have compelled Germany to borrow enormous sums in order to preserve her national economy and to meet her international obligations. It is only these foreign loans that have hitherto allowed the reparations system to function at all. Germany borrowed from the United States in order to pay reparations to her European creditors. These, in turn, repaid their war debts to the United States out of the receipts from Germany. A vicious circle was thereby set in motion, seriously disturbing international finance. "The vast unilateral payments which are the result of reparations inevitably have a distructive effect upon the money markets," writes Dr.Hjalmar Schacht, former President of the German Reichsbank .... "Germany's great international tribute payments and her recurring foreign loans upset the movement of gold and exchange. It is impossible to prevent the balance of the gold stream flowing towards the two great centers, which are in the last analysis the beneficiaries of these international payments, Paris and New York . . . Whenever the flow of foreign loans to Germany ceases, and until Germany is able to match her international payments by an adequate export surplus, reparation payments will have to stop." And they did, on July 1, 1931. Until the Hoover moratorium, Germany is estimated to have paid in reparations the equivalent of principal and interest at five per cent. on a capital sum of $ 3,400,000,000.

The withdrawal of about $ 700,000,000. of capital from Germany in the first six months of 1931, the necessity of meeting interest payments on foreign loans and to provide for reparation payments precipitated the financial crisis which brought about the Hoover moratorium, the crisis in England and the formation of the National Government, and the abandonment of the gold standard by most countries. Few facts better illustrate the economic interdependence of the nations and the impossibility of isolation.

The effect of the Hoover moratorium, postponing reparation payments to July 1, 1932, was but temporary. The "flight of capital" prevented Germany from meeting not only her political obligations but also her short-term credits, amounting to about $ 3,000,000,000., and

advanced in large part to save her in the moment of crisis, principally by the United States, Great Britain, Switzerland and Holland. France has extended very little private credit to Germany. A large portion of these credits was due on September 1, 1931, but the creditor-nations arranged a "stand still" agreement whereby the credits could remain at the disposal of Germany for a further six months, that is, until February 29, 1932.

The continued economic depression, weighing particularly heavy on Germany, now makes it clear that she will be unable to meet not only her political debts, but also the larger part of the short-term credits falling due in February next. This largely accounts for the recent weakness in the Pound Sterling. Approximately one-fourth of Germany's short-term credits are owing in London. The fact that so large a part of London's ready assets were "frozen" in Germany brought about the English financial crisis to a head in September, 1931. The realization that the major portion will continue to be "frozen" after next March is causing the present state of unsettlement in London and other financial centres. In view of the crisis, Germany, in accordance with the provisions of the Young Plan, applied for a committee to investigate her capacity to pay, which advisory committee is now in session in Basle. It is confronted with serious difficulties.

The London "Economist" recently stated that - "A complete breakdown of Germany's credit would not only be a grave embarrassment to the world's banking system, but would be such a disastrous shock to Germany's economic life that all questions of her external obligations would become academic." In other words, the short-term commercial credits are the indispensable working capital of the German manufacturer and trader. They make possible the production of the goods, which, when marketed, help to create the economic surplus, the favourable balance, out of which Germany's international obligations can be met. A default to meet these short-term credits when due would create fear in the minds of investors to extend any further loans. There would follow a restriction of credit, a weakening of Germany's industry and an inability to meet foreign payments.

There is, thus, actually no question of priority: the ability to pay reparations, political debts, is dependent on the payment of commercial debts.

France, in consequence, will have to recede from her position. The recent decrees of Chancellor Bruening indicate Germany's sincere efforts to balance her budget and to meet her obligations.

.....

EXTRACT ON PRESENT FINANCIAL CONDITIONS

BY
Mr. C.E. Mitchell, Chairman, Nat'l City Bank, New York
June, 1932

Besides the need for expedition in dealing with the credit situation, other problems likewise call for enlightened action if confidence is to be fully resoted, The settlement of the railroad question is of paramount importance to the American people whose savings, individually and through banks, insurance companies, and other institutions, are so largely invested in the securities of the railroad companies. Also it is vitally necessary that public finance, both of the Federal Government and of the governmental subdivisions, be conducted on a sound basisk both as to budgets and as to financing requirements in the manner least disturbing to the money markets and to industry. And finally, there is need in this country for the development of a spirit of cooperation in the approach to perplexing international problems of debts and tariffs. It is a truism that no nation can isolate itself economically in these modern times, or prosper in a world in chaos. It would be unjust and unreasonable to expect the American people to take upon themselves solely the burden of international adjustments, but it may be urged that it is in their interest to come to a consideration of international questions with a willingness to share with others, where sacrifices are necessary, in order to speed the revival in which this country, as well as the world at large, is so vitally concerned.

EXTRACT FROM LETTER -RT. HON. LORD BEAVERBROOK, Feb.4/32

ON GENERAL CONDITIONS AND WAR DEBTS

"I have read the enclosures and I am bound to say that I admire the lucid way in which you have set out the facts.

"So far as war debts are concerned, there is nothing people in this country would like better than to pay the money to the United States in full. But it cannot be done without bankruptcy. That is the position.

"At the moment, too, we are much more concerned with laying the foundations of the new economic Empire than with debt settlements. Of course, that does not mean that we shall not have to think about the debts in the future."

SIGNED "Max"

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"THE WORLD CRISIS"

by Sir John Power -

The fact that the times are out of joint has been forced upon the attention of every individual whatsoever his situation in life, but the cause has remained somewhat obscure and the remedies suggested have conflicted in an extraordinary degree.

Before the War the U. S. A. was a debtor country, and, like all debtor countries, was mainly an exporter of raw material. She protected herself and her internal markets by a system of tariffs, thus preserving a high standard of living and giving security to her own manufacturers.

The change from a debtor to a creditor country was effected so rapidly that the ability to deal with this changed condition was conspicuously absent and the troubles of Europe are largely due to this undisputed fact.

....

Owing to the War, the United States found herself in a position to receive large sums of money annually from her former Allies, but she did not change her policy in accordance with the demands of the new situation thus created.

For generations the theory has been promulgated that the only possible way of receiving payment for exported merchandise and services is by imported merchandise and services. The United States has exposed the fallacy underlying this universally accepted doctrine. She has continued a financial policy which has compelled her creditors to pay her in gold.

Europe could only fulfill the demands of the United States for gold so long as Europe could borrow money or obtain credits from the U. S. A. That country continued her policy of high tariffs which practically made it impossible for her creditors to pay in goods.

As soon as prices in the U. S. A. rose sufficiently to enable European exporters to get their goods over the tariff wall, the American tariff was raised to penal heights and, once again, Europe was forced to supply gold in payment of its debts.

So long as Europe was able to offer security for loans, the U. S. A. was able to carry out its financial policy, but this period came to an end in 1928 when the security offered by the U. S. A. debtors in Germany and other Countries became exhausted and suspects in the eyes of Americans! They, thereupon drew in their horns, curtailed their credits, and placed Europe in a hopeless and impossible position.

We then had the extraordinary spectacle of a great creditor nation making it impossible by its tariff policy for its debtors to pay their debts and thereby bringing about a world situation in which catastrophe and calamity were the inevitable end, not only to the unfortunate debtor nations in Europe, but also to the United States.

The scarcity of free gold consequently lowered the price of all kinds of commodities since, in order to obtain the previous metal, more and more goods had to be offered for it until prices were forced to a level in which producers could no longer obtain a livelihood. In every direction cotton, wheat, rubber, metals, etc. have been sold at a loss in the scramble to get gold to satisfy American demands.

A continuation by the U. S. A. of their financial policy means forcing the European nations off the gold standard and a consequent further dislocation of international trade.

The full consequence of such a state of affairs would be almost impossible to foretell, but one of its effects would be to depreciate to an extraordinary extent the value of the gold already buried in the cellars of the U. S. A. which would then find itself in possession of something like half the world's gold supply and little demand for it.

The effect of such a state of affairs upon the value of the U. S. A. gold, it has been calculated, would depreciate it to the extent of 30 or 40 per cent. The value, even of gold, is dependent upon its use for monetary purposes, its demand for trade purposes being comparatively small.

The gold of the world is, as things are at present, making a rapid journey from holes in the ground in South Africa and Australia and elsewhere to holes in the ground constituted by the Bank cellars in the U. S. A. and its withdrawl from circulation has resulted in unemployment in every country in the world.

The U. S. A. as evidenced by Hoover's action is beginning to see the folly of bankrupting its debtors. But much more will be required to be done to restore the world's equilibrium and it is to be hoped that the financial disaster which the U. S. A. has suffered in common with the rest of the world will enable it to discover high moral reasons for altering its policy both as regards tariffs and war debts.

The whole subject, however, is complicated by the state of political uncertainty in Europe and the movement toward the Left.

Socialism always rears its head in times of trouble and its strength is the measure of the country's misfortune. Class warfare or any kind of warfare never produces prosperity.

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EXTRACT FROM AN EDITORIAL - MONTREAL "GAZETTE"

28th December, 1930

"Second, adjustment of all inter-governmental debts (reparations and other War Debts) to the existing troubled situation of the World - and this adjustment should take place without delay if new disasters are to be avoided - is the only lasting step capable of re-establishing confidence, which is the very condition of economic stability and real peace.

"It is generally agreed in Europe that these suggestions must be found acceptable to the United States and France, the United States especially, if any good is to come out of the January conference. The French newspapers are inclined to place the whole responsibility upon the United States, and they reveal no new appreciation of their own Government's policy respecting reparations and debts. They are correct, however, in saying that the attitude of the United States will be decisive. This proposition admits of no question and the outlook is not brightened by an American position as defined by Congress in the terms of the bill recently passed to validate the one-year debt holiday."

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ARTICLE FROM THE MONTREAL "GAZETTE"

2nd January 1932

"The following figures throw light upon the situation as it now stands, and illustrate the complexity of the problem which debtor and creditor nations at this hour confront. During the past five years Germany has received in short and long term loans from abroad five billion dollars value. The United States has invested about three and a half billions of this sum and Great Britain about a billion and a half. During the same period Germany has dispersed reparation annuities amounting to three billion dollars. Reckoning by three months' returns of Reichsbank sales of foreign bills this year, Germany's capacity to repay credits stands at $ 673,000,000. The indemnities bill, as already stated, stands at $ 425,000,000. annually. Add these two items of War Debts and Credits obligations together and they leave a total deficit of $100,000,000. upon the foreign exchange account. It has been estimated that if Germany went into the receiver's hands and mortgaged all her basis properties, railroads, mines, etc., the evaluation would not exceed $ 4,000,000,000. and this would be the utmost limit to what her creditors would expect to get. But America and Great Britain have already invested five billion dollars to keep reparation payments in countenance and on the score of these foreign loans Germany had utilized four billion dollars value of these loans to thoroughly organize her factories, railroads and home industries, prepared to make an onthrust of cheap goods upon the Allied markets or markets in which Allied Creditors have a big stake. American exports during the past year, for example, have dropped 22 per cent. There is not a country, in which reparations have any hold or connection, but what has suffered from this repercussive trade declension."

"If Germany to-day is unable, as the Berlin authorities contend, to meet her short-term credits, how and by what means is it possible for her to pay arrears upon the Moratorium agreement? And what can be the advantage of altering the reparations account into a long term discharge which can only perpetuate and increase the disorganizing impact of the reparations schedule upon creditor nations, and intensify the jagged edge of international political relations?"

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EXTRACTS FROM A LETTER- 6TH JAN.1932

TO: MR. E.C. MINER, ROCHESTER,N.Y.,

FROM: MR. D.W. OLIVER, MONTREAL,QUE.

"The Reparation Debts will sooner or later have to be wiped out, but it is not pleasant for the United States to have the World dictating to them as they are at the present time. My personal feelings (for what they are worth), are that all loans, which, I understand, amount to approximately $4/5,000,000,000. arranged by Financial Institutions in the United States for the various countries, should be paid off over a reasonable period, with interest, and the Reparation Debts all cancelled, without delay.

"The following is a resume of the situation since 1917, compiled by a friend of mine and myself:

"1917 -Loan of $4,000,000,000. to the Allied Nations by the United States of America; said Loan guaranteed by Great Britain. This amount does not take into consideration huge sums given as presents during the War and after, both in money and goods.

"Close of the War, 1918. Reparations demanded of Germany to be paid and spread over a term of years.

"Value of the Mark so depreciated that it cannot be sold and Germany refuses to pay any more reparations.

"France replies by invading the Rhur Basin.

"Germany appeals for assistance and the Dawes Plan is perfected, the Mark thrown overboard, being replaced by the Reichsmark as legal tender.

"Germany's industries are again opened by being assisted by outside Capital. Germany reserving the right that not more than 49 per cent of the stock was to be owned outside Germany.

"Germany floats a loan of $5,000,000,000. in the United States and Great Britain from financial Institutions there.

"France leaves the Rhur.

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E.G. Miner, Esq. 6th Jan., 1932

"Germany splits the Loan, 33 per cent being used for reparation payments, the balance being used in the construction of gymnasiums and athletic fields to keep up the younger generation's spirits ,municipal buildings and model apartment-houses, and a small portion being devoted to the assistance of industries. All immovable.

"France may not invade Germany because of the large amount of United States, British and Foreign Capital invested, which would be in danger of destruction, who would, naturally, be compelled to protect such vast interests.

"Reparations have been chiefly paid out of the Loan, also the interest on the bond issue is not from same source.

"Propaganda for the cancellation of all War Debts starts (and still continues in a forcible way).

"Peak of inflation reached and crash with the incidental panic follows stocks and bonds of all kinds and description tumble. Fall of 1929, owing chiefly to short or long term credits stopped by the United States and Great Britain.

"Tariff revision by the United States brings a protest from all countries, but is unheeded. Trade is, therefore, further disorganized.

"Depression deepens and continues into 1930 and includes all kinds of human endeavour. Public lives in hopes that 1931 will see a return to normalcy, (and are still hoping at start of 1932).

"Disarmament conference a failure because Italy and France finds reasons for mutual distrust and recently America has voted $700,000,000. for new additions to her Navy (January 1932).

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E.G. Miner, Esq.

6th Jan., 1932

"Fall of 1930 and Winter of 1931 finds Russia entering the field; the sales of Wheat and other commodities at below cost price unsettling the market and by increasing the unemployment spreads the fear of Bolshevism everywhere.

"Transportation system begins to break down, increasing the unemployment; stocks fall as dividends are cut. Many of the larger Corporations cut salaries which curtails the purchasing power of the masses. France now feels the depression;a great number are out of work.

"President Hoover declares for a Moratorium in June, 1931, to assist the World back to normalcy. For a time, business stimulated, the Bank of International Settlements established and a committee of experts employed to determine what Germany can pay.

"December, 1930, Imperial Conference breaks down, Premier Bennett demanding that Great Britain give a preferential tariff to all the Dominions in exchange for the preference she enjoyed.

"Great Britain goes off the Gold Standard and France loses 2,000,000,000 Francs - roughly $100,000,000. The Government of France voted the Bank of France, the amount to reimburse her and make up the loss.

SIGNED - D.W. Oliver

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EXTRACT FROM A LETTER TO DR. M.J. HOWARD

FROM - MR. D.W. OLIVER

12th January, 1932

"Up to the time that the United States came into the War, Great Britain had paid every cent that she owed to the United States, and all other debts have accumulated since. Furthermore, the English had to supply every rifle, cannon, shells and amunition to the American Army; of course she was paid for these, but it was a tremendous strain for the time being, on her resources.

"It might be well to repeat the figures as at January, 1920 given by Mr. Kent in his Address before Congress:-

Treasury Advances	$2,380,891,000.
Funds made available to European Governments by the purchase of their currencies to cover expenditures in Europe	736,481,000.
Sale of Supplies on credit	685,000,000.
Relief (approximate)	100,000,000.
Accrual of unpaid interest to January 1st, 1920	324,211,000.
Total -	$ 4,226,583,000.
Advances arranged during 1920:	
United States Grain Corporation	60,375,000.
United States War Department supplies on credit	50,000,000.
United States Shipping Board	3,580,000.
Advances through distribution of securities by American banks	500,000,000.
American Red Cross	60,000,000.
Total -	$ 4,900,538,000.

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The following is an up-to-date American view of the situation as given by a great American Banker in Cleveland; it shows exactly how a well informed man feels:

"The obligations of Germany are, of course, partly in the form of public debts and partly in the form of private debts. Reparations payments and the like come under the first classification - bonds and reimbursement credits held by private investors and banks in other countries come under the second. In both classifications are included large short-term loans upon which payment of both interest and principal are due in the comparatively near future.

"Most commentators seem agreed that it will be impossible for Germany to meet all of these obligations. Some modification, apparently will have to be made, either in the form of postponement or revision, with respect to one or the other. But just what form would any such modification take?

"The United States and Great Britain are (with respect to private obligations) most heavily involved. According to the Reichsbank's latest report, there are outstanding more than $3,000. millions of German short-term debts, about $700 Millions of which are owed to United States Bankers; $400 millions to British.

"In volved somewhat less immediately, but 'involved' nevertheless, are long-term German obligations, estimated to total $2,925 millions.

"More than half the total definitely $1,300. millions - is held in the United States. Holland is second with about $300 millions sewed up. Britain's total is only slightly less - $275 millions, with Sweden holding another $200 millions, and Switzerland $120 millions.

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"Reparations, being Government debts, can be met only by funds raised from taxation. Taxes can be raised only from the income of businesses and individuals in Germany. In order to maintain these incomes, German business must be active and prosperous , German business must have credit for the financing of its legitimate current operations such as those represented by merchandise exports sold and in transit. Such credit has, to a large extend, been supplied, through German banks, by foreign banking interests.

"The continued extension of private loans to German business, therefore, is necessary if German business men and employees are to obtain the income which make possible the payment of taxes which are necessary for reparations payments. In short, any attempt to satisfy reparations claims at the expense of private loans would inevitably react eventually to the detriment of reparations payments themselves.

"The present period is one of watchful waiting. However, there is, perhaps, some satisfaction to be gained from the fact that the problem of reparations and international debts, and the problem of budget balancing in this country, must, through the inevitable pressure of circumstaces, be attacked and settled in one way or another within the comparatively near future. For months we have been fully aware that some solution of these problems must sooner or later be undertaken. For months this knowledge has been hanging over business, tending toward caution and delay. The sooner some definite action is taken - the sooner what must happen actually comes to pass - that much nearer will we be toward the accomplishment of a complete economic readjustment which must be the foundation of any business recovery."

What I would like to see done is the Hoover Moratorium extended for another five years and then a reconsideration of the whole situation. In other words, stop all payments for five years of all and every kind.

This would give the World a chance to recover with a fresh and clear viewpoint by that time, which is impossible now.

SIGNED: D.W. Oliver

Extracts from an Address By

Hon. OGDEN L. MILLS

(Under Secretary of the Treasury)

25th January, 1932.

CAUSES OF SETBACK CONSIDERED:

Some day it will be well worth while to examine critically the causes which have led up to such a catastrophic contraction. At present, the immediate task is of greater importance. Suffice it to say that while an increase in our gold supply of about $ 1,500,000,000 over the past decade must inevitably have produced some measure of expansion, the speculative excesses which accompanied this expansion were bound to bring serious retribution; moreover, our banking mechanism, in part because of the excessive number of banks, contained elements of weakness which rendered it less able to stand the strain of drastic liquidation. Events have demonstrated that the increase in number from 10,000 in 1900 to 30,000 in 1920 was a source of weakness rather than strength.

In any event, by the middle of 1929, from a variety of causes - of which in my humble judgment human nature was by no means a minor one - our whole economic setup had reached a point where a sweeping decline was as inevitable as the downward course of the noonday sun toward the horizon. Economic excesses inevitably entail economic re-adjustments. When the economic pendulum swings much too high, its subsequent downward course is likely to be accelerated and will continue until the readjusting forces have spent themselves. At that point stabilization should take place and an upward movement would be resumed were it not for the imponderable factor involved in human nature itself.

From the middle of 1929 to September, 1931, wholesale commodity prices fell about 30 per cent; industrial production declined about 40 per cent; and all bank loans and investments by about $ 4,500,000,000. After such a sweeping decline accompanied by corresponding readjustments of all kinds and the elimination of weak spots and elements of instability in the economic structure, it is not unreasonable

to believe that the economic forces working toward contraction and deflation had by that time fairly well spent themselves.

And yet, what do we find ? Between September and December prices have declined further by about 4 per cent, production 7 per cent, and loans and investments of weekly reporting member banks more than $ 1,500,000,000, or 7 per cent, while the deposits of these banks declined by no less than $ 2,250,000,000, or 11 per cent.

RESPONSIBILITY OF THE BANKS IN CONNECTION WITH GENERAL CONDITIONS:

In this connection, if I may be allowed to speak with complete frankness, a direct responsibility rests on the great banking institutions of the country. In the past in similar emergencies they have rendered tremendous service to the nation.

The opportunities for leadership and service are today even more imperatively here. Free from the spirit of competitive individualism they must establish a solid front and through a co-operative and unified program attack a problem that they above all others are best fitted to solve. The calamitous process of deposit and credit contraction must be arrested. The flow of funds from all parts of the country to the financial center should be reversed. The full use of available credit should be encouraged. Each bank should become a strong point radiating strength and confidence. Resources are truly important only to the extent that they are used. Let me remind you of a familiar quotation from Badgehot's great book, "Lombard Street".

"In opposition to which might be at first supposed, the best way for the bank or banks who have the custody of the bank reserve to deal with a drain arising from internal discredit, is to lend freely. The first instinct of every one is the contrary. There being a large demand on a fund which you want to preserve, the most obvious way to preserve it is to hoard it - to get in as much as you can, and to let nothing go out which you can help.

"But every banker knows that this is not the way to diminish discredit. This discredit means, "an

opinion that you have not got any money," and to dissipate that opinion you must, if possible, show that you have money: you must employ it for the public benefit in order that the public may know that you have it. The time for economy and for accumulation is before. A good banker will have accumulated in ordinary times the reserve he is to make use of in extraordinary times."

After all, prior to the establishment of the Federal Reserve System, the banks in the large financial centers were in essence the central banks of the country and were fully conscious of their position and the responsibilities which it carried. It seems to me that it is a mistake to assume that the coming into being of the Federal Reserve System has completely altered their relationship to our banking system as a whole. A large measure of responsibility still exists, with this fundamental difference, that with the facilities of the Federal Reserve System available they should be able to act with greater initiative, courage and resolution than ever before.

Our problems and difficulties, serious as they are, can and will be solved if we unite in attacking them resolutely and courageously, confident in ourselves and in our future.

.....

- Extracts From -

"THE TRUTH ABOUT REPARATIONS & WAR DEBTS"

by

DAVID LLOYD GEORGE.

What are we to do with War Debts and Reparations ? That is the question which beyond all others has been perplexing the world ever since the World War came to an end.

The best-informed leaders in commerce, finance and economics in all countries alike are agreed that there are at least three clear and definite reasons for the dislocation of trade and industry. These are: the mishandling and faulty distribution of the world's gold supplies; the high tariff barriers to international commerce; and the special international indebtedness which is a legacy of the World War.

America in particular - the principal ultimate creditor in respect of those international War liabilities which reparations were used to settle - has since the War been raising ever higher and higher customs barriers up to the insurmountable wall of the Hawley-Smoot tariff. Rather than see German goods flood her domestic and export markets, America has lent Germany immense sums with which to pay her instalments, and actual payment has hitherto chiefly been made, not with goods, but with gold obtained by this borrowed money. Of the £ 650,000,000 (gold value) received by the United States and France for War-Debts and Reparations in the years 1922-1931, no less than £ 550,000,000 is represented by a net influx of gold into those two countries to that amount. This has practically exhausted the transferable gold available for such a purpose. Whereas at the end of 1913, the United States and France had between them 37.7 per cent of the world's monetary gold supplies, by June 30th, 1931, they had 61.7 per cent, or little short of two-thirds the total world supply. America's stock alone increased in this interval by over four thousand million dollars.

"The adjustment of all inter-governmental debts (reparations and other war-debts) to the existing troubled situation of the world - and this adjustment should take place without delay if new disasters are to be avoided - is the only lasting step capable of re-establishing confidence, which is the very condition of economic stability and real peace."

I may add that in my view it is not worth while keeping afloat any part of the Reparation debts. I am fully convinced that salvage operations to rescue any scrap from the deep into which it has sunk are not worth the cost and risk.

The total payments made by or on account of Germany to the Allied and Associated Powers for reparation and cost of occupation from the Armistice to July 1st, 1931, when the Hoover Moratorium came into force amounted, according to the estimate of the Reparation Committee, to £ 1,010,000,000. That is five times as large as the War Indemnity paid to Germany by the French after 1871.

Germany herself estimates the value of her total payments in this period at a much higher figure, viz: £ 2,695,000,000, while according to the computation of the Washington Institute of Economics in the United States of America - a calculation based on very careful investigation - the figure should be £ 1,905,000,000. This intermediate estimate worked out by an independent and impartial authority, is probably the most accurate available.

While I am on this point, I might add that the proportion of her reparation debt which Germany has paid compares still more favourably with the payments which France has hitherto made on account of her war-debts. The total of the funded war-debts of France to Britain and the United States amounts to approximately £ 1,426,000,000. So far, she has paid less than £ 110,000,000 on these accounts, or about one-thirteenth of the sums owed.

Had our Allies been able to pay us for the goods supplied to them, we should never have incurred a half-penny of debt to America, for the payments due to us from Europe would have been set against our liabilities to the United States for purchases we made from her, and settled in the ordinary course of business by the clearing-house methods of international finance, leaving us very much to the good.

As, however, we were compelled to finance our Allies on a very considerable scale, the position reached

by the end of the War was that we had contracted a big debt to America, which was, however, less than half the total sum owed to us by our Allies. In round figures, we owed the United States £ 840,000,000 while our Allies owed us £ 1,950,000,000. If from this last figure we exclude the loans we had made to Russia during the War, we were still creditors for £ 1,300,000,000 - leaving us in a net creditor position as regards war-debts to the tune of £ 460,000,000, apart from reparations due. If to this is added Britain's share of the reparation debt, the balance due to us was much more considerable.

From the outset Britain, although she was more creditor than debtor, took the view that the best course with all these war-debts was to cancel them. They were a paper record of inter-governmental transactions in the course of our great common effort for victory, on behalf of which all nations engaged had poured forth their blood and treasure. I have always felt that during the War the Allies ought to have been readier to pool their resources of men and munitions of war.

To apply a commercial foot-rule to the measurement of our comparative sacrifices in human life would be, obviously, intolerable. Hardly less unseemly was it to treat as business liabilities the material assistance which one Ally had been forced to accept from another in the desperate ferocity of a struggle to avoid a defeat which would have brought disaster to Ally and Associate alike.

That was our view, openly expressed in deference to these inter-allied war-debts; but it was not the view of the United States took of the matter. She was by the end of the War an even larger creditor for war-debts than we, having lent altogether rather more than £ 2,000,000,000 to her Associates in Europe, who had borne the burden of devastation and carnage of the war for three-and-a-half years before the United States came in. In every other respect it must be admitted that her contribution to the common cause was very much less. She had kept out of the War altogether for three years, during which time she had enjoyed undisturbed the world markets in which she had formerly competed for business with the industrialists of Europe; and she had done a flourishing and profitable trade in munitions and supplies for the Allies, for much of which she had been paid in cash. Even after her entry into the War, this trade continued at a brisk pace. While the total number of

British troops who lost their lives in the World War was 743,702 (including Dominion and Colonial troops) and that of the French was 1,385,300, the number of the United States was 115,660. The cost of her participation in the Great War, according to the estimate of the Bankers' Trust Company of New York and Paris, involved for the United States an expenditure of 8.67 per cent of her national wealth. For Great Britain is involved 34.39 per cent.

Even the total cancellation of the war-debts due to her by them would not bring her contribution up to anything approaching a comparable burden in money alone.

Speaking on this subject, the American commander, General Pershing, has said:

> "If it had not been that the Allies were able to hold the lines for fifteen months after we had entered the War, hold them with the support of the loans we made, the War might well have been lost. We scarcely realised what those loans meant to them and to us.
>
> "It seems to me that there is some middle ground where we should bear a certain part of the expense in maintaining the Allied armies on the front while we were preparing, instead of calling all this money a loan and insisting upon its repayment. We were responsible. We gave the money knowing it would be used to hold the Boche until we could prepare. Fifteen months ! Think of it."

The United States, however, became highly irate at the faintest hint of cancellation. The debts, she insisted, must be duly paid; paid to the uttermost farthing - though in her eventual settlements with some of her debtors (except Britain), she moderated somewhat this extreme attitude. If in their handling of the question of German reparations, the Allies seemed to be at times rather harshly insistent, it must be bourne in mind that they in turn were under liabilities to the United States, whose attitude to her debtors was still more unbending.

Ultimately the United States agreed to fund the debts to her of our Continental Allies on terms remarkedly more favourable than she had granted to Britain. She reduced the rates of interest charged, not only on the funded debt, but also in respect of the accumulation of unpaid interest prior to funding. The following table shows the amount of the funded debts to the United States of Great Britain, Belgium, France, Yugo-Slavia and Italy, the total sums each of these countries was required under its settlements to pay in sixty-two years, and the rate of interest charged:

Country	Funded Debt	Total Payments in 62 years,	Rate of Interest Charged
	Dollars.	Dollars.	Per Cent.
Britain	4,600,000,000	11,105,965,000	3.3
Belgium	417,780,000	727,830,500	1.8
France	4,025,000,000	6,847,674,104	1.6
Yugo-Slavia	62,850,000	95,177,635	1.0
Italy	2,042,000,000	2,407,677,500	0.4

This table shows clearly the amazing discrepancy between the terms which the United States insisted upon in the case of Great Britain and those which she was content to accept from the other Allied Powers. We are expected to pay a total sum amounting to considerably more than twice our original debt. Nothing like this is demanded from these other countries. Yet we are at the same time the only one receiving nothing whatever on balance from the international repayment of war-debts and reparations. As I have already pointed out, we were in the position, at the time when the Hoover Moratorium came into force, of having paid out £ 133,700,000 more than we had received in respect of war-debts and reparations; whereas these transactions had provided a net surplus of £ 118,800,000 to Belgium, £ 163,300,000 to France, £ 35,000,000 to Yugo-Slavia, and £ 28,000,000 to Italy.

I cannot help saying that I think in this matter of debt settlements Great Britain has had very shabby treat-

ment; and had Britain been the creditor, and the United States, France and Italy the debtors, I should have been a little ashamed as a Britisher if we had treated in this fashion a country so closely linked with ours in language, history and race. Perhaps it is unjust to attribute the character of the settlement to the harshness of the American Treasury. It would be fairer to ascribe it to the softness of those who represented our Exchequer. Meanwhile the world has suffered from the blunder and America is not immune.

INTERNATIONAL WAR LIABILITIES & THE U.S.A.:

No permanent settlement of the financial problems of Europe is possible without the willing co-operation of the United States.

At the present time war-debts are owed to America by no less than fourteen European nations. The annual instalments of principal and interest receivable by her in respect of these debts should bring her a yearly income of over 260,000,000 dollars, more than half of that coming from Britain. The present capital value of these annuities, discounted on a 4¼ per cent basis, would be a sum approaching a total of 7,000,000,000 dollars.

It is quite easy to understand the horror which is aroused in the United States when it is suggested that such a debt should be cancelled.

Speaking of the last reparation settlement, the Basle Committee says in its report:

> "Since the Young Plan came into effect, not only has the trade of the world shrunk in volume, but the very exceptional fall in gold prices that has occurred in the last two years has itself added greatly to the real burden, not only of German annuities, but of all payments fixed in gold."

Roundly it may be said that this fall in prices has increased the real value of the debts due to the United States - measured in terms of the purchasing power of the moneys due - by 50 per cent. Half as much again in goods must be handed over by the debtor to pay the same amount in dollars. With regard to the British debt, the fact that we are no longer on the gold standard means a still further addition to our liability, for as our debt is payable in dollars, we have not only to bear the increase in our liability caused by [illegible]

fall of wholesale prices, but the further increase representing the fall of sterling on the exchange, compared with the dollar - a fall which adds nearly a fresh 50 per cent to the already swollen debt.

The story of these international payments which I have briefly outlined in previous chapters demonstrates beyond question how immediately they are connected, as cause to effect, with the world-wide slump of industry and finance which is now afflicting all countries to a greater or less extent, and manifesting its worst symptoms in Germany and the United States - the two countries which occupy extreme positions as the principal debtor and the principal creditor in respect of war liabilities.

Directly and indirectly, through loss of trade with debtor countries, through collapse of prices of her products, through depreciation of value in her securities and investments, through the cost of unemployment, bank failures and shattered industries, America is now losing far more through this world-wide depression that war-debts have induced than the payment of those debts can possibly compensate her.

The total national income of the population of the United States was estimated in 1929 to be 90,000,000,000 dollars. The recent estimate puts the amount by which this national income had declined in 1931 at 20,000,000,000 dollars. At this rate America has lost in a single year three times as much as the whole capital value of the war-debts due to her, and nearly eighty times as much as the total of one year's annuities.

America holds the key of the gateway which leads to prosperity, for herself as well as for the world. Britain has already surrendered her keys. The Hoover Moratorium was a forward step toward that gateway, but it stopped short of a final opening of the road. It delayed the threatened crash in Central Europe, but it has not averted it. No one knows what will happen when the moratorium lapses. The uncertainty paralyses enterprise. Industry and finance are afraid of moving forward lest they be overwhelmed by the crazy edifice, when its temporary props are withdrawn.

America had better make up her mind soon - as soon as the Presidential Election is over - to make the best of a bad job, bearing in mind the wise words that the Secretary to the American Treasury uttered years ago in his Debt Commission Report:

> "The entire foreign debt is not worth as much to the American people in dollars and cents as a prosperous Europe as a customer."

CONCLUSION:

An International Conference was to have assembled at Lausanne in February of this year to consider the international financial situation, with special reference to reparations. It was postponed, but is now promised us in the summer.

The delay is particularly unfortunate in view of the warning sounded by the Basle Committee in their report that no delay should be permitted "in coming to decisions which will bring an amelioration of this grave crisis which weighs so heavily on all alike." On June 30th the Hover Moratorium expires. There is at present no faintest prospect that the continent of Europe will then be in a position to resume payment in respect of its international war liabilities. Indeed, the Basle Committee has already reported in favour of postponement of the postponable reparation annuities, thus cutting off the source of supply for the bulk of war-debt payments. And there is scant reason to hope that even the non-postponable annuities will by then be forthcoming from Germany.

It is no use floating helplessly down to catastrophe on a Micawber stream of hope that something will turn up to save the situation. Obviously some agreement must be reached before midsummer between the responsible Powers that will prevent the moratorium expiring until their Conference has evolved a satiafactory plan to deal with the situation. Obviously, too, it is worse than futile to think of merely postponing the issue from month to month by extensions of the existing moratoria on war liabilities and on the short-term loans that have been granted to Central Europe. Financial recovery is impossible under such conditions. There is no-

where any firm foundation on which industry and commerce can begin to reconstruct their activities. Trade may for the time being be keeping off the quicksands, but it is not getting on. It is not leaving the quagmire behind altogether, and travelling along the firmer ground beyond.

.....

577

I-2118

Bank of Montreal,
DRUMMOND & ST. CATHERINE STS. BRANCH
1205 ST. CATHERINE STREET WEST
Montreal, Que. 3rd May, 1932

My dear Sir Arthur:-

I was delighted to receive your letter this morning and I am glad Mr. Beatty handed you my letter to Hamilton Gault with attached extracts of various men's views on the subject of War Debts and Reparations; in this connection I attach additional extracts of letters from a very prominent American.

Please keep the documents, etc. if they are of any use to you. I was wondering what had happened to them, as Mr. Beatty did not acknowledge my letter enclosing them to him, which is unusual for him.

I do not know if you noticed in the papers that Al Smith who is running for President in the United States has strongly advised a 20 year Moratorium or complete cancellation of War Debts.

A friend of mine who spent a week at Washington in connection with the Paper and Paper industry in Canada says, that the American Confidential Secret Service men from the other side strongly advocate the cancellation of the War Debts, but they are afraid of France dominating Europe.

With regard to the Imperial Conference, a glance at the figures of exports between Canada and the British Empire and the United States show that it cannot be a marked success unless Canada is prepared to purchase from England what she is at present purchasing from the United States. Without going into a lot of figures, I quote here the first four largest articles purchased in the United Kingdom and the United States:

1931	United Kingdom	United States
Iron and its products	$ 14,141,978.	$ 97,127,061.
Non-Ferrous Metals and their products	4,646,587.	30,914,645.
Non-Metallic Minerals and their products	10,460,758.	81,627,296.
Chemicals and Allied Products	3,894,465.	21,151,914.
	$ 33,143,788.	$230,820,916.

Gen. Sir Arthur Currie,
G.C.M.G., K.C.B.

3rd May, 1932

Furthermore, the four leading Imports from the United Kingdom by Canada are as follows:-

			Value
Whiskey	per Gal. (Quantity	11,017,000	$21,478,527.
Worsteds & Serges	Yds. "	5,383,201	8,639,043.
Coal	Tons "	1,063,627	6,114,513.
Tea	Lb.	21,483,822	5,890,642.

The four leading purchases from the United Kingdom by Canada are as follows:-

Wheat	Bush.	139,679,398	$106,759,872.
Wheatflour	Brl.	2,727,863	12,540,874.
Cheese	Lb.	73,626,600	11,896,727.
Nesprint paper	Cwt.	2,522,496	6,956,655.

These are actual figures taken for year ending March 31st, 1931.

I also enclose two paragraphs taken from our New York Agent's Monthly letter to the General Manager, which shows that the inflation in money has started.

With my very kindest regards to you and your dear family.

Yours ever,

D.W. Oliver.

General Sir Arthur Currie,
G.C.M.G., K.C.B.,
c/o McGill University,
Montreal.

EXTRACTS FROM LETTERS OF A GREAT AMERICAN FINANCIER
TO
D.W. OLIVER -1931

"It is a pretty safe bet now, although nobody in the United States will agree with you, if you say so, that when the one-year Moratorium is up, it will have to be extended, and that will ultimately mean that the United States will have to forego its reparations, or, in other words, cancel the debts owed it by all the other nations. This will leave the United States in a rather sorry mess, as we will still have to pay the interest and principal on the Liberty Bonds which were sold and are still extant, to secure the money which was lent the Allies.

"It will be a good thing in one way, however, because it will be a good many generations after that before the United States will ever embark in another war or lend money to anybody, for the same purpose."

"There exists in Great Britain and in Europe, as well as in Canada, an erroneous opinion concerning the power of the Chief Executive of the United States. It should be remembered that the constitution under which we live was created at the close of a war of rebellion which marked the close of long years of oppression on the part of executives in England. As a result, the American Colonists severely curbed the power of the Executive in the new constitution and placed their faith in the legislative side of government, a procedure quite different from that employed in England and in Europe. That is the reason why Europe could not understand that Mr. Wilson did not have the last word to say in the League of Nations pact and why Congress, the legislative body, threw his agreement in the ash can.

"Even the one-year moratorium which was proclaimed by Mr. Hoover has not yet been ratified by Congress, who could refuse to ratify it, if they saw fit. Mr. Hoover endeavoured to provide against this, by calling as many of them into session with him informally, as he could.

"Nothing that he has done with M. Laval can be binding until ratified by Congress. We do not know what Laval proposed to Mr. Hoover, but we can tell you something about our view of the situation, that is: we believe that France is scared, - scared by Great Britain, not by the United States, - and that she came to us with proposals looking to

modification of reparation payments and extension of the moratorium, provisions for German credits which would keep the latter country from "going Bolshevik" this winter. A German collapse would mean a grave financial crisis in Great Britain, with the pound tumbling to new low levels, and that is what the French are terrified about, because at the moment, there are about ten billion francs "frozen in" in Sterling in England.

"If England allowed the pound to go to four shillings, which would be on a parity with France cutting the franc to .0396, which she did, France would lose a tremendous sum of money and that worries her, because France is not in good condition economically, although she tells the world otherwise; as a matter of fact, they have a big budget deficit and they are in economic danger at the present moment, so experts say, who know the facts.

"She also is regretting very much, the childish and senseless attack which she made on dollars. She finds out now, to her astonishment, that if she withdrew all of her American balances, we could increase our currency by $10,000,000,000. under the Federal Reserve Act, without forfeiture of solvency. We know the dollar is twice as strong as the franc, and she knows it, now.

"The one thing that ought to be of some value to you is, that Great Britain sits in the position where she can make terms now with France and tell her, in so many words, that unless she meets Great Britain's demands, she will let the pound slide. In which event, France would lose more by the operation than Great Britain.

"What I am seriously fearing, is inflation; and it may come a great deal quicker than we think. There is a lot of private buying going on, of the best sort. Stocks are being taken out of the market in large volume but very quietly. The best thinking Republican national leaders are planning the re-election of Mr. Hoover, on his record, because they think that by the time he is up for re-election in the fall of 1932, his economic handicap will have disappeared.

"I say "the corner has been turned" as far as trouble in the money market is concerned. The corner has not been turned, as far as international relations are concerned. The attack on the dollar in Europe the last few weeks, was keenly felt by a large group of influential Americans; not so much on account of the fluctuations in value, as because of the outrageous stories and rumors which were used to bring about the decline. I regret to say that a great many influential men are saying openly: - "What is the use of our trying to cultivate amicable relations with Europe? Whatever we do is perverted - why not take care of our own people from now on, and let the rest of them stew in their own juice? We did not

start the War, and we tried to keep out of it, as long as we could. We were finally dragged into it by some pretty questionable methods by all of the parties concerned. We asked for nothing in the way of the price of victory except the money that we had lent, should be returned to us. While continents were being distributed to the victors, we asked nothing. Yet to-day because we refuse to make the Allies a present of what they owe us, we are vilified as if we were sheep stealers."

"There was a certain group of men, growing in America, who were actively working to lower the tariff, and to reconsider the question of the Allied debts, for you must remember that we sold $26,000,000,000. of Liberty Bonds to secure the money which we lent to the Allies, and we still have these bonds to meet. If we waive the interest and the part of the principal which we owe to our citizens, then turn round and levy heavier taxes upon them to pay the principal and interest which we have forgiven to the debtors, we will not only be guilty of rather questionable practice but also, of placing our own institutions in jeopardy, So, there you are!"

DOCKET ENDS:

OLIVER, D.W.

DOCKET STARTS:

EASTMAN, S.M.

2, Chemin de la Boisserette,

GENEVA.

January 7, 1932.

Dear Sir Arthur,

On October 19 you were good enough to invite me up to your office for a conversation on the League of Nations and kindred subjects. We had hardly got started when a telephone call obliged you to hurry away from the University, but you kindly asked me to breakfast with you on the following morning in order, especially, that we might have a "good, long talk". Unhappily, you were ill the next day. I was sorry for that, and sorry too to have to leave Montreal without seeing you again. I wanted to converse with you about the rôle that Canada has been playing at Geneva, and the rôle she might play, since your personal influence is widely felt throughout the land.

From items that appeared subsequently in our western Press, I have been led to hope that you may be in fundamental if not in detailed agreement with me. As to the details, I referred to them in the gentlest and friendliest fashion in beginning my speech on "Disarmament and Security" before the Canadian Club of Edmonton on November 13, and I enclose you a copy herewith. As I suggested, you may have been misreported, but I hope I am right in inferring that you would favour a League with "force behind it", with "spine", "power", etc.

Of course, even if our political representatives had endorsed the principle of a powerful League, they would have had specifically to exempt us from having ever to attempt to constrain our mighty neighbour to the south. Such a reservation would have been universally understood; and it

General Sir Arthur CURRIE,
President,
McGill University,
MONTREAL.

would have left us and all States-Members committed to the principle of supporting a strong League in so far as was within the realm of physical possibility. Few Canadians know Europe politically as well as I do. My conviction is that our strenuous effort to knock the strong prop of Article X from under the Covenant immediately after we had insisted upon signing the latter in order to prove our full nationhood, had an unsettling effect upon the new nations and upon their older friends, Belgium and France. Our final success, in 1923, in getting the Article explained away and rendered practically ineffective surely made the exposed nations feel that they would have to count on themselves for defence rather than on the League. Some of the criticisms of Article X made by Mr. Doherty etc., appear to me (and appeared to a majority of States) rather sophistical. Article X in no way guarantees the status quo against the normal operation of Article XIX. Without the principle of mutual solidarity against physical aggression, any League strikes me as hardly worth while.

As our foremost soldier, you must feel even more keenly than I the futility of promising our fellow-members that if they are violently set upon, and the Council calls upon us to help restore order, we will convene Parliament and listen for a few weeks to rustic M.P.'s debating the pros and cons of a case of which they can know nothing whatsoever. Article X might as well have been obliterated as mutilated. Could we have

"crawled out from under" by ourselves, the result to the Covenant would have been less grave, but our interpretative resolution lets everybody out, and assuredly has contributed to the feeling of insecurity and uncertainty which haunts so many peoples situated in dangerous positions. If a Japanese military dictator to-day were to invade China herself, and devastate the country right to Canton, there is nothing left in Article X to oblige any State-Member to do anything more than convene its parliament in case the Council called for help. This explains in part the "spinelessness" and "powerlessness" of the Council last November. What has happened is exactly the kind of thing that has always been forecasted by the advocates of a strong League.

Again in 1924 we of the British Empire turned down Ramsay MacDonald's "Protocol of Geneva". Had we endorsed it, subject to a reservation concerning the United States, we should have strengthened the League and its Council, and the Disarmament Conference would have been held automatically long ago. Locarno was no substitute for it, as Locarno ignores the really controverted areas. Senator Dandurand and Sir George Foster alone seemed to grasp the necessity of doing something strong, if we really wished disarming to become practical politics.

However, I should not single out our attitudes on Article X and the Protocol or our concurrence in the undermining of Article XVI by another of these deadening interpretative resolutions. Our whole view of the League has been of a piece with them. In season and out of season our representatives have deprecated all concentration of thought upon unpleasant realities, - upon such nasty and improbable eventualities as

the violation of a treaty, the raiding of a "Corridor", and the relation of certain Articles of the Covenant to such performances. The Manchurian imbroglio should surely incite us to think the whole problem over again.

The response I have seemed to receive from Canadian Club audiences, etc. to my appeal on behalf of the ideal of a powerful rather than of a powerless League, leads me to wonder whether the time be ripe for a change of our official attitude on that point.

In this letter, as in my speeches, I express only my own views. There is no "Geneva attitude" on this vital issue. The International Labour Office is occupied with social problems; and I discuss high politics as a Canadian observer rather than as an I.L.O. official.

In conclusion, dear Sir Arthur, I make bold to predict that our delegates to the Disarmament Conference will accomplish nothing worth while unless they have authority to meet the "Security thesis" half way. We cannot have something for nothing; we must offer a quid pro quo. Nobody is asking <u>us</u> to disarm further. When we importune others on that point, they invariably reply, "Then will you stand by us?" Thereupon we run to cover. It is a futile game. Surely the Manchurian mess will teach Canada that the world is in desperate need of a League with power, of a Council with authority, and of a Covenant rejuvenated and strengthened and freed from successive and regrettable emasculations.

Pardon me for writing you at such length. I am even enclosing a copy of one of my speeches, which you must not feel bound to read. On October 19, out of the kindness of your heart,

you declared that you would like to discuss matters with me "for a couple of hours". Well, I am sure you can read all I am enclosing, - when, and if you feel like it,- in much less than one hour. Please do not feel obliged to answer. I realize the terrific pressure you are always under.

Believe me, dear Sir Arthur,

Very sincerely yours,

S. Mack Eastman

S. MACK EASTMAN,

(Villa "La Petite Boissière", Geneva).

P.S. The only direct objection I heard raised to the ideal of a strong League, was that the French and their friends would get hold of "the machine". In the first place I suggest no "machine". In the second, it is evident that in a Council bound by the rule of unanimity nothing important could ever be done without the approval of Great Britain. Usually a British Dominion will also be there. In the Assembly the British Commonwealth has, with its six votes, a highly privileged position. If the League in general and its Council in particular were now to be strengthened in response to the lesson taught by Japanese behaviour in Manchuria, the British Commonwealth would have a decisive voice in its decisions.

Even in New York such former "bleating pacifists" as "The New Republic" and "The Nation" are swinging around. "The Nation" of December 2 (page 588) says: "We still feel that the

prestige of the League and of the United States demands the development of the severest pressure and the application of sanctions whether a fact-finding commission is appointed or not. .....But most important of all is, of course, the necessity of ..... establishing the power of the League as a reliable agency to prevent war". The business world in New York has not evolved as far, but even there the drift is toward the League.

S.

Account published in Edmonton "Journal" and "Bulletin", November 13.

Referring to a Canadian press dispatch which attributes to General Sir Arthur Currie a criticism of the League as "powerless" and "weak" and "spineless" in its treatment of the Sino-Japanese affair and of the League's invitation to the United States to consult with it in the matter, Professor Eastman said, "I hold General Currie in the highest affection and esteem. I had the honour of serving under him in the ranks of the Canadian infantry. It is therefore in the friendliest tones that I draw your attention today to the other side of the situation which he is said to have criticised. I like General Currie's implied idea that the League ought to be strong, but unfortunately no Canadian can logically blame the League for being powerless or weak. From its very inception in 1919 Canadian influence and argument have always been in favour of refusing the League authority and power and according it merely such functions as investigation, conciliation and arbitration without real powers of enforcement. We have steadily sought to diminish the rights of the Council over States-Members and to subordinate all important action on our part to previous parliamentary palavers. Our best excuse would have been the impossibility of our ever constraining our mighty neighbours to the south; but our spokesmen have appeared almost always to deprecate the very principle of a strong League. We and the other safe nations have kept the Council weak; and apparently an army clique in Japan has gambled on that weakness.

Again, the newspapers make General Currie object to the League's invitation to the United States. I would observe, firstly, that those who want the League strong, must want the United States in; and secondly, that the United States

has been participating in the discussion as chief founder of the Kellogg Pact and not yet as a member of the League. The Kellogg Pact and the League Covenant were equally involved and it was neither possible nor desirable to ignore the chief sponsor of the former. If we had any doubts on this point, the fact that Britain and France and Germany and Italy and Czechoslovakia and Spain and Poland and Ireland and five other members of the Council are for once in absolute agreement, should dispel such doubts. The Council up to date has shown great moral courage; for several painful weeks it has done its duty unflinchingly; it has stood by the solemn Covenant we all signed in 1919. Le us do as well! Let us stand by the Covenant and the Council!

(The Empire Club, Toronto, Nov. 4)

II THE CASE FOR DISARMAMENT

In Canada, in most Anglo-Saxon countries, in Norway and in "safe countries" generally, the arguments in favour of serious and immediate disarmament are considered unanswerable. The burden of armaments is recognized as unbearable in a world striving to lift itself up out of a slough of depression. I see varying figures quoted by various speakers to show what sums different nations are spending in defence. The most accurate and impartial source I know is the League's Disarmament Year Book, since it applies the same method of calculation to all. This gives Great Britain's budget estimate for military, naval and air defences for 1930-31 as 95,000,000 pounds sterling (gold standard); this shows a decrease parallel to the fall in prices. It shows France's estimates for the three services as over 94,000,000 pounds sterling, a slight increase. The present French Government described the maintenance of this level of expenditure and the fortification of the northeastern frontier as compensation for the withdrawal from the Rhineland and for the reduction of compulsory military service from three years to one year.

When one considers the total financial, economic and social sacrifices made for Defence by each of the Great Powers, the differences among these totals are less than is usually believed. At any rate, the world's total Defence Budget estimates for 1930-31 would appear to have amounted to approximately four and a half billion American dollars -- a staggering total of unproductive expenditure. I will not labor the point.

The Protestant churches, the Pope, President Hoover, and a majority of other political leaders have emphasized it during the last few months. The economists have always insisted upon it. We all agree that a wholesale reduction should be operated within as short a time as possible. What I wish to do today is to bring home to you the other side of the question, to describe the second twin of the two twin problems, to forecast the situation which will confront us in Geneva in three months at the Disarmament Conference -- finally to state clearly the price we must pay if we want to secure from the coming Conference an adequate programme of progressive disarmament. We cannot have something for nothing. Here we come to the interaction of the two factors, equally unavoidable -- the joint problem of disarmament and security. Before I attempt to sum up the security argument, let me repeat: We are all fervently in favor of disarmament; we feel the burden of armaments; we have seen the danger of them; we know how they may sometimes become not a secondary but a primary cause of war; we acknowledge also our moral obligation, admitted in 1919 by M. Clemenceau, to follow the defeated empires in the programme of disarmament we imposed upon them. What then must we do in order finally to get this moral obligation fulfilled? By "we", I am meaning the "safe" peoples, the nations to whom geography and history have been kind and considerate.

III THE CASE FOR SECURITY

First of all we must reread the Covenant -- this Shorter Catechism of the new dispensation -- and especially Article 8, paragraph I. Around this article has turned the whole controversy of these last twelve years between the safe countries on the one side and the exposed and anxious populations on the other. The representatives of the nations which count themselves secure and therefore especially peaceful, have invariably read the first few words of Article 8 and then come to a dead stop:-- "The Members of the League recognize that the maintenance of peace requires the reduction of national armaments." However, there is no stop there at all. The delegates of the threatened or exposed States insist upon reading further, and in emphatic tones: "to the lowest point consistent with national safety, and the <u>enforcement by common action of international obligations</u>". It is upon the words "<u>common action</u>" that they lay all the stress -- security or safety through common or united action. This is the kernel of the so-called "French thesis", which is no more French than it is Belgian or Polish or Czech or Rumanian or Jugoslav or Persian or (today at least) Chinese or probably, at bottom, even Japanese. I am explaining it rather than advocating it. It is the point of view of all the nations who for one reason or another fear aggression. It is the pivotal point of the

recent French Memorandum on Disarmament. This Memorandum is objectionable at several points, and is not sufficiently conciliatory toward Germany, but its central paragraph contains the doctrine not only of France but of a whole circle of nations, and probably of a majority of the States-Members of the League. It says:

> "The limitation of armaments, in connection with the development of systems for the peaceful settlement of disputes and for mutual aid, is one means of organising peace. But for its realisation it requires the substitution in the mind of the peoples of the principle of united action for the principle of individual defence. It implies that the peoples consider the League as a living reality, invested with positive responsibilities and endowed with effective power."

Before the War, the world was in a condition of international anarchy: each sovereign State claimed to be a law unto itself. Since the War we have lived in an international anarchy tempered by the conciliatory influence of the League of Nations. The delegates of Canada and the other safe nations have constantly urged at Geneva that the League be used for conciliation, investigation and the education of public opinion; but they have consistently sought to suppress, dilute, weaken and explain away the strong Articles of the Covenant -- the Articles which foreshadow a supra-national

authority, a real federation of States, or, in other words, ultimate world government. Sir Norman Angell recently wound up a paragraph on this topic with this concluding sentence: "Having solemnly embodied in the Covenant of the League the principle of common action for self-preservation, the French have been assured again and again by our public men that this promise of common action does not mean anything." I may add that certain of Britain's greatest dailies have frequently hinted at an ultimate repudiation of our solemn signature of the Covenant. Our Canadian delegates by dint of perseverance finally succeeded in getting a resolution through the Assembly, by a mere majority vote, which deprives Article 10 of almost all its value in the eyes of peoples who feel that, if they disarm, they are likely to be, one day or another, victims of one or more aggressors. Article X would have bound the Members of the League to "respect and preserve as against external aggression the territorial integrity and existing political independence of all Members of the League." It may have been awkwardly worded, but it was to many peoples, anxious about the morrow, the central pillar of the Covenant's temple of peace. Our resolution deprives the League Council's advice of any binding effect and refers the question of our participation in police action to our parliament. The unsafe nations know what parliamentary palavers would mean, and they fear that the safe nations would arrive, if at all, as pall-bearers

rather than saviours. This not only makes them afraid to disarm but it renders them obdurate in the matter of the revision of frontiers. Certain modifications in existing boundaries are probably desirable, but revision except through the League and its Court or commissions would cause pandemonium in Europe. Until the new nations whose frontiers may be open to criticism, are convinced that the League has not only influence but also authority and power, they will never consent to putting Article 19 of the Covenant into operation. Article 19 provides for the revision of treaties, but if we can explain away Article 10, the new States can close their eyes to Article 19. Last week Mr. Thomas W. Lamont advised Germany that France would be found not unreasonable concerning any revision that might be justified, provided it came through "orderly processes"; but these orderly processes can be guaranteed only by a League grown strong through the unequivocal promise of its Members to stand together against any lawbreaker, any violator of the Covenant, any headlong aggressor unwilling to abide by the moderate decisions of the League's courts or tribunals. Time and time again during the last twelve years, the insecure nations have pleaded for a League with authority and power, whose unanimous Council could call upon States-Members for a demonstration of immediate and effective solidarity. In 1924, in the Protocol of Geneva, Messrs. Ramsay MacDonald, Herriot, Benes and Politis realized an all-embracing synthesis of opposing theses. Whereas

we say "Security through disarmament" and the others say "Disarmament after security", the Protocol provided for security and disarmament as component parts of one process. It was the most ambitious political document in world history, and it was rejected by Ramsay MacDonald's successors and by the British Dominions. True, its arbitration provisions have since been adopted, but its mutual solidarity concept remains to confront us next February in Geneva. We shall say once again: "Disarm and you will be more secure." They will answer: "You may be right, but if we yield to your exhortations, and if one of us fall a victim to a lawless neighbour, can we be sure that you will come immediately and effectively to the rescue?" It is a plain, straightforward, business-like proposition. At least it seems so to them. If our delegates to Geneva could only respond unhesitatingly in the affirmative, we should secure a Disarmament Convention after our own heart. If, however, they were obliged to avoid the issue and to content themselves once again with preaching at unregenerate Europeans and Asiatics, then indeed the Conference would prove but one more disappointment to humanity. The Sino-Japanese incident has greatly strengthened the logical position of those who advocate a League that is powerful as well as conciliatory. If all States Members could rise to the conception of a guaranteed solidarity among them, it is morally certain that no potential aggressor would ever dare defy them and thus bring upon his country financial ruin and economic isolation, not to speak of the possibility of

ultimate police measures. As Viscount Cecil has said: "The stronger the sanctions, the less the risk of having to apply them."

IV THE ROLE OF THE UNITED STATES

In all I have said I have never forgotten that one all-important reservation must be made. Obviously we cannot constrain our mighty neighbour to the south. The supreme tragedy of the after-war period has been the United States' withdrawal from the League. Recent helpful co-operation is mightily encouraging. Will it grow rapidly closer? For the assurance of peace in Europe it would not be necessary to wait for the official entrance of the great Republic into League membership. It would suffice for its President, with the assent of its Senate, to declare that if unhappily the League were ever obliged under the Covenant to take police action against any violator of the Covenant and of the Kellogg Pact, the United States would feel morally bound to abstain from all interference, direct or indirect, with the efficacy of this police action. With this simple guarantee, the League could certainly assure the peace of Europe. The positive assurance of peace in the Far East would probably require more active co-operation.

In the meantime, the more effective we make the League ourselves, the sooner will our neighbours feel impelled to join us in the noblest and grandest adventure of human history.

February 12, 1932.

Dr. S. Mack Eastman,
2, Chemin de la Boisserette,
Geneva, Switzerland.

My dear Dr. Eastman,

Let me acknowledge your letter of January 7th. It was very good of you to take the trouble to write me at such length. When I gave my radio address on Disarmament on last Armistice night, a great many people thought I ought not to have said what I did about the impotency of the League; but events have moved with such swiftness since then that I think I have been more than justified.

You may be interested to read the enclosed copy of a speech on Disarmament in New York last month.

With kindest wishes,

Ever yours faithfully,

DOCKET ENDS:

EASTMAN, S. M

COMMITTEE ON
EDUCATIONAL PUBLICITY
IN THE INTERESTS OF WORLD PEACE
305 WEST 113TH STREET, NEW YORK
TELEPHONE: MOnument 2-0082

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L. E. CLARKE, ASSOCIATE SECRETARY

May 9th, 1932.

Sir Arthur Currie,
President McGill University,
Montreal, Canada

Dear Dr. Currie:

I am enclosing a pamphlet that gives a partial list of the many distinguished Americans who are behind the proposal to delegalize war. It has also been endorsed by unanimous vote by the greater organizations that are interested in the success of the Disarmament Conference.

The "Strong Words of Approval" of the proposal, quoted in this pamphlet, are very impressive and well worth reading. It includes many senators. Other members of the Senate are constantly being added to the list of endorsers and it is expected soon to pledge enough senators to its support to make it certain that if it comes before that body for ratification there will be no doubt that it will easily go through.

Because it is a proposal that will not entangle us or any other nation and that does not conflict with any other sane proposal, is perhaps one reason why the senators have not hesitated to warmly approve it.

You will also find enclosed a folder that quotes a letter to President Hoover in which the delegalization of war as necessary to the success of disarmment is intelligently presented. Please read the folder first, then the 2 page leaflet ~~then the 4 page leaflet~~, also enclosed, and finally the pamphlet.

Will be hope yours ~~Be~~ ready to support it as soon as the World Court question is out of the way or Congress adjoins. Until then we are giving it no newspaper publicity preferring to give the World Court the right of way.

Very truly yours,

Geo Gordon Battle

Secretary.

Enclosures:

DR. COLCORD FORECASTS THE STIMSON DOCTRINE AS EARLY AS 1930, GIVES EXACT TERMS OF ENACTMENT OF THE DELEGALIZATION OF WAR AND TELLS BY WHAT AUTHORITY IT MAY BE ENACTED

Quoted from His Letter to Secretary Stimson

New York City, April 22, 1932.

HONORABLE HENRY L. STIMSON,
Disarmament Conference,
Geneva, Switzerland.

Dear Secretary Stimson:

Your proposals in the interests of world peace have been of a character to promise that they will be remarkably effective and all have been timely. Only one has aroused the opposition of other important friends of peace, namely the proposal for the abolition of aggressive armaments. It would be well if this could be adopted, but I fear the opposition of Tardieu and other powerful influences will not permit its adoption at this time.

You will see by the following quotation from the printed copy of a commencement address I made in June, 1930, at the University of Oregon and repeated at the University of Utah and the University of Minnesota that it covers the "Stimson Doctrine" hailed throughout the world as a great aid to peace. It was put forth in my address in these words:

"As to the terms in which the delegalization of war may be enacted no authority is more competent to decide than is our Department of State. To aid my own thinking I have formed it in my mind in terms that, after the usual introductory formalities, may be stated as follows:

"It is decreed by the nations by their duly accredited representatives here assembled that, on and after the conclusion of this enactment, the prohibition of war between sovereign nations shall be a basic principle of international law and any possession or gain thereafter acquired by any other than peaceful means shall be held an illegal possession subject to recovery under this fundamental law." The important difference between this form of enactment and your statement seems to be that it supplies the law upon which legal action for recovery may rest.

Limiting it to war "between sovereign nations" is important because we cannot and we have no right to forbid wars of revolution, else no oppressed people could throw off the yoke of tyranny, and the recovery under this fundamental law is properly limited to acts committed after the enactment because to attempt to correct all the wrongs of the past would wreck every nation on the earth. It was wise in your statement not to go so far as this, which I have no doubt you will approve if it goes so far as an enactment.

It would be a pity if the permanence of this great doctrine, so well and so opportunely announced by you, were left dependent upon a treaty from which the congress or parliament of any nation may vote withdrawal. It would be made safe by its enactment in international law from which no nation can withdraw.

World opinion would be its sufficient and best enforcement. On July 23rd, 1930, in explanation of your appeal to other governments to join in exerting influence upon two contending nations to respect the Treaty for the Renunciation of War, you said that you acted to "get something done, to get the public opinion of the world mobilized against the two countries going to war." In the entire effort to settle that dispute and avert a dangerous conflict there was no other method used. There was no use of force, no threat of military action and no thought of it. World opinion was found in that emergency sufficient to establish peace between Russia and China. So it has been in other notable instances, the surest and shortest road to conciliation and peace, and all it needed was mobilization and direction. I believe it will be ultimately successful in the unfortunate issue between China and Japan. Later when making reference to the Pact of Paris in connection with the same crisis, you said, "Its sole sanction lies in the power of public opinion."

But some form of economic sanction would be a good added bar against war, although attended with many difficulties, when the nations can be brought to agree to it. However, a surer enforcement would be the general treaty proposed by you at the London Naval Conference, which would provide for the call of a conference of nations for conciliation, inquiry and report in the event of any war, or impending war.

HOW MAY THE DELEGALIZATION OF WAR BE ENACTED?

Since state and national laws are enacted by legislatures, congresses or parliaments composed of representatives of states or districts, would it not be absurd to hold that accredited representatives of the nations of the world in a congress of nations assembled for the purpose cannot enact international laws that will be binding upon all nations when ratified and signed by the constituted authorities? This may be done by negotiation, the representatives of the various governments meeting in some capital of Europe for the express purpose of signing an enactment already agreed upon, as was the case with the Treaty of Paris. This would not be a superstate but only a temporary congress convened for a short time for one specific and predetermined act, and then to cease its existence. The great statesmen who met to sign the Briand-Kellogg Pact were without power to add or subtract a single word, but had to sign the exact text as predetermined and directed.

The adoption of these, in large part your own suggestions, while making a great program for the insurance of the permanence of peace would come in conflict with no other sane proposal but would afford the most substantial reenforcement to all of them. If you will now put your influence behind them with the support of the American Delegation it will be the greatest possible aid to the insurance of the permanence of peace and incidentally to the security that will make the Disarmament Conference a success.

Very sincerely yours,

Signed, SAMUEL COLCORD.

COMMITTEE ON EDUCATIONAL PUBLICITY
305 West 113th Street, New York

Not for Sale, Single Copies Free, Postpaid

HOW TO GET A WORTHWHILE MEASURE OF DISARMAMENT AT THE 1932 CONFERENCE

By SAMUEL COLCORD

The following letter by me to President Hoover is the beginning of the answer.

The President of the United States
Washington, D. C.
Sir:

Since the entire peace loving world is looking forward eagerly and rightly to the World Disarmament Conference, expected to convene in February, 1932, I am venturing a few practical and constructive suggestions as to what advance measures may be taken to make the disarmament or arms limitation effort a success.

It will, I assume, be generally admitted that there can be no large measure of disarmament until there is world security. The inevitable question then is what will give the sense of security required? These measures must be not merely the measures we would most approve and desire, but measures that we may reasonably hope to realize. No measure, however important or praiseworthy in itself, can be realized unless it is one that will be ratified by the Senate of the United States and the parliaments of the world.

The League of Nations might have given the needed security if the United States had been in it. But whatever view may be taken of it, our adherence is not an early probability, and the League will not have full power until joined by the great Republic of the West. The Permanent Court of International Justice will probably be adhered to by the United States, and will then be an important aid. But alone it will not give the desired security. The Pacts of Locarno were intended to be the outlawing of war as respects Germany and the former allied nations that border on her territory. But none of the nations accept them as affording the security that will justify them in disarming. The General Pact for the Renunciation of War, with the United States and all the civilized nations joined in it, ought, one would suppose, with the support of the other treaties named, be accepted as all the security needed. But it is not.

Why are all these great treaties not accepted by either France, Great Britain, Germany, or the United States as affording the security necessary to justify a large measure of disarmament? There can be only one explanation. The history of all the past teaches that no treaty is safe against repeal and abandonment when one or more powerful nations think it to their advantage to withdraw from it.

Security then must be found in something more than a treaty. It must be found in something from which no nation can withdraw.

All this leads to the inevitable conclusion that the permanence of peace — the permanence of all anti-war treaties — can be found only in the delegalization of war by an enactment participated in by all the civilized nations that shall make the prohibition of war a basic principle of international law from which no nation can withdraw.

As was said in our multisigned letter to you of November 22nd, "Sometime in the future one or more powerful nations may disrupt and destroy even so splendid a structure as the General Pact for the Renunciation of War by withdrawing from it. But no nation, be it ever so powerful, can withdraw from international law. It may violate it and treat it with contempt, as a murderer may violate and scorn the law against murder. But the law will remain, branding the offending nation as a disgraced criminal guilty of the most serious offense against the entire community of nations. From that condemnation a guilty nation cannot escape. It must live among the nations of the earth with the mark of Cain upon it, subject to the contempt of world opinion — a situation in which no nation would willingly put itself or could long endure.

"The only way by which a nation could escape it would be by a repeal or abrogation of the law by the only authority that will have power to abrogate it, the great body of the nations by whom it shall have been enacted. Once the law is enacted it is scarcely conceivable that the nations that put it into law will ever vote to cast it out. Here and there in time of great excitement and passion a few governments might desire to repeal, but never by any approach to a majority or commanding influence."

With great respect,

(signed) SAMUEL COLCORD.

A Program

Following this up I would urge the following Program for all friends of world peace as the best means I can think of to make the Disarmament Conference a success:

First, adherence to the World Court by the Root formula without further reservation.

Second, the delegalization of war by an enactment of international law that will put outside the pale of law any nation that in violation of its treaty obligations attempts to settle its dispute by war. Distinctly this should be by an enactment and not by a treaty, since our Congress has the power to vote withdrawal from any treaty, but no congress or parliament has the power to vote withdrawal from international law.

Third, the adoption of a general treaty that shall provide for the call of a conference of nations for conciliation, inquiry and report to public opinion in the event of an impending war.

For this proposal it may be said, as was said in our letter to the President, that if the nations entering, or about to enter upon war are brought to conference with other nations there is small probability that they will leave the conference to resume the interrupted war. But if one of them refuses to come to the conference, the refusal will be its public con-

fession that its role is not one of peace but of war, and public opinion and the other nations will know how to act.

These measures should be taken before and not after the Disarmament Conference if they are to have their full effect. Adherence to the Court and the mere beginning of negotiations by our State Department for the other two, will go far towards assurance of security that will relieve the fear of nations which is the great bar to disarmament.

With war made an international crime, with the Permanent Court of International Justice to determine the guilt and the sure prospect of being summoned before a conference of nations, what nation will take the risk of war?

Will Banish War From The Earth

Wars of revolution may occur until the people are taught a better way, since the nations cannot prohibit and have no right to prohibit wars of revolution, else no oppressed people could throw off the yoke of tyranny and, on the other hand, they have no right to prohibit the suppression of rebellion by military force, else no government, be it ever so just or even benevolent, could long survive. But with this program through negotiation by our Department of State, as was the Briand-Kellogg Pact, adopted by all the civilized nations of the world, war between sovereign nations will be banished from the earth and the intolerable load of arms and preparedness for war will be lifted from the backs of men by increasingly large measures of disarmament.

This is plain commonsense and that all the foregoing is true should be patent to any reasonable mind.

Your Petitions

To all your petitions for disarmament and letters to the President on the subject, add this:

We also appeal for our adherence to the World Court by the Root formula without further reservation, for the delegalization of war and for a treaty that shall provide for the call of a conference of nations for conciliation, inquiry and report to public opinion in the event of any impending war.

How To Fail

If we try to get disarmament by merely advocating and appealing for disarmament we will miserably fail. That is the great and deplorable mistake that many great peace advocates and peace organizations have been making for years past. Will they awake to the great need for promoting measures that will provide the security against war that is the prerequisite to disarmament? Even a greatly aroused public sentiment will not make the governments yield to disarmament so long as they are obsessed by the fear of attack.

If you approve the Program, write to me: Samuel Colcord, 305 West 113th Street, New York City.

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COMMITTEE ON EDUCATIONAL PUBLICITY
305 West 113th Street, New York

THE PROPOSAL TO DELEGALIZE WAR IS WARMLY ENDORSED BY 400 DISTINGUISHED AMERICANS INCLUDING MANY U. S. SENATORS AND GREAT ORGANIZATIONS

STRONG WORDS OF APPROVAL

Matthew Woll, vice-president American Federation of Labor, wrote: "Permit me to express my complete accord in the effort being made to predicate all future international laws, their construction and interpretation upon foundation and maintenance of peace rather than war and to make inexorable the Multi-lateral Treaty through the method advanced by Samuel Colcord." Dr. Edwin A. Alderman, the late president of the University of Virginia, in a notable address upon a notable occasion, spoke of the League of Nations, the World Court, the Pacts of Locarno and the General Pact for the Renunciation of War as "four great adventures in peace of this generation, which," he said, "mark greater genuine progress than in any millennium of former effort." He then went on to say: "But there is still a further thing to do. Let us strive to place this vast hope by international enactment into the body of international law in some such words as those suggested by that wise, serene and constant friend of a new world order, Samuel Colcord." The great tribute from the pen of Dr. Arnold Bennett Hall, president of the University of Oregon, is omitted by request because of its intimate personal allusions. Senator Arthur Capper wrote: "It is a splendid proposal. I will be glad to do all I can for it."

AMBASSADOR HERRICK AND OTHERS

When first proposed in 1927, since when it has been held in abeyance awaiting our adherence to the World Court and the progress of disarmament, Ambassador Myron T. Herrick wrote three letters that will work for it, although he has passed beyond this life. In one of them he wrote: "I am tremendously interested. We should all work for it."

George Foster Peabody: "Admirable! I congratulate the author and the country he so finely works for." In another letter from Mr. Peabody: "My congratulations on the inclusion of your proposal in the Briand-Kellogg treaty, now signed." This, we assume, refers to the fact that Mr. Colcord's urging in more than a column on the editorial page of the New York Times of May 12th, 1927, and also in letters at reasonable intervals to President Coolidge and our State Department, that when the Briand offer of a pledge of eternal peace between the two nations should be officially made to Secretary Kellogg, our reply should be a proposal to make the treaty multilateral, to include not only two always friendly nations, but to include all civilized nations, thus making it the outlawing of war for all the world. After that six months of urging, that is exactly what was done.

But Mr. Colcord's vital part in it has never been publicly mentioned until now, more than four years after, in this pamphlet when we put it out to the few hundreds of important men whom it will ultimately reach in this campaign for a program that is to insure the permanence of world peace, including the permanence of that great treaty, made great by its inclusion of all nations as he so successfully urged.

Josephus Daniels, Secretary of the Navy in the World War: "I am with you in heart and soul. . . . You can rely upon me to do anything I can." Major General Henry T. Allen, who commanded the American forces on the Rhine, 1918-1919: "I am thoroughly in accord with this measure which is about the most important one now before the world." Bernarr MacFadden, Editor and publisher of Physical Culture, the Daily Graphic, the True Story Magazine and numerous other publications: "I emphatically endorse!!" Hamilton Holt, President of Rollins College: "I approve of it to the limit. . . . Exceedingly brilliant. But better, it is indisputably true." Dr. S. Parkes Cadman, former President of the Federal Council of Churches, radio preacher to a great audience, conductor of the Questionnaire in the New York Herald-Tribune and a chain of some hundreds of

newspapers throughout the country, answering the question: "How can the Kellogg Treaty be effective so long as International Law is in its present formlessness?" said: "Dr. Samuel Colcord has answered your question in his admirable pamphlet on 'A Way to Insure the Permanence of the Multilateral Treaty to Outlaw War.'" The next day hundreds of letters came asking for copies of the pamphlet, and they have been coming ever since. That was real help.

Mary E. Woolley, President of Mount Holyoke College, U. S. Delegate to the Disarmament Conference: "It gives me pleasure to send my strong endorsement." Just before sailing for the Disarmament Conference she said: "I will not forget it." Mrs. Frank Day Tuttle, Chairman Women's Pro-League Council, Vice-Chairman League of Nations Association: "It is splendid. . . . Go on with the good work." Minot Simons, Pastor All Souls Church, New York City: "I cannot conceive of anything that will so mobilize the moral sentiment of the world." Sidney L. Gulick, Secretary, Commission on International Justice and Goodwill: "It would make resort to war permanently and absolutely illegal. . . . All international law should then be promptly revised in harmony with this new basic principle." William Allen White: "By all means use my name." Mrs. Philip North Moore, Honorary President General Federation of Women's Clubs, and of National Council of Women: "You are on the right track." Austin Griffiths, Justice Superior Court of the State of Washington: "Mr. Colcord, in dealing with this stupendous question has shown the courage and grasp of a real statesman." Robert F. Raymond, Judge of the Superior Court of Massachusetts, endorses. Florence E. Allen, Justice of the Supreme Court of Ohio, endorses. Frederick Hobbes Allen, Aide to Colonel House at the Paris Peace Conference: "One of the strongest things that could be done to prevent a World War." Frank F. Williams: "An eminently sound proposal." Adelbert Moot, Vice-Chancellor and Regent of the New York State University: "Once again I am led to see the genius of the author. We do well to follow our great leader." John Herman Randall, Director of the World Unity Foundation, Editor World Unity Magazine: "I am tremendously interested in your proposition (first) because it is logically needed, and (second) because we must do everything possible to strengthen both the sentiment and the machinery of world peace."

Besides Senator Capper, above quoted, we quote the following United States Senators: Duncan U. Fletcher, United States Senator from Kentucky: "It is so important as to be worthwhile our sincerest efforts." C. C. Dill, Washington: "You can count on my active and aggressive support at all times." Frederick H. Gillett, Massachusetts, endorses. William H. King, Utah, "I shall be glad to do what I can to aid in making the prohibition of war the basic principle of international law." Royal S. Copeland, New York: "I am for Mr. Colcord's proposal." David I. Walsh, Massachusetts: "I am in full accord." Henry J. Allen, Kansas: "I heartily endorse." H. M. Neely, of West Virginia, Kenneth McKeller, of Tennessee, Linn J. Frazier, of N. Dakota, Park Trammel, of Florida, Henrik Shipstead, of Minnesota, Pat Harrison, of Mississippi, Thomas L. Walsh, of Montana and Thaddeus H. Carraway, of Arkansas, endorse. Robert F. Wagner, thoroughly sympathetic, but has not specifically endorsed.

The following Governors: Theodore Christianson, of Minnesota: "I am glad to add my name to the list of those who have declared for making the prohibition of war a definite and permanent principle of international law." Flemm D. Sampson, of Kentucky: "I favor the proposal." Harry G. Leslie, of Indiana: "I endorse." George W. P. Hunt, of Arizona: "I endorse heartily." Theodore G. Bilbo, of Mississippi: "I have read with intense interest. I hasten to offer my unqualified endorsement." Franklin D. Roosevelt, Governor of New York: "I am tremendously interested in the whole realm of international affairs, but I feel that I ought not at this time take any position in the matter. I know that you will understand." We feel that under the circumstances the Governor was quite justified in that attitude. Governors George H. Dern of Utah, H. C. Baldridge of Idaho, W. R. Farrington of Hawaii, Horace M. Towner of Porto Rico, and Charles Dean Kimball, former Governor of Rhode Island, endorse. Also Hon. F. H. LaGuardia, Congressman and Republican candidate for Mayor of New York City, and many other Congressmen endorse.

Other Senators and Governors have endorsed with the request that they be not publicly quoted until the question comes before the Senate for action. A distinguished

American endorsed, but it would not be fair to name him since he is now a prominent member of the Cabinet of President Hoover.

From New York City: Norman H. Davis, Under Secretary of State and for a short time Acting Secretary of State in the Administration of President Wilson. Major General John F. O'Ryan, Commander of the 27th Division in the World War. Robert W. De Forest, President Metropolitan Museum of Art and other important organizations. Cleveland E. Dodge, of Phelps-Dodge Corporation. Robert J. Caldwell, head of R. J. Caldwell Corporation. Major George Haven Putnam, head of G. P. Putnam's Sons, Publishers, New York and London (now deceased). Ivy Lee, Advisor in Publicity to John D. Rockefeller, the Pennsylvania Railroad and Bethlehem Steel. Clarence H. Kelsey, Chairman of the Board of the Title Guarantee and Trust Company, Director National City Bank and other important institutions (now deceased). William Jay Schieffelin, President of the Citizens Union. Stanley High, Editor of the Christian Herald. F. Louis Slade, prominent citizen. George Gordon Battle, eminent lawyer. Charles Loring Brace, Secretary of the Children's Aid Society. Lester E. Denonn, lawyer. Walbridge S. Taft, of the firm of Cadwalader, Wickersham & Taft, New York City. John Palmer Gavit, Editor of the Survey Graphic. A. S. Frissell, Chairman of the Board of the Fifth Avenue Bank. Alexander Walker, President of the Colonial Bank. Dr. Frederick Peterson, eminent physician.

From other cities: John Barrett, of Vermont, former United States Ambassador to Argentina and Director of the Pan American Union. George W. Marston, San Diego, California. Samuel Mather, eminent citizen of Cleveland, Director U. S. Steel Corporation, and of Bankers' Trust Company, New York, member Metropolitan, Union League and Bankers' Clubs of New York City. William Gorham Rice, Albany: "I fully endorse the compelling reasons." Francis Almy and Frederick Almy, Buffalo, N. Y. Irving N. Chase, Waterbury, Conn. Ivan Allen and Walter P. Andrews, Atlanta, Georgia. Joseph Walker, Boston, Mass. John Spargo, Publicist, Burlington, Vermont. Thomas C. MacMillan, La Grange, Illinois. William F. Cochran and Joshua Levering, Baltimore. Leslie J. Lyons, Kansas City. Frank S. Bayley, Seattle. Arthur J. Kinsella, Cincinnati. A. C. Graham, Albany, Oregon. Henry A. Mackay, Mayor of Philadelphia.

A few of the 39 university and the 64 college presidents signing: John Grier Hibben, President of Princeton University. Arnold Bennett Hall, President of the University of Oregan: "I do not believe a single instance has ever come to my attention in which an individual citizen, operating largely on his own initiative, has wielded so great an influence and so nearly shaped the foreign policy of the nation in a great crisis as has Mr. Colcord." This refers to great successes in which Mr. Colcord's part is, because entirely without publicity, known only to the few eminent men who co-operated with him. To this Dr. Hall adds: "For our own safety and the peace of the world the prohibition of warfare as a basic principle of international law should became a cardinal principle of the foreign policy of America." William Oxley Thompson, President Emeritus, Ohio State University. John A. Ryan, President Catholic University of America. W. H. P. Faunce, President Emeritus of Brown University. Ernest H. Lindley, President, University of Kansas. Charles F. Thwing, President Emeritus, Western Reserve University. Otto Mees, President Capital University of Cleveland. Frederick B. Robinson, President College of the City of New York. Mary E. Woolley, President Mount Holyoke College. Charles H. Rammelkamp, President of Illinois College. Edward Capps, Professor of Classics at Princeton University, Advisor to The Classical School of Athens, was United States Ambassador to Greece. Dr. James C. Egbert, head of Columbia University Extension and of Columbia University School of Business, Advisor to the Classical School of Rome, Italy. Edwin L. Clarke, Professor of Sociology, Oberlin College. Henry Van Dyke, of Princeton University, author and preacher. Henry W. Farnam, Professor Emeritus of Yale University. Horace D. Taft, head of the Horace D. Taft School, Watertown, Conn. William H. Welch, Professor of the School of Medicine, Johns Hopkins University, Scientist and "Dean of Medical Men in America." John Bates Clark, Professor Emeritus Columbia University: "Further thought has convinced me that the plan for making war *illegal* is one that is worth all that can be gathered for it. Success to it!" H. H. Rusby, Professor at Columbia University College of

Pharmacy: "It is a long time since anything has given me so much satisfaction. . . . It covers the requirements almost perfectly."

Leaders of great societies interested in world peace: Right Rev. Francis J. McConnell, M. E. Bishop of New York and President of the Federal Council of Churches. Dr. S. Parkes Cadman, former President of the Federal Council and now its radio preacher. Charles S. MacFarland, Secretary General, Federal Council of Churches, "Splendid work—it is wise, and, as always, timely." John M. Moore, also Secretary, Federal Council of Churches. Sidney L. Gulick, Secretary, Commission on International Justice and Goodwill of the Federal Council of Churches. Herbert S. Houston, Chairman, George Gordon Battle, Secretary, together with Dr. S. Parkes Cadman, and all the other members of the Executive Committee of the Committee on Educational Publicity, of which Mr. Colcord, the author of this proposal, is also a member. Mr. Houston writes of Mr. Colcord: "Never have I known a man who can get such large results from so small an investment as he can. . . . I heartily support the proposal to make the Prohibition of War a Basic Principle of International Law." Dean Philip C. Nash, Charles C. Bauer, Mrs. Frank Day Tuttle and Professor Herbert Feis of the League of Nations Association, and leaders in many other great organizations have endorsed it, though it has not yet been proposed for approval to the societies they serve. It has received the unqualified and enthusiastic endorsement of Matthew Woll, Vice-President of the Federation of Labor. But it has not yet been proposed to that Federation. It has been unanimously endorsed by the World Alliance for International Friendship and has received the personal approval of Fred B. Smith, Chairman of its Executive Committee, and of Doctors Frederick Lynch, Arthur Judson Brown, Mr. R. J. Caldwell, Doctors W. Russell Bowie, Daniel A. Poling, William B. Millar and other members of its Executive Committee. These are also connected with the Church Peace Union, founded by Andrew Carnegie, which has taken no action as an organization.

The following as individuals and not as representatives of their organizations, have heartily endorsed it: Daniel A. Poling, President, International Society of Christian Endeavor; William Hiram Foulkes, Vice-President of the same; Samuel W. Teachout, President, National Council of Y. M. C. A.'s; Helen G. H. Estelle, Corresponding Secretary, New York State W. C. T. U.; Charles E. Vermilyea, Secretary, New York State Council of Presbyterian Churches; James L. Barton, Secretary, American Board of Commissioners for Foreign Missions, and of the National Congregational Council; W. B. Millar, General Secretary, Greater New York Federation of Churches; and by Lincoln Wirt, Western Secretary National Council for the Prevention of War, who also says that his organization will do all it can for it.

The proposal has the signed approval of the following religious leaders: His Eminence Patrick Cardinal Hayes of New York; Right Rev. William T. Manning, Protestant Episcopal Bishop of New York: "I have read the letter with care and shall be glad to sign it." Right Rev. Francis J. McConnell, M. E. Bishop of New York; Right Rev. William F. McDowell, Bishop of Washington, D. C.; Right Rev. Ernest S. Stires, of Garden City; Right Rev. Chauncey B. Brewster, of Connecticut; Right Rev. Benjamin Brewster, of Maine.

The following pastors of Greater New York City: Rev. Drs. Charles F. Jefferson, Broadway Tabernacle Congregational Church; Henry Howard, Fifth Avenue Presbyterian Church; Harry Emmerson Fosdick, Riverside Baptist Church: "It is either mad or magnificent. I believe it is magnificent"; Ralph W. Sockman, Madison Avenue M. E. Church; William F. Sunday, Saint James Lutheran Church; John Haynes Holmes, Community Church; Minot Simons, All Souls Church, Unitarian; Henry Evertson Cobb, West End Avenue Reformed Church; Charles Francis Potter, Church of the Divine Paternity, Universalist; S. Parkes Cadman, Central Congregational Church; George Alexander (now deceased), First Presbyterian Church; Charles D. Trexler, St. James Lutheran; Christian F. Reisner, The Broadway Temple, Methodist Episcopal; Robert Norwood, Saint Bartholomew's Church, Protestant Episcopal; Roelif H. Brooks, Saint Thomas Church, Protestant Episcopal; Stanley Durkee and Clyde W. Robbins, Plymouth Church, Congregational; Newell Dwight Hillis (now deceased), Pastor Emeritus, Plymouth Church, Congregational; Henry Darlington, Church of the Heavenly Rest, Protestant Episcopal; Henry A. Stimson, Pastor Emeritus, Manhattan Congregational

Church; Wallace MacMullen, Metropolitan Temple, Methodist Episcopal; Samuel Trexler, head of the Lutheran Synod; W. Russell Bowie, Grace Church, Protestant Episcopal; J. Percival Huget, Tompkins Avenue Congregational Church; and many others. Also Rabbis Schulman, Krass, de Sola Pool and Stephen S. Wise.

Pastors in other cities: John Fort Newton, Overbrook Church, Philadelphia; Shailer Matthews, Chicago; J. B. Cranfill, Dallas: "A service for world peace unmatched in our history"; Robert Watson, Central Presbyterian Church, Boston: "I am enthusiastic over the presentation and feel that it must appeal to everyone who reads it and thinks of it constructively. . . . I am tremendously interested in the great work being accomplished by our great leader"; Jay T. Stocking, Pilgrim Congregational Church, St. Louis; Arthur Stanley Beale, Milwaukee; Ferdinand G. Blanchard, Cleveland; Peter B. Ainslie, Baltimore; Samuel Van Vraken, Buffalo; John Noble Pierce, First Congregational Church, Washington, D. C.; George Gilmour, Denver; Henry P. Dewey, Minneapolis; Frank E. Smith, Omaha; Chester B. Emmerson, Detroit.

THE WOMEN GETTING BEHIND IT

In putting out this proposal for approval we started with a list of eminent men. We have now come to realize that in this a very important field was neglected. We have just begun to present it to the women. When the peace-loving women of America and all the great women's organizations get behind it, as some of them have, success will be assured.

Among notable women already endorsing it are: Dr. Mary E. Woolley, United States official delegate to the Disarmament Conference and President of Mount Holyoke College; Mrs. Charles E. Simonson, Trustee Woodrow Wilson Foundation; Mrs. F. Louis Slade, Member Republican National Committee; Mrs. Edgerton Parsons, in eminent positions in councils of women, was observer of the Federation of Women's Clubs at the London Naval Conference; Mrs. Anna Garlan Spencer (now deceased), Professor Columbia University and eminent orator; Mrs. Philip North Moore, Honorary President, General Federation of Women's Clubs and of National Council of Women; Mrs. Lucia Ames Mead, eminent peace advocate, author and lecturer; Mrs. Frank Day Tuttle, Chairman, Women's Pro-League Council; Miss Helen G. H. Estelle, Corresponding Secretary, New York State W. C. T. U.; Florence E. Allen, Justice Supreme Court of Ohio; Mrs. Laura Puffer Morgan, Associate Secretary National Council for the Prevention of War; Mary E. Converse, Mrs. Josepha Whitney, Mrs. Mary C. Fairchild, Mrs. Henry Phipps, Mrs. J. Frederick Talcott, Mrs. Frederick S. Chase; Mrs. Elizabeth Preston Anderson, President W. C. T. U. of North Dakota and prominent in other women's organizations; Miss Lillian D. Wald, Head of Henry Street Settlement; Dr. Valeria Parker, conspicuous advocate of peace; Mrs. Charles J. Reeder, who, as President of the New York State Federation of Women's Clubs, put it before the Executive Committee of that organization with its unanimous endorsement the result; Mrs. Caroline Florence Lexow, President of the Women's University Club, heartily endorses as an individual, the club having a rule forbidding its own endorsement of any public proposal; Mrs. Carrie Chapman Catt signed with other distinguished Americans our outlawry of war proposal to President Coolidge, which was in effect the same; Mrs. F. B. Thurber, Jr., approves "with great pleasure." Mrs. Hannah Clothier Hull, National President; Miss Dorothy Detzer, Executive Director, and Miss Amy Woods, another director of the Women's International League for Peace and Freedom, warmly support.

180,000 ENDORSERS NOT MENTIONED

To get a fair idea of the overwhelming support behind it, let it be mentioned that following the early urging of this proposal upon President Coolidge and Secretary Kellogg in 1927, the Federal Council of Churches took to the President a petition bearing 182,782 signatures which declared that "war should be renounced by civilized nations and should be a crime by specific provision of international law."

Could there be better proofs of the immense popularity of the proposal? The President and the Senate that causes its enactment will receive the overwhelming support and the applause of the people.

AMERICAN LEGION AND ADVERTISING CLUBS OF THE WORLD ENDORSED

As a result of correspondence by Mr. Colcord with Col. Amory Lee, chairman, and other members of its Committee on International Relations, the American Legion at its annual meeting at Kansas City voted and sent to President Coolidge a resolution urging action on the proposal as sent to him.

In the same year the annual convention of the Advertising Clubs of the World on motion of Herbert S. Houston urged upon the President that this be put at the front in any peace movement by the government.

AID TO BOTH KELLOGG PACT AND LEAGUE OF NATIONS

It is because we are enthusiastc believers in the Briand-Kellogg Pact that we urge these measures to insure its permanence. It being true that no congress or parliament has power to withdraw from an enactment of the delegalization of war, the General Pact for the Renunciation of War and other worthwhile treaties for peace will stand with it, since their violation would also be a violation of the enactment. When the League of Nations shall have received the necessary and inevitable revision that will conciliate American sentiment while making it more effective in the prevention of war than ever, it will be found that the unavoidable co-operation of the United States with the governments of Europe (all of whom are associated in the League) in making these measures effective, will be the surest and shortest road to our membership in that great organization.

STATESMEN OF EUROPE

Letter from the Embassy of France, Paris. An expression of interest but not an endorsement: "M. Briand was very much interested by your letter as well as Mr. Colcord's pamphlet and I am directed by him to thank you for your kind consideration. As for Mr. Colcord, he is well known at this Embassy and his articles have always been read with great interest. Yours sincerely. Sarteges."

The time will soon come when the support of the Statesmen of Europe will be sought for this proposal. The surprising and gratifying responses to Mr. Colcord's appeal to the most eminent statesmen of Europe for support to the proposed move by President Coolidge for a Treaty to outlaw war, which led ultimately to the Multilateral Treaty in Renunciation of War, leads us to believe that their support for this proposal will be readily secured. Then it will be up to the Senate.

Because this is a very limited printing it is not for sale, but

Single copies will be sent free postpaid.

COMMITTEE ON EDUCATIONAL PUBLICITY,

305 West 113th Street, New York.

21 November 22

able extravagance so far as the Canadian Pacific Railway was concerned and exemplified an unwillingness to co-operate on the part of that company. It seems quite clear that the commission in this respect has been led to an altogether erroneous conclusion, and it is important that the error be corrected, since it forms part of the basis upon which the commission has founded a recommendation which, if carried into effect, would deprive the proprietors of the Canadian Pacific of the right to control their own property.

CATHOLIC CHARITIES APPEAL.

The Federation of Catholic Charities is a combination for a high object as the name implies, charity being the best-complexioned thing in the world. The need for a larger charity today needs no emphasis. The Catholic Charities campaign that has been inaugurated and will be continued in Montreal throughout this week is one to raise $175,000 to finance the twenty agencies comprising the federation, so that their beneficent work shall not be impeded, but shall be adequate to increased and more insistent demands for relief. Because needs are greater and more compelling this *year, a larger fund is essential,* but, as the Mayor, the Hon. Fernand Rinfret, states in his appeal to the citizens, "despite an enormous "increase in the work undertaken by the "agencies in the last year, and a very sub-"stantial extension in the work of the federa-"tion as a whole, the budget is only approxi-"mately twenty-five per cent. more than the "total subscribed last year."

The appeal is to all classes; it has the sympathy of all classes, as evidenced by the plea of the Rev. Dr. G. H. Donald, pastor of the Church of St. Andrew and St. Paul, for support in the current campaign, and it may be believed that the aggregate response of all classes will uphold Montreal's reputation for benevolence. Extraordinary times and extraordinary circumstances make the test of duty greater, but, to again quote the Mayor, it is inconceivable that the average man and woman who still have retained the means of an easy or luxurious life, will not think of the thousands who are helpless, or would be helpless but for organizations of this kind. The campaign merits a success commensurate with the worthiness of its purpose.

HITLER AND THE CHANCELLORSHIP.

From Berlin comes the report that Adolf Hitler stands in a fair way of being appointed Chancellor of Germany in succession to von Papen. President von Hindenburg invited the leader of the Nazis into consultation on Saturday last, and although the meeting is declared to have in no wise indicated that the President had changed his mind sufficiently about his adversary in the presidential campaign to share with him responsibility for Germany's destiny, it is declared that a beginning has been made in achieving a better understanding between these two leaders, who will meet again tomorrow for another conference. In spite of their losses in the Reichstag elections on November 6, the Hitlerites headed the list of polling returns and they are about to count in *excess of eleven million votes. They thus still represent the largest single party in the State,* and if a concentration Cabinet is to be formed in Germany, it is obvious that the strength and pressure of the Hitlerite forces cannot be ignored. That there are great risks in giving them the eminent right of way can hardly be denied. But given such safeguards as no doubt will be stipulated by President Hindenburg in connection with Hitler's appointment to the chancellorship, the view taken is that a check might be thus placed upon the obstructionist tactics of the Communists and their allies, and the way opened for the Centrists and Nazis, the moderates of all parties to get together and unitedly form a workable coalition government. This, of course, remains to be seen. Meanwhile, the Hitlerites are jubilant. They appear to be persuaded that their grand opportunity has arrived.

DISARMAMENT PLANS.

The alacrity with which the advocates of disarmament at Geneva don regimentals and stride across the stage with swords that clink and clatter at each step might well invite the jibe of a satirist; it presents as grotesque a spectacle of profession contradicted by practice as ever threw international councils into painful bewilderment. Browning tells of an Eastern satrap who, aboard his galley, is decked in a colorful vest of silkiest texture and dyed with Tyrian purple. He lets it fall into the sea and the salt water eats out the tincture throwing cloud after cloud as of impenetrable mist on the water. And this seems to be what is happening in the disarmament negotiations. There is no more fatuous, illusive and hurtful stroke of policy than the wrongful handling of a right cause. The co-operative idea of disarmament is conspicuous by its absence. It has become choked up and vitiated by a sort of competitive struggle. The posts hammered down as a protection against the recurrence of war are being strung with barbed wire.

In the United States there is a disposition *on the part of some prominent officials to pit* the question of disarmament against that of the war debts, and to set the reduction of arms foremost on the score that until some arrangement has been made about lowering the cost of armaments it is futile to expect the economic situation to improve; and when this has been done, it is argued that the debtor nations will be able to discharge their war debts obligations. Again, Germany has come forward with a proposition that the prior consideration must be given to her own claim for arms equality, and that until this matter, which is considered crucial to her future standing and welfare amongst nations, has been satisfactorily settled, her statesmen will hold themselves aloof from the League. France has brought forward a disarmament plan concerning which the hope is expressed that it is capable of combining the advantages of the American arms reduction recipe with those of the sort of security for which France has consistently stood. The scheme puts security first and disarmament second, and is based upon the thesis that nations can only reduce their arms quotas in proportion as the guarantee of security is given and the proper machinery assembled for making security certain. The concert of Europe is bound up with the League Councils and the key to European peace is in Geneva.

The thing asked in the French scheme is that there shall be organized and maintained a regimental force sufficient to police the nations of Europe, or ready to be called out at any time against a possible aggressor counted guilty of making a breach in the covenantal pledge; and that somewhere there shall be kept and reserved a stack of arms sufficient to enforce the mandate of the League and to apply military "sanctions," or, in other words, punishment, to the offending power. It makes no practical difference that this proposal is labelled regional assistance, nor that the reserved force is to be called out only in some emergency instead of the steady upkeep of forces by each separate nation concerned. Stripped of mere verbiage, the scheme that finds favor at Paris means that the interests of law and order in Europe shall be preserved by an armed force under the aegis and control of the League of Nations and in which all the signatories to the League Covenant shall have a share of responsibility. It brings back all the old-time difficulties connected with the proposition of making the League a sort of super-state in Europe. At Berlin the opinion prevails that the handling of the League scheme so laid down is being manipulated against German interests and in fear of another upheaval of Germanic militant power. An old proposal trimmed up in a new dress, is the way the officials at the Wilhelmstrasse interpret the French plan. Such disarmament proposals may continue to vex the European political arena for a long time to come. But they can hardly be expected to promote the interests of world peace.

THE U.S.S.R. A HARD TASKMASTER.

Russia under Soviet rule is about the most exacting taskmaster in the world and the iron hand of government is being pressed more firmly upon the people. Only the other day Moscow gave notice that some tens of thousands of civil service employees would be removed from their places and transferred to farms and workshops, in order that the production standard be maintained, or at least prevented from declining. There is no appeal from such a drastic order, and anyone who questions the authority of the edict is severely punished. Two of the most important leaders have been expelled of late for merely questioning the advisability of certain practices. So the civil servants concerned must perforce take up the shovel and the hoe instead of the pen. Perhaps they will have the sympathy of those prodigals among the workers who have been absenting themselves from their allotted tasks one day a month without valid reason, such as going to a grandmother's funeral, or other such sorry social duty. It may be that these idlers have been making a practice of engaging in a combat with that fiery antagonist, vodka. If so, their return to work after one day's joust with the bottle would seem to be testimony to their endurance and devotion to the job. But the U.S.S.R. does not look at the lapse in this light; rather does it regard the day's forgetfulness of the claims of duty as a very serious crime. Hence the latest order, which is to discharge all workers who loaf one day a month, *and, what is worse, deprive them of food cards* and lodgings. Drastic treatment this for a "free and enlightened" people. Russia evidently is no place for an "easy" worker or for a man who likes to speak his mind in public. The Ogpu is on the watch.

Chief Justice Greenshields has condemned the driver of an automobile to pay the full amount of the claim, $12,000, to a man he struck and injured when the latter had stepped from a street car on Sherbrooke street. The condemnation should serve as a warning to numerous motorists who persist in speeding by when a tramways car has almost come to a stop. The offence is particularly noticeable at night, when it is most dangerous. Knowledge that it may prove tremendously costly should prompt the offenders to mend their ways. If they are careless as to what happens to others, they should at least have regard for their own welfare.

On the very day that Sir John Simon gave an outline in the Commons of Britain's disarmament proposals, German newspapers arrived in London containing full-page advertisements of British firms setting forth the advantages of their war tanks and field guns. Evidently the enterprising companies are convinced that there is a greater chance of Germany being permitted to practice equality of armament than of the presently well-armed powers being compelled to limit their engines of destruction to any great extent. At least the British armament firms are getting their say in first in a perfectly open way.

In Italy, where unemployment is beginning to be seriously felt, women engaged in clerical work are to be replaced by men as soon as possible, and preference is to be given to members of the Fascist party and to ex-service men with families. The development proves that even Mussolini has his limitations when it comes to industrial problems, and also that he is not fearful of feminine wrath.

Fire hose was employed against a mob at Geneva with such telling effect that the disturbers were routed in quick order. The resort to the hose instead of machine guns, as on a former occasion, indicates that civilian methods are considered sufficiently effective for the situation. They should have been employed in the first instance. Geneva is the international peace centre.

A new traffic regulation is proposed forbidding motorists to stop within the boundaries of a street intersection, thus blocking the movement across the street. This interference is frequently experienced on such thoroughfares as St. Catherine street in the centre of the city. If the police can get motorists to observe this regulation it will mean a big improvement in the most congested centres.

Game fish and four-legged game are reported to be abundant throughout Canada this year, which condition, as respects the latter especially, should make it unnecessary for hunters to pot at each other or at unoffending farmers with their customary misguided vim. There is less excuse now for the mistaken sportsmen, at any rate.

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Some slight knowledge of what that draft convention means is absolutely necessary to understand the question of disarmament as it now faces the world.

Before the end of the war thinking men began to realize that war as it now is had become a futile, meaningless thing, that the tremendous advance in mechanical equipment of all kinds had rendered the personal element negligible, that it is now simply a form of mechanical slaughter. Long before the end of the war they began to get together and discuss the possibility of a group of nations determined to enforce peace. The first proposals which led to the formation of the League of Nations were made as early as the spring of 1917, more than one and a half years before the war ended. These proposals were discussed, and eventually were embraced in President Wilson's famous Fourteen Points, which became the basis of the Armistice discussions in the fall of 1918. You will remember that one of the terms of the Armistice was the acceptance of those points and the general principles that were laid down.

Then, in the discussions which followed, leading up to the Treaty of Versailles, there was emphasized at all times the idea of the joint enforcement of peace by the nations of the world. And the covenant of the League of Nations was subscribed to by all the fighting powers except, unfortunately, the United States of America and Russia, the latter country, of course, being in a state of chaos, and the United States not signing because of difficulties that arose in connection with the ratification of the treaty. Nevertheless, the covenant of the League of Nations was largely the work of President Wilson himself, consequently to that extent the United States played a very important part in the drafting and adoption of that covenant.

Under that covenant the nations of the world agreed to bind themselves together in an effort to enforce peace. One of the first conditions that was insisted upon was that Germany, in submitting to the peace terms, should become almost completely disarmed. That is an extremely important thing to remember in considering disarmament to-day, that Germany was disarmed with the idea that it would be the first step in an all-round disarmament. Germany pointed out that it would be improper for a great nation, even though it were a defeated nation, to be placed in perpetual vassalage to the surrounding powers.

And Clemenceau, on behalf of the Allies, gave this undertaking, which should not be forgotten by any of the allied powers, he explained to Germany and to the world, in these words:

> "That the Allies and associated powers wish to make it clear that their requirements in regard to German

> armaments were not made solely with the object of rendering it impossible for Germany to resume her policy of military aggression. They are the first steps towards the reduction and limitation of armaments which they will seek to bring about as one of the most fruitful preventives of war, and which it will be one of the first duties of the League of Nations to promote."

That was the undertaking, the understanding on which Germany laid down her arms. We may say that Germany and the Central Powers had no choice. But Germany was disarmed as no nation has been disarmed in modern history. And Germany has complied with the terms of that disarmament undertaking. And we have not.

Instead of the reduction of arms which the Allies undertook to bring about, the armaments of the world to-day are 70 per cent. in excess of those at the beginning of the Great War.

Now that is not a thing to look upon lightly. Only a few years ago the nations of the world met at Paris, and with great pomp and ceremony signed the Kellogg Pact, in which they solemnly declared that they would no longer resort to war as a means of settling international difficulties. And people thought that a new day had dawned. But year after year since that time nations have been increasing their armaments, and even in this past year of depression the nations of the world have spent nearly five billion dollars on preparations for war.

Now the disarmament which we are discussing is that contemplated by this draft convention that has been prepared by the League of Nations for consideration next February. That draft convention is complete in form except for the numbers of ships and of guns and everything of that kind. The people of the world will meet together there to decide what figures shall be filled in in that Convention. It is people like yourselves and myself who are to a certain extent going to determine what those figures shall be, because the men who meet there will set those figures high or low largely as public opinion expresses itself in favor of real reduction or otherwise. If the figures are going to be filled in at about the present point, then you are going to have a tremendously armed world. We hear all sorts of arguments in favor of that: France is insisting upon security, every nation is insisting upon security in some form, but the fact remains that if it is only going to be a small reduction, or a fixing of armaments as they are to-day, Germany has every reason to be dissatisfied with the terms of that Convention. And Germany has definitely stated that they must reject that Convention in its present form.

I cannot begin to cover the whole ramifications of this matter in the time at my disposal to-night, but I want to point

out one thing that I think is extremely important, which the whole world seems to be overlooking. It is that there is nothing in that draft convention which limits the manufacture of arms by private industry. When the Peace Treaty was signed, when the League of Nations first met, it was stated that steps would be taken to control the private manufacture of arms, and take it over by the Governments of the different countries. That was one of the first points President Wilson emphasized.

Is it important that these factories should be taken over? Is it important that Governments themselves should control the production of arms, instead of private companies? Well, I think we had the answer very clearly a year or two ago in the United States. In 1929 Dr. William B. Shearer sued the Bethlehem Steel Company, the Newport News Shipping Company and other builders of war material for the sum of $250,000 as a reward which he claimed for his services in disrupting the Geneva Conference of 1927, which had been called for the purpose of reducing naval armaments. What was contemplated then in regard to naval armaments was simply along the lines of what is contemplated at Geneva next February. Dr. Shearer in his claim admitted that he had already received $55,000 from these companies for his services, but he claimed the larger sum by reason of the fact that the Conference had completely broken down, that there had been no reduction in the American naval programme, and the shipbuilding companies had benefited accordingly.

President Hoover ordered an inquiry by a Senate Committee. At that inquiry it was frankly admitted by these companies that the money had been paid for the express purpose of sowing suspicion between the delegates of the United States and Great Britain. And they admitted that they had paid other men for the same work.

If we could believe that this was an isolated instance it might be passed over. But there is all sorts of evidence that it is not an isolated instance, and that to-day we are being subjected on all sides to arguments directed by men like Shearer, who are paid for spreading such ideas abroad. We cannot point the finger of scorn at the United States for having produced Dr. Shearer. We claim in the British Empire a man who far outclasses Shearer in anything of that kind, a man who is still alive, and who controls the greatest armament company in the world, Vickers of England. That man is Sir Basil Zaharoff, a Greek, born in Turkey, never naturalized in England. Zaharoff's story is one that must be known if anyone is to understand the menace that lies behind this question of the private ownership of arms.

Zaharoff started in the armament business in the seventies with a Swede named Nordenfeldt. The Nordenfeldt Com-

pany became the biggest producers of machine guns and armor plate in England. Then Hiram Maxim, an American never naturalized in England, went to England, and Zaharoff saw the possibilities, and he brought Nordenfeldt and Maxim together. So we have a Greek, an American and a Swede turning out the necessary equipment to arouse the patriotic fervor of the British people.

Then time went on, and the Maxim firm was affiliated with Vickers through the operation of Zaharoff, Zaharoff retaining the controlling interest. All the way through Zaharoff was behind the scenes. When the Great War broke out no one in England knew, outside of probably a few, that Zaharoff, the great financier, the mystery man of Europe as he is known, the friend of royalty, intimate with people in power everywhere, was actively interested in selling as many arms as could possibly be sold.

We have the extraordinary picture during the war of Zaharoff as one of the ten or twelve men in England who were consulted from time to time to see what would be done in regard to the carrying on of the war. And we have this astonishing thing, that in the spring of 1917, during perhaps the most trying days of the whole war, when it was suggested that overtures should be made through the United States to Germany for settlement by arbitration, we find then that Zaharoff was one of the handful of men brought together by Lloyd George to decide whether or not they would consider ending the war at that time. Gentlemen, the absurdity of the thing would be amusing if it were not such a menace. Here was a man whose company was making millions every week out of the production of war material, being consulted by the leaders of England as to whether or not the war should go on. And Lord Bertie in his Memoirs records that he was brought back from Paris to discuss this, and he says that Zaharoff vehemently attacked the suggested ending of the war by arbitration, as it would only lead to an inconclusive peace.

This man, who was making millions every week out of the continuation of the war, not only had the biggest interest in Vickers in England, he also had a large holding in the Creusot Works in France, he had the biggest interest in Krupps, of Germany, outside of Krupps themselves, he was a large stockholder in a great steel company in Austria, he was the largest single shareholder in the Skoda Steel Company, which made the great howitzers; this was the man, making money from both sides, who was being consulted by Lloyd George and others as to whether or not they should continue the war.

Zaharoff also owned newspapers throughout Europe, still owns them, and naturally those papers vehemently oppose disarmament or reduction of arms. We have not by any means taken this as the only example of the attacks on disarmament by men interested in the arms business. Just two

years before the war the people of Paris were aroused, only temporarily unfortunately, by the discovery that two of the newspapers in Paris which had been most active in urging the French to build up a big army against the German menace were owned by Krupps of Germany. These papers were stirring up hatred of the Germans in France in order that the armament business might be built up in both countries.

That is the evidence we have, those are facts that we know of what the armament people will do to prevent disarmament. And we have the word of one of the best-informed newspaper men in the world, Mr. Wickham Steed, for many years editor of the London Times, who only two weeks ago made the statement that the interests of armament firms are never unrepresented at disarmament conferences. Nor is the influence of such firms by any means confined to one country.

Now what is the effect of that sort of propaganda? Every day we see in the United States and Canada pictures of military equipment, shown in an attractive way, to stimulate enthusiasm about the prowess of the different countries. In the United States only a couple of months ago we had Ex-President Coolidge stating that the United States had taken the lead in world disarmament, that they had given away their place on land, were giving away their place at sea; yet we find by the Year Book published by the League of Nations that the United States last year spent a great deal more money on armament than any other country in the world—the colassal total of $703,000,000. And at the very time that Ex-President Coolidge was telling the world that the United States was disarmed we had stories of the efficiency of the American Air Service in spraying a new form of gas over armies in the field. By this new method they could exterminate men just as injurious insects have been removed from trees and field crops. We also had word that one of their army airplanes had dropped a bomb weighing 4,000 pounds; and also, that in spite of depression in other lines, the airplane production in the States was higher for the first six months because of the very much heavier purchases for the Army and Navy than ever before. And all these things are being made popular by pictures in the press.

But we have in England the worst example of the danger of private ownership of armament companies. The Vickers Company is exporting arms and war material to nearly every country in the world. England, which is supposedly taking the lead in the way of peace, is helping to build up the armies of other countries, by supplying them with the necessary mechanical equipment. Just two weeks ago the New York Times contained a half-page illustration of the march past of

the Russian Army, a very impressive picture, passing Lenin's tomb, Stalin taking the salute, and underneath the caption: The threat of the Russian Bear moves across the Northern Frontier.

The threat of the Russian bear across the northern frontier is a threat to England. Yet in that picture, showing a very impressive parade of tanks moving in formation, are shown tanks made by Vickers of England—every one of them. England last year exported to Russia—their natural enemy, if there is any natural enemy of England in the world to-day—20 of the huge 12-ton tanks, the finest tanks perhaps in the world, 20 of the very fast 6-ton tanks, and 65 light tanks. They exported airplanes, guns and fighting equipment of every kind. Yet we are told England is taking the lead in disarmament.

To Turkey, which has not been particularly friendly with England in the past, they exported during the last year the finest anti-aircraft equipment there is anywhere in the world outside possibly of the London defences.

When the pictures came back here of the occupation of Mukden by the Japanese, it was interesting to see Rolls-Royce armored cars with Vickers bodies. And to see also that the airplanes which had been captured from the Chinese were British airplanes.

Now this is big business to the British people, just as it is big business to the United States, and it is hard—it is very hard—to force those countries to take over the factories, unless the masses of the people determine that it shall be done. These people are keen on keeping their business. I am simply taking Vickers of England as an example; every one of the big countries has its own company. But it was an interesting thing this year to see the statement of Albert Vickers, the president, to his shareholders. At a time when all the world is discussing peace, you could picture him addressing this shareholders' meeting and saying to them, as he did: That he was very gratified to be able to tell them that Vickers had come through an exceedingly successful year in spite of the depressed conditions in all other business.

They are not going to lose that business unless they are forced to.

Now the people of the world, the rank and file like ourselves, are the ones who are going to suffer from war if there is another war. Until we insist that the nations of the world take over the manufacture of this death-dealing equipment those companies are going to carry out the usual business methods of trying to promote sales. South American Republics, scattered countries throughout Europe, all find ample assistance in arranging rebellions from time to time from

these companies, who are very glad to see arms being sold. There is only one way it can be stopped—that is, to put the production of armaments into the hands of the Governments, and say that for all time this dangerous business is going to be taken out of the hands of those having any private interest in the sale of arms.

I do not suggest that that will stop war. I do not suggest that that is an answer to the disarmament question, but I do say very positively that we have ample evidence of the fact that until the nations do that we are never going to get a frank discussion of the disarmament question. But if we do that, if we get rid of this biassed viewpoint, this paid propaganda, then there is a real chance of the League of Nations getting some results and being able to fill in satisfactory figures in those blank spaces which will effect a real reduction in armaments and go a long way towards assuring world peace.

We can all do our part, by asking that Canada, as one of those countries, insist at the Conference on a real reduction of armaments; on the carrying out of the undertaking made at the Treaty of Versailles that there would be a reduction of arms; and that the manufacture of arms by private companies be brought to an end and transferred to the absolute control of the Governments in whose territory the arms are made. (Prolonged applause.)

CHAIRMAN, MR. HUDSON:

The members have shown by their close attention the interest the Toronto Railway Club takes in a subject of this kind. It is a subject very close to the hearts of the people of Canada. Many of us lost sons and some lost daughters overseas in the Great War. Every thinking man knows that not only the terrible sufferings and loss at the time, but many of the evils afflicting the world to-day, among others the economic depression, are the aftermath of the war, and the staggering cost of preparation for another war. Yet, notwithstanding this, we allow our Governments to go on increasing armaments in preparation for another catastrophe, which, if it should occur, will wipe out this present civilization. Gentlemen, this is something for you to give your most serious consideration, and we should make known what we have heard to-night from Lt.-Col. Drew as widely as we have opportunity to on every possible occasion, so that the message we have had to-night may reach the largest possible number of the citizens of our country. We thank Lt.-Col. Drew for his brave and inspiring address. (Applause.)

THE CHAIRMAN: The toast to "Our Guests" will be replied to by Col. Price, Attorney-General and Acting Premier. Col. Price is perhaps best known to "the man in the street" as the Cabinet Minister who put the Security Frauds Prevention

Act on the Statute Books of Ontario. We know that besides the troubles from the war and preparation for another war, there is yet another canker in our national life, as well as of almost every other nation: we have been participating in a wild orgy of gambling on margin. Col. Price has put forth his hand in the right direction to ease the situation, and he is to be congratulated on the action taken. It affords me great pleasure to introduce Col. Price, Acting Premier. (Applause.)

LT.-COL. THE HONORABLE W. H. PRICE, K.C., LL.B.:—(On arising Col. Price was greeted with applause):

Mr. President, Colonel Drew, and gentlemen: May I congratulate you, sir, on having such a magnificent turnout at your first annual dinner? I was rather surprised that you allowed Montreal to take the honors so long. Now that you have a Railway Club in Toronto, I am sure it will be a great success.

Let me add to your congratulations to Col. Drew my own. Col. Drew is a representative of Young Canada, a representative of those who, in times of war, left their native land to fight the battles of our country on foreign soil. He is a representative of your sons, your daughters, a representative worthy of the fathers and mothers in Canada. To-night we honor Col. Drew as a gifted and talented Canadian. (Applause.) It takes courage to make a speech such as he made to-night. It is worthy of our fullest consideration.

May I express the regret of the Prime Minister that he was unable to be here to-night? Before he left on a trip to the coast for a short holiday he charged me to tell you how much he would miss being with you. I am giving you his message, Mr. President.

I am glad to appear before this Railway Club, representing the great railways in Canada. The railways in Canada have played a notable part in the building up of our country. We may be critical sometimes, don't worry about that, people are often critical of me! (Laughter). And you will find that sometimes people are forgetful, forgetful of the great services that the railways have given to this country.

I inquired of your President just how great you are in Canada. He told me you have 47,000 miles of road, that you have 200,000 people employed by your organization. He said, multiply that by 5 if you will, and you have a million people dependent on the railroads of Canada, the business they do. It is a tremendous thing to think that one-tenth of the people in Canada are so vitally interested in our railways. Can Canada to-day not be vitally interested in one-tenth of her people?

Shall Canada not be vitally interested in these two great roads; the publicly-owned railway, the privately-owned railway, but both roads of which the country should be proud?

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SALMON P. CHASE
SECRETARY OF THE TREASURY
1861 – 1864

The Interallied Debts—Politics and Economics

By
BENJAMIN M. ANDERSON, JR., PH. D.
Economist of The Chase National Bank of the City of New York

The CHASE · · ·
ECONOMIC
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THE INTERALLIED DEBTS—POLITICS AND ECONOMICS*

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Economist of THE CHASE NATIONAL BANK *of the City of New York*

The economic aspects of the interallied debt question, though not simple, are pretty definite and clear. The political side of the matter, involving cross currents of public opinion in every country, together with disagreements which are, in certain cases, radical as between different countries, is difficult and obscure. Last winter and early last spring the political problem looked almost hopeless, because Germany, France and the United States all seemed quite uncompromising and inflexible. Today the outlook is much brighter, though very much remains to be done before a settlement can be reached.

ECONOMIC ASPECTS

I would suggest the following as a sound economic view of the matter from the American point of view. It is to our interest to collect as much as we can of these interallied debts without doing a disproportionate damage to our foreign markets and perpetuating the disorder in our own internal trade and finance. Our own government needs money, our taxes are going to have to be increased in any case, and our taxpayers are reluctant to assume any more burdens than are absolutely necessary. If it were a simple question of relieving European taxpayers or relieving American taxpayers, the American economist could give only one answer, and the European economist could make no case. But the fact is

* An address delivered before the St. Louis Chamber of Commerce at a luncheon on December 9, 1932.

that the existence of these debts has been violently disturbing to trade and credit at home and abroad, that the intergovernmental debt fabric, including reparations, is one of the major causes that brought about the crisis and the great depression, and that the unsettled state of intergovernmental debts is one of the main causes that perpetuates the depression. It is of no use to our budget or to our taxpayers to collect 250 or 260 million dollars a year from European debtors, even assuming that we could do it, when the effort to make such collection perpetuates the disorder that has pulled our tax receipts down by billions of dollars and has pulled down our national income, including wages, by tens of billions of dollars.

It would be to our economic advantage to cancel the whole thing if that were the only way out—just as it would be to the economic advantage of every one of our debtors to complete an agreement with us and with Germany whereby each of them paid as much as she could and received nothing, in order to get the thing settled and out of the way. Uncertainty regarding the matter, and delay in adjusting the matter, are damaging to every one of us to an appalling degree. It is not necessary to cancel these debts and I am in favor of collecting as much of them as we can collect, consistent with getting world trade and international credit restored on a sound and permanent basis. I think that we can ultimately collect a good deal, if we modify our tariff policy so as to permit our debtors to *earn* the dollars they must pay us—a change in policy which is necessary in any case for the restoration of our export trade. I do not believe that it is to our economic advantage to insist on immediate payment. I believe that it is to our economic advantage to reconsider the whole matter, to defer payments for a time, and to scale down the schedules for future payments in many important cases.

BRITISH SETTLEMENT NOT BASED ON ABILITY TO PAY

We supposedly settled these debts, when the adjustment was made, on the basis of ability to pay. As a matter of fact, in the most important case of all, ability to pay was not seriously considered. Great Britain was too proud to raise that question seriously.

She funded her debt in full and asked consideration merely on the rate of interest. With respect to the rate of interest, she made her main argument on the ground that Britain's historic credit standing entitled her to a moderate rate, 3½ per cent, and the main concession that she received in connection with difficulties growing out of the war was that the rate was made 3 rather than 3½ per cent during the first ten years. She counted on trade revival to restore her old strength. It didn't come. Even during the years from 1922 to 1929, when, with short interruptions, we were having an unprecedented period of business activity which much of the rest of the world shared, Great Britain remained depressed, with tax burdens rising and with great and growing unemployment. She expected to get from Germany and from other countries in Europe the money that she was to pay us, but she began to pay us before she began to receive money from them, and she ceased in 1931 to receive payments from Germany or from other countries. She cannot expect in the future to receive payments from Germany on reparations account. She was pulled off the gold standard in 1931. Her taxes, already tremendously high, have been increased still further. Her export trade, her receipts from shipping, her receipts from foreign investments are all drastically cut.

EUROPEAN AND AMERICAN TAXATION

I shall submit two sets of figures which have, I think, strong bearing on the ability of our foreign debtors to make payment at the moment. Payment on interallied debts involves two sets of transactions: one, raising the money in the debtor country and in the domestic currency—sterling, francs, marks and the like. This involves taxation and the creation of an excess of taxes over domestic expenditures, though temporarily, of course, funds may be raised by internal borrowing if the credit of the debtor government will stand it. The second is the transfer of the money to the creditor country by selling sterling, francs, marks and the like for dollars or, in general, for the currency of the creditor country. This is the exchange problem, or the transfer problem. With respect to the ability of our debtors to raise the money at home, the following figures for comparative taxation in the United States and abroad are significant:

National Income Tax Paid on Salaries in United States, France and England by Married Man with One Child—1932

Income	U. S.	France (25½ francs=$1)	England (£=$3.20)
$1,000	....	$24	$39
2,000	....	98	202
5,000	$84	709	802
10,000	448	1,998	2,240
50,000	8,568	18,578	22,392
100,000	30,068	40,245	52,492

The national income tax is only one source of taxation. If account be taken of local and indirect taxes, the comparison shown in the table is essentially unchanged. Furthermore, if account be taken of involuntary social and insurance contributions, the burden on the average Englishman or Frenchman is even greater, as compared with the average American, who does not make such contributions. Let me add that although the German income tax rates could not be placed on an exactly comparable basis with those of the other countries, they are the highest of all for all but the very largest incomes, and, taking account of all burdens on the citizen, the German bears the heaviest of all.

The American economist will not raise any question of America's duty to lighten the burden on foreign budgets—though the American people do, and should, feel sympathy for the overtaxed people of foreign lands. But our own tax burden is heavy and growing heavier, and must continue to grow heavier unless and until this world financial and economic situation improves, in which case our tax burdens can and will be reduced. The principal point about these figures is that they reveal a situation such that it is to our own interest not to increase the pressure. We shall get more out of our debtors over the years if we show consideration now, and if we all work together to get trade and industry going again so that more moderate rates of taxation at home and abroad will bring in very much larger revenues to our government and to the foreign governments.

HOW CAN EUROPE GET DOLLARS?

The second set of figures that I have to present bears on the transfer problem. How is Europe going to make payment here, and how, above all, is England going to get the dollars? The great

primary source from which the outside world can earn dollars is by sending us goods or performing services for us, the primary source being their exports to us. The biggest service element is entertaining our tourists, though revenues from shipping and some other items are important. The shrivelling of these sources of dollars in 1932 as compared with the period 1926-29 is altogether dramatic. With the decline in foreign trade, shipping receipts have shrivelled, tourists' expenditures are radically reduced, while imports into the United States during the year 1932 have been cut to incredibly small figures. The first ten months of 1932 show imports of $1,122,000,000 from all the world, as compared with $3,751,000,000 for the same months of 1929. The total imports to the United States from Europe for the first nine months of 1932 were only $288,000,000 as against a billion dollars in 1929. If we are to try to collect the whole $270,000,000 that our debt contracts call for from our European friends, it would take nearly all the goods they sent us in the first nine months of the current year to make the payments. But, of course, these goods are not available for that purpose, because the first charge against them is payments for the exports which we sent to Europe in the same time, amounting, in the first nine months of 1932, to $565,000,000, leaving Europe short on export and import account with us in the amount of $277,000,000. If we take the ten-month figures for the whole world, again we find the whole world short on export and import account. Our exports to the whole world in 1932 were $1,342,000,000 as against imports of $1,122,000,000—a shortage of $220,000,000. The outside world can pay us with goods only if it sends in more goods than it takes out, and it is not doing that—the balance is the other way.

From what other sources, then, can Europe get dollars? The answer is gold or loans. They can't get loans. The figure for new foreign loans placed in the United States, refunding excluded, for the year 1932 to date is precisely zero. The answer is, to the extent that they pay at all, they must ship gold. And this they are doing, but they are doing it at the expense of deteriorating their own external credit position, which, in the case of England, simply must not be prolonged, in our interests and in the world's interests. Sterling is already off the gold standard, sterling is already heavily depreciated.

AMERICA'S INTEREST IN ENGLAND AND GERMANY

Sterling is still the medium through which the major part of Continental European payments are made to us, and sterling is the medium by means of which the outside world generally buys the major part of our cotton and other agricultural exports. It is absolutely contrary to the interest of the people of the United States to have an unbearable burden put on sterling exchange. It is, rather, very definitely to the interest of the people of the United States to facilitate the restoration of sterling to a sound gold basis in the interests of our export trade.

It is, moreover, definitely to the interests of the people of the United States to get this whole German situation cleared up. Germany and England between them have been such tremendously big factors in world finance and industry, and have been such exceedingly good customers of ours, that it is worth our while to go a long way in making adjustments that will help them to get going normally again. Europe has made immense progress toward restoring German credit. The Lausanne Agreement, which virtually wipes out reparations, represented news that was incredibly good as compared with anything that we could have expected a year ago. Its final ratification is waiting until the question of debts of Europe to the United States is cleared up.

POLITICAL ASPECTS

On the economic side, therefore, it is quite clear that the American people have everything to gain by a prompt and businesslike compromise on this matter of interallied debts, which will get the question out of the way, restore world confidence, and permit restorative forces to move in reviving credit and trade and in lightening unemployment. But politically the matter is very difficult. Our people and our Congress grew very angry last winter. Prior to that time we had been disposed to look at these matters as business matters. But, with the failure of the moratorium to accomplish its purpose—it did do good, though not enough—our people turned against the outside world, against the Administration, and against anybody else who had had anything to do with foreign political or financial relations. Similar things were happening on the other side. The people of almost every country grew angry and resentful, threw

out political leaders, and made difficulties of all kinds in foreign negotiations.

Intergovernmental relations are difficult enough at best. Every country has its own peculiarities, its own habits of mind, its own traditions. Every country is more or less suspicious of every foreign country, and this is especially true when there are differences in language. It is especially true when there have been wars between them, and when the textbooks in the schools, on which children have been brought up, glorify the national tradition and place the perfidious foreigner in a bad light. These differences used to be overcome, to the extent that they were overcome in the old days, in large measure through the influence of kings and princes, who used to choose their wives from the daughters of kings and princes in foreign lands, and who had, consequently, family relations of an international sort that tended to soften international animosities. With the growth of democracy, substitutes were found in trained diplomats, state departments, departments of foreign affairs, where, though the head might change with each administration, there remained a permanent staff of trained students of international relations who could keep a certain continuity of international policy, who knew how to respect the special foibles and prejudices of the different countries and who, working together, would know how to make compromises that would be acceptable to the peoples of the different countries.

In connection with these interallied debts, however, a new factor has come in which adds especial difficulty. Since they involve money, they have been supposed to be the special province of Congress, and as we took that attitude, our European debtors have taken it, and it has come to be considered in France and other countries a matter about which the parliaments have much more to say than is usual in connection with foreign affairs.

THE AMERICAN CONGRESS AND THE FRENCH PARLIAMENT

And thus we have been confronted with a situation in which the American Congress and the French Parliament must come to agreement, if agreement is to be reached. One is in Washington and the other is in Paris. One speaks English and the other speaks French.

Neither has the technical professional training in diplomatic relations which is so necessary if each is to avoid stepping on the other's corns and to avoid giving violent offense to the other. Our own Congress has even refused to appoint a debt funding commission to discuss the matter with representatives of European parliaments. There is no agency for direct communication between them. I think, therefore, that we must all welcome as an immense step forward the observation of President-elect Roosevelt that, after all, the Congress has not limited and cannot limit the constitutional authority of the President to negotiate with foreign powers, even though the Congress must ratify the money settlement which the President may negotiate with a foreign power.

AMERICAN ATTITUDE TOWARD THE FRENCH DEBT

I think that our people are definitely sympathetic with England's difficulties and are appreciative of the fact that England has in many ways and at many times been generous and fair in her international policy. On the other hand, we cannot overlook the fact that our people have a strong and definite conviction that there is no reason why France should not pay in full and that France can easily pay in gold. Our people blamed France for the delay in the moratorium settlement in the summer of 1931, they blamed France for the foreign run on our gold in the autumn of 1931 and for the run in the spring of 1932. They are not anxious to pull more gold out of England, but they would like to have back some of that gold that was sent to France in the autumn of 1931 and in the spring of 1932. What can be said to them with respect to this attitude?

First, there are certain financial distinctions which, however, may not seem to mean very much. It is perfectly possible for a government to be poor when the central bank of issue is full of gold. Our Federal Reserve Banks today are overflowing with gold and our government has a great deficit. The same thing is true in France. The gold that went out from the United States went to the Bank of France, the Bank of France giving in exchange for it bank notes, demand liabilities, that belong to the French people—not the French Government. The French Government has a heavy deficit and the French people, as shown in the table (page 6), are very heavily taxed. But no case can be made to show that it is financially impossible or even financially very difficult for France to make the particular

December payment if she will. If the French Parliament will vote the money and authorize the government to raise it, the French Government can borrow it in France and with the franc proceeds of the borrowings can get gold from the Bank of France to send over here.

FRENCH POINT OF VIEW

But I think it is important for our people to understand the French point of view with respect to these matters, and to make concession to it, not because they are right and we are wrong, but because they believe passionately that they are right and because it is far better to have good will and coöperation among great nations in the grave world crisis than to have a deadlock and a long delay and bitter feeling.

The French nation is a nation of ordinary human beings, with the usual hopes and fears and loves and hates that ordinary human beings have. They have been through a great deal of stress and strain. They have been disappointed in very many of their expectations regarding international financial relations, and regarding international coöperation; they are suspicious and jealous of many foreign countries, and it is possible at this juncture for us to do a great deal toward easing the tension and strain.

There are a good many things which the French people have to say in connection with these matters which they are convinced are of great importance, and which they would like to have us consider. With respect to the contract, for example, which they are now asking us to reconsider, they point out that on their part ratification was preceded by a reservation, namely, that they could only pay what they received from Germany. Our government took no notice of this reservation, but the French Parliament made it. They therefore say that they could not be accused of bad faith if they adhered to that reservation. The French Government has been courageous and upright in ignoring this point in its note delivered December 2, and in saying that it has never considered contesting the juridical validity of the original war debt contracts.

They say, further, that America, in 1931, through the moratorium proposal, upset the Young Plan and the system under which they were entitled to payments from Germany, and should therefore feel some responsibility in connection with the financial con-

sequences to France of the cessation of reparations. They point, further, to the joint statement made by our President and their Prime Minister, M. Laval, issued in October, 1931, after the conference between them, which they interpret as involving a commitment on our part to rediscuss the debt question with them after they have made an adjustment with Germany. They attach very special importance to the following paragraph in that statement:

> "In so far as intergovernmental obligations are concerned, we recognize that prior to the expiration of the Hoover year of postponement some agreement regarding them may be necessary covering the period of business depression, as to the terms and conditions of which the two governments make all reservations. The initiative in this matter should be taken at an early date by the European powers principally concerned within the framework of the agreements existing prior to July 1, 1931."

And they say further that they have done much more than Laval undertook to do in that statement, because Laval there undertook to make an adjustment within the framework of the Young Plan, which meant very large payments from Germany to France, whereas the Lausanne Agreement scrapped the Young Plan and virtually abolished reparations. If, after that, America makes no concessions to them, they feel that they have a very real grievance.

DEADLOCK OR COMPROMISE ?

The argument could be very greatly prolonged. It is no part of my purpose to pass judgment on the merits of these French views. It is rather my purpose to raise a question, not only with the very practical business men of St. Louis, but also with all other Americans who are concerned with getting out of the depression, with ending unemployment, with relieving the suffering of many, many millions of human beings. Is it better tactics for us to stand uncompromisingly on the letter of our contract, refusing to discuss it, refusing to compromise, developing bitter feeling between our people and great nations on the other side, or is it better tactics for us to give our government the support and backing of the American people, so that it may be free to negotiate promptly with those great foreign nations, make the best bargain that it can for us, and bring the thing to a quick solution?

That solution, let me say, if it is to be a good solution and a permanent solution, is going to be one which will not satisfy any nation that takes part in it. It is going to be a compromise in which no nation gets all that it wants. But, on the other hand, in the finding of a solution and a quick solution, every nation is going to have enormous gains.

WAITING FOR ELECTIONS

We used to have a saying in the United States that politics stops at the water's edge. It used to be a point of pride with us that all parties stood behind the President when it came to a matter of negotiating with foreign powers. But in these extraordinarily difficult problems involving the payment of money between governments, the executives in France, Germany and the United States have been crippled by political dissensions among their own peoples and in their own parliaments. All have been afraid of the damaging effect, both on internal political organization and on foreign relations, of even conducting negotiations regarding this matter while elections are under way. With the fate of Germany trembling in the balance, it was still necessary to wait last winter and last spring, first for the German Presidential election to be completed, and second for the French elections to be held. After that came the marvelous settlement at Lausanne, a settlement made contingent, however, upon further consideration by us of these intergovernmental debts. But by the time that Lausanne had finished its work our own Presidential campaign was beginning, and, although everybody knew that the problem would come before us in an acute form on the 15th of December, the matter was little discussed in the campaign and our public is ill prepared to face the issue. Political machinery moves so slowly, even when it moves in the right direction, that the economist is often very much disheartened. But it is moving. The jealousies, suspicions and fears which existed between France and Germany last winter and which seemed to present an almost insuperable obstacle to a workable settlement have been resolved at Lausanne. And the practical American people, who have no political and military fears of the rest of the world, will not long be content to allow their policies to be guided by either resentments or the strict letter of the contract, in opposition to their own real interests.

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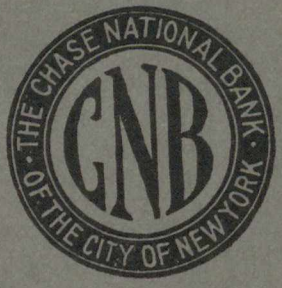
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WAR DEBTS

A Statement prepared on the invitation of the United Press,
November 25, 1932

BY

NICHOLAS MURRAY BUTLER

The chief obstacle to the return of prosperity to the people of the United States, and the one which may be most quickly removed by prompt and intelligent action at Washington, is that due to the so-called inter-governmental war debts. It is assumed that because these debts are debts, due on their face to the Government of the United States, the people of the United States would profit by their payment and would be relieved of the necessity of taxing themselves to make good the sums that would be lost were these debts not paid. These statements are true in form, but not in fact. Every day that this debt question remains unsettled, the difficulty of recovering from the depression in the United States is increased and every farmer, every wage-worker, every manufacturer, every transportation system and every public utility corporation is made to carry new and heavy burdens and to suffer new and heavy losses.

This is because the debts represent a series of conditions which have developed since the War, the total and united effect of which is to strangle the trade of the world, to deprive agriculture and industry of their markets, and to leave us all slowly stagnating under conditions which are already unbearable and which will become more unbearable, not only month by month, but day by day. Had the questions connected with these debts been carried to solution in June

1931, when the existing Moratorium was proposed, in the spirit of the agreement between Germany and the Allied Nations, signed at Lausanne on July 9 last, the people of the United States would almost certainly have been well out from under the ill effects of the economic and financial crisis before this time. It is the dawdling uncertainty and the lack of constructive and courageous leadership at Washington which have held, and are holding, us in the grasp of want and misery and distress, and which are injuriously affecting the whole world. Some of the statements constantly given to the press by leading members of the Senate and the House of Representatives are quite appalling in their lack of understanding, and in their complete disregard of the interests of the American people. They do not seem to care how long or how much we are kept in distress, in want and in unemployment. The statements which they so continually make are contradicted by every important economist in the world.

For a number of years we have been fooling ourselves with words about this whole international debt situation. We have said that the debt payments due to us bore no relation to the reparation payments to be made by Germany; but they did. The reason was that unless the reparation payments were made by Germany to its creditors, those nations would not be able to make the payments that were due to us. Moreover, the money with which to enable Germany to make her payments was obtained for several years in large part, if not wholly, by loans from the United States. We are, therefore, in the ridiculous position of loaning abroad the money with which to pay us debts owed from abroad. When we cease to loan, they must cease to pay. The whole situation is one which reflects grievously upon our practical capacity and our business sense.

While this strangulation of the world's agriculture, industry and trade has been going on, our national annual earning power has diminished from some $82,000,000,000

in 1929 to some $37,000,000,000 at the present time, or more than 50%. While we have been insisting on payments from abroad to be applied through our Budget in reduction of taxation, our annual income tax collections have diminished by some four times the amount of the annual debt payments. In other words, the acceptance of these debt payments has been a burden and not a blessing, a loss and not a gain. If we got rid of them, confidence would be restored, trade would revive and the farmer, the wage-earner, the industrialist and the transportation company would again be able to earn a livelihood. These would all have income from which to pay income taxes, and the gain to the American people would be so enormous that the sacrifice of the annual debt payments would be something quite negligible.

It is not necessary now to go over the whole question again, but it was bungled from the start by our Government. We should have promptly accepted the principles of the Balfour Note of 1922. The attitude which we have been taking for ten years is in flat contradiction to the declarations made on the floor of the Congress, when authority was given to our Government to make the advances to foreign Governments which are the basis of these debts. As Lord Snowden said the other day in London, the sums advanced by the United States Government to the Allies, which constitute the debts to America, were in fact America's contribution to the cost of the War she had declared on Germany. There is no use in going back over that ground now. The economic and financial questions which have grown out of these debt payments are far too pressing for us to waste time in a post-mortem discussion. It is right and proper that we should press upon the debtor nations a genuine disarmament and thereby strengthen the cause of peace and relieve the tax-payers in every land, but we cannot wait for the accomplishment of that. In the interests of our own farmers, wage-workers and industrialists, we need to act at once.

In view of the opinions so volubly expressed at Washington by so many members of the National Legislature, it is clear that probably the most practical plan to relieve the American people is, to extend for six months more the Moratorium declared on June 20, 1931, and then to sit down with the nations which are debtor nations and work out an agreement of the same sort and kind which those nations entered into with the German Government at Lausanne on July 9 last. If this were done and quickly announced to the world, the clouds of depression would lift with a swiftness which would be surprising indeed. Every American citizen would benefit, whether on his farm, in his shop, in his factory, on his railroad or in his public utility corporation. The notion that there is something about this matter which is of peculiar advantage or concern to international bankers is ridiculous. The advantage and concern are for the American people as a whole.

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CONFERENCE ARRANGED
by
NEW YORK UNIVERSITY
Afternoon Session
of
November 16, 1932

Our Universities in an Unsettled World

REMARKS OF THOMAS W. LAMONT
(of J. P. Morgan & Co.)

If, as I hope, Professor Gay of Harvard tells us something of the history of university education throughout the world, and Sir Arthur Salter suggests to us a general approach to current problems, suppose, then, that I attempt to touch upon some of the major causes of present-day conditions.

Inasmuch as this is an academic gathering, let us first consider what a shocking series of world events has been spread before the innocent gaze of our American youths who, born at the outbreak of the Great War in 1914, entered only last September the portals of New York University and our other colleges.

For the first four and a half years of the childhood of this freshman of today he would have witnessed a world given over to wholesale slaughter. In that conflict were killed thirteen million able-bodied men. Twenty million more of them were disabled. Disease, privation and destitution accounted for the loss of six or seven million of

civilians. There was a total of perhaps forty million people put out of constructive endeavor. In a material way thirty billion dollars of property were wiped out. In national debts an increase from about twenty-eight billion dollars to two hundred and twelve billion dollars,—a terrible millstone around the necks of the burdened populations.

At the age of five this American boy would have seen in the Versailles Treaty new States set up on uneconomic lines; a militant peace filled with resentments and the seeds of new misunderstandings.

THE STRUGGLE OVER REPARATIONS

And then that boy, from the age of five until now when he is eighteen, would have gazed upon an economic warfare waged in Europe more destructive to commerce, to stability and to an ordered life than the Great War itself. That phase will be known in history as the struggle waged over German Reparations, a conflict that helped to bring Europe to the verge of general bankruptcy, ending only with the notable Agreements reached at Lausanne last June.

During all those earlier years from 1919 to 1925, or beyond, this innocent youth of ours would have witnessed (alongside the conflict over Reparations) the pathetic and heroic endeavors of mankind to reconstruct a shattered world. He would have seen the piecemeal efforts by which Austria, Hungary, Bulgaria, Greece and other countries were set upon their tottering feet; and by which Germany, after complete debacle of the currency, had been

re-established under the Dawes Plan. Other countries were slowly toiling back to the gold standard,—Great Britain in 1925, France in 1927 and 1928, Japan in 1930. And again our sub-freshman would have been shocked to see the most powerful of these countries, Great Britain, only last year driven to abandon once more the gold standard; and since then forty other countries of the world either follow her example or place embargoes on the shipment of gold.

Meanwhile, as to politics, in almost every country radical changes of government were taking place. "The old order changeth, yielding place to new." Kings and hereditary potentates went almost completely out of fashion. On the Continent of Europe revolutions were not infrequent, and in South America they became the order of the day.

And during all these years this American youth of ours would have witnessed other phenomena of almost equal portent. He would have seen the fantastic attempt by many nations to peg the prices of commodities,—wheat, cotton, silk, rubber, coffee and a dozen others. He would have seen the unbalancing of government budgets on a wholesale scale and the fatal resort to inflation of the currencies.

INCREASING WAR BUDGETS AND TAXATION

What came next? The increase of war budgets of the leading nations. Instead of diminishing with the reduced national incomes, these budgets increased by 1931 to 65% above the average figures for the five years preceeding the Great War. The burden of taxation in almost every civi-

lized country, including our own, has become increasingly and intolerably heavy. Our eager youth would have seen tariff barriers built up on every side, with our own country in the lead,—barriers which all over the world prevent that very exchange of goods and facility of commerce which are essential to the restoration of world prosperity. He would have gazed at those great stores of gold, shipped clumsily and extravagantly back and forth across the ocean; a total in the last four years alone of almost four billions of dollars in and out of this country.

There is another phenomenon of the times which has rapidly and alarmingly developed. That is the growth of an intense nationalism in every part of the world. Almost every separate people has sought to shrink within itself; to dig itself into its own cyclone cellar and endeavor to save itself, come what might to the rest of the world.

Yet despite that reparations warfare that was going on in Europe for thirteen years; despite all those artificial barriers that were being raised against world recovery; here in America under the early stimulus created by the war's wholesale destruction of goods we were beginning, during the middle years of this last decade, to enjoy a singular prosperity. Our factories had been stimulated by the wartime demand from overseas for our goods. There came to be plenty of work for almost everyone, and plenty of people to buy. There was a brief recession of business in 1920 and 1921. Many persons believed erroneously that it had been sufficient to liquidate fully the economic effects of the War. At any rate, America's natural resources, intense energy and resourcefulness again came to the front and created the beginnings of our boom times.

Acting, however, upon a deliberately adopted national policy we tried to buy as little as possible from the foreigner. But we were keen to sell him our goods. So in order to sell him, we proceeded to lend him the money wherewith to pay us. From 1922 to 1929 American investors and institutions lent abroad approximately six billion dollars net. American banks and bankers have been sweepingly criticised for arranging such loans. In certain cases criticism as to lack of care in investigation and method has undoubtedly been justified. But the general movement was a natural one, forced on the investment community by reason of our national policy of buying abroad as little as we can, and of attempting to force on the foreigners all the goods we can possibly sell them.

Thus during those years from 1923 to 1929 the American community proceeded to complete what seemed like the charmed circle, and then began to make it whirl. The formula was a simple one: The more money we lend to the foreigners, the more of our goods they will buy. The more they buy, the more we shall manufacture. The greater the demand becomes, the more we expand our factories and equipment. The more we manufacture, the higher prices go. The higher prices go, the higher wages rise. The higher wages are, the greater becomes the public's purchasing power. Everybody has a job. Millions of dollars paid in salaries and wages are put to new-found uses; quicker ways of transportation; delightful means of communication; all sorts of alluring devices; most of them tending to increase the material satisfactions of life, but

not leaving a sufficiently large proportion of savings laid by for the rainy days. And for the workingman it has rained almost steadily for the last three years.

THE GREAT SPECULATIVE ORGY

Then, starting about 1925, from small beginnings came the grand American speculation. Our people from one coast to the other were seized with a desire to get something out of nothing. They did not want to invest for income. They wanted to buy for profit. Speculation spread in commodities, jewels, real estate and securities. For a while it all seemed so easy. Stocks go up on the stimulus of purchases. The higher they go, the more new purchasers come in. The more fresh buyers there are, the higher the stocks go. It is a great and exciting game, —jumping on this endless-chain escalator, constantly going faster and higher.

Then came the collapse from prosperity, a change in this country after a few short months to days of depression, deflation, failure and, in so many instances, of despair. Just as a side-show, we display to these young people of ours other phenomena,—shaky banks, failing banks, hoarding of gold,—all the outward evidences of panic. This was as recently as a short year ago and less, although now that phase is fortunately at an end and confidence is restored.

Those, then, are some of the pictures spread before the guileless eyes of our American freshmen who have never been privileged to see anything of a world that we elders would term normal,—those youths from the age of nine to

fifteen looking out upon a seeming world of domestic prosperity and gladness, and then from fifteen to eighteen watching millions of people walk the streets looking for jobs, demanding the shelter and food which must be furnished to them.

A RETURN TO CONSTRUCTIVE EFFORT

But let us now turn to the other side of the picture. The panic of fear has subsided. Normal processes get under way. Gradually we see again the genius of the American people come to the fore. Efforts, systematic and gigantic, have been started and are now beginning to work. Almost the whole community seems banded together, determined, first of all, each man to help his fellow; determined that no one shall perish from lack of food or shelter. Manifestly, and with renewed confidence on all sides, men are exerting their best efforts towards reconstruction. Government co-operation has come in upon a grand scale and in a score of different ways. Things gradually begin to straighten themselves out. The deflation of commodities seems almost at an end. Hard work begins to fill up the gaps. The fingers of a new dawn stretch their tips above the horizon. There are signs of betterment decidedly more tangible than mere hope.

In the midst of our efforts for avoiding shipwreck, for saving those already on the rocks, we hardly have had time to study whence the storm came. Yet questionings have already begun on an active scale. Each one of us is looking around for a scapegoat. Why do my pet invest-

ments which paid me 6% go down in price from 150 to 15 and now pay me no return? Was it the fault of the broker or banker? He answers "No, we may have been no wiser than anybody else. But certainly the chief loss has been due to the severity of the depression which has caused heavy depreciation in the soundest of American investment securities."

GOVERNMENTAL EXTRAVAGANCES

Is our trouble due to government extravagance? In a certain measure, yes. Money was being spent so freely, taxes were being collected so rapidly that all our governmental bodies fell into the easy habit of spending money like water. New York City's funded debt has grown in ten years from eleven hundred million dollars to eighteen hundred million dollars. Its annual budget has increased in the last ten years from three hundred and thirty million dollars to six hundred and thirty-one million dollars. As to the Federal Government, with the budget out of balance, the Congress has very properly been obliged to levy heavy new taxes, adding to the serious burden of taxation that had been arranged on a generous scale when there was ample income to pay the bills.

Others of us have another alibi. We have found a scapegoat which cannot kick back. It is the devilish foreigner who has done all this to us. He got into a frightful mess and hauled us into it. He borrowed our money and then went bankrupt, or almost bankrupt, and a good part of the loss he has never paid back. He fell into a panic in Central Europe, and the panic, like a prairie fire,

jumped over here. This is a difficult alibi to sustain, by reason of the fact that Europe's crisis in the spring of 1931 came eighteen months after the American collapse of October, 1929.

THE WAR DEBTS A FACTOR

Other people have found still a different scapegoat, the anatomy of which is well worth examining: It is Congress, and behind Congress the American people, which for years has insisted upon the foreign governments paying us the perfectly just—perfectly just, I say—but impossible war debts. We have held to the idea that these great overseas payments, representing in general nothing except exploded shot and shell, shall be paid every year,—a quarter of a billion dollars each year,—an unnatural stream of payments, choking the channels of world trade.

Incidentally, it was perfectly reasonable that the Allied powers should expect and demand that Germany should pay sufficient to repair the physical damage wrought by her armies in Belgium and Northern France. But the bill has not been paid in full, nor can it ever be so paid. Similarly, people are asking: will it ever be possible for the unwieldy War Debts—undertaken no doubt with reasonable expectation on both sides that they would be discharged—ever to be paid in full at Washington?

These, then, have been some of the phenomena which world civilization has presented to the wondering eyes of our youth for the first third of the 20th century. My purpose has not been to discourage you, but just for a few minutes to let this vivid panaroma unfold itself before

your eyes. To our elder view, accustomed to the various ups and downs of this life, having seen former panics and former depressions, the spectacle, terrible and prolonged as it has been, is perhaps not quite so startling as it would be to the inhabitants of another world.

We can lay our difficulties at the door of no one person; no one group of persons; no one government. The greatest, single underlying world-shaking cause of the depression has been the War, its prodigious losses, its repercussions, its dislocations, its unsettlement of morale, including speculative orgies: War and the unwisdom of man who permitted that war.

VARIOUS POLITICAL IDEAS

What is the remedy for the world's present situation? Many among us, without adequate regard for some of these manifest causes of the depression, are declaring that the whole economic system of civilization has broken down once and for all and should be thrown into the discard. Is then the answer to be a grand leap into Socialism? Or a somersault into Communism? My answer is "no." Before we move in this direction we can well afford to observe and profit by other people's mistakes, or perchance by their successes.

Is the remedy one great plan of economic organization, something that will surely balance world-wide production and consumption to a nicety and always provide work for every-one? That is the Utopia that the world may work towards. But there is no swift and royal road to universal prosperity. We have to rely not on gods, but

on men, to devise, plan, organize and execute. And we must rely upon them with their limitations. In general terms we can say that the American economic community has done far more extensive planning than it ever did forty years, or twenty years ago. We have seen, however, how far it has fallen short. Yet that does not mean that, while in the modern world we may well have come to a turning, we have come to the end of the road.

NOT REVOLUTION BUT EVOLUTION

No, I am one who believes that we must rebuild on the basis that is still under us. We must, in Mr. Lippmann's phrase, continue to live in the house while we are rebuilding it. You may call that house, if you will, the capitalistic system. It has been in the building since the Dark Ages. It has, with all its ups and downs, brought to mankind increasing comfort and happiness. It is still a fairly tough structure and will not easily topple over. But it has developed some serious weaknesses which require more than patchwork attention.

WHY THE YOUNGER GENERATION IS RADICAL

Realization of that fact brings us back to these universities of ours. I hear complaint that our college professors are teaching too much of socialistic theory. That would not be my observation. These are days when among the teaching forces of our institutions the freest sort of academic freedom should prevail. But to me it is little wonder that many of our students today are radical, are joining the Socialist party or are even look-

ing with a kindly eye upon the allurements of Communism. The sort of world that they have seen is the one of chaos that I have described. They know no other. The modern world that existed prior to 1914 is as unreal to them as the age of chivalry is to us. In a world of flux they want something that they can cling to, hold fast to. And they eagerly embrace what seems to them the solid faiths which assume to have solved all our questions.

It is the growth of science that is perhaps the most encouraging single feature of our modern civilization, going far to offset its present failures. The discoveries of science are, as we all know, constantly tending to strengthen and prolong life. The luxuries which science creates give us, in turn, time for more science. We see on every side scientific discoveries (I am not alluding primarily to mechanical development) being made by men studying purely for science' sake; workers going on quietly and steadily in their laboratories, regardless of a changed or broken world.

If, then, a purely man of affairs can presume to speak on an academic subject; if thus I were to make a plea to our universities—to both students and teachers—it would be to set up the scientific method as a goal to almost every end. In training the mind of our youth, in teaching the student to think and to use his mind as he would a finely tempered tool, we should urge always the practice of the scientific method. That method proceeds by experimentation, by making a disinterested search for truth, by getting the facts and seeing where they lead. Imagination constructs the hypothesis. Then we verify or check the hypothesis to see if the thing works.

THE MAINTENANCE OF AN OPEN MIND

This means that no fixed and static dogmas can necessarily stand unchanged in a changing world. They must give way to fit the altered conditions. Our university can give the student the spirit of this scientific approach to most efforts of human endeavor; not only to the realm of abstract knowledge, but to a vast number of the practical affairs of everyday life, to sociology, religion, business, politics, government. Our university can give its students tolerance, so that they will not condemn an idea offhand, because it is new or because it is old. It can help them to develop that tempered judgment which is the beginning of wisdom.

And as I would urge the scientific method upon teachers and upon these new students of ours, just on the threshold of the university, so would I urge upon myself and upon my associates in the world of affairs to turn away from every form of bias; to examine with unprejudiced eye any new economic system or change of our present system that may be proposed; above all, to get away from that rigid nationalism which has proved so crippling.

THE FOLLY OF ECONOMIC WARS

But I beg you will be under no illusion as to my own individual convictions, unimportant as they are: No economic system whatever—old or new—can be devised which shall be proof against the folly which mankind has shown. In 1914 to 1918 white men engaged in a titanic struggle of self-destruction. It was the first war of populations. Previous wars had been wars of champions.

In the Great War the whole economic power of the populations of the countries engaged was enlisted.

When the war ended the statesmanship which lead the world was exhausted, neurotic and embittered; with the consequence that the treaties of peace brought no peace, but erected fantastic new barriers to peace, political and economic. Unwarranted frontier changes, and anomalies like the astronomical reparations claim, left bleeding wounds in the body of mankind. Looking back we now see that it was inevitable from these peace settlements, which were no settlements, that the war should not stop but should be transferred, as it has indeed been, from the military to the economic field. Here America has been one of the leaders in the economic war. In the two drastic tariff increases of 1922 and of 1930 she set standards for the strangulation of trade which other weaker nations felt compelled to emulate. Thus, the four years war on the battle fields of France has, as I have already pointed out, been continued by a fourteen years economic war on a world-wide front.

THE WORLD'S INTERDEPENDENCE

Remember, after all, that we are in a world of men who all over the globe are singularly alike in their passions and prejudices. Just as we have seen this depression to be world wide, so every country is dependent in part on the misery or the good fortune of every other country. Even America, with all her magnificent resources, can never be wholly self-contained.

Remember again, that we are now on the threshold of a

new stage of progress and that America must lead the way. It can go far on that way only by realizing that it is a part of the world; that the world also must move with it to new recoveries and new stabilities. Our primary remedy for present difficulties is not in the change of economic systems. It consists in an enlightened public opinion which will demand of our rulers that they seek peace, economic as well as political, and pursue it.

A PROGRAM FOR PEACE AND PROSPERITY

1932

A Program for Peace and Prosperity

Text of resolution adopted by the Trustees
of the
Carnegie Endowment for International Peace
in semi-annual session at New York
December 12, 1932

RESOLVED, That the Trustees of the Carnegie Endowment for International Peace in semi-annual session assembled, with a view to advancing the cause of peace and to promoting the prosperity of the American people and of the whole world:

1. Urge that at its coming session the disarmament conference shall deal with the question of effective disarmament in a way which will not stimulate the war-making spirit or leave a huge and unnecessary burden of tax to be borne by the people of every land;

2. Invite renewed attention to the crucial importance of the work of the coming economic conference, which will have it in its power to take the first long steps toward the restoration of the world's trade and industry by recommending the reduction or removal of the many barriers to international trade which now exist;

3. Urge upon the Congress of the United States the vital importance, in the interest of the American taxpayer, whether farmer, wage-earner, industrialist, or otherwise engaged, of an immediate favorable response to the requests of foreign nations for reconsideration of the problems arising from the intergovernmental war debts;

4. Strongly emphasize the importance of prompt action by the Senate of the United States on the resolution now before it to consent to the ratification on behalf of our government of the Protocol of Accession of the United States to the Permanent Court of International Justice, signed by the government on December 9, 1929.

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sident Doumer who met his at the hands of an assassin.

War Debts and Disarmaments

Conferences on war debts, reparations and disarmament have been held almost continuously throughout the year. The conference on disarmament met on February 2nd, adjourned over Easter to re-assemble onApril 2. While it is impossible the thousand and one phases which these discussions have started, three schools of thought have emerged as follows:

Quantitative disarmament which would limit man power, material and expenditure in certain fixed ratios.

Qualitative disarmament which would limit power by reducing the most dangerous weapons of warfare. and

Thirdly the plan favoured by the French which would give the League of Nations a police course which would be international and could be called upon to check aggression whenever it was displayed

Moratorium on war debts expired on July 1st, and Britain gave no notice that she would ask for an extension or other concessions. No provision however for payment was made in the British budget. During the United States election campaign Britain remained silent on the question of war debts. The day after polling negotiations were entered into by which Britain expected some concessions. United States remained adamant, refusing to grant an extension on the Moratorium or even to regard the payment due as a provisional payment to be apportioned later if debt reduction were brought about. Great Britain paid her full amount of $95,000,000 on December 15th, and only about $10,000,000 owing by the smaller nations were in default. The conference of Lucerne in June proved abortive. Germany throughout the year demanded "equality of status." Early in November Macdonald tried to arrange a four-power conference but Germany unexpectedly refused

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GUTHRIE BELIEVES LEAGUE WILL END MANCHURIAN EVIL

Minister of Justice Says Settlement Seems Imminent

POSITION ANALYZED

Non-Membership of U.S. Regretted — Chief Points of Last session Outlined— Hopes for Coming Parley

Toronto, October 26.—Expressing the firm conviction the League of Nations would settle amicably the Manchurian prob Hon. Hugh Guthrie, Minister Justice and head of the Cana delegation to the recent assen at Geneva, today addressed local Canadian Club. It was "on those border incidents that so times grows into serious pro tions;" both Japan and China grievances, but through the in vention of the council of the L gue of Nations, a settlement se ed imminent. "I believe the L gue will settle it to the satis tion of the world and itself." clared the Minister of Justice.

While admitting the existence many critics of the League and fact that prospects for world pe seemed very dark at times, Guthrie nevertheless expressed plicit faith in the eventual triu of the principles of arbitration conciliation. "If the League," exclaimed, "can remove from the minds of the people the fear of war and the weight of armaments from the weary multitudes, it will have done more for mankind than anything since Christ was born in Bethlehem."

The path to world peace seemed very dark and discouraging at times, admitted the Minister of Justice. Armaments were piling up despite the solemn treaty obligations of nations to reduce them. The world was spending more today on armies and navies than in August, 1914. France was spending annually £110,000,000 for its army and navy; Italy £68,000,000; Great Britain, £108,000,000; Japan, £52,000,00; and United States, £145,000,000. Twenty per cent of the total revenue of nations was being expended on armaments and instruments of war.

This condition was "provocative and menacing," but the pending armament conference at Geneva next February pointed the way to a solution. After viewing the League in session and sounding out the opinions of the delegates, Mr. Guthrie was confident of the success of the conference. The problem of armaments could not be settled with one flourish of the pen but "if a reasonable start be made, I think the whole world will rejoice."

POINT IN DISPUTE.

Returning to the Manchurian question, Mr. Guthrie said Japan and China, prompted by the League Council, had arrived at an agreement on all but one point. The remaining issue was when Japan should withdraw its troops from the occupied territory. The situation presented a challenge to the League and its aims and was being treated as such by the council. In the ultimate settlement of the dispute, Mr. Guthrie had explicit faith, and this, more than anything else, would be the effective answer to the critics of the League.

Although the inception of the League was conceived by the late President Wilson of the United States, one of its main weaknesses was the failure of the republic to become a member, said the Minister of Justice. "We all hope the time will come, and come soon, when that great peace-loving nation will take its proper and fitting place in the council of the nations," he added. Along with Russia and Turkey, the United States was the one conspicuous nation refusing to become a member of the League. Brazil had withdrawn and possibilities existed of Argentine following this lead.

In a detailed account of the accomplishments of the last assembly, the head of the Canadian delegation stressed three points as being the most important. A draft treaty for the pending disarmament conference was prepared, with the schedules for each nation left blank. The economic union of Europe was discussed and due to a certain extent to Canada's objections to one clause of the report, the matter was held in abeyance. Championed by Aristide Briand, French Foreign Minister, the scheme would form Europe into an economic unit. Among other things, it was suggested the countries agree to purchase no wheat from outside countries until the stocks in the Balkans and Central Europe be consumed. On behalf of Canada, the Minister of Justice protested against this recommendation on the ground the League was formed for the good of the whole world and not one nation or group of nations. He was backed by Norway, Sweden and the South American republics, with the result a special committee was established and finally recommended no action be taken.

DISARMAMENT TREATIES.

The third important accomplishment of the League this year was the discussion of the anomalies existing in the various disarmament and anti-war treaties. For instance, the covenant of the League, with arbitration and conciliation as its basis, sanctioned armed force against any nation which did not comply with the edicts of the League. On the other hand, the Briand-Kellogg pact renounced and outlawed war in its entirety. The United States, incidentally, was a signatory to the latter treaty.

The Briand-Kellogg pact possibly was more important than the League covenant, but how to reconcile the two was a major problem. For months, committees of the League had been studying the question of bringing the pact into line with the covenant and "if that be done, I should have no objection to signing on behalf of Canada." Pending the disarmament conference, this question was stood over until next September.

A concrete suggestion of armament reduction pending the conference was advanced by Italy, proceeded Mr. Guthrie. Great Britain agreed, France was inclined to accept, but, when the United States was sounded, that country pointed out it was constructing several navy boats to aid unemployment.

Many other subjects were reviewed: unification of criminal laws, health, child welfare, employment and labor, narcotics and slavery. Inclined at first to criticize the League for spending too much time on these lesser problems, Mr. Guthrie finally concluded the discussions ler to better understandings between the nations. They brought the nations together, opposite views were determined and common ground reached.

London Evening Post
Last Edition

A FRENCH VIEW OF WAR DEBTS

WHAT AMERICA SHOULD PAY EUROPE

HOLDING THE GERMANS IN CHECK

DELAYED ARRIVAL OF U.S. TROOPS IN THE LINE

From Our Own Correspondent

PARIS.

"Uncle Sam, it's your turn to pay!" is the invigorating title of a new book by M. André Chéradame ("Sam, à votre tour, payez!" 256 pp. Editions du "Français Réaliste." Mayenne, 1931. 15 frs.)

M. Chéradame is among the most vigorous and stimulating of France's Old Guard of publicists his works on international problems are nearly a score in number and go back to his "Europe and the Question of Austria," in 1901.

A personal friend of President Roosevelt and always a trenchant critic of Pan-Germanism, M. Chéradame's views have had weight in America. For the last few years he has been working to rouse French opinion to a better comprehension of the problems created by the inter-allied debts. Now he devotes his spirited pen to prove that instead of the European allies owing the United States anything, it is the American ally who is in our debt.

FIFTEEN MONTHS DELAY

M. Chéradame's thesis is not new, but it has never been put with greater clarity and force. "The ratification of the Washington accord—made by France on July 21, 1929, has, indeed," he writes, "settled the fate of France's debts to the United States, but it has left untouched the question of the debts of the United States to France and to her other ex-associates in Europe.

"During fifteen months after their declaration of war on Germany, the Americans, by reason of their want of military preparation, were unable to fight on the front. During this period, therefore, the European Allies fought both on their own account and on that of America.

Therefore, it is argued, the European Allies have a good right in equity to charge the U.S.A. with the portion of the joint bill that nation would have incurred had it been capable of taking its place in the line when it went to war.

From April 1917, to July, 1918, when the American Army effectively took the field, Belgium had given an average 161,500 men on the Western front, France 2,925,500, Great Britain 2,419,750, and Italy 1,928,000. On July 15, 1918, the Americans for the first time had 85,000 men in the battle.

A BALANCE FOR EUROPE

Space does not permit a description of the method, based on French and on American statistics, by which M. Chéradame works out the cost of which America was relieved during the fifteen months in question by her allies.

Once his initial argument is admitted, it is hard to resist, and it gives the imposing result that, while the United States advanced throughout the war 8,831,458,114 dollars to her allies, she is indebted to them to the tune of 9,456,537,539 dollars, thus leaving a balance in their favour of 625,079,419 dollars.

M. Cheradame would admit that his system is not perfect, in that it does not take account of war made on the other, but only on the Western front, and that the result is therefore less favourable to our own country than it would be if a wider scale were adopted; but the additional complication involved made this impracticable.

On the restricted scale thus adopted, which can be, and is, backed up by solid figures, it is found that at the end of the war the United States owed Belgium 27,922,009 dollars, France 741,278,459, Italy 855,352,906, while the debt of Great Britain to the U.S. was wiped out to the extent of three-quarters.

M. Chéradame, it need hardly be said, is a strong critic of the British debt engagement signed by Mr. Baldwin in February, 1923. Whether he is right in thinking that his present argument will notably help forward the movement towards debt cancellation now, time alone can show, but his book calls for serious study, and, moreover, affords excellent reading. He has, incidentally, collected a surprising amount of American opinion favourable to his view.

of the world—par-
hose who will be selected
to the Disarmament Con-
ence—were to travel the entire
distance from New York to San
Francisco, for days, conjuring up
that ghastly spectacle. How would
it then be possible for the delegates
to return from the conference with
but another "scrap of paper"?

BAY NIELSEN.

Cornwall, Ont.

UNPATRIOTIC EXPENDITURE.

The Editor, Montreal Daily Star:

Sir,—What a reflection upon the patriotism and good sense of those who, particularly during a depression, think so little of their country and its welfare as to send millions of dollars out of it in payment for materials to be used in the construction of Canadian buildings, when the same is available, as good in quality and as reasonable in price as that which they ordered and purchased from the United States and other countries.

The community and the country as a whole are indebted to Mr. Norman Holland for the information which he has been able to secure as result of the personal survey he made. That almost 27 million dollars should be sent abroad in the purchase of materials which could be ordered and obtained in this country indicates how thoughtless men can be who presumably would be the first to appreciate the opportunity their position gives them to patronize home industry and buy Canadian materials, instead of giving the preference to foreign firms. That material of this kind should be purchased when the means to erect the buildings comes from relief appropriations makes the offence all the greater. Of what avail is it to carry on a "produced in Canada campaign," and encourage men to invest their money in the equipping of factories to meet domestic wants, when we send such a huge amount as 27 million to foreign competitors of Canadian firms? Twenty-seven million dollars in Canada would mean a great deal of work and business at a time when it is very sorely needed.

Surely, the Government, when these facts are brought to its attention, will take action not only to penalize those responsible for the specifying and purchasing of foreign made goods, but to prevent a recurrence of so unpatriotic an act and policy. The Star is deserving of the warm appreciation of its readers and the public for giving the prominence it has to the report of Mr. Holland.

BERNARD ROSE.

Points From Letters

J. T. Chenard, Montreal, writes: "I suggest a city manager for Montreal, to remain in office 'during good behavior.' Also, a large reduction in the number of wards. The mayor and aldermen should be elected for four years."

H. B. Parr, St. Lambert, writes: "It would be a grievous error to include all Tramways men in any condemnation, because most of us can recall some cases of kindness or consideration, but the very fact that such instances become indelibly impressed on the memory indicates the rarity attached to them."

James Watt, Montreal, writes: "Much is said against the machine these days, but the machine is here to stay and the time will never come when it will supplant man. What we take out of labor-saving devices is not rest or idleness but the power of accomplishing more and more."

E. M. Bennett, Montreal, writes: "Many will agree with a statement made by Dr. Ernst Jackh, German economist, at the People's Forum, Montreal. Dr. Jackh stated that the anti-peace demonstration in Paris was the most hopeful event that had yet taken place in regard to the prospects of the 1932 disarmament conference at Geneva being successful, for it indicated that the militarists were getting alarmed at the trend of the world toward the abandonment of arms. Should there be no cause for alarm they would not trouble themselves to the extent of breaking up meetings called to further the cause of peace."

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C. DE CAZEN.

NATIONS AND DISARMAMENT.

The Editor, Montreal Daily Star:

Sir,—It is to be hoped that the disarmament conference in 1932 will be a success, but there are many reasons why it will fail. It is very doubtful that the whole world will decide to disarm. Some nations will be balking, and so long as one nation is fully armed it would be disastrous for the rest of the world to disarm. Can anyone imagine the nations of the world destroying the war equipment on which they have just recently spent billions of dollars?

Let us here form a mental picture of the actual results of the war that ended in 1918 ("the war to end war").

Not less than 11,000,000 dead. If they were buried, side by side, the graveyard would stretch from New York to San Francisco, or from Gibraltar to Moscow. Imagine a row of crosses 3,000 miles in length. Then imagine a line of 9,000,000 crying war orphans behind the crosses. Behind them imagine 5,000,000 weeping war widows lined up, and again a double line of helpless wounded, 20,000,000 in all. Behind this ghastly picture we may add some 50,000,000 starving unemployed or part-employed, the indirect effect of the war. If any further effect is necessary we may pile up all the ruins of churches and buildings.

It would be good if the statesmen

Canadian peasoup, which is made with bones despite the new contempt. For the most part, the rest of the soup is just wash.

You will never grow up into a big strong man like me unless you take more pride in your bones.

UNFOUNDED.

MANCHESTER, Eng., Dec. 9.—(A.P.)—The Manchester Guardian which has been critical of the League of Nations during the current Manchurian debate, yesterday carried an editorial describing the League Council's efforts to solve that dispute as "futile and weak efforts which have only served to make the League contemptible in the eyes of the world."

"If the League can do no more than this when no European Power is directly involved, when the United States is prepared to countenance if not to co-operate in any action it may take, what hope is there of its being effective in more complicated disputes?" the editorial said.

The Montreal Daily Star.

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WEDNESDAY, DECEMBER 30, 1931

A NATION'S HEALTH
— IS —
A NATION'S WEALTH

IS THIS THE GAME?

THERE seems to be no doubt that British opinion is hardening against the folly of driving Germany to desperation as a prelude to wholesale repudiation. But there does not appear to be so very much that the British can do about it, unless they win the co-operation of the French. In this matter of reparations and war debts, Great Britain is little more than a banker, conveying German money to the United States. So far as the French payments are concerned, the Germans pay the French, the French pay the British, and the British pay the Americans. Quite a sum stays in French hands, but practically none in British hands.

Great Britain could accomplish nothing by "repudiating," if we may suppose she contemplated any such action. Even if she let the French off as a corollary of this action, this would not help the Germans unless the French also let the Germans off. But if Great Britain and France can agree upon a policy of relaxing their demands upon Germany and can couple with this an arrangement by which German payments of unconditional reparations are postponed until a better season, then they might be in a position to offer the United States a choice between a voluntary extension of the moratorium or an involuntary loss of debt payments by the joint action of its debtors. So far as the American Treasury is concerned, the result would be the same.

* * * * *

Of course, British public men—and possibly some French public men—realize perfectly the quandary in which President Hoover, Secretary Mellon, the lords of Wall Street, and, in short, all Americans who understand the situation, find themselves. They have a Congress which is thinking solely of the Congressional elections next autumn. These people back home know that the United States suffered a deficit for the last fiscal year of $903,000,000, nearly a round billion dollars, an enormous sum. They know, further, that the returns for the first half of the current year indicate that their country will have a deficit next June of $2,200,000,000, a still more stupendous sum swelling to over twice as much. Under these circumstances, it is fairly difficult to persuade the average small town taxpayer that the United States should voluntarily remit the payment of debts owing her in Europe, adding them to the already heavy burden which the American taxpayer's back must bear.

Then the United States must vote immense sums for unemployment relief. This money will either be taxed out of her people immediately or added to her debt on which interest must be paid. As Congress piles these new taxes and this new debt on its constituents, it does not relish the idea of telling them at the same time that it proposes to let the German taxpayer off — or even the French and the British. Rural Congressmen are afraid that their home people would not understand it. They think that they may not be "internationally minded" enough. And this might prove to be true with the opposing candidates and their "stumpers" telling these same people that they were being mulcted in order that "the Huns" may go free.

No one can deny that it is a most difficult situation. President Hoover and his friends can only do what they can. They are not dictators—they are the creatures of a democratic form of government. The vast majority of their "masters" are in the position of the Congressman who asked, indignantly, on one occasion: "What is 'abroad' to us?" Thus while they might, and probably would, be very ready to join in an extension of the moratorium or any other scheme which promised to side-track the threatened German revolution, their hands are tied. Congress, indeed, has just gone on the stage and tied them in front of the audience in true vaudeville style.

* * * * *

But, in that case, might not President Hoover and those "in the know" welcome action by Great Britain and France which would accomplish the very result they have in mind while freeing them from all political responsibility? They could even denounce this action in ringing fashion. They could be quite as "Main Street" as the most town-pumpish Congressman. Yet Germany would be saved from revolution—the German people would be able to pay their private debts—American investors would be richer by three billions of dollars—and a world collapse, involving the United States, would be averted.

It is not necessary that the Franco-British agreement for which some are hoping should be acceptable to the American electorate. It is only necessary that it should be acceptable to the informed oligarchy which speaks for the American electorate—and which alone can make any trouble. The American Government would then do nothing about it if payments were shut off in this way, and neither would anybody else. If the French agree, they will not move troops into the Ruhr. The British will not be interested. The Germans will be happy. The individual investor will be paid.

Is this the plan? Is it a plot of the machiavellian foreigners and the international financiers to fool Main Street?

ARMAMENT NO SECURITY

PROFESSOR GILBERT MURRAY raised an interesting point in his address before the Anglo-French students' conference on disarmament yesterday when he declared that there were no material guarantees against war attacks from the air. "You can destroy London and we can destroy Paris, but neither can be defended." His plan to provide the essential material security is to prohibit military aviation, as it is supposed to be prohibited in Germany, and to internationalize commercial air companies.

It may be noted, in this connection, that much of what we fear from the air is purely speculative. We do not really know what an attack from the air would mean. We do not know what actual defences the Powers have individually devised against aerial attack. All that the public knows is that none of the Powers have neglected to develop aerial defence, and that from time to time rumours gain currency that some new invention has rendered certain dangers from the air less menacing or less threatening.

There was talk of poisoning vast areas by dropping bombs laden with poison gas before the war ended; but no such bombs were dropped. There have been innumerable reports since then of progress made in poison gases that would virtually annihilate cities on to which they were dropped; but this is only hearsay. So, for that matter, are all the other rumours about effective aerial defences. Such actual facts as the new British searchlight, which makes it virtually impossible for an airplane to escape from its focus, once the airplane comes within range of its light area, do leave on the public mind an impression that Britain at least fears aerial warfare. Professor Murray's statement, unequivocal as it is, certainly lends credence to that viewpoint.

But whether his solution is a practical one is an entirely different matter. It would be all very well to abolish military aviation by international agreement, just as it is well to limit naval armaments by such agreement. But the internationalization of commercial air companies would be of very little use in the case of war, since the warring nations would naturally drop out of the combine at once and convert such airplanes as they had within their reach into warring weapons.

It seems futile, however, to discuss this or that scheme of disarmament so long as the competition among the great nations in armament expenditure continues,—for it is useless to disguise the fact that it is, in the final analysis, competition, in that each is seeking to make herself secure against any possible combination of attack. Every one of the Great Powers in the world, except Germany, is spending far more on armaments today than before the Great War. The world expenditure is officially estimated by the League of Nations at $4,500,000,000, of which Europe spends 60 per cent, the United States 20 per cent, and the rest of the world the balance of 20 per cent. We are inevitably reminded of the words of Viscount Grey, Foreign Minister in the years before the war, when he told the world:

"The enormous growth of armaments in Europe, the sense of insecurity and fear caused by them—it was these that made war inevitable."

Have we any less sense of insecurity today? Is the fear caused by such a sense of insecurity today less than it was in 1914? A war that killed 10,873,577 men (known dead), wounded some 20,000,000 more, made nine million children orphans and five million women widows, entirely apart from the tremendous losses it caused through revolution, famine and pestilence, did less to end war than any war the world has ever known. Are we any nearer peace now than we were in 1914?

RELIEF FOR THE TROPICS

A MODEST announcement made before the American Association for the Advancement of Science in New Orleans yesterday will, if it proves to be susceptible of practical demonstration, be a veritable boon to large sections of native populations in tropical climes.

A small body of men from the Harvard Medical School, carrying on experiments in the African jungle, have discovered a cure for the dread disease of elephantiasis and its allied diseases. These take the form of hideous swellings of different parts of the body, more frequently the legs and the head, and though they have been known to exist for four thousand years, no cure for them has ever been discovered until now.

It is said that a small operation, costing two dollars, will eliminate from tumours the small, thread-like worms that cause the disease. In the past, operation after operation performed upon those suffering has merely served to allay the progress of the malady, never to eliminate the cause.

The Harvard men will have conferred a very real benefit upon millions of sufferers in tropical and semi-tropical zones if their discovery achieves all they expect of it. Thus science continues its triumphal march of victory against the forces of disease and human suffering.

Another and equally important discovery also announced at Baltimore is that of a serum which will, it is stated, cure influenzal meningitis. This is not to be confused with cerebro-spinal meningitis, which is caused by the infection of the membranes covering the brain and spinal cord by an organism called the meningococcus. But it closely resembles that dread disease and is almost invariably fatal, early diagnosis being very difficult, since it usually starts as a cold which develops quickly into an acute form of influenzal meningitis that quickly terminates in death. In the one case cured, the doctors who have discovered the serum say, cure was rendered possible by the fact that the disease was diagnosed early and treatment administered before the abscesses formed. The importance of the discovery of the serum, it will be seen, is hard to over-estimate, though more work still remains to be done before its general use can be made thoroughly effective.

The worst of slaves are those that are constantly serving their passions.—Diogenes.

DOCKET STARTS:

BOURNE, F. J.

Victoria
Jan 20/32

Sir a Currn

Sir

I enclose you a letter published in V. Colonist, to which no intelligent reply was made: I agree with you from what I have seen about the horrors of war; but what about the horrors of peace why all this hallyhoo about disarment? Mr. King cut down our Naval expenditure years ago, it is cheaper to scrape our Naval protection from Eng. B.

Speaking as one Canadian to another, why are all the politicians (yourself included) dragging herrings across the trail, by ignoring our domestic problems, and bothering about others far away? Canada is always a day behind the fair — We ordinary whole fools, to hold up the world for their food, we practically ruin a good investment like C.P.R to please our politicians both Lib & Con; the man Flair a year or two ago, doubted if we had a honest man in Public Life, the Toronto Globe Lib, endorsed the statement, — I am well travelled, and as an ex business man have employed many of the output of Colleges, The education of both U.S.A. and Canadian students can be summed up in three words "get the money" — Why the piffle about "Disarment" Prohibition, civilism of the Dole, (which we adopted here to day) and all the other bunk, which the students are wasting their time on, get down to domestic affairs, and remove the stigma from Canada, of having no honesty in Public life — I have known of you in Van & Victoria for years, what a name should you have with the military profession, it is at least honorable.

T F B.

Victoria, B.C.,
November 19, 1931.

THE FALSE LOGIC OF THE PACIFIST

The public are now being misled by a host of possibly well-meaning idealists, on the "evils of war". Miss McPhail, and others that should know better, are preaching disarmament.

It is quite natural that 90% of the politicians should endorse peace, because in these times they have their own way. Italy was almost in revolution and her people in despair. Mussolini established law and order, brought about a large measure of prosperity and put Italy on her feet by substituting military measures for a rotten peace government.

Granting for the sake of argument that all the statements about the horrors of war, made by the pacifists, are true, we will assume that no good comes out of love of country, patriotism or self-sacrifice, and that we are all become too good to fight for ourselves or women folk - how are we to handle the nation, or a rough, rude individual that argues that the world is my oyster which I will proceed to open. He will argue logically, like the Japanese, that Great Britain, France, Germany, U.S.A. and practically every great nation attained their present position by force of arms. "I am a small nation," he will say, "industrious and simple living, tilling every available acre of land, but must perish

unless I can get more territory. As you all agree about the horrors of war, a horror which we do not share with you, as we put love of race and the future before luxury and high living in the present. If you are sincere, will you sell or give us some of the idle million acres of land in Australia, Phillipine Islands, Canada, etc.?" What will will be the answer? "What we have we hold" and, what is more, we will use our riches to throttle you from becoming as rich as we are by forcing upon you a League of Nations, etc.

An advocate of disarmament writes in today's Colonist, "It is high time for everyone to demand practical results from Geneva," or words to that effect. How can they achieve "practical results" against an armed nation, fighting for a greater place in the world for themselves and their sons, except by using force to down force? However much we may pride ourselves on our civilization, the politician with the big stick is the final court.

The average Pacifist, an idealist of course, always assumes that he can change human nature. He is egotistical enough to think his little platitudes are greater than the teaching of Jesus Christ, who did not disdain to use force when He scourged the dishonest money changers out of the temple. I see nothing in His teaching that warrants me to believe that we should be carried to the skies on "flowery beds of ease" but rather that we should at all times be prepared to fight if necessary in defending the weak against the aggression of the strong.

The present situation in China should teach us the folly of trying to upset and change natural laws by silly talk. "Self preservation is the first law of nature" for man, or nation, and no nation can afford to neglect her defences and trust for her salvation to the promises of a few windy politicians who argue that to be defenceless will stop war.

Belgium and Luxembourg, being defenceless and non-aggresive during the late war, did not save them from being trampled under foot by Germany. China is not an aggressive country but all the treaties she has ever signed are not as much good to her today as one Division of well-armed trained soldiery.

The late war should show the most ignorant pacifist how little the teaching of many years of Christianity has affected the fundamental principle of human nature. The present disarmament crusade is largely political. "I didn't raise my boy to be a soldier" is one of the finest vote catchers ever invented. Lloyd George used it in 1912-13 and his reduction of the Army and Navy was one of the causes of the Great War, for Germany would have backed down if we had been prepared.

The Pacifists, like the Prohibitionists, have not the backing of any deep thinkers, outside of politicians or someone with an axe to grind.

Speak softly, but carry a big stick, is a sounder motto than all the columns of nonsense written or preached by Pacifists and their followers.

(F.J.Bourne)

PREPAREDNESS

Mr. Guy Sheppard is, I am sorry to see, rapidly graduating into the class of the professional politician.

Instead of meeting facts with facts, he dodges facts by asking counter questions and repeating a wild fandango of words to prove his case. I have admitted that his description of the horrors of war are correct but I do not admit that these horrors can be averted by silly talk.

On this continent last year, about 30,000 people were killed by motor cars, - 6000 of these were children. I can imagine nothing more horrible than killing a child, mostly for the lust of pleasure. Shall we all start a crusade to stop building cars?

Switzerland has enjoyed peace for years because she has been sensible enough to keep a well-armed army to protect her against trouble. Shall we insist that she abandon well tried principles for the hair-brained theories of the modern politician?

Mr. Sheppard says that war proves nothing. I beg to differ. The late war proved the utter futility of Mr. Sheppard's pet argument, that "The pen is mightier than the sword", a platitude too childish to even be considered among thinking men. The pacifists love to repeat it, even when the Japanese are walking through Manchuria, with the sword; and the clerical gentlemen at Geneva are wearing out their pens in their endeavours to stop them.

I doubt if any great reform in the history of the world has not been brought about by war, self-sacrifice and suffering. The U.S.A. protested against taxation without representation. The pen failed, but by force of arms they started one of the greatest nations on earth, (a doubtful blessing I will admit), but no one can deny their status. Italy has not suffered under the big stick. She has improved. France was never as prosperous in her existence as she is today, and all over the world, despite the grumbling, never were the general public as well off. The war brought out hoards of money that had been out of circulation for years. Prices and wages soared to unbelievable heights, and people became drunk with money. Hundreds bought motor cars instead of homes and played the goat generally. The drunk is over and the headache is on, and the same people blame the war for their troubles. Money is not destroyed by war, it is simply diverted into other channels, and benefits all instead of a few.

Mr. Sheppard, in his zeal for his cause, threatens us like the Methodist parsons, with fire from heaven unless we repent and join the disarmament cause. I have faith enough in my fellow countrymen to believe that if an enemy tries to put the British Empire out of business with poisonous gas or anything else, that we have brains enough to give him a bit of his own back, unless our Government is under the control of a few choice imbeciles who will not give us the weapons to strike back when attacked.

The danger to the British Empire today is not an

outside enemy but her own people, misled by men of the Ramsay McDonald and Lloyd George type, who are only interested in their own self-advancement. They will, by any experiment, run any risk to advance what they call their ideals, and the saddest part of it is that the people of the Empire must pay for their mistakes. Ramsay MacDonald has made a mess in India through his pacifist policy. Lloyd George through the same policy largely brought on the war with Germany. I doubt if either of the gentlemen mentioned were ever right on any great international question, and yet Mr. Sheppard, a despiser of professional politicians, holds them up to us as an example of wisdom, because they agree with him on his disarmament policy.

Mr. Sheppard is a reformer of the modern age. Their creed is idealistic talk, more talk, and a child-like faith in their ability to change human instincts. They do not realize that 90% of ordinary voters would rather attend a prize-fight than read a letter or attend a meeting on Reform. I never flatter myself when writing to the papers that I can compete with Tillie the Toiler, Mr. Jiggs or other Press Celebrities.

Disarmament and Peace has been the goal attempted by reformers for hundreds of years. Edward the Confessor was the prime cause of the Conquest of England. Godoy, the Spanish statesman of a century ago, earned the title of the "Prince of Peace. He lost for Spain the vast country west of the Mississippi.

The National Government was overthrown and a foreign King took possession of Madrid. He wound up his career with a long and costly war, all because he was too modern to follow well established principles.

The world is very old and our boasted civilization only skindeep. In the U.S.A., modern in most respects, they still use lynch law and make a joke of a soldier or a sailor. The country as a whole is a by-word, the world over, for crime and lawlessness, and yet it is the home of the pacifist and reformer. There is no evil in the world that they will not try by legislation to cure. If a man drinks, they must have total prohibition; if a man commits murder, he is suffering with some mysterious disease, and is not responsible for his actions. We see in the U.S.A. the failure to enforce law and order, and yet strange to say, old countries like Great Britain, Holland, France, all of which are rich in wisdom and have brought their civilization up to a high standard, are all classed as blood-thirsty fire-eaters by the U.S.A., because Germany ran amok, as the U.S.A. will do themselves some day. They overlook the fact that a little of the European Military discipline would soon restore order in their own country.

This is (on my part) the end of the discussion on "preparedness". Mr. Sheppard said in a recent letter that he cannot be converted from his principles, so further discussion is useless. I still maintain that the fundamentals of law and order, whether applied to men or nations, is to speak softly, but carry a big stick, and this policy is backed by ages of wisdom and ~~modern~~ common sense.

F.J.Bourne.

DOCKET ENDS:

BOURNE, F. J.

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J. STEWART BAKER
CHAIRMAN OF THE BOARD

March 1, 1933

Dear Sir Arthur:

Please accept with our compliments the enclosed pocket reference folder entitled "The War Debts At a Glance".

The tabulation shown in the folder is based upon data derived from official sources to provide a quick and convenient means of reference for those who are interested in this important subject.

We trust you may find it of interest and value.

Your acknowledgment and any expression of your views on the subject that you may care to make will be appreciated.

Very truly yours,

J. Stewart Baker
Chairman

Sir Arthur William Currie
McGill University
Montreal, Canada