

I.

As far back as the early days of August 1939 Mussolini made it known that he would not participate in Hitler's war. The motives underlying this decision are obvious : England and France had left no doubt in Mussolini's mind that if Italy came in their whole forces would immediately be turned against her. On the strength of this, Mussolini's military advisers told him that such a war would be lost by Italy in a very short time.

Moreover, Mussolini knows that his position in Italy is far from being solid. For the last year and a half, that is to say since the beginning of the period of constant uneasiness, he has been backed only by the extreme right wing of the Party represented by the Party Secretary and by Count Ciano. The radical measures taken last Autumn are attributable to the influence of this group; but the laws then decreed have since fallen into disuse as regards their essential features. This is an indication that Mussolini is disengaging himself as much as possible from the radical influence. A fact that is full of significance in this respect is the raising of Grandi, ex-ambassador to London, to the post of Minister in Rome, thus placing him in Mussolini's immediate 'entourage'. Grandi and Balbo favour an understanding with England and France, even at the expense of friendship with Germany. Mussolini knows that if he led Italy into war he would at once be isolated and powerless, for the Royal Family - knowing the feelings of the people and of the Army, both of whom are against war - would withdraw the leadership of the nation's affairs from his hands. Not a single Italian would then uphold Mussolini's war policy. He himself would be as good as dead.

All these considerations led Mussolini to warn Hitler in unmistakable terms, before the outbreak of war, that Italy would not take part. The entry of Russia into active politics can but confirm him in this resolution; indeed, he cannot tolerate an extension of either German or Russian influence in the Balkans.

On the other hand, it would seem that there is already a positive understanding between Mussolini and at least France. The following facts go to prove this :

- a) France has withdrawn her troops from the Italian frontier;
- b) passenger traffic is unrestricted between Italy and France;
- c) Italian ships are freely sailing not only the Mediterranean but also the Atlantic;
- d) German passengers on board the Italian 'Rex' were asked to leave the ship before it sailed from New York;
- e) Italy has withdrawn her troops from the Greek frontier.

It is probable that France has also made some positive concessions to Italy, particularly with regard to the administration of the Suez Canal and a free port at Djibouti. These are suppositions, but they appear very likely.

It is not to be presumed that Italy will join in the war on the side of England and France. Italy has no positive war aims as regards Germany; her situation was quite different with regard to Austria-Hungary in 1914. Italy can derive the utmost profit from the war by taking advantage of the opportunity to carry on abundant ocean transports and to improve her supplies of raw materials, of which she is at present dangerously short.

Whether she wants to or not Italy will nevertheless have to comply with the Anglo-French blockade, that is to say she will have to accept not to import more than the quantities of raw materials that she requires for her own needs; she will not be permitted to become an intermediary for Germany's imports and exports. For the reasons indicated above, Mussolini will have to bow to these exigencies. But it is important that Mussolini's change of attitude should be backed by guarantees and that it should be made public before the whole world. England and France must be in a position to announce a positive success in this field. The war will thus be shortened without undue shedding of blood.

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II.

It is very likely that M. Daladier was mistaken when, in his speech of September 21, he expressed the opinion that the partition of Poland had already been agreed upon between Russia and Germany on August 23. So far as can be ascertained, the treaty signed on August 23 was drawn up in haste. The agreement with Russia was sought by

Germany only after she had the absolute conviction that Italy would not join her and when, in consequence, the German military authorities strongly renewed their warnings against war. Before this date, only economic negotiations had taken place with Russia. It can be readily understood that Stalin eagerly received Herr von Ribbentrop and welcomed his suggestions. For Stalin, this visit from Ribbentrop - Hitler's delegate - was a great personal and political triumph. He who had once been Germany's public enemy number one now had become a desired associate. However, it may be accepted as certain that Stalin's motives do not in any way include a desire to strengthen Germany's position in the world. The opposite can alone be true. It was manifestly Stalin's desire by this treaty to brush away any remaining hesitation on the part of Hitler and his advisers to go to war. It is also obvious that this desire was based on the idea that any war outside Russia could only be beneficial to Russia both from the territorial and Bolshevik viewpoints.

The Russian invasion of Poland therefore took place without any formal agreement with Hitler, but not without forethought. If there had been previous agreement, the partition line would have been settled in advance. But this matter has only just recently become the subject of negotiations. German troops have even evacuated vast expanses of territory that they had already occupied. All this speaks against the hypothesis of a previous agreement.

Russia has occupied the Polish-Rumanian frontier and has thus cut off Hitler from direct access to Rumania. This military movement is against Hitler's interests. In addition, the Polish-Hungarian frontier is almost entirely occupied by the Russians. The Russian occupation of the Polish-Rumanian frontier is full of significance : it points to a return on the part of Russia to her pre-War Balkan policy. Since last year there have been signs of pan-slav propaganda in the Balkans. Russia is no doubt wondering whether she should confine herself to this propaganda, mixed with Bolshevik ideas, or extend her territorial conquests to the Balkans. If she wished she could occupy Bessarabia without great difficulty. In any case it is in Russia's interest not to allow German influence to spread in the Balkans; rather will she try to counter this influence.

It appears certain that Russia will occupy Esthonia and Latvia in the not very distant future. The port of Leningrad is ice-bound till the end of April; in this respect, conditions are better in Riga; they are perfect in Libau. It is not in Russia's interests to annex Lithuania since this country has no utilizable port. Russia's ambition is to acquire an ice-free port on the Baltic.

By concluding his pact with Russia Hitler has laid open his country and Europe to a menace terrible in all respects. Such an illogical and disconnected policy as his could not lead to a rational conclusion.

A question arises : can Russia give Hitler economic assistance, and does she desire to do so ? The answer is in the negative. First of all because Bolshevism has not strengthened but rather has weakened Russia's economic capacity. One should not be deceived by the relative calm in Russia after the terrible years of the Revolution. There can be no doubt whatever that the statistics published by Russia concerning her increases in production and in population are as fanciful as Hitler's. No effort is made to show a true picture of the situation under the two regimes; on the contrary, every effort is made to hide the facts. Statistics are merely a means of propaganda. An economic regime from which private initiative is eliminated cannot function properly. A corner of the veil was lifted three months ago when Stalin issued a decree reminding the peasants of their obligation, under severe penalties, to work on the collective farms. Indeed, the farmers had tended more and more to exploit their own little plot of land. But Russia is essentially an agricultural country. If such indiscipline is to be seen in agriculture, what about industry and mines, where the Russian has no natural inclination to work ?

It would appear that it is impossible for Russia to place more than 300 to 500 millions of roubles worth of raw materials at Hitler's disposal every year. That is a maximum, covering only one-third of Germany's needs, and therefore quite inadequate. Moreover, Russia's transport system is completely disorganized : over long stretches of railread the sleepers have rotted and the rails have become loose. There is a great lack of railway waggons and engines. If one remembers that Russian oil can no longer be transported via

the Black Sea (owing to the Blockade), but must be sent to a Baltic port, and that this involves a haulage over some 1,500 miles on a network that is in a piteous condition, one will come to the conclusion that only very small quantities of Russian oil will actually be delivered to Germany.

Moreover, Russia will naturally require a return for her supplies. Hitler has no gold; he would have to pay in goods. But the Russians only want manufactured articles the production of which has become difficult and often impossible owing to lack of raw materials.

