LONDON LETTER.

This letter is written, not from London, but from a small town on the Rhine between Coblenz and Rouen, where I am held up for some days with car trouble. But I shall try to justify my title by keeping in mind the London point of view, so far as it is possible to do so without access to English newspapers.

If one may venture to sum up in a single word the feeling which dominates all Europe at the present moment, that word is "uneasiness." The acute financial crisis of last month has been patched up for a time, but that is all. The patient has received first aid, but there has been no real attempt to apply a cure. No one yet knows what is going to happen when the three months' grace expires. By the time these lines are printed, perhaps a way out will have been found, but at the moment the tension is only relaxed.

What is at the root of it all? *Prima facie,* the trouble is economic, a particular symptom of the trade depression which now covers the world. But the real difficulty goes deeper. If the trouble were only economic, there would be nothing to prevent the creditor nations from taking the steps necessary to save Germany from collapse. Viewed as a problem of pure economics the interests of all nations are ultimately the same. But man has never been, and never can be, a purely economic animal. The root causes of the fundamental differences which divide nations are seldom to be found in the desire for material wealth.

Let me try to give as fairly as possible a brief summary of the two opposing points of view, a task which perhaps is easier for us than it is for most Europeans. At the moment we can quite honestly claim to be the friends of both sides. Here in Germany nothing strikes me more than the cordiality with which British people are greeted everywhere. In fact this dates from the excellent impression created in Germany by our troops, including the Canadians, who occupied the Rhineland after the War. Seldom, if ever, did a conquering army press more lightly upon the people of an occupied country. At one hotel where I stayed a few days ago the landlady spoke to me in the warmest terms of the Canadian officers who had been billeted upon her, and this was, indeed, the general impression left by our troops. Broadly speaking, the policy of Great Britain towards Germany since the War has been marked by generosity and vision, and we have managed to win the friendship of Germany while

constantly pursuing a policy of cordial co-operation with France. So we may fairly claim the rôle of mutual friend.

The German point of view is a compound of many factors. Economically the fall in world prices has greatly increased the real burden of the reparation payments and the service of the foreign loans. The immense numbers of unemployed make the reality of this burden visible to everyone, and it is definitely felt to be a form of servitude or oppression. Economics apart, two political movements have been gathering strength in Germany. The Nationalist movement is inspired by the spirit of reaction against defeat. It expresses itself in denunciation of the "war-guilt article" of the Treaty of Versailles, in a demand for revision of the frontiers, and in an insistence upon the claim of Germany to her natural military strength. Essentially this is a fighting spirit, and, it governs the whole German attitude towards disarmament. The German thinks of disarmament in terms rather of war than of peace. He demands one of two things—either that other nations shall disarm down to the German level, or that Germany shall be allowed to arm up to theirs. In either case the objective is the same—that is, it is to put Germany in a position to meet her enemies on equal terms. Disarmament to the German really means equality of armaments, and equality is the first step towards war.

The other movement is the Communist, and this too is essentially militarist; though it aims rather at civil war than at foreign war. Drawing the inspiration from Russia, and its strength from the pressure of economic distress, it demands the overthrow of the existing society and the establishment of a proletarian State. The two movements have this in common, that each involves the denunciation of treaties and the repudiation of international obligations.

The task of the present German government is to hold these dangerous movements in check and at the same time to give adequate expression to the national sentiments which they express. That is to say, Germany has to plead for relief from her burdens, while at the same time recognising that the alleviation of her position must depend upon international consent.

The French point of view may be more shortly stated. France recognises the economic needs of Germany, but she insists that peace and security come first. Why, she asks, is an impoverished Germany building extremely expensive and efficient battleships? What is the meaning of the growing demand for repudiation of the treaties and disturbance of the frontiers? In a word, if money is supplied to

Germany, what use will be made of it? That is why France demands political guarantees as the price of economic support.

The most influential British opinion may perhaps be summarised as follows. The peace settlement of 1919 must stand, except in so far as it may be altered by genuine consent. To that extent we are entirely with France. On the other hand, it is felt that this is not the right time to press for political guarantees. Our first task should be to overcome the immediate economic peril, and the political questions should be kept separate. Insistence upon political guarantees as the price of economic assistance may mean the overthrow of the only German government which can really be trusted to respect its international obligations. In a word, political stability in fact is more likely to be ensured by avoiding too much insistence upon it in form.

The rôle of mutual friend is never an easy one, and no man can yet say whether the British policy will prevail when the question of the credits comes up again. Events move quickly, and perhaps this letter may be obsolete by the time that it is printed. But there are certain permanent elements in the European situation which do not change, and they are not always well understood in English-speaking countries. One of these is the unanimous French demand for peace and security based upon the peace settlement of 1919, a demand which is inspired by the unchanging French fear of German military power. Another permanent element is the strength and reality of the military tradition in Germany, a tradition which has persisted through all constitutional and political changes. Neither of these ideas or traditions can be destroyed by any form of international action. Room for both must be found in the world, if the world is to have peace.

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