

none of us had any desire to impugn; and when the alternative was presented, as it frequently was, of ceding a point, which though important was not vital, or of breaking up the Conference and reverting to a state of war, diplomacy was, I think, rightly reluctant to adopt the latter alternative.

Perhaps from the British point of view the most satisfactory result of the protracted discussion and the final agreement was the resumption of friendly relations between ourselves and a people with whom we had many connections in the past, and who went to war with us, not we with them. A second result, which I do not think will be disputed by a single foreign delegation at Lausanne, has been that the Power which emerged from the proceedings with the largest access of prestige in Turkey was our own. This prestige, coupled with the strong financial position of Great Britain, should enable this country to play such part in the financial and economic reconstruction of Turkey as the stability of the future Turkish Government may justify and our own interests demand.

If, then, we survey the whole field, I think that the final restoration of peace in the Near East, where our troops have now been engaged for exactly nine weary and costly years, the freedom of the straits, the liberation of the entire block of Arab countries, the enhanced prestige of Great Britain in Turkey, together with the appeasement in all Moslem countries which is already following the reconciliation between Turkey and ourselves, are results sufficient to justify our labours at Lausanne, and to silence the not always disinterested and frequently ungenerous critics who have derided our handling of a problem which they were powerless to compose themselves. But I repeat that the destiny of Turkey lies with Turkey herself far more than with any one else. The future which she has planned for herself, whether she becomes a republic or not, whether she rules from Angora or Constantinople, will be mainly of her own creation. A very heavy task in the disbandment of her forces, the reorganization of her Civil Service, the husbanding of her economic resources, the resuscitation of her industrial and commercial life, lies before her. I think that she will experience great disillusionment and many disappointments, and that some of the fruits which she claims to have garnered will turn out to be Dead Sea apples in her mouth. But in making what will be a great experiment she starts with a complete absence of resentment on our part, and with the sincere expression of our good will.

II. REPARATIONS PROBLEM.

I proceed to deal with the Franco-German, or, as I should prefer to call it, the European problem; for it is one that concerns not two or three States alone, but the whole of those Powers that were engaged in the war, and to whom reparations were allotted, and not least among them the British Empire. His Majesty's Government have consistently held the view that the final settlement could only be achieved by common action and common consent, and that the dispute is not merely a military or political conflict between contiguous States.

I cannot in the small space of time available to me narrate in detail all that has happened since we last met at this table in June, 1921. At that date the German Government had just yielded to an Allied ultimatum which covered a schedule of payments for the discharge of the reparation debt, as well as undertakings by the German Government for the early execution of the military disarmament and other clauses of the treaty. The Reparation Commission, who had under the treaty been charged with the task of fixing the reparation debt, had estimated it at £6,600,000,000—a total which has since in some quarters assumed an almost sacrosanct character, but which in reality bore no relation to what Germany could pay, but was arrived at by lumping together the demands of the various claimant Powers. This total, which is well known to be a quite impossible sum, and which no sane person has ever expected that Germany would be able to pay in full, can only be altered by the consent of all the Powers. For a time in 1921, the ultimatum having been accepted by Germany, and the policy of Dr. Wirth's Government being the fulfilment of the Treaty, payments were regularly made. But the situation in Germany was unstable; the mark began the first downward movement of its finally catastrophic descent; German industry and high finance were stubborn and hostile; assassination found its first victim in Erzberger—to be followed at a later date by Rathenau. Before the end of the year Germany made her first application for a reduction of the payments due in 1922. This request was discussed at Cannes in January, 1922, and certain concessions were made—more were then asked for—involving the grant to Germany of a more complete moratorium for the rest of 1922 and for the whole of 1923, 1924.

This was the situation when the Allied Premiers met in London in August, 1922, to consider the request. M. Poincaré declared that if there was to be a further moratorium he must have productive pledges—*i.e.*, the yield of certain taxes and industrial undertakings, as well as the forests and mines in the Rhineland and the Ruhr. These proposals were declared to be financially and economically unsound by the majority of the expert committee who advised Mr. Lloyd George in the matter; and no decision was arrived at.

In the course of the autumn Dr. Wirth's difficulties increased; in November he resigned; and with his disappearance the policy of fulfilment, which had been his watchword, receded into the background. He was followed by Dr. Cuno.

At the end of the year, when a decision by the Powers was necessary, since the next payments were due, a further conference of Allied Prime Ministers was held in London, followed a little later by a renewal of the meeting in Paris. By this time Mr. Lloyd George had ceased to be Prime Minister, and Mr. Bonar Law had taken his place. Now it was that the Ruhr, which had been in the background of all the French plans and proposals for two years, emerged into prominence as the sole French specific—the Ruhr to be occupied, preferably by the Allies, if not, then by France and such of her Allies as would go in with her, France's object in the move being to obtain immediate payment of the £1,300,000,000 which she claimed, plus whatever sum might be required to pay off her debts