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The Genoa Conference



The Right Hon. David Lloyd George, M.P., Prime Minister of Great Britain.

[*Frontispiece.*]



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The Genoa Conference :

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P R E F A C E

I GLADLY write a preface to this book on the Genoa Conference, even although it deals much too generously with my own part in that historic gathering. Mr. Saxon Mills is an enthusiast for the cause which inspired every word spoken and every decision made by the British Empire Delegation at Genoa—the cause of peace and international goodwill. For that cause we strove whole-heartedly from beginning to end. We have nothing to apologize for and nothing to conceal. Every kind of comment that throws light upon the Conference or spreads the knowledge of its work is welcome to us. Mr. Saxon Mills has put the records together with a vivid description of their setting amongst the old palaces of the merchant princes of Genoa, and a lucid account of the drama which they staged—a drama of most human character, with nations as the actors and the whole world as audience. I hope his story will be widely read.

Like the great dramas of old, Genoa showed the conflict between two great forces, two currents of feeling, two states of mind—I may almost say, two worlds, the old and the new. The old world is that of national blindness, national jealousy, national fear, national suspicion, national prejudice. The Allies went into the Great War for a great common ideal; but in the fierce suffering of the ordeal and in the passionate triumph of victory the old Adam has gradually reasserted himself—a shell-shocked, shaking, nerve-ridden Adam, almost as much afraid of his friends as of his foes. All the world now knows his state of mind—his belief that his own safety depends upon the suppression of others, his conviction that he can build up his own welfare without regard for and even by antagonism to the welfare of his neighbours, his instinctive recourse in all problems to the code of force. Some think

PREFACE

him right, some think him wrong; but multitudes amongst the makers of opinion in Europe, whether in chanceries or in popular assemblies, or in literature and the Press, whether they wish him otherwise or not, regard him as incurable.

That is the old world—a world which has tortured itself, exhausted itself, shattered itself, almost to final ruin and collapse.

The new world has a different faith and a different point of view. It believes in nationalism no less firmly than the old, for nationalism is the individual force, the genius, the salt in every varied impulse which makes up Western Civilization as a whole. But it also believes with its whole heart that in the welter of passion, and in the economic chaos to which the world has been reduced by war, the welfare of every nation depends upon peace, co-operation, a helping hand from the strong to the weak, a regard for the welfare of all.

The British Empire Delegation stood for that faith at Genoa, and had behind it, as I believe, the goodwill and the deep desire of a majority of all true democracies throughout the world. The campaign for peace is only beginning. We have won positions from which we must press forward again. We are bivouacked on the field. We must not rest till we have won.

(Signed) D. LLOYD GEORGE.

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“Securus judicat orbis terrarum.”

—St. Augustine.

*“Siate apostoli di fratellanza delle Nazioni e della
unità, oggi ammessa in principio, ma nel fatto negata,
del genere umano. Vogliamo la Santa alleanza dei
Popoli.”*

—Mazzini.

THE GENOA CONFERENCE

CHAPTER I

ORIGINS

FOR any historic analogy to the meeting of the nations at Genoa we might have to go back to the early Œcumenical Councils of the Christian Church, beginning with that of Nicæa. The accounts of that first great General Council in the Bithynian city (A.D. 325) are, indeed, quite interesting to one who was present at Genoa. We find the same plenary sessions in the palace, the separate meetings of committees and the various groups, the immediate translation of the speeches, in that case from Latin to Greek, and many other amusing resemblances.

The Genoa Conference had its origin in the sessions of the Supreme Council at Cannes in January, 1922. This Council had met several times since the end of the war, and had arrived at decisions, often based on compromise, in order to meet the problem of the hour. Mr. Lloyd George was determined that these meetings in January, which followed close upon the resounding success at Washington, should produce something of pith and moment. Europe, and the world in general, were at this time suffering from the worst effects of a war which, judged quite objectively, can only be described as the most colossal blunder ever committed by the

inhabitants of this planet. A world which down to 1914 had been prosperous and progressive was broken and impoverished almost beyond recovery. It is desirable for a historian, as well as for a biographer, to allow the actors in his story to speak, as far as possible, for themselves, and I shall pursue this method in my record of the historic meetings in the old Ligurian city. Mr. Lloyd George, in his speech on the vote of confidence with regard to Genoa in the House of Commons, April 3rd, 1922, painted the world-scene in colours not too gloomy for the truth. He said :