It might perhaps be supposed that the organizing ability of the Germans would soon put the Russian means of production and transport into working order. Admitting - though this is very unlikely - that Russia allowed the requisite German engineers, foremen, and workmen to work in Russia and that - which is still more unlikely - this German staff were granted the necessary authority over Russian labour and plant, at least ten years would be required to bring about a substantial increase in Russia's output and a proper organization of her means of exporting these products.

Can it be imagined that Stalin would bind himself towards Hitler to endeavour to break up the British Empire by attacking India?

That would seem to be out of the question.

To begin with, the Russian army, in spite of its legions, would seem to be of very limited efficiency. Witness the feeble successes gained by the Russians in the Mongolian-Mandchukuo war, although Japan was busily engaged elsewhere. How is it possible for an army that is penetrated with the disintegrating ideas of Bolshevism, an army that has been deprived of its officers who have been shot by the hundred, how can such an army hope to prove itself efficient unless a great national ideal gradually takes the place of the Bolshevik notion? No one will make the Russian people believe that they would derive any benefit from the conquest of India at the cost of enormous bloodshed. Besides, in order to attack India from the North it would be necessary either to cross the great Persian desert or cross the high mountains of Afghanistan. Moreover, England has strongly fortified the passes.

It must therefore be presumed that the aim of Russia's policy will increasingly reveal itself to be the weakening of Germany, with the hope of incidentally reaping the advantages that Russia could derive from a war waged by Germany.

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III

The policy of Turkey is closely connected with that of Russia. For various reasons Turkey feels obliged not to pursue a policy contrary to Russian views. She has recourse to Russia for her supplies of several important raw materials, particularly minerals and crude oil.

The Turks would prefer not to tie themselves up with any European nation. They would like to be absolutely independent. Germany remains the country with which they have the most sympathy. If, in spite of that Turkey - the people as well as the Government - has decided on closer relations with England and France it is because Italy is particularly hated in Turkey. Italy is reproached with having taken advantage, since 1913, of every moment of Turkey's weakness in order to enrich herself at Turkey's expense (Tripoli, Dodecanese, Albania; Albania, it is true, is not Turkish territory, but it is Mohammedan and, in Turkish eyes, the Islam's last refuge in the Balkans.) The Turks have made up their minds to seize the first opportunity to recover at least the Dodecanese. The fact that Italy refrains from entering the war alters the situation; Russia's attitude also makes a difference. The Turkish Foreign Minister will endeavour to act as intermediary between Russia on the one hand and England and France on the other hand; he will probably be unsuccessful, at least for the time being. Until further notice Turkey will also remain neutral. She will abandon her neutrality only if Bulgaria, for example, tries to occupy the Dobrudscha or the southern coast of the Aegean Sea. In the eyes of the Turks, Bulgaria is enemy number two. The Bulgarians are detested because they are accused of having put to death thousands of Turkish peasant families in 1920.

Amongst the essential products required by Germany, Turkey

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can only supply her with cotton of very poor quality, and in quite inadequate quantities. Fruit, raisins, tobacco, are not important commodities.

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IV.

The following then is the situation in the Balkans : Russia, Germany, Italy, and Turkey are each trying to extend their influence. In this respect Bulgaria sees in Turkey an obstacle to her national aspirations. Rumania will find in Russia a protector who is certainly not without ulterior motive. Italy is endeavouring to maintain her position in Yugoslavia. The day is coming when all the Balkan states will realize that their greatest danger lies in the diffusion of the Bolshevik and Nazi political conceptions. They will then naturally be led to unite against the spread of these ideas. The understanding that has just been reached between Serbs and Croats has afforded one of the preliminary requisites towards this 'rapprochement'. But there is no man in the Balkans with sufficient personality and disinterestedness to gain the confidence of all the Balkan peoples, however strong such personalities as Admiral Horthy, King Carol of Rumania, the Regent Prince Paul of Yugoslavia, and King Boris of Bulgaria may be. However, it is possible that these four men may collaborate in common action.

In any case, Germany cannot count on an extension of her influence in the Balkans. The Balkans are important for Germany from the economic point of view. They could supply her annually with about 3 million tons of cereals of all kinds; as well as timber. Hitler will not be able to obtain supplies from the Yugoslavian copper mines which are under French control. Oil supplies from Rumania depend on the goodwill of Russia. Rumania produces about 7 million tons of oil a year; but Italy must also draw on this source, so that only a part would be available for Hitler.

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V.

Scandinavian countries, perceiving the threatening danger, lost no time in coming together, bringing Holland and Belgium into their Oslo pact. Much will depend on the clear vision of the situation.

which this group may have, and on the measures it will take with the necessary energy and courage for defending its real interests. These countries can do nothing against the British blockade; they do not possess the requisite naval means to resist it. It must be expected that Britain will let pass only the goods required for the neutrals' own consumption, or for their manufacture of articles that are certain to go exclusively to the British Empire, France, the United States or the colonies of manufacturing countries. On the other hand, Britain will exercise a strict control to prevent any raw materials or manufactured goods going to Germany. In all probability, Great Britain will impose on Sweden, for instance, the condition of suspending her shipments of iron ore to Germany. This may entail restrictions of coal consumption in the United Kingdom since the Northern countries, accustomed to buying German coal, will have to be supplied from Britain.

In these circumstances, if Germany wished to secure deliveries of iron ore, she would have to exercise military pressure upon Sweden. But such a dispersal of her military means cannot be contemplated by Germany : the presence of Russia in Poland will compel Hitler to leave in that country more troops than would otherwise have been necessary, for Bolshevik Russia is in the habit of uncereemoniously laying hands on territories that are inadequately occupied.

The action that can be exercised by the States of the Oslo Group must be inspired by the conviction that a peace enabling them to carry on their work quietly cannot be concluded with Hitler, and that on the other hand it is in the interest of humanity and of the well-being of all peoples, to localize the war as much as possible and to reduce its duration. It is not enough to say "No agreement with Hitler"; precise, solid, and automatic guarantees must be insisted upon.

There can be no real peace with Hitler, no more than there could have been with Napoleon. Hitler gave up long ago every moderation, rational behaviour, and normal feeling. Success has upset his mind, already unsettled from birth; he entertains a fanatical faith in his ability and duty to dominate the world for its own good. He respects

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nobody, and hates whoever opposes his views. He cares nothing for the happiness or sufferings of individual Germans. How could a man of this temper understand the interests of other nations? He has grown unable to discuss reasonably, but rather is he obsessed with an incurable monomania. His patriotism is inordinately swollen; it is based on a sense of unlimited superiority and on the notion that it is in Germany's interest that she should dominate the world. Hitler has no comprehension of the infinite powers of sympathy, morality, and loyalty.

This lack of balance has led him to throw the financial and economic system of his country into an inextricable disorder. He throws the resources of the German people literally out of the window. Fantastical amounts have been expended on tearing down and rebuilding cities and public institutions. German finances are in a hopeless state; this fact would have become manifest long ago were it not that Germany has isolated herself with a tenacity worthy of a better cause. For several years public expenditure has not been covered by means of taxation or actual loans (namely loans subscribed to out of savings); it has been covered mainly by the issue of paper currency that has been forcibly injected into the economic system. For a time this paper can be absorbed - so long as other liquid resources suffice to pay wages and to purchase raw materials. But these resources are practically exhausted. To-day it flows in a swelling torrent to the only place where paper means of payment can be manufactured: the Reichsbank. The names given to this paper currency matter but little; bills of exchange, Treasury bills, tax notes, etc. are but so many forms of artificial currency. The promoters of this monetary theory are like the alchemists who purported to manufacture gold; they are the alchemists of the paper-money and book-transfer age; the harm they are inflicting not only upon Germany but also upon other countries will make them despicable and ridiculous in the eyes of posterity. The present war will be financed in Germany entirely by the printing-press; the recent increase in the income-tax will not cover 5 p.c. of the annual war-expenditure.

