

The Diplomacy of Reparations

THE new German note affords as fair a basis for the settlement of the economic problem of reparations as it is within the power of any German government to give. This is universally admitted by Great Britain herself. For the first time a stage has been reached at which the choice between alternative policies is clear. We cannot dissociate ourselves from the affairs of the Continent and the working out of the Treaty of Versailles as America has done. We must either seek a conference with Germany and throw in our influence on the side of a business settlement or take our stand with France.

Germany's Blank Check

What does France want? Poincaré's declared policy is to bring about the capitulation of Germany and the signature by the German government of a blank check which has no relation (to quote a semi-official French statement) to "Germany's so-called capacity of payment"—a repetition, that is to say, of the Treaty of Versailles. Since Germany has already signed such documents, a second signature would not advance matters. Indeed, as a method of getting paid, Poincaré's policy is so unreasonable that he can only be supposed to aim at political results.

We must examine therefore the fruits of the French plans. Neither the government of Dr. Cuno nor any other responsible government representing the majority bloc in the Reichstag can concede the French terms. But the prestige of Dr. Cuno's administration is not impregnable. The economic situation of Germany is bad and the psychological situation is very bad. If the French persevere with their pressure, and if Germany receives no encouragement from other quarters, the collapse of the present régime can be brought about in time. In this event, the French terms would be subscribed to by a government of the Communists and Social Democrats of the extreme left—though not of course with the intention of paying. The Allies have the choice of payment from Dr. Cuno or a signature from the communists à la Russe. The advent to the Wilhelmstrasse of a government by the extreme left would yield a paper victory for France and a paper promise from Germany. It would probably be accomplished by disorder in many parts of Germany.

But the consequences would not end there. The most lasting effect would be found in the weakening of the authority of the central government and perhaps in its complete disintegration. Berlin might sign, but if so the rest of the country would repudiate Berlin's authority. Berlin is weak already and the tendency toward local independence

is strong. We should see therefore—in what precise form one cannot predict—the weakening of the federal structure and practical autonomy amongst the states, one government for Bavaria, another for Saxony, a third for East Prussia, with the Rhineland and even the provinces of the French Empire—until a new Bismarck arose and a new war. Reparations would be at an end except in so far as France could exploit her new territory or could levy tribute from the more accessible of the other states by recurrent threats of rapine as the Goths did in the fifth century from the provinces of Rome. This, however, would be a secondary and disappearing feature of the new settlement. The main fact would be the devertebration of the German Reich and the establishment by France of a military empire in Europe which would be beyond challenge by any visible forces. France would have achieved what Germany was broken in attempting.

Such a project is capable of achievement. Poincaré may be deliberately pursuing it. In the light of history it is not improbable. Indeed, it is an old story. We are too much inclined in England to discredit the reality of aims which are not ours. We could not believe before the war that Germany was as stupidly bad as she told us she was, and now, ten years later, we cannot believe that France is as stupidly bad as Poincaré tells us she is.

If England Opposes France

Probably France as a whole is not what Poincaré makes her out. In a sense, no country ever has a fixed policy. People's heads are not clear—some want one thing and some another, and everybody is susceptible to atmosphere and to the progress of events. But a point has been reached when we must be prepared to face the possibility of a European policy on the part of the French government directly opposed to ours, and must consider what action we can take in such an event.

The breakup of the Reich is no part of the policy of Great Britain. Politically, socially and economically, such a denouement is dangerous to our interests. But we must object for deeper reasons. Englishmen are very sincere in certain idealisms which they have cherished since the awfulness of war broke upon them. We are not cynical enough to give them up without an upheaval of emotions which would have more depth and disinterestedness than other countries may suspect.

Mr. Baldwin's government will have, therefore, the support of a great majority of Englishmen if they reenter the European arena with the determination to promote a settlement along the lines offered by Germany. If they have not the courage or resource to do so, opposition parties in this coun-

try must fight a great political battle to bring into office a government which has. In the meantime, we have reason to credit Mr. Baldwin with good intentions. This being assumed, what can he do?

The first step is not difficult. He can state England's policy in plain language. He can say that as far as we are concerned Germany's note offers an acceptable basis of negotiation and that we concur with her in thinking that the time has come for oral discussion. We must not act without first endeavoring to secure joint action with our former allies. But we do not need to wait for this before stating our policy. M. Poincaré has no delicacy in such matters, nor should we have. Open speech is required both to stabilize the precarious position in Germany pending developments and to indicate to France that the period of our quiescence is ended. France will try to prevent Mr. Baldwin from speaking out by hinting that this will make subsequent conversations more difficult. Let him not be taken in by this old diplomatic trick. A bold word now will make his future negotiations easier.

The next step is to secure the support of those who fundamentally agree with us: namely, Belgium and Italy. Neither of these countries has the slightest motive for wishing to sacrifice the actual receipt of reparation money to French political aims. To gain this support should therefore be within the compass of prudent diplomacy. Once this support is secured, France will find herself in the minority of the Reparation Commission. We

shall do well in this case to follow Poincaré's example of acting on our juridical rights. Earlier conferences were rendered sterile by the polite convention that all decisions must be unanimous. Poincaré broke this convention and voted us down. We must be prepared, if we can, to do the same to him.

Whilst we take measures to augment our diplomatic strength, we must simultaneously woo France and be prepared to act by her with generosity in return for concessions to our point of view. But it is useless to speak her fair unless at the same time we indicate what our course will be if she doesn't receive us fair. We have abundant evidence by now that to make free concessions to France does not mollify her in the least and only stiffens her presumption.

The means of pressure and inducement at our command are not very great. Nevertheless, there is scope for diplomacy. The aims of France are not one and immovable, but many and subject to change. And whilst there is no visible force in Europe able to stand up to her, her strength is being steadily sapped by those invisible forces which ultimately destroy all seekers after the excessive.

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[This is the third of a series of articles by Mr. Keynes on current European problems. The fourth will appear in an early issue.—THE EDITORS.]

Angora

THE main street of Angora is not more than two hundred yards long, but its cobbles have so sharp an edge that they devour your boot-leather. The natives wear appropriate footgear; the government of the Great National Assembly, which camps here as a sojourner in a far country, is committed to the attire as well as the ideas of the West, and its members suffer accordingly. The official world at Angora is in fact, exceedingly uncomfortable, and the minor miseries of chronic overcrowding and monotony, and alternate dust and mud (according to the season) supply the overture to every conversation, like the weather in England.

The housing problem is perhaps the heaviest affliction. Mustapha Kemal Pasha, and one or two of the ministers, have whole villas to themselves—planted pleasantly enough on some hills a few miles outside the town where there are a few trees and a trickle of running water. But in order to live at Chankaya, one must possess what is a greater rarity than a house, and that is a car, so that you can count the privileged few on your fingers. The Prime Minister inhabits the upper story of the railway station (a solid structure built

by Germans a quarter of a century ago). The ex-Foreign Minister is reduced to a single room, and the ordinary deputy or civil servant is lucky if he secures an attic to himself. The semi-official organ of the government is printed in a stable on machines transported from Constantinople upon the backs of camels and mules, in an hour when the interallied police were dozing. The Minister of the Interior is lodged in a moderate-sized private house, and all the rest, except Cults and Foreign Affairs, are crowded into the former Konak, or residence of the provincial governor.

When the indispensable personnel of the government is so congested, it may be imagined that there is no room for wives and children. It is a society of exiles and grass-widowers, without the luxuries of bachelordom or the excitements of active service. How has such a life been endured, albeit with grumblings, for upwards of three years? By hard work, by the vision of a new Jerusalem, and by two meals a day in a restaurant created by the foresight and talent of Kemal Bey. The Bey must not, of course, be confused with the Pasha. He is no man of war, but a professor, and yet the National Government owes a debt to him as well