

abandonment, entailing the gradual resumption of civil administration and the progressive evacuation of the Ruhr, was put in the forefront of our scheme. In our explanatory letter to the Allies we further made concrete proposals—viz., for the examination by a body of impartial experts, acting in conjunction with, and if necessary under the orders of, the Reparations Commission, of the question of German capacity and modes of payment, a similar examination into the question of the proposed guarantees, and the summoning of an Inter-Allied Conference to bring about a general financial settlement. I do not think, therefore, that it can be said of His Majesty's Government that they were either backward in initiative or barren of suggestion; and certainly our proposals appeared to us to be characterized both by impartiality and good will. They were unfortunate, however, in receiving an unfavourable reply from France, and a not much more favourable reply from Belgium. These replies have been published to the world, and I need not recapitulate their nature. It is enough to say that not until passive resistance was definitely abandoned by Germany would our Allies agree to make any move; our proposal for an expert inquiry was rejected; the French and Belgian claims for repayment were restated in unqualified form. I confess that my colleagues and I were greatly disappointed at the result of our sincere but thankless intervention. Once more we stated our case in the British Note of the 11th August, a note revised with meticulous care, first by the Cabinet and then by the Prime Minister and myself, and once again we offered as the price of a settlement to cancel the whole of our claims except for the sum of £710,000,000 to meet our debt to the United States Government. Moreover, if we could get a portion of the sum from German reparations, our demands upon our Allies would be proportionately reduced. The replies of the French and Belgian Governments have been published. They indicated not the faintest advance from the position already taken up. Our capacity for useful intervention was manifestly exhausted.

Meanwhile, as time passed, it became apparent that the German Government could not, even if they desired, persist in the policy of passive resistance; and at length, only a week ago, Herr Stresemann, who had succeeded Dr. Cuno a few weeks earlier, decided to surrender. I think myself that this surrender should have been made three months ago, and was unwisely and foolishly postponed. But I have always been told, and I suspect that it is the truth, that no German Government could at that time have survived which made the surrender. Whether Herr Stresemann, who had the courage and the wisdom to take this step, will survive is uncertain as I speak these words.

And now what is the point to which we have come? We do not grudge our Allies the victory—if victory it be. On the contrary we welcome, just as we have for long ourselves advised, it. But are we any nearer to settlement? Will the reparation payments begin to flow in? What is the new form of civil administration or organization that is to be applied to the Ruhr? These are questions which it is vital to put, and vital also to answer.

One of the results, at any rate, that we anticipated has already been brought about. For we see the beginning of that internal disruption which we have all along feared, but which we have been consistently told to regard as a bogey. And let it be remembered that disruption is not merely an ominous political symptom. It has a portentous economic significance, for it may mean the ultimate disappearance of the debtor himself.

What, therefore, should be the next step? I have made no concealment of our view in my conversations with the French Ambassador, and it has the approval of the Prime Minister, who recently did so much by his visit to Paris to recreate a friendly atmosphere after the rather heated discharge of the rival guns. We have repeatedly been assured by the French Government that, as soon as passive resistance definitely ceased, the time for discussion between the Allies would have come. So far as I can gather, the German Government are sincere in their intentions, and have taken the steps required of them. What may be the attitude of the local population in the Ruhr I cannot say. But if the French contention be valid that it is only in obedience to orders from Berlin that they have hitherto resisted, there should be no difficulty about their conduct now. I would merely remark that, while passive resistance has, as we hoped and desired, been replaced by passive assistance, it may be too much to expect it to be followed all in a flash by enthusiastic co-operation.

The French Government know therefore that we await and expect the next proposals from them. The contingency of the cessation of passive resistance must have long been anticipated at the Quai d'Orsay, and the consequent measures doubtless exist in outline if not in detail. We shall be quite ready to receive and to discuss them in a friendly spirit. Our position at Cologne in the occupied area gives us a right to be consulted in any local arrangements that may be proposed, and that position we have no intention to abandon. Our reparation claim, willing as we have been to pare it down in the interests of settlement, renders it impossible that any such settlement could be reached without our co-operation. Our stake in the economic recovery of Europe, which affects us as closely, and in some respects more so, than the immediate neighbour of Germany, makes us long for an issue. We have already shown our willingness, by unexampled concessions, to contribute to it.