Yet Hitler has the audacity to proclaim and allow it to be taught that the Nazi system has "invented" a new monetary and economic

theory. As though a man could substitute some new force to the immutable law of gravity. When the inconsistency of all these practices comes to light the whole world will condemn them. It may be hoped that the world will draw useful lessons from these misguided German experiments.

This financial policy has obliged the German Government to build up ever higher walls round Germany, so that the rapid depreciation of the Mark should be concealed from foreign nations, and more especially from the German people. Foreigners can congratulate themselves on having escaped losses which they would have suffered if they had been able to grant credits to Germany. But the day of reckoning is not far off. The German people will have to pay for all these manipulations; it will find it has lost the greater part of its assets and is poorer to-day than it was in 1919.

What with this isolation and this waste of raw materials squandered on unproductive expenditure, Germany's supplies of raw materials are well-nigh exhausted. Never was a war undertaken with a more criminal lack of foresight than that which broke out on the first of September 1939. Germany embarks on this war with her finances in complete disorder and with a minimum reserve of raw materials.

It may be wondered how Hitler could impose war upon the German people in the face of such a situation. To understand this we must remember that the Treaty of Versailles comprised a number of political, economic, and psychologic absurdities. It must even be admitted that it disregarded solemn promises the breach of which has shaken the confidence of the German people in the principles of justice. Moreover, for several years Germany was left unaided in her efforts to reinstate those principles and sound economic methods. There is one point on which Hitler is right : in his condemnation of the Versailles Treaty. But he insults the German government of that time when he accuses it of having lacked a sense of its responsibilities or even having been in the enemy's pay. History will show that the very opposite is true. To whatever party the members of that government may have belonged they courageously and faithfully endeavoured to raise the German people out of its despair, to restore its confidence in common sense, and to encourage it to rebuild with indomitable determination. Then, however

the Western Powers committed their second fatal mistake. They recognized too late that the peoples of Europe at least are bound together by such close economic ties that an impoverishment of any one of them harms all the others; that no single country in Europe to-day can live on its own production; that all must of necessity exchange goods and services with each other. Yet the Western Powers denied their aid to those German statesmen who had realized these truths; they refused to make concessions by helping to eliminate the untenable stipulations of the Versailles Treaty and thus appease justified grievances. Those men could have convinced the German people that justice and reason still obtained in the world. Hitler and his accomplices have unscrupulously exploited the doubts and anxieties of the German people in order to grasp a dictatorship by appealing to national pride, and causing the German people to believe that it could hope for no salvation in the principles of democracy nor without resorting to violence.

A third grievous omission should be mentioned here. Timely warnings were given to the responsible circles abroad that patriotic Germans were viewing with growing anxiety the trend of public opinion in Germany and outside Germany. The diabolic danger inherent in Hitler's progress was disclosed in good time to these circles. They were implored to show an understanding and constructive mind and to declare to the whole world that, while France and Britain would never give way to violence, they were prepared to reach a definite agreement with Germany provided they were given definite guarantees. They clung to the belief that Hitler's self-appointed mission was to preserve the world from Bolshevism. It is astounding how little was known abroad of Germany's true situation when Hitler came into power. As a matter of fact there was no Communist danger. Less than one-fifth of the Reichstag deputies were Communists. In the years 1930 to 1932 Germany, like most other countries, had risen well above the lowest level of the depression; she had put order into her finances; she was ready to take part in the re-establishment of international trade and by normal methods to diminish the number of her unemployed. But instead of showing some good feeling towards Germany at this juncture

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every effort was made, from 1933 onward, to play up to the ambition of a man who enlisted sympathy only by pretending that he was leading a fight against Bolshevism. One must have known however, what rule of terror he had set up in Germany, and what contempt he had for justice and morality; his gigantic expenditure on public works must have aroused doubts as to his sanity; yet, despite his inconsistency and his brutality, he was the man in whom the responsible men abroad placed their confidence. Is it surprising in these circumstances that increasing numbers of Germans should have come to accept the idea that nothing but force can succeed in this world? Could any example be cited in history of a dictator whom the people under his rule, or even a section of that people, would have attempted to restrain so long as he had nothing but successes to show? Timely warnings were given abroad against the dangerous aims of Napoleon; yet no Frenchman rose to oppose him, however many lives he sacrificed, or however absurd his plans for world domination.

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VII

The present war could have been avoided. More than under any previous dictatorship, commanding officers have striven in Germany during the past two years to prevent war. In September 1938 their opposition achieved this end, and it was their action again that caused the order to invade Poland issued in Germany on the 26th August last to be withdrawn five hours before the time at which it was to be published. Those generals were able at that critical moment to point to Chamberlain's short but impressive letter of August 23 or 24. But after this letter - no doubt in the best of intentions, coupled, however, with a complete misreading of Hitler's character - the following days were wasted in exchanging communication and notes framed in the language of gentlemen and quite unsuited to deter an unscrupulous trickster. As soon as Hitler had given his lengthy reply to Chamberlain Britain should have declared that she refused once and for all to continue to negotiate under the pressure of mobilization, that she demanded both from Germany and from Poland an immediate repeal of their mobilization orders, and that on this

condition she was prepared to convene immediately a conference at which all the Powers concerned would be invited, there to seek satisfactory solutions to the problems raised by Hitler and others, including the relations between Germany and Poland. At the last moment there was still a possibility of remedying past omissions and taking the initiative that had been left only too long in Hitler's hands. Hitler should never have been permitted to present ultimatums, but rather an ultimatum should have been presented to him so as to dispel every doubt that Britain and France were ready to make war. By leaving the initiative to Hitler a fresh opportunity was afforded to Ribbentrop to pursue his intrigues; a fresh chance was given him to persuade Hitler that Britain and France would give way at the last moment. It should be placed on record that, although Hitler bears the full responsibility for this war, some German statesmen did all they could to avert it, but their endeavours failed because of Chamberlain's obstinacy in persisting to ensure peace by soothing words and by conversing with a gangster in the language of a gentleman. Attention having been drawn in due time to this mistaken attitude, History will allocate the blame for the present tragedy.

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VIII

In spite of all these setbacks the endeavour to give the world, and in particular Europe, the benefits of a real peace cannot be given up, even during the state of war. Such a peace can but be founded on justice, loyalty, and humanity; also on the acknowledgment of the bonds that have grown between all the countries of Europe in the course of the last 50 years and which have become so close, without those countries themselves realizing it, that the well-being of each is indispensable to the well-being of the others, that the misfortune of each is a misfortune for the others. But a new spectre has arisen that jeopardizes the realization of this enterprise : for various reasons Germany is beginning to be identified with Hitler. True, one is tempted to wonder why the German people has not itself mastered this untoward Führer. We have given above a partial but decisive explanation of this fact; another explanation can be found

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in the secret terror that has been set up in this Third Reich. If Germany, like France at the time of the Revolution, had been covered with guillotines, the disease would have been checked long ago. But the German executioner works in the mystery of concentration camps. One refuses to believe the horrors that are committed in those camps, because one does not witness them. The present rulers of Germany have applied the most subtle system that has ever been practised in a revolution. It was only to be expected that the German people would learn the secrets of these outrages only gradually; yet marked progress was taking place in this respect. If, thanks to powerful external assistance the present war could have been prevented by an internal movement - and immense efforts were made to this end - the German people would, a few months hence, have found in inflation, in the exhaustion of raw materials, in the increasing shortage of food, in cold homes, enough motives to re-instate morality and reason by their own powers.

But the greatest care must be taken not to identify the German people with the Nazi system. What many Germans have suffered during the last few years will be rendered public some day, and it will be seen that among the German people there have been more than one person Niemöller. It is easy to speak to-day about the Prussian, or Teuton, spirit and to draw a caricature of the German character. All the European peoples have had to put up with the superstitions, the inquisitions, the tortures of Middle-Ages. There is no nation in Europe which has not obtained part of its territory by violence. Men with an impartial mind in every country, must admit that the history of Germany and Prussia has up to now been free from the errors that are a consequence of a violation of justice, of a disregard of the human person, of the persecution of specific races. They will say that these errors are the result of a temporary disease and not of national characteristics. After all, Germany has produced men like Goethe and Beethoven, and the works of these men are not merely the product of the mind but of the very soul of Germany. This soul therefore exists; it is only temporarily latent under the weeds which the Western Powers have allowed to be sown and to grow.

If this is so, each statesman must, in the interest of his own people, be careful to give this war the meaning which

M. Daladier attributed to it in his last speech : the purpose of this war is to deliver the world of a constant anxiety that has become intolerable, to ensure the freedom of man, to restore justice and prosperity. One should be careful to speak not of the German menace, but of Hitler's folly, a folly of which other instances are found in similar personalities in other countries and times. This attitude is consistent with the interests of all the peoples of Europe, for nothing can make it clearer that the European nations cannot attain happiness and well-being except by joint action, and that such action must be based on indisputable moral foundations and not on oppressions and on further deprivations of rights. This being understood, in order to finish successfully the war as rapidly as possible, two things must be done :

- (1) The Western European Powers must, on any field they may choose, obtain a striking and clear success resulting from some action proving their resolution. Why ? Because responsible men in Germany will be enabled to take action, once the arrogant contempt of the present masters of Germany for the British and French will is shaken. It would be unpardonable if precious blood were spilt unnecessarily for this purpose; after the dreadful losses of the last war, it is the duty of every European nation to spare the present generation. The greatest skill in this war will consist in attaining, with a minimum of losses, these noble objectives which have, in truth, become the common cause of all the peoples of Europe. But it might, for instance, be considered advisable and even necessary to compel Italy - that is to say Mussolini - to adopt a clear attitude. He will certainly not wage war at the side of Germany. But it is deplorable that this certainty has not yet been rendered public, especially when Mussolini is permitted to let his press disparage Great Britain. The idea that one might one day have recourse to Mussolini for negotiating peace is probably a gross illusion ; from no side would he be granted the necessary confidence for fulfilling this task. It would be of much greater importance to give the world, and especially the rulers of Germany, a palpable proof that the power of Britain and

France can be exercised with success. It may safely be asserted that a formal and public undertaking not to join hands with Germany - an undertaking which Mussolini could without difficulty be compelled to give, without hurting the feelings of the Italian people or of the Italian Royal Family - would substantially increase the chances of a speedy conclusion of the war. It would undoubtedly be a mistake to base too many hopes on Mussolini, the dictator whose example has ruined good morals elsewhere. For all we know he may have largely contributed to the pouring of oil on the fire. It is only at the last moment, when he understood that his own person was in danger, that he intervened - indeed rather clumsily - as an intermediary. We do not overlook how attractive the idea of softly and quietly winning over Mussolini to their side may be to the Western Powers; but Mussolini would certainly be a very unreliable partner, and infinitely greater and more effective results would be obtainable by showing Hitler and his crowd what the united action of Great Britain and France can accomplish. Here indeed is something that would encourage sound forces in Germany.

In about three months time the spirit of the public in Germany may become very strained, if it is not already so; for it is then that the effects of the blockade will begin to be felt. Up to then, efforts will be made on both sides to prevent an extension of the field of hostilities. The disadvantages of violating neutralities will be considered greater than its advantages. Switzerland is protected against such a violation by an admirable army of 500,000 men and by a noble determination to remain free. None of the belligerent parties could attack her mountain stronghold without exposing a very large section of its forces during a considerable length of time.

The same does not apply to the plains of Belgium and the Netherlands. Those who contemplate the future of Europe must put these industrious countries and their leaders on guard against this danger: let these two countries take advantage of the time they have before them to make themselves as strong as possible, for it is to be feared that despair may lead to the dangerous

expedient of violating their neutrality. While it is certain that these States and their partners of the Oslo Group must do all in their power to observe a strict neutrality, it will none the less be indispensable that they should clearly line up on the side of humanity, justice and freedom. This is the attitude of Switzerland has adopted. She has not been prejudiced by it. It is a question of upholding the moral conceptions and values without which the well-being of those countries could not be safeguarded. Such is the way in which neutral countries can contribute to shortening the war and building up a state of peace in which it will be worth living. This attitude will not fail to impress the German people; Switzerland's attitude has already done so. True, it is difficult to express strong views while at the same time observing the rules of neutrality; but the wise government of those countries will solve these difficulties whatever they may or may not do, so long as they do not lose sight of the objective to be attained.

It would be premature on the part of those neutral Nations, or any one of them, to offer already now their good offices as intermediaries, because they must persistently realize that it is quite impossible to set up a secure peace with Hitler. Now, it would be impossible for any intermediary to bracket with his peace suggestions a condition to the effect that Hitler's regime must disappear. There will come a day when it will be possible for a peace offer to come from a neutral side, when it will be possible to invite the German people, with good chances of success to give, in return for concessions that would be made to them, indisputable assurances that their promises will be honoured and that they will respect the peace. That moment will come when the great majority of the German people will realize what is their real position. This realization will begin to dawn in about 6 months from now. At the same time Great Britain will see more clearly that her world economic position is threatened and that Japan is taking advantage of the war in Europe to eliminate unscrupulously all European rights and interests from

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Eastern Asia. There can be no doubt that Great Britain and France are already prepared to-day to conclude a just and loyal peace, provided the necessary guarantees are obtained from the German side.

- (2) At present, the urgent task of Great Britain and France consists not only in obtaining the manifest political success mentioned above - a success in no matter what field, but manifest to the eyes of the world - but also in regaining at last the time that has been lost and in taking the initiative. All that was done up to now was to wait for Hitler's broadcast speeches and anxiously to listen to them. The roles should be reversed. The best moment to take such an initiative would have been last spring. If at that moment Britain and France had not merely declared to the German people in a general way that they were prepared to come to an understanding, but had clearly enumerated the concessions they were willing to make to the German people, it would have been possible to make the German people realize, by means of solid arguments, that in return for these concessions they must provide sure guarantees of peace. It was then that one should have familiarized the German people with the exact notion of the peace they might obtain through negotiation. Since the guarantees demanded would have consisted in conditions which the German people has always had at heart to see fulfilled, an atmosphere would have been created that would have made it impossible for Hitler to mobilize and wage war. That opportunity was missed. After the opening of hostilities propaganda leaflets were thrown. These did not produce the hoped-for effect because they remind the German people of the promises and demands that were formulated in the course of the years 1914-1918, and which proved deceptive in 1919. In this respect the people's memory is not a short one. It is therefore useless to repeat similar propaganda to-day, however sincere it may be.

The sole procedure to be adopted is to seize the initiative to-day, and to state clearly how one conceives the peace to which one is resolved to arrive, and what is demanded of the German people in return.

A. What should be offered ?

- An agreement on the Polish-German dispute, on a reasonable and durable basis, that is to say on a basis freely accepted by both parties.
- A participation by Germany in colonial possessions; if German East-Africa is not to be returned, it should be clearly excluded.
- A gold loan, without interest but redeemable, granted to Germany for the re-establishment of her monetary system. The Bank for International Settlements might usefully intervene in this respect.
- Full liberty to participate in the world trade in raw materials without discriminatory charges, on a basis of free competition and of a sound currency system.
- Freedom of export for Germany, limited only by the protective tariffs which every country, including Germany, is entitled to collect.

B. What should be demanded ?

- The re-establishment of an independent judicial system in Germany.
- The re-establishment of personal rights and their protection by means of independent courts against any arbitrary action on the part of any kind of police.
- The suppression of concentration camps in all the contracting countries, under their mutual control.

(These conditions must be put forward because a country that does not respect justice within its own frontiers, could not preserve it in its international relations. Without justice, economic relations between nations are impossible.)

- The setting up of public controls over the actions of the National Executive.

(If Germany should resist this demand on the pretext that her experience with democracy was bad, the answer will be that, in the past Prussia and Bismark's Reich considered such controls as quite natural. The more powerful the country that dispenses with such controls, the more exposed are other countries to

arbitrary action on the part of its leaders. No sane person would consider the present German Reichstag as a control, since its members are appointed by the very man whose policy they are to supervise. As a matter of fact the German people should not fear democracy. It is a people that, for centuries, was proud of its autonomous institutions ever since the rise of its municipalities in the XIth century. Vom Stein opened to the German people a new source for recovering its political liberties by restoring to its autonomous institutions implying the participation of the citizens in public affairs. And nobody will deny that the prosperity enjoyed by Germany's autonomous States, provinces, and cities in the 19th century, was mainly due to the participation of the people in their administration. Present town councillors are nowhere considered as representatives of the community; municipal and provincial councils no longer have any meaning. All that will be required in order to ensure regard for international law will therefore be that Germany should restore, on the basis of the autonomy that developed throughout the centuries in her cities and in her other public bodies, the control of the executive through freely elected representatives.

- The putting in order of public finances founded on the indispensable balancing of expenditure and real revenue.
- The stopping of all that artificial creation of credit and currency, that has merely led the German people to a fresh inflation, and which is once more curtailing the national assets.

This inflation is not a result of the present war ; it has taken place since 1937. The German people ought to be able to have a general view of the public debts accumulated in the course of the last 7 years; this would be enough to give them a desire to control those who are in charge of the public finances. The German people should ask for an account of what has been done with their money. Naturally, one cannot question their right to settle their financial affairs as they please, within the limits of their international obligations. If it pleases them to pay millions of Marks a year to their Cabinet Ministers, they

are free to do so. But can it be assumed that the German nation is satisfied that its leaders should build palaces for themselves and should lead a life of luxury at the country's expense, even if it is Hitler who has placed the funds at their disposal, or if they have collected them in the form of compulsory gifts? Ordered finances are moreover necessary for a sound monetary system, and the countries that will be parties to the new Treaty, will have to regard such order, as will Germany herself, as an indispensable counterpart for the gold loan.)

- Germany's participation in all economic negotiations and agreements, while preserving her entire freedom;
- Compensation for all damages caused to Germany through violence or through unlawful means, to the extent to which the injured parties have been obliged to call for the charity of other nations.

(These other nations have willingly answered the duty of humanity but it is unreasonable that they should bear the consequences of the injustices, punishable under common law, that have been inflicted on Germans merely because it was the German rulers' pleasure arbitrarily to abrogate the principles of penal law. It must be left to Germany to appreciate, according to her own feelings of justice, what duties of compensation she may have towards illtreated citizens who have not had to call for foreign aid.)

- The restoration of Czechoslovakian independence within the limits set up by the Munich Conference and the subsequent negotiations. The Western European Powers are prepared to guarantee, jointly with Germany, the integrity of Czechoslovakia, who would set up for herself a constitution on the lines of the Swiss constitution, so that Germany will have no cause to consider herself exposed to a military menace on the part of her south-eastern neighbour.

- The recognition and guaranteeing of the political and economic independence of all the European countries as existing on the day following the peace treaty concluded on the basis

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of the above propositions. Each European country will naturally be allowed to enter economic agreements with all or some of the others. These agreements would constitute guarantees of peace and might prepare the way towards closer associations. In this respect, Germany may be reminded of the policy followed by Prussia in setting up the Prussian Zollverein and the North German Zollverein in the course of last century, without which the national and political unification of Germany would have been inconceivable.

- The gradual reduction of armaments by stages economically reasonable, in a measure responding to the political appeasement attained. The first stages would, for instance, be compulsory on all the contracting parties; subsequent reductions would take place according to a same percentage for each country. The control of disarmament would be carried out by all the governments concerned, in accordance with a common procedure the details of which would have to be agreed upon.

- The formation of a League of the European States in which all those countries would be free to enter and be admitted to participate on an equal footing. In this League of nations there would be no obligation to carry out majority decisions, nor to submit to police or military measures. Such a league of nations would become a durable institution for joint action, on the sole condition that it be founded on the principles of freedom and that it exercises an autonomous control. It would deal with matters affecting the interests of several or of the whole of its members; a permanent body would see to it that its activities are kept up to date, alive and efficient.

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So far as can be judged, the proper time (which will also be the last opportunity) for taking such an initiative, will be when Hitler puts forward his next peace proposals. The Powers of Western Europe will then have to take this initiative forcibly, insistently, and repeatedly. Hitler's peace proposals, although formulated in

bombastic terms, will be a sign of weakness. It will be advisable not to underline this weakness in a mean way, but rather to take advantage of it for developing an insistent propaganda through the press and the wireless; (but not by throwing leaflets from aircraft). One may be sure that Hitler will be a finished man if he declares himself ready to sign a peace treaty on these bases, because the first free election would overthrow him. It must be expected that he will put up a desperate resistance against such a peace, but one will then be able to rely with certainty upon the sound and responsible elements among the German people definitely taking the upper hand.

September 1939.

COMMENTS

on a Note beginning with the words : "As far back as the early days of August 1939 Mussolini made it known..."

1. The author's outlook.

In considering the Memorandum in question it must be constantly borne in mind that the writer is an ex-Member of the German National party, that is to say that group of traditional conservatives who believe that to serve the State and its greatness is a moral duty of the highest order.

This 'milieu', which has provided Prussia with her civil servants and her body of officers, is to-day deeply opposed to the present regime. Not only has it been eliminated by the Nazis from the privileged positions which it had acquired under the kings of Prussia and during the Empire, and of which it had retained a large part under the Weimar Republic, but the Nazis are acting against all the conceptions in which it was brought up and which are dear to it.

The whole attitude of the writer is characteristic of this 'milieu'. A disinterested patriot, he often sees things through the tinted glasses of German nationalism. A proof of his sincerity is seen in the fact that nowhere in his memorandum does he try to conceal this attitude. He is antagonistic to Hitler, but he is permeated with nationalism; he has at heart the greatness of Germany more than anything else.

As regards his views on economics, we see in him a convinced partisan of orthodox capitalism and the liberal school of economics. Consequently, in judging the economic measures taken by the Nazi regime, he applies standards that are perhaps not entirely justified in the light of more recent experiences in the field of economics. On the other hand, his antipathy towards the Third Reich leads him sometimes to draw a pessimistic picture of the economic situation of Germany; up to a point he takes his wishes as realities.

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2. Criticism of various points in the Memorandum.

A. Understanding between Mussolini and France.

The arguments put forward in support of this supposed understanding do not appear decisive : the facts mentioned can be readily explained by France's desire not to create friction with Italy. A more encouraging indication might be found in the fact that the Italian Ambassador in Paris visited the Quai d'Orsay immediately after Mussolini's latest speech and gave explanations to the French Under-Secretary of State.

B. Relations between Russia and Germany.

The German-Russian Pact of August 23, 1939 was probably not concluded so precipitately as the writer assumes. Indeed, there was talk in Germany of a non-aggression pact between Russia and Germany as early as last March. Hitler's speech before the Reichstag last April already contained a thinly veiled offer to Russia of a pact of non-aggression.

It is hardly believable that Russia's intervention in Poland took place without previous agreement with Hitler. It constituted rather the price which Hitler declared himself ready to pay in order to obtain the pact. The fact that considerable expanses of territory occupied by German troops have been evacuated in favour of the Russians can be explained from strategical motives, for it would have been unreasonable from the purely military point of view to pursue the Polish troops only as far as the agreed partition line and thus to leave them the possibility of reassembling behind this line.

The writer's comments regarding Russia's Balkan policy may be accepted as correct; the invasion by the Russians of Esthonia and Latvia may also comply with their policy.

On the other hand, the writer seems to be biased when he speaks of the economic assistance which Russia can give to Hitler. He looks upon it as an axiom that the Russian economic system must be disastrous. Whatever opinion one may have with regard to the merits of this regime, it cannot be denied that the industrialization of Russia has made enormous progress.

Russia is to-day able to manufacture her own aeroplanes and cars, to produce manufactured articles which she can export in competition with capitalist producers; all this is hardly consistent with a complete failure of the system.

The writer's description of the means of transport is probably also too pessimistic. To wit the mobilization and transport of four million men which has just been carried out, apparently without great difficulty.

The German talent for organization could probably do more in Russia than the writer is prepared to allow for. It is true that here the time factor would play a decisive role.

Similarly, the efficiency of the Russian army is weighed in the balance of a German Nationalist's mind. The feeble successes obtained in the Mongolian-Mandchukuo war cannot be invoked as a true measure of this efficiency, because for various considerations of home and foreign policy, it was not in Russia's interest to enter into a far-flung struggle against Japan; the Russian troops were therefor concentrated within narrow limits.

But the views of the writer may be accepted when he states that the main objective of Russian politics is to weaken Germany, if only because of the greater facility with which Russia would be able to spread her Bolshevist virus within a weakened Germany.

C. The policy of Turkey and the Balkan States.

The writer's description of the situation is probably correct. Germany will have a big influence in the Balkans as long as the Western Powers are not prepared to buy cereals and other agricultural products from the Balkan States and to satisfy the requirements of these States in manufactured products.

D. The attitude of the Northern States.

It is doubtful whether England will, as the writer foresees, forbid Sweden from supplying iron ore to Germany. It would seem that the parties have agreed on the continuation of supplies up to the quantities that were usual before the war. However, a new situation might arise if the German submarines continue to torpedo the Scandinavian ships carrying timber and cellulose.

E. Germany's financial and economic situation.

It is rather amusing to note that the writer, referring to the wasting of public money, mentions only the big public works carried out by Hitler, refraining from even a reference to the mad expenditure on armaments.

He is probably right when he says that Germany has entered the war with her finances in disorder and with insufficient stocks of raw materials; but he puts forward no proofs to support his statements.

The way in which he condemns Hitler's financial system shows his bias in favour of liberal orthodoxy.

F. The writer's attitude towards the Versailles Treaty.

The radical manner in which the writer condemns the Treaty of Versailles is also characteristic of his outlook. He does not say a word about Germany having been vanquished, although without this defeat the Treaty would be incomprehensible. Neither does he say a word regarding Germany's responsibility for the War which culminated in this Treaty. In order to spare the feelings of the German people, and with a view to conciliation, the idea has been allowed to grow up in Germany that the Allies and the world in general had admitted the view of Germany's non-culpability and of an armistice accepted by her not because she was defeated, but because acceptable promises had been made to her. The main defect in the Treaty of Versailles consisted in a misconception of the forces of national aspirations among the Balkan peoples and in having short-sightedly split up the natural opponent of Germany and Prussia, namely the Austro-Hungarian State. It is this splitting up that enabled Hitler to realize his dreams of a Greater Germany. From the political point of view the Treaty of Versailles was ill-advised. From the economic point of view it was unreasonable because it created a lasting disequilibrium in world economy in that it called for transfers of capital without a corresponding return of goods and services. In this respect it must nevertheless be realized that if, in order to provide supplies for the Allies by way of war damages,

the German nation had accepted to bear privations comparable to those which the Nazi regime is asking of it, it would have been able to equip a number of new countries with transport facilities and other public works to their advantage and to that of world economy, and for the benefit of its creditors. It is true that such sacrifices have appeared acceptable only because they have been endured in support of an ideal : the greatness of Germany. But where the writer is far and away right is where he says that the biggest mistake made by the Western Powers was in not making reasonable concessions to the German Republic in the political and economic fields. This was a stab in the back to German democracy.

G. Cancellation of the Order to Attack on August 26, 1939.

If the writer is well informed on this point - and there is no reason to doubt it - it would constitute a fact of the highest political significance. Provided the truth of his account is carefully verified, this would afford a powerful weapon against Hitler. By giving the incident wide publicity it would indeed be possible to enlighten the world as to the fragile foundations of the Hitlerian dictatorship.

The writer is probably right when he says that most Germans who listen to Chamberlain's speeches do not understand what he is aiming at. It must not be forgotten that Nazism developed in popular meetings held in beer-taverns and that it has generated in its partisans an attitude in tune with these surroundings. Moreover, it must be remembered that Nazism is the putting into practice of the political notions of the German middle-classes and white-collared working-classes who have a false conception of honour and whose mentality combines humility towards their superiors and disdain for their inferiors. The voices of the English and French statesmen will be heard only if they are broadcast on the wavelengths to which the German ear is accustomed. Naturally, care will have to be taken that the German methods do not spread elsewhere.

H. The Horrors of German Concentration Camps.

It is indeed surprising that the world has accepted the existence of these camps just as a fact, and that on the other hand it has allowed the Germans to publish high and wide their accounts of atrocities committed in other countries. All scruples should be dropped and a striking description be given of the horrible methods employed by the Germans. In passing it may be said that the descriptions given by the Germans of the alleged Polish atrocities are a true image of what happens in their own concentration camps. Without a doubt, the most atrocious crimes are at present being committed wholesale in occupied Poland. But it is characteristic in this respect that the 'cleaning up' is being entrusted to the S.S. instead of to military authorities.

I. Are Prussianism and Teutonism caricatures of the German character?

The writer makes a fundamental mistake when he depicts Hitlerism as an isolated phenomenon of a passing disease in Germany. Hitlerism is but the last link in an age-old evolution. This started with the poets of the wars of freedom and with Jahn the promoter of gymnastic corps; it continued in the Youth Association movement (Burschenschaften) and in the German nationalism that has continued to grow ever since the middle of the XIXth Century. It was not by mere accident that the famous song 'Deutschland über Alles' was composed at that time. Neither were the activities of Bismarck and Treitschke alien to the German mind; they marked steps in this same evolution. The whole period of the Wilhelms, with their maxim 'The world will one day be healed through contact with Germanism' merely prepared the way to Nazism. And if Hitler has taken Frederic the Great as his model, his choice reflects more than a mere desire to imitate a popular monarch. Indeed, it was with Frederic the Great that Prussia first started her ambitions to become a great power. Up to a point, Hitler may consider himself as the executor of the great Prussian king's will. That Germany has

produced a Goethe and a Beethoven is no proof that she has no lust for power. The age of Augustus gave the day to some of the masterpieces of ancient culture.

The political consequences to be drawn from the acknowledgment of these facts are that, at the end of the present war, it will be necessary to weaken the German nation politically, and to annihilate the concentration of power that Hitler has built up. The natural counter-weight to Prussianism - Austria-Hungary - should in principle be re-established. If the political structure of Greater Germany built up by Hitler is merely mitigated, then, most probably, within the next twenty years, we shall again see a further attempt by Germany to dominate the world.

Of course, intentions of this kind should not be announced at present. For the time ^{being}, the struggle should be depicted as a crusade against Hitlerism.

J. The Guarantees to be given publicly by Mussolini.

The writer's suggestion is excellent. If it could be brought to fruition it would not fail to have a depressing effect on the German people. In any case, the writer is not mistaken in saying that from the psychological point of view it would be a mistake to be content with a mere neutrality in fact on the part of Italy without insisting on a public declaration in this respect.

K. 'True' Neutrality.

The writer is again right when he says that, while the neutral countries must strictly observe the rules of neutrality, it is nevertheless desirable that they should make it clear that they are, with their whole mind and soul, on the side of humanity, right, and liberty. Switzerland, as the writer points out, has definitely adopted this attitude.

Unfortunately the same does not apply in other countries. For instance, the Dutch Press publishes the German communiqués even when they are obviously pure propaganda. Thus, the

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semitic allegations often contained in the German Army reports concerning Poland are published in some neutral newspapers with the simple mention 'D.N.B.' to which a large section of the public pay no attention. The general public does not distinguish properly between D.N.B., Havas, Reuter, etc., and is inclined to believe whatever it sees in print. Even in Belgium one sees newspapers reproduce in full obviously absurd German communiqués such as that which endeavoured to make Churchill responsible for the torpedoing of the 'Athenia'.

True neutrality does not entail an impartiality flavouring of lack of courage.

L. The Initiative to be taken by the democratic powers.

One can but agree with the writer's statements regarding the lack of initiative shown up till now by England and France. Hitler has, of course, for some time past had the advantage of using the wireless as a means of political propaganda. As a matter of fact the radio is his only medium for expounding his views, whereas Chamberlain and Daladier can address their Parliaments. The political leaders of the democratic States might use the wireless much more than they do. M. Daladier has set the example.

When the writer invites the English and French Governments to make known their war aims, because he sees in such a declaration the most powerful means of propaganda, he is thinking of the effect created in the minds of the Germans in 1918 by such a definition of war aims. However, the disappointments since suffered by the German people, or rather the fact that the German people has been made to believe that it was deceived, might detract from the value of this means. It is none the less true that by defining their war aims more clearly than by the simple phrase : 'To put an end to Nazism', England and France would put their propaganda on^a more solid foundation.

M. What should be offered ?

Bring about an understanding on the Polish-German question ?
Excellent.

Grant colonial possessions to Germany ? That is a delicate problem. Nazi propaganda has tried to persuade the German people that to be without colonies constitutes a great humiliation; but any acquisition of colonial areas would but stimulate German imperialism. Moreover, the present leaders of Germany see in colonies not so much a source of raw materials as bases for bombing-planes and submarines. It would be imprudent to offer colonies to Germany. What is more, such an offer would be looked upon as a sign of weakness. It would be better not to mention the question of colonies. Besides, the former German possessions have been under British and French administration for almost as many years as they were previously under German administration; vested rights have been established that deserve to be respected.

The idea of making a gold loan to Germany is perhaps judicious. Nevertheless, it would be better not to mention the loan just now because foreign loans are very unpopular in Germany owing to experiences made after the last War and especially owing to the discredit thrown on them by Nazi propaganda.

Free competition on all markets and free access thereto are excellent ideas but difficult to put into practice. However, it is along these lines that a solution should be sought. Suggested concessions in that direction should be carefully thought out and prudently formulated.

It would be very important that England and France should indicate amongst their war aims the re-establishment of healthy monetary conditions in all European countries; (a) return to the Gold Standard (perhaps in a form adapted to new conceptions) and the restoration of the international flow of goods and services. By insisting on these points an excellent impression would be made not only in Germany but throughout the world.

N. What demands must be made .

In this part of his Memorandum the writer lays bare his German Nationalist outlook. In April 1933, Oberföhrn, a Reichstag

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deputy, committed suicide because he felt he could not put up with the suppressions of independent jurisdictions. In a similar manner, the writer of the Memorandum puts forward the re-establishment of independent law courts and of individual rights as being of primary importance. Perhaps he still remembers arbitrary actions of which he was himself a victim.

The liberty of the Press and of speech would be claims of no less importance.

But even greater would be the restoring of the sovereignty of the German people, of its control over the management of public affairs. Therein lies an appeal which, if properly presented, would find a powerful echo in Germany. The German people has gradually got used to ^astate of slavery; a start must be made by getting the people to understand what they have lost and in what atmosphere of liberty they could be governed. Nazi propaganda has demonetized the word 'democracy'; care must be taken not to use it. That is no doubt why the writer does not use it but speaks merely of the advantage of a 'public control over the executive'.

The general public does not care about a proper balance of the Treasury's receipts and expenditure, but it would be useful to speak of the re-establishment of a sound financial system with the assistance of the Allies.

The writer of the Memorandum talks of restoring Czecho-Slovakia 'within the frontiers set down at the Munich Conference'. This suggestion cannot be accepted without being fully studied. It implies that the writer would leave Sudetenland in the hands of Germany. Care should be taken to avoid promises in this respect, if only not to prejudice the chances of ^{re}building a great Danubian State.

The suggestion of customs unions between specific States can only be envisaged with many reservations : as the writer reminds us, the German Empire sprang out of gradually enlarged Zollvereins.

The Association of States which the writer proposes is of

course a synthesis of the League of Nations and Paneuropa. The idea might form a good subject for propaganda, but perhaps it would be preferable to be content with a promise to seek a means of re-establishing international trade and of facilitating an amicable solution to differences between nations.

September 28, 1939.

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ADDITIONAL NOTES.

1. It is very unlikely that Germany will violate Swiss, Belgian, or Dutch neutrality.

Switzerland, with her 500,000 armed citizens, is capable of putting up a stout resistance; and Germany will seek to avoid giving England and France a reason for violating Belgian or Dutch neutrality. She very much fears that England or France may do so even without this occasion. The present extension of the Siegfried line along the Dutch border indicates that she fears an attack but does not plan one. However, it is quite on the cards that, within a few months time, desperation may lead her to some irresponsible act.

2. The Turkish Foreign Minister has been to Moscow. He will try to discover Russia's intentions and to act as an intermediary between England and Russia. Nobody can tell with what measure of success. Much will depend on the confidence that will be felt with regard to England's firmness of purpose in the European conflict. The more there is doubt as to this, the more will England's situation become dangerous. If Russia forces Turkey and Rumania to remain inactive and, for instance, occupies Bessarabia, she will place Bulgaria in a position to occupy Dobroudja without there being anyone to stop this move; for Jugoslavia would not dare to interfere. A Turkey hostile to England would exercise pressure on the Arab world whose attitude is still uncertain.

On the other hand, the Balkan States, including Hungary, are anxious not to see Bolshevism spread into their lands. England and France must make the most of this fear.

3. Various problems facing Greater Germany.

- a. The nomination of Himmler in the capacity of Minister for the Interior, and the installation of high officers in the Police and S.S. Corps in each of the military circumscriptions, clearly point to a tremendous strengthening of Himmler's authority. He is thus exercising the executive power in Germany. The 'M.O.B.', the Party institution, has no other role than to give the Party, in war as well as in peace time, the possibility of intervening in the control of all administrative and economic activities. The only effect of its interventions will be to create disorder.
- b. The reduction of wages will in all probability be applied only in exceptional cases. Otherwise it would call forth immense dissatisfaction amongst the working classes who are already suffering a great deal through the rationing of almost all articles of consumption. Those who have money can, from time to time, fully satisfy their hunger in a restaurant; but

the average workman has to be satisfied with what is supplied to him and with what his wife has been able to buy in the shops after hours of waiting. To our knowledge there are no strikes in Germany; besides, the terror at present reigning there would make a strike very difficult.

- c. In Austria, the mountainous districts appear to be calm; the morale is bad in Lower Austria, especially amongst the former Austrian Members of the Party. In Czecho-Slovakia the depression must be acute. Nothing is known of Schuschnigg's fate; some say he has been shot. There is no doubt that mass arrests have taken place in Czecho-Slovakia.
- d. If the English blockade is carried out thoroughly, the neutral countries will not be able to supply much to Germany. A decrease in her importations of iron ore from Sweden would be a catastrophe, for her importations of this ore from Spain and France have already been stopped. In that case, Germany would have only two ways out: stop delivering coal to the neutral countries, who would then have to turn to England for their coal supplies; or else attack the neutral countries. It is very unlikely that she will adopt the second solution, for her military resources are not inexhaustible.
- e. Consideration has been given to the idea of feeding the population by means of vast collective kitchens. The scheme has been abandoned owing to the insufficient number of dining saloons and kitchens, and for fear that these daily meeting places might become centres of discontent.
- f. All undertakings that are not working for military requirements or for the essential needs of the civil population are inexorably closed down. When they thus find themselves in difficulty they are given State Bonds by way of indemnity. The burden of these Bonds on the community may be estimated at not less than 5 billion marks annually.
- g. Compulsory service imposed on the whole population.
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In principle, compulsory ^{service} is established for everybody, since some months back. This obligation will prove useless because there are already large numbers of unemployed in all industries owing to the shortage of raw materials, even in the daily Press which receives only 75% of its usual supplies of paper. Many of these unemployed flock to agriculture, where there was a shortage of 600,000 workers, and which offers the attraction of better feeding. Others

go into domestic service where, last year, there was a great shortage of staff. Nevertheless, thousands will remain out of work, so that obligatory service will no longer have its 'raison d'être'.

- h. There is no doubt that Germany is considering putting the Polish population to work. But, for the reasons we have just mentioned, it will soon be realised that it would be better to let the Poles work in their own fields. Owing to the devastation that has taken place in Poland - often at the hands of the Poles themselves - preparatory work on fields will not take place normally this year. It would become definitely impossible if large numbers of agricultural labourers were withdrawn from Poland. If, however, this exportation of labour were, without necessity, to be carried out, there would be a great famine in Poland in 1940. It is certainly not in the interests of the occupying power to bring about such a disaster.
- i. When estimating the cost of German rearmament at 90 billion marks, Hitler greatly exaggerated. Germany's total indebtedness may be estimated to-day as amounting to something between 55 and 60 billion marks. The question of the redemption of this debt does not bother Germany's present leaders. If they realise at all that debts must be refunded sooner or later, they think that others will some day discharge the present liabilities. Besides, there is no object in pondering over a rational solution of the problem because nobody can tell to what level the debt is going to rise. The German economic structure can bear an annual debt charge of about 1 1/2 billion marks; now, 60 billions at 4 1/2 per cent interest and 1 per cent redemption per annum implies a charge of 5.3 billions. There will therefore be no choice but to reduce the rate of interest and to grant a moratorium to the banks and other institutions holding Government loans for one or two generations, throughout which period the Government's creditors will have to bear a heavy surcharge in order to pay off their own commitments.

The explanations of Secretary of State Reinhardt are not worthy of any credit. He has no knowledge of financial matters and talks nonsense. Others will have to pay the cost of the war, and besides, ... 'après nous, le déluge'. The truth is that the war bill will have to be met by means of crushing taxation on the taxpayers of the future. At present, the note printing press is taking care of the matter. In the course of the past month the note circulation of the Reichsbank and of the Rentenbank has increased by 2 1/2 billion marks.

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J. Prices cannot be regulated by means of the card system. Even if profits can be reduced to a minimum in war time, costs mark a limit below which selling prices cannot be lowered. Supposing the Government were to socialize all undertakings, its selling prices would still have to cover costs. The cost of materials imported - in greatly reduced quantities - will not increase substantially for Germany during the war: they will be obtained by means of barter, and the other countries will likewise try to keep their prices as low as possible. An increase of costs could therefore be obtained by means of barter, and the other countries will likewise try to keep their prices as low as possible. An increase of costs could therefore be brought about only as a result of increased wages and taxation. A limitation is set on wages; taxes will perhaps be raised. But, however much the factors of cost may be controlled, prices will increase as soon as primary commodities become scarce. The will to keep alive, not to let the wife and children suffer from hunger, will urge people to pay any price. In this respect, price control is liable to be ineffective in Germany, nearly as bad off as Italy as regards her reserves of raw materials. Indeed, even Great Britain will have to allow her prices to rise, because the depreciation of the Pound Sterling will make her imports more expensive. It looks as if she intends to compensate the rise in costs by means of Treasury grants; this would be a risky process to use, since it is precisely the increase in public expenditure and the larger imports of raw materials that tend to depress the value of the Pound.

k. As regards German exports, they will be automatically brought down to a minimum as a result of the scarcity of raw materials. Exports of coal have already declined by 25 per cent since last January. Coal distillation and the processing of German ores absorb growing quantities of coal. On the other hand, the transport capacity of the railways is continually diminishing with the increasing shortage of trucks. Hence there is no point in considering whether Germany will be able to export more through Italy: she will have scarcely any goods to export. She will already find it very difficult to supply the Russians with what they may demand in return for what they are asked to deliver. The South American outlet becomes negligible.

Germany can in no case rely on any substantial economic assistance from Russia, whose own consumption of raw materials is further increased as a result of her military operations.

Efforts will doubtless be made to continue the exports of Polish coal to Sweden as long as the means of shipment permit.