“ The Conference has been called to consider the problem of the reconstruction of economic Europe, devastated and broken into fragments by the desolating agency of war. Europe, the richest of all continents, the continent which possesses the largest amount of accumulated wealth and certainly the greatest machinery for the production of wealth, the largest aggregate of human beings with highly civilized needs and with highly civilized means of supplying those needs, and therefore Europe, the best customer in the world and of the world, has been impoverished by the greatest destruction of capital that the world has ever witnessed. If European countries had gathered together their mobile wealth accumulated by centuries of industry and thrift on to one pyramid and then set fire to it, the result could hardly have been more complete. International trade has been disorganized through and through. The recognized medium of commerce, exchange based upon currency, has become almost worthless and unworkable ; vast areas, upon which Europe has hitherto depended for a large proportion of its food supplies and its raw material, completely destroyed for all purposes of commerce ; nations, instead of co-operating to restore, broken up by suspicions and creating difficulties and new artificial restrictions ; great armies ready to march, and nations already overburdened with taxation having to bear the additional taxation which the maintenance of these huge armaments to avoid suspected dangers renders necessary.”

We need not dwell on the various aspects of these distressing conditions—the chaotic exchanges, the almost universal and progressive inflation of currencies, the failure in the public finances of almost all countries to make both ends meet. The machinery of commerce, on whose sweet and steady working England depends more than any country in the world, seemed hopelessly shattered. We are reminded of Kipling's famous story in which a shell, fired from a revenue cruiser, penetrated the privateer's engine-room and exploded with results to the machinery which were slightly and temporarily repaired only after months of agonizing labour. Such was the condition of the European commercial system three years after the war. At the beginning of 1922 England's international trade was about fifty per cent. of its pre-war figure. Two millions of her artisans were workless and wageless, and dependent on a vast and ruinous provision of outdoor relief. Russia lay in the last agonies of famine and social dissolution. Germany, where a fevered and unnatural industrial activity, the product of abnormal world-conditions, prevailed, was drifting rapidly to the brink of the cataract. It is not surprising that Mr. Lloyd George should have formed the idea of a general, or at least a European, conference, at which the best intelligence of the nations affected should be concentrated on these problems, and, if possible, arrive at an agreed and effectual policy.

We will simply "regard and pass" those attributions of a lower and more selfish political motive to a man whose temperament and religious and political tradition made this humanitarian task especially congenial.

With this object, then, the British Prime Minister moved, on the morning of January 6th, 1922, in the Supreme Council, a draft resolution, which was finally approved at a further meeting on the afternoon of the same day. This famous resolution, which was the basis of the Genoa Conference and figured prominently and continuously in its proceedings, ran thus :

"The Allied Powers in conference are unanimously of

opinion that an Economic and Financial Conference should be summoned in February or early March, to which all the Powers of Europe, including Germany, Russia, Austria, Hungary and Bulgaria, should be invited to send representatives. They regard such a Conference as an urgent and essential step towards the economic reconstruction of Central and Eastern Europe, and they are strongly of opinion that the Prime Ministers of every nation should, if possible, attend it in person in order that action may be taken as promptly as possible upon its recommendations.

“The Allied Powers consider that the resumption of international trade throughout Europe and the development of the resources of all countries are necessary to increase the volume of productive employment and to relieve the widespread suffering of the European peoples. A united effort by the stronger Powers is necessary to remedy the paralysis of the European system. This effort must include the removal of all obstacles in the way of trade, the provision of substantial credits for the weaker countries and the co-operation of all nations in the restoration of normal prosperity.

“The Allied Powers consider that the fundamental conditions upon which alone this effort can be made with hope of success may be broadly stated as follows :

1. Nations can claim no right to dictate to each other regarding the principles on which they are to regulate their system of ownership, internal economy and government. It is for every nation to choose for itself the system which it prefers in this respect.

2. Before, however, foreign capital can be made available to assist a country, foreign investors must be assured that their property and their rights will be respected and the fruits of their enterprise secured to them.

3. The sense of security cannot be re-established unless the Governments of countries desiring foreign credit freely undertake—

(a) That they will recognize all public debts and obligations which have been or may be undertaken or guaranteed by the State, by municipalities, or by other public bodies, as well as the obligation to restore or compensate all foreign interests for loss or damage caused to them where property has been confiscated or withheld.

(b) That they will establish a legal and juridical system which sanctions and enforces commercial and other contracts with impartiality.

4. An adequate means of exchange must be available, and, generally, there must be financial and currency conditions which afford sufficient security for trade.

5. All nations should undertake to refrain from propaganda subversive of order and the established political system in other countries than their own.

6. All countries should join in an undertaking to refrain from aggression against their neighbours.

“If in order to secure the conditions necessary for the development of trade in Russia, the Russian Government demands official recognition, the Allied Powers will be prepared to accord such recognition only if the Russian Government accepts the foregoing stipulations.”*

The main and original feature of this proposal was that the nations, including Russia and Germany, were to meet, not as conquerors and conquered, as allies or enemies, but on equal terms. Germany had appeared at a few Conferences during the preceding three years, but always as a sort of prisoner at the bar. As for Russia, she had been almost entirely isolated from European life and politics. It was found that when she emerged at Genoa her representatives knew nothing whatever of the existing state of opinion in the west. They had scarcely so much as heard of the Brussels and Barcelona and Portorosa Conferences, and they made their first acquaintance at Genoa

* The other decisions with regard to Genoa will be found in Appendix I., including a resolution on an International Corporation which afterwards materialized at Genoa. The interesting Press notice issued by the Supreme Council is also worth reading.

with the Report of the London Experts. In fact, Russia, since the Revolution, had been almost as isolated from the rest of Europe as in the days before the life-work of Peter the Great.

Then the Supreme Council, which since the end of the war had been the chief executive authority in Europe, was composed solely of Allied Powers and therefore maintained the old war alignments. Mr. Lloyd George, with that imaginative insight which distinguishes the statesman from the electioneer, understood that the time had come to confound those lines of cleavage and to bring Russia and Germany once more into the comity of European nations.

In fact the Genoa Conference, both in its inception and its procedure, was a remarkable object-lesson in applied liberalism. The future historian, who will judge "*sine amore et sine cupiditate et rursus sine odio et sine invidia,*" will do justice to the British Prime Minister's championship of liberal principles from the Armistice onwards. The antagonisms to this policy were strong and only too successful, but it was much to have had the oriflamme so bravely and boldly uplifted.

I have before me the text of the memorandum issued by Mr. Lloyd George in the spring of 1919, just before the Peace Conference proceeded to its final and most serious decisions. The Prime Minister had listened to speeches whose whole trend and inspiration seemed adverse to that genuine and lasting peace which he himself desired to promote :

"When nations," he wrote, "are exhausted by wars in which they have put forth all their strength and which leave them tired, bleeding and broken, it is not difficult to patch up a peace that may last until the generation which experienced the horrors of war has passed away. Pictures of heroism and triumph only tempt those who know nothing of the sufferings and terrors of war. It is therefore comparatively easy to patch up a peace which will last for thirty years. What is difficult, however, is to draw up a peace which will not provoke a fresh struggle when those who have had practical experience of what

war means have passed away. History has proved that a peace which has been hailed by a victorious nation as a triumph of diplomatic skill and statesmanship, even of moderation, in the long run has proved itself to be short-sighted and charged with danger to the victor. . . . You may strip Germany of her colonies, reduce her armaments to a mere police force and her navy to that of a fifth-rate power ; all the same, in the end, if she feels that she has been unjustly treated in the peace of 1919, she will find means of exacting retribution from her conquerors. The impression, the deep impression, made upon the human heart by four years of unexampled slaughter will disappear with the hearts upon which it has been marked by the terrible sword of the Great War. The maintenance of peace will then depend upon there being no causes of exasperation constantly stirring up the spirit of patriotism, of justice or of fair play to achieve redress. Our terms may be severe, they may be stern and even ruthless, but at the same time they can be so just that the country on which they are imposed will feel in its heart that it has no right to complain. But injustice, arrogance, displayed in the hour of triumph, will never be forgotten nor forgiven."

The reader will not fail to realize the courage, the spiritual insight and detachment of mind required to say these words, on the morrow of the Great War and in an assembly which, to say the least, could not be entirely sympathetic. Mr. Lloyd George went on to deprecate the transferring of more Germans or Magyars from German or Magyar rule to the rule of some other nation than could possibly be helped. Then the terms to Germany, including reparation claims, while just to the Allies and even sternly just to Germany, were to be such as a responsible Government in Germany could accept and carry out. The settlement ought to have three ends in view :

" First of all it must do justice to the Allies, by taking into account Germany's responsibility for the origin of the war, and for the way in which it was fought.

“ Secondly, it must be a settlement which a responsible German Government can sign in the belief that it can fulfil the obligations it incurs.

“ Thirdly, it must be a settlement which will contain in itself no provocations for future wars, and which will constitute an alternative to Bolshevism, because it will commend itself to all reasonable opinion as a fair settlement of the European problem.”

Germany, accepting the terms, might well be admitted at once to the League of Nations, and France had a right to receive from the British Empire and the United States a guarantee against any future act of German aggression.

We may still have to revise the post-war arrangements in the light of these leading principles, which the Prime Minister re-affirmed in January of the present year (1922) when moving the draft resolution with regard to the Genoa Conference in the Supreme Council. In this speech we have the impression once more of a clear and enlightened vision, purged of the scales of prejudice and passion. The Prime Minister dwelt on the need of common and agreed counsels among the Allies :

“ There has been too much written and said as if we were bound to consider only the point of view—we will not say of one person, but of one country. We must take into consideration the feelings, sentiments, opinions, interests, and undoubtedly the sufferings and sacrifices of all countries.”

Great Britain's policy of moderation is shown in its proper light :

“ When Great Britain has, through her representatives, put in a plea for not rushing Germany into anarchy and bankruptcy, we are not doing that in the interest of Germany. What special interest has Great Britain in Germany? Germany is our most formidable industrial competitor, has been, is, and will continue to be. If Germany is wiped out commercially and industrially, and reduced to chaos and bankruptcy, at any rate we have this interest—namely, that a commercial rival is put out

of the way. Therefore, if we advocate restraint and prudence in dealing with our competitors, it is purely because it is in the interest of the world."

In 1919 Mr. Lloyd George had dwelt on the danger of throwing Germany, as the result of immoderate demands, into the arms of Bolshevik Russia, but he had not otherwise pronounced on the problem of relations with the Russian Government. In January he was more advanced in his view. "There is much greater danger from Bolshevism if we fail in the task of reconstruction than there is from propaganda which the Bolsheviks undertake." After some very faithful remarks about treaties with the Turk but aloofness from engagements with Russia, Mr. Lloyd George continued :

"If Russia attends, we should make it quite clear to Russia that we can only trade with her if she recognizes the honourable obligations of every civilized country—namely, that she should pay all debts, whether incurred by the present Government or by its predecessors, because no civilized country draws any distinction between them ; that she will compensate all nationals for loss and damage caused to them when their property has been confiscated and withheld ; that she will establish a legal system which sanctions or enforces trade and other contracts with impartiality ; that she will refrain from undertaking propaganda to subvert our institutions and social system ; and that she will join in undertaking to refrain from attacks on her neighbours."

I have taken these two utterances as texts, but in many other ways—for example, by his stern reproach addressed to Rumania on the subject of her occupation of Hungary, in his views and utterances on the Upper Silesian and other questions—Mr. Lloyd George, it must be admitted, has continued the most liberal and respected tradition of British world-policy.

The meetings of the National Liberal Council at the Central Hall, London, later in January of this year, gave Mr. Lloyd George an opportunity of expounding the Genoa project to

a great public assembly and to the nation outside. This speech was "touched with emotion" throughout, and was filled with those homely and picturesque illustrations which the speaker knows so well how to employ. The passages relating to the coming Conference have a special interest for us. Mr. Lloyd George said :

"Now, there is a Conference to be held at Genoa. In many respects it will be the greatest international conference ever held. All the nations of Europe without distinction have been invited to come there. Why have they all been invited there? Because we want to put an end to these constant wars and rumours of wars, which are just as bad or, at least, almost as bad for international business as war itself. You hear one day that Russia is arming to attack Poland, that Poland is organizing an insurrection in the Ukraine; the next day that Russia is going to attack Rumania; and another day you hear that Finland is about to invade some part of Russia; you hear that one of the States which constituted the old Austrian Empire is threatening one of its neighbours and that the neighbour is threatening back. There is no stability in that. You cannot build up business on that rocking foundation of earthquakes—these rumours and rumbles in Eastern and Central Europe. We are going to bring them together face to face, and see whether there is any chance of getting them to arrive at some reasonable understanding. The present condition of things is bad for us, but it is ruinous to them. And they must know it, because all the sensible people are not in Great Britain.

"The gibbers are beginning to say: Ah! Another Conference! Forty-five nations! A thousand experts! What folly! What extravagance! Yes, what extravagance—a thousand experts; financial, diplomatic, economic. They are cheaper than military experts. Their retinue is a smaller one. One thousand experts! There has just been an argument conducted between the

same nations which lasted four and a half horrible years. There were thirty millions of men engaged in the controversy, in that conference. There were ten millions of young men left dead on the debating ground ; ten millions more mutilated ; £50,000,000,000 of expense. Believe me, better try a conference of another kind. Europe has been left sore, bleeding, devastated, desolate, distressed. Do give us another chance of talking together, of appealