Vienna, October 10, 1935.

A REPORT ON THE GENERAL EUROPEAN SITUATION TODAY.

At no time since a few weeks preceding the outbreak of the world war has the European situation been as full of dangerous possibilities as it is now, and at no time since then has there been such fervent activity in European capitals. It is obviously impossible in any resume of the situation as it presents itself today, to cover all of the essential factors for a complete picture, but an endeavor will be made in this resume to include the major considerations.

An objective observer who has followed the European situation closely during the postwar period, who keeps in mind fundamental facts and does not ignore the known facts which are the only signposts to sound conclusions, cannot view future developments in Europe — at least from the long point of view — in a very optimistic light. The recent developments which point towards thoroughgoing Anglo-French cooperation and towards giving the League real prestige and power, present a hope for peace and a return to economic conditions and relationships which may make a fairly durable peace possible. But even with this favorable development, from the long point of view, optimism must remain guarded. An objective survey of the European situation from the American point of view must still lead to the conclusion that our own interests require absolute abstention from active intervention and participation in the problem of Europe. Our intervention in European difficulties during the Great War has definitely shown that no such action will accomplish permanent good on the Continent and that the consequences would in the end be most likely disadvantageous to us again.

The League, from active participation in which we have so wisely abstained up to now, has consistently shown its powerlessness when violations of the Covenant by great or small powers may take place. Japan flagrantly violated the Covenant and left the League to have a free hand. She proceeded to follow her own ends unchallenged and the League had to content itself with a condemnation of her action. The National Socialist regime in Germany, with its expansionist political program, which also definitely and openly advocates the accomplishment of its ends by force, could obviously not permit Germany to remain in the League. Germany left the League in order to keep her hands free. In the Chaco matter the League showed its powerlessness even where the weaker countries were concerned.

The crucial test of the League which will determine definitely its future and its usefulness or futility, is in progress over Abyssinia. The League, although instituted
as an organisation for the maintenance of peace in which
all sovereign states would cooperate and which was to deal
with problems arising in every part of the world, was defi-
nitely a European institution. The powers most interested
in it were the great and smaller European states. For the
first time in the history of the League a power which wishes
to be considered as a major European, one is brought before
the bar of the League. It is there on a colonial question
outside of Europe, but one which in view of the general
situation definitely affects European and world peace.

The effectiveness of the League must depend on the
practical unanimous cooperation of the great powers in it.
Germany and Japan are cut already, and the United States has
never been a member. Italy is threatening to leave the
League if it does not place its practically complete ap-
proval on her violation of the sovereignty of another League
member who was largely brought into it on Italian insistence.
The divergence of interest between the great powers in the
League is still sufficiently great to make really united
action against an aggressor dubious. The smaller states
are willing to give lip service to the League until it comes
to reaching a decision, but when it comes to a decision in-
volving even a minor or temporary political or commercial
interest, the tendency is to avoid a decision and to assume
attitudes or threaten alliances lying outside of and contrary
to League obligations.

The decision of the Fascist Government in Italy to
carry through its colonial aspirations in spite of Italy's
obligations to the League and contrary to its existing
 treaty obligations with other powers, has brought Italy be-
fore the bar of the League. She massed her troops in her
African territory adjoining Abyssinia and has definitely in-
dicated that if the League does not back her over what amounts
to practical sovereignty over another League member, she
will proceed to gain her ends by force. At no time in the
history of the League has it been faced by such an open
defying of its whole procedure and Covenant. Giving way
would have meant the destruction of all remaining League
prestige and the certainty that nothing could be built up
out of the League for many years. The two major powers
still in the League, England and France, had only two courses
open to them - to facilitate League suicide through allowing
it to become an international instrument of passing approval
on Italian action, or for the first time to act the League
machinery in motion in full force in case of actual aggress-
ion by Italy against Abyssinia.

The first of these alternatives neither France nor
England could follow without extreme danger to their vital
interests. For France the League machinery is one of its
most precious adjuncts in maintaining the status quo in
Europe and in the protection of its own security. In
France the League has been considered primarily as a part
of the delicate and complicated, and almost precarious,
system of alliances and groupings which has been built
up by her since the war as a part of the protective machinery of France. France has to recognize that the suicide of the League would mean the breaking up of the Little Entente and of the Balkan Union. She has to face the fact that placing League approval on Italy's action in Abyssinia will inevitably open the way for an offensive in the near future by National Socialist Germany not only for colonies in Africa, but for expansion in Southeastern Europe or in the Ukraine, or both.

England, which has consistently hoped not to expand her obligations on the Continent and the policy of which has been definitely directed to not increasing any obligations she has on the Continent, could only agree with the present concern the disintegration of the League on which it depended so much for the maintenance of the status quo in Europe. Aside from this, however, England has had to recognize that the fulfillment of Italian aspirations in Abyssinia is a definite threat to Empire communications and that the attitude of Fascism has become a threat to her prestige.

For reasons of vital self-interest neither France nor England therefore can be voluntary partners to League suicide and aside from any interest they may have in the maintenance of the League as an instrument of collective security and the maintenance of peace, their self-interest has made it necessary for them to act. Exasperated by failure to intimidate the League, Mussolini and the Italian press under his guidance began to attack the good faith of England and to use threatening language which British prestige and that of the Empire could not permit to remain unanswered. Mussolini, by his troop concentration in Africa, by his unmeasured language, and by his flaunting of the League, had put his own personal prestige at stake. There was the spyder war, however, that on the Italian side it was more particularly the prestige of Mussolini and not that of Italy which was at stake, while on the other side the prestige of England and of the Empire, of the League and of the other member states, was involved. The question became one as to whether the prestige of Mussolini was to be saved at the expense of the League and its other member states. It became a question as to whether to maintain the personal position of an individual who believes in force and international blackmail, an international organ such as the League, which serves as an instrument for collective action for security and peace, was to be destroyed. It was clear that the use of the League machinery to save Mussolini's prestige would mean that in a few months the National Socialist regime in Germany would have every encouragement to begin aggressive action and that Europe would sink to a restoration of medieval systems of force, class distinction, persecution, brutalization, and a destruction of all that it had struggled to achieve so painfully for
several centuries. It was recognized that the real issue at stake was what kind of a Europe there would be and whether there was to be any peace.

Faced by this crisis in the League and in Europe, which so definitely involves the future of both, Anglo-French cooperation remained as the only solution for the real establishment of League prestige and the maintenance of the status quo. The negotiations on the basis of which sufficiently far-reaching cooperation between France and England is to be arrived at, are in progress and in the face of the obvious danger a certain amount of progress has been made. Both France and England, however, have reservations of a very vital character which make the realization of the adequate cooperation necessary extremely difficult. In the meantime Italy has advanced into Abyssinia and actual hostilities are in progress without an actual declaration of war by Italy. Italy has announced that economic and financial sanctions by the League will not be considered a basis bolls. The League Council, with the already-advanced degree of Anglo-French cooperation, has felt itself sufficiently reinforced to follow League procedure and has defined Italy as the aggressor. Under the pressure of England, the application of economic and financial sanctions has been approved by the Council and the League, and shortly be called upon to formally approve the application of these sanctions according to a program which is being elaborated. The first step towards re-establishing League prestige has been taken. Whether this step is one in the direction of final peace in Europe remains to be seen.

The attitude of France, which is hampered by the obligations which she has undertaken towards Italy and by an uncertain internal situation, will be the determining factor as to whether the policy of the application of sanctions will have the necessary effect on Italy without provoking other disturbances in Europe.

Whether the attitude of England towards the Italian adventure in Abyssinia is 88% sincere in the maintenance of League prestige and of the doctrine of collective security, or 88% actuated by British selfish interests in the maintenance of Empire and British prestige and of Empire communications, is immaterial in reaching an objective opinion as to whether its attitude is in the interest of European peace and security. What is material is that the British Empire has been, and still is, a civilising and on the whole beneficial as well as stabilising influence not only in Europe, but in other parts of the world. What is material is that this Empire organisation is still serving a useful purpose and is worth maintaining. It may be that it took this definite threat of Empire communications to awaken England to the importance of the League, but what is important is that, ake to the danger, she is now willing to put her whole force behind the League in a policy of collective action. The impulses which have led her to this major decision, for it is a major one, are
not what is vital. What is vital is that England and the Dominions form the strongest force in the League and that they have expressed a willingness to put this whole force behind the League.

Hitherto it has been customary for the major and minor powers to render lip service to the League until it becomes a question of applying League procedure to a recalcitrant member. Belgium, which is bound by a military alliance to France and which has always found its most dependable protector in England, and which is one of the states primarily interested in the maintenance of the League as an instrument for her own security, spoke bravely for the League at Geneva recently, but when the British attitude indicated that sanctions were in the offing, she let it be known that economic sanctions would be very disturbing to her economic life and that it would be exceedingly difficult for her to participate in them. Yugoslavia, with her fundamental difficulties with Italy and her great fear of her, indicates the difficulties which the application of sanctions would entail for her. These states will undoubtedly, while not opposing sanctions, only enter into the application thereof in a half-hearted manner, at least at the outset. Hungary, which less than a year ago was saved from invasion by Yugoslavia through the League machinery, has already indicated that she will not participate in the sanctions. Austria, whose independence and existence as a separate state has been definitely threatened for several years by a much greater power not a member, and who owes her existence as a separate state to the doctrine of collective security, has also indicated that she cannot participate in sanctions. No matter what explanations for or appreciation of such attitudes may be found, it is these attitudes which are the factors which we must face in Europe, for they are what have to be reckoned with not only now, but for a good long future in Europe. It is obvious therefore that the effectiveness of the League must be viewed in the light, not of pious declarations which are made with respect to it in many capitals and in Geneva, but in the light of the actual acts taken by these capitals when a decision affecting a national interest, no matter how temporary, is involved.

It may be observed, here, however, that if in the case of the present League action with respect to Italy it is carried through without faltering by the major states and is not compromised by merely face-saving formula, the League will come out of this trial by fire with a prestige which it has not had since its inception and this will begot a confidence among the smaller states which will inevitably fortify their attitude in case of similar action by the League in the future. The hesitations which are now so apparent will be much less present in the future.
The fundamental questions in Europe which disturb the peace have not heretofore been definitely faced by the League nor openly in the capitals concerned, although they are clearly understood in practically every European Chancery. In the British Foreign Office it is definitely recognized that both Germany and Italy, with their internal problems and their present plans, are a definite threat to British prestige, to Empire communications, and to the British position as a Continental and world power. The Quai d’Orsay has thoroughly appreciated the threat of German expansion to the southeast in Europe and in the Ukraine, and its whole policy, wisely or unwisely, has been to prevent this expansion. Poland and Hungary knew that the policy of German expansion will in the end be dangerous to them and to their sovereignty if successful. Russia is aware that the present German regime is as much bent on expansion in the Ukraine as it is in other directions in Southeastern Europe. The smaller states in Europe practically all realize the eventual possibilities and probabilities which the unsettled situation holds for them, but in view of the uncertainty and lack of unity among the major powers they have for the most part been obliged to play a dual policy which has only accentuated the uncertainty in the general situation.

From time to time plans have been made and carefully elaborated to meet dangerous situations which were developing when and if they should arise, but when they had to be faced there was no action. The French Government and General Staff were of the opinion that the coming into power of the National Socialists in Germany would have to be the signal for action, but when that Government came into power France could not move because she feared that she might not be able to evict complete mobilization in the absence of a direct act of German aggression. England maintains the greatest fleet in the world in order to keep Empire communications open and to make demonstrations of power at critical moments in order to enforce peace. When Mussolini definitely threatens her communications with the East through the Abadan adventure England concentrates her fleet in the Mediterranean and makes the show of force for which this expensive fleet, which is such a real burden on the taxpayers, has been maintained. When this show of force is having its moderating effect on a dictator who is leading his country into an adventure which has only a small part of his people behind it, and when he begins to show signs of giving way, the British Foreign Minister is influenced to write to the dictator and to send the British Ambassador to him to say that this fleet concentration is not meant as a hostile act, and this is taken as an indication of indecision.

Hopeless as the European complex may seem at times, there have been indications which definitely show that progress can be arrived at through unity of action. It has, however, up to now not been possible to maintain this unity of action for a period of time sufficiently long for its
effects to be felt. The French-Italian agreement of last year on fundamental questions affecting their vital interests, followed by the Anglo-French-Italian agreement expressed through the Stress front for the maintenance of the status quo, had a considerable effect in stabilizing the situation in Europe. It particularly tended towards restraining Germany and in quieting some of the smaller powers, but potentially strong ones such as Poland. It eased the general situation in Southeastern Europe where fundamental and long standing difficulties were slowly beginning to assume less threatening proportions, with even a glimmer of hope that they could be eliminated. This Stress front, which could have gone a long way towards maintaining peace in Europe and which could have definitely established League prestige and established conditions under which fundamental disturbing situations could gradually be settled, has now been broken up by Italy which enters on a colonial adventure which immediately begins to have its repercussions in every part of the world. Political, racial, and economic questions which were quite separate come to the fore and not only the peace of Abyssinia and Italy, but that of all Europe and perhaps of the world is ultimately threatened.

France and England, faced by this situation, see the only way open to the maintenance of their respective positions and of peace in Europe in a definite, common front, and proceed on the line of establishing it even though it may eventually involve war with Italy. Many objective observers believe that this common front between England and France, if sufficiently definite and far-reaching, and if made sufficiently clear to all of Europe, will be sufficient to maintain the status quo, restrain various countries from taking aggressive action when the opportunity might offer, and eventually bring about a return to democratic institutions throughout Europe.

Such far-reaching cooperation between England and France cannot be reached in a day, and it is under the most favorable circumstances a painful and difficult process. Those observers who do not see this definite alignment coming in full colors in a few days, fail to take into account that the only cooperation between England and France which can serve a useful purpose is of such a definite and far-reaching nature that it involves for both countries questions of primary vital interest which must be brought into agreement, and that such cooperation involves agreement not only of action on the problems which must be faced immediately, but on others which ultimately may have to be faced.

In England the ground is now thoroughly prepared for the most thoroughgoing cooperation with France. It is true that in order to arrive at this there had to be the real threat to Empire communications and to British prestige to win over those sections of British opinion which had heretofore not been in agreement with the Foreign Office, which has long recognized the real nature of the problems which England and the Empire have to face. It is true that the Labor and Left elements in England may see in the present situation an opportunity of bringing about a return to democracy throughout
Europe and its disappearance of dictatorships, but fundamentally the unity in British action now and the extraordinary change in British Labor and Fascist circles is almost wholly traceable to the fact that the threat to Empire prestige and communications has awakened the British public and the Dominions to the realization that the future position and security of the Empire are at stake. They know, too, that the final issue is what kind of a Europe there is going to be.

In this cooperation with France, England still has her reserves in view of French commitments on the Continent, and of the unstable internal situation in France itself. France is demanding as the price of her cooperation practically a blank check on British support. The thoroughgoing cooperation between England and France, which is necessary for the maintenance of League prestige and of the status quo, cannot be arrived at until these questions are cleared up. The probabilities are that England cannot subscribe to the full French demands, but must retain a certain liberty of action. As the weaker of the two powers, and as the more definitely threatened in the case of a break down of collective security, the probabilities are that the greater degree of concession in the pending negotiations on cooperation will have to be made by France.

In France Labor and Left elements are definitely giving their support to the Government in its policy of maintenance of League prestige, but the play of internal politics, which is still such a curse of that country, is still sufficiently strong to encourage Right elements to place obstacles in the way of full cooperation. These Right elements for the moment appear to be willing to risk the prestige of the League and the whole system for her security which France has built up, for Italian friendship and in the hope of establishing a Fascist regime in France.

The great question before Europe today is whether this Anglo-French cooperation can be worked out sufficiently soon and in sufficient detail to have its effect not only on the Italian-Abyssinian conflict, but also in restraining other great and small powers in Europe from endeavoring to take advantage of the present disturbed position.

It seems safe to say that in the opinion of most objective observers, definite Anglo-French cooperation would have the effect of stabilizing situations in Europe and of stopping definite various currents which are at work, but as this cooperation, with all its complete implications, has only yet appeared in an uncertain way, the consequent uncertainty is immediately followed by the emergence to the surface of problems which have been simmering and which only need this insecurity to bring them to the surface.
The underground work of Berlin and the ambitions of Poland and Hungary immediately find their expression. Berlin invites, through Göring, Goebbels, the Hungarian Minister President, to a hunting party which is also attended by high ranking Polish officials. It is a convenient opportunity for the discussion of an air pact between Germany, Hungary, and Poland, and at the same time to explore the possibility of more far-reaching cooperation. At the same time this visit takes place, Dr. Milch, who has built up Germany's air force under Göring, makes a visit to the Budapest and other Hungarian flying fields. Nothing concrete comes out of this except the decision that under certain given circumstances mutual action can be taken and it is agreed that Goebbels shall go shortly to Rome in order to explore the situation there. The reports that a contingent agreement has been arrived at during this meeting in Berlin that in case of war between England and Italy, Germany, Poland and Hungary shall act in common, seems premature, but that preliminary conversations have already taken place in a friendly way and in a propitious atmosphere is clear.

Berlin seized the same opportunity in order to further disturb the French position by offering a treaty of friendship and non-aggression to Paris, which it knows will strengthen the right opposition in France to the policy of full cooperation with England. That this offer is made without any sincerity does not lessen its danger. Berlin knew that France could not accept a non-aggression treaty now if it is not offered at the same time to Czechoslovakia and Austria. Berlin knew that the offer would be interpreted in France and Vienna as an expression of the desire of Germany to keep a free hand in this direction. France has definitely refused the offer of this treaty.

Simultaneously Ribbentrop, who is Germany's principal mischief maker abroad, goes to Brussels where he offers in less direct terms a non-aggression pact, holding out beforehand the tempting offer to Belgium of increased transit traffic through the port of Antwerp, and intensified trade relations between the two countries. Germany is well aware that the French-Belgian military alliance is extremely unpopular among the Flemish population of Belgium, which comprises half of its approximately seven millions. It realizes that the Belgian government is still smarting under the refusal of the French to give aid when the Belgian front had its last difficulties which led to a revolution. It further realizes that although the Belgian economic situation has somewhat improved, the offer of increased transit traffic through Antwerp and increased trade would be particularly tempting in the present state of Belgian economy. It does not fail to realize that the present Belgian Prime Minister is less closely bound to France than his predecessors have been. Berlin realized that Belgium could not accept the non-aggression pact now. It was turned down, but not in the emphatic manner with which it was treated in Paris.
The object sought has been accomplished through the sowing of hope and of discord.

The underground policy of Germany is one which was definitely decided upon some time ago when it was appreciated that in spite of the rapid progress of German rearmament, it would be a considerable time before the country would be in a position to take aggressive action. The present German-Polish agreement was offered to Prague and to Belgrade and refused before it was offered to Warsaw and accepted. There is no more reason to believe that there was greater sincerity behind the offer made to Poland than behind the one made to Prague and Belgrade. It is a basic principle of the present National Socialist regime that agreements have a binding effect on Germany only so long as these agreements work to her benefit. This persistent underground effort of Germany which has in the last weeks found definite expression in the endeavor to counteract Anglo-French cooperation through the Berlin hunting party and the offers to Paris and Brussels, has been consistently carried through for months. One need only remember that Poland has been keeping alive the Teschen situation with a definite purpose; that Goering has been making repeated promises in Budapest and Belgrade; that during the recent Italian manoeuvres the German general was the only one invited by Mussolini to dinner; that during the recent Hungarian manoeuvres the German officers were preferred guests and were permitted to view manoeuvres from which other military attaches were excluded.

It is significant that immediately there is an indication of weakness in the major position and difficulty between London and Paris in reaching an agreement, it is deemed advisable to bring into the open a Berlin-Warsaw-Vienna-Budapest-Rome combination which could only be brought about at a price which Prague and Belgrade would pay. In Warsaw, Vienna and Budapest there are men in authority who know that following the path Berlin is endeavoring to trace for them would lead to eventual disadvantage for all of them, but this does not prevent some from permitting themselves to be used as instruments of German policy.

In an editorial in the LONDON TIMES of August 30, there was wise comment on the trend which is showing itself in Europe towards "larger settlements". These larger settlements, in the preparation for which this Anglo-French cooperation is propitious, are necessary, but whenever the opportunity exists for them there is some hitch. Some major power fails to act or believes it is unable to act, and nothing happens except further progress on the road to ruin. While National Socialist Germany is biding its time and rearming in the face of extraordinary difficulties, and Italy is planning to establish itself in Abyssinia as soon as to put itself into a position to blackmail England and France, the major powers
are faltering in the arrangements which are necessary to stop this course.

In the meantime the German policy of making trouble goes on, but it is not confined to minor manifestations. There is such reason to believe that a German-Japanese agreement, which has been going on in the making, has been initiated. While details are not available, there is reliable information available that it provides that in case either Germany or Japan becomes involved in war with Russia she will also act. So far as can be learned, the initiated agreement does not have any provision making such action dependent upon Russia's being the aggressor. It simply provides that in case either Japan or Germany becomes involved in war with Russia the other will also attack. This agreement has been a favorite project of the present German government which has its eye definitely on the Ukraine as a part of its expansion to the southeast.

Some months have passed since the victory of Hindenburg's party in Czechoslovakia and it has continued to gather strength. It is significant that this Party is already demanding participation in the Government and wishes the portfolio of Minister of War. It is no wonder that Czechoslovakia is disturbed and that Prague is one of the most insecure capitals in Europe today, when it is recognized that German diplomacy, through instruments like Papen and Mackensen, is propagating the idea of breaking up Czechoslovakia. Both Poland and Hungary are playing with this fire, although they realize the danger of getting burned. The German policy of creating division and dissension among the major and minor powers and of stirring up trouble among the minorities is having its effect even during a period when the Party and the National Socialist system are at their weakest. Europe will not get away from the myth that Saar, Rhenish, and Mackensen are not dangerous people and that they are "dipломats of the old school". They are in fact servile instruments of the regime and just because the outside world looks upon them as harmless, they are able to work more effectively. They are able to sow discord just because they propagate the myth that they are not in sympathy with the regime.

Yugoslavia, because of the fear of her minorities, prefers Anschluss to Habsburg restoration in Austria, in the vain hope that this might avoid catastrophe for her. Anschluss would not avoid catastrophe for Yugoslavia, but only postpone it and make it more sure. Hungary remains fundamentally pro-German, due to the false idea that her revisionist hopes will get satisfied in that direction sooner than others. She does not realize that the revisionist satisfaction which she hopes to get from Germany would only be the forerunner of later loss of sovereignty. The fact that there are Hungarians who realize that this turning to Berlin is the sure road to ruin does not keep Hungary from putting her foot on this road.
Because Czechoslovakia has entered into a military agreement with Russia, and Rumania is about to do the same, and Yugoslavia is considering it, Berlin is trying to convince Poland and Hungary that this is a Soviet threat to them. The real object, of course, is to get their cooperation in the disintegration of Czechoslovakia and the fastening of the yoke on Austria as the first step towards progress to the Southeast.

Austria remains the creature of circumstances. She has definitely shown in the last year and a half that she can live in this house and prosper and has developed a definite will to maintain her independence. All this is of major interest in the maintenance of peace in Europe. Those economists who felt that Austria could not live in this house are now satisfied that she can do so. Those who looked upon the endeavor to maintain Austria as a barrier to Germany on the road to the Southeast as an impossible project because of economic and political weakness in Austria, have come to recognize that she has shown that she can exist in difficult times and even prosper under normal conditions. A real will to maintain Austria's independence has been established. When these essential conditions within Austria have been brought about, the support which is needed from without until the menace from Germany is withdrawn, becomes apparently weaker. This is one more example of the way the situation changes in Europe and which would tend to show how apparently hopeless it is - for just when the right position develops in one quarter, weakness and indecision develop in another.

The realization of National Socialist ambitions for the economic and political control of Southeastern Europe would mean the sinking of England and France to the position of secondary powers. The establishment of Mussolini in Abyssinia under the conditions which he has in mind would be, under him and even under a more democratic regime in Italy, a definite threat to British influence in the eastern Mediterranean and to the peace of Europe. It would mean in a few years an Italy with temptations which even a democratic regime would probably succumb to, nearly as disturbing to peace as the National Socialist Germany is today. If Mussolini succeeds in flouting the League and in having his way against almost entire world opinion by the application of force and intransigence, then the League is dead and within half a year if not less National Socialist Germany, whether ready or not, will necessarily have to proceed on a much more definite and dangerous path and have a much better chance of getting away with it. Russia recognizes the dangers which Italian and German success would mean for her, and is feverishly interested in maintaining the League and in facilitating Anglo-French cooperation.

The question at issue is whether force is to control in Europe or whether there is to be collective action to maintain peace and established sovereign rights.
This is the position which is being faced by Europe today. Europe has been slow in recognising the fundamental issues, and if not slow in recognising them, in facing them. Perhaps it is not yet too late. There are those who think it is already too late. An objective observer is forced to the conclusion that there is only one thing which can save the situation and that is Anglo-French cooperation which is so definite and far-reaching and so clear to the whole world that there can be no mistaking whatever. The present prospects are that this cooperation may result in war between England and Italy, and in this case France would have to stand by England in an unequivocal fashion if catastrophe is to be avoided. The obvious danger in this situation is that Turkey and Greece may take this opportunity of a weakened Italy to take offensive action against her. It is uncertain whether they would be restrained from taking such action. This is one of the dangers which would have to be faced, for each additional country in the struggle would add to the probability of more general participation.

Germany remains the enigma for upon her attitude would largely depend whether there is any general conflagration in case of actual conflict with Italy in which England and France would be involved. The general opinion in informed quarters is that Germany would not move in the face of definite Anglo-French cooperation and this opinion seems to be based on sound conclusions. These are, first, that in spite of the progress which has been made in German rearmament, Germany is not ready for any aggressive action and will not be for at least a year at the present rate of progress. There is much reason to believe that those in control of the German army believe that it would be disastrous in the face of Anglo-French cooperation for Germany to risk an adventure in any direction now. They fear that it would be only risking losing all that they have gained through their alliance with the Party.

The second consideration is that the Party feels itself less secure in Germany than at any time since its accession to power. Dissension within the Party is very real, and it realises that its hold on the people is less strong. It fears that it would not be able, on the existing issues, to reawaken the German people to participate in any offensive action. In addition to this, the Party realises that the sympathies of the German people are definitely with Abyssinia.

The third consideration, and a major one, is that the disastrous effects of the internal economic and financial policy are being felt by the mass of the German population. A scarcity of fats is already felt. The struggle for existence of the German worker in the face of rising prices and still low income is becoming constantly more difficult. The Party already feels itself sufficiently insecure within Germany not to further risk its position by any external adventure.
A fourth consideration is that Germany has no dependable allies. The only ones immediately in sight are Poland and Hungary, and she knows what value can be placed on them as allies.

A fifth consideration is that with her internal finances in such a disastrous condition and with no possibility of external credits, the carrying on of a war of any duration would be certain to lead to disaster.

In view of the foregoing, the probabilities are that Germany would not take action unless she saw a situation developing which would promise absolute certainty of success.

All this, however, is dependent on the most clear and definite cooperation between England and France. Germany is still keeping her eyes on London and while they are turned towards Italy also, it is not likely that she will make any arrangements with the latter until it offers some advantage.

The road is still open for Europe to a path which will lead to an eventual return to democracy and reasonable governments in Italy and Germany. The question is whether Europe will follow this road.

In spite of any favorable turn which the European situation may take, and although the present dictatorships may disappear and the prestige of the League be strengthened, and the policy of collective securities be given a definite start, there will remain fundamental problems of a secondary nature which will keep Europe a disturbed continent. These will be problems, just as the major ones of today, in which our intervention can serve no useful purpose.

For the United States, the question remains as to what it can do or should refrain from doing in influencing the course of affairs in Europe. As stated at the outset of this memorandum, we have learned that direct intervention can do no good and will bring only disadvantages to ourselves. It is nevertheless useless to speak of our assuming a purely isolationist attitude, for the world is so constituted that no country can maintain such complete isolation. Whether we like it or not, we remain an important factor in determining developments beyond our borders, and the responsibility for determining our course of action becomes therefore correspondingly grave as well as difficult. The question of neutrality in a European, Asiatic, or African conflict becomes a difficult one for us and public opinion in the United States clearly recognizes this. It has learned the close way in which the different parts of the world are tied up with each other, and our public opinion is under no illusions as to the difficulties involved in the maintenance of an attitude of neutrality, particularly in view of economic, political, and social repercussions which developments in other parts of the world have on us and in other countries.
This particularly applies to us because of our widely spread economic relationships; because of the altruistic and right-minded nature of the great majority of our population, and because of certain still large groups of unassimilated aliens of the first generation, as well as of political and racial sympathies of other groups due to origin.

While our neutrality laws may require revision in some respects, and while some statutory enactment may be necessary, principally with respect to the doctrine of the freedom of the seas in order to avoid the difficulties we experienced at the outset of the World War, it is obvious that developments in the European situation and in the world situation are so unpredictable that as little should be done in the way of enactment of statutes as possible. The maintenance of our neutrality is a question which cannot be determined by statutes, no matter how well meant and how carefully considered they may be. Such statutes might well become the very instruments through which we would be forced into war, for other powers would gauge their actions accordingly in case of hostilities, and provoke corresponding sentimental reaction in our country.

It would seem that a careful neutrality policy should be prepared by our Government, which is based on a study of the experience of the past and a realistic appreciation of the situations which may have to be faced, so far as it is possible to foresee them. The formulation of this policy, however, should be such that it is sufficiently flexible to meet all conditions which may arise, as they arise, and so that it will not bind us beforehand to any fixed action. The execution of such a neutrality policy should be left to the President, acting through the Department of State. In this way those at home or abroad who may wish to involve us in war will not have a definite set of statutes as a set public policy to guide them in determining how to provoke us. This leaving them in the dark is one of the greatest safeguards which experience has taught us we can place around the maintenance of our neutrality.

With respect to the positive steps which we should or could in time to time take in the face of European conflict, or elsewhere, the writer of this memorandum has no observations to offer. Public opinion in the United States is a powerful influence abroad. We are actually the strongest power in the world today. Our potentials and resources are such that our power today is no measure of what it will be. We have a definite commitment through the Monroe Doctrine which extends to the Western Hemisphere. It is already a tribute to and a recognition of the strength of our Government that in spite of the colonial pressure which is felt in Europe and the fact that in South America there are vast areas capable of supporting large populations, that no power in recent years has challenged the Monroe Doctrine and the rights of the smaller states in the Americas have been respected. Our Government has definitely shown that it desires to maintain friendly
relations with all states and to follow the policy of a good neighbor. It has given continuous concrete expression to this desire and in following a policy of minding our own business we are not likely to make any mistake. The temptation to use the force of our public opinion will be great, and there may be times when it can and will have a good influence beyond our borders. The temptation to use the actual physical forces and resources of our country outside of the western hemisphere must be sternly resisted, for it can accomplish no permanent good in the old world, which must settle its own problems in the best way it can.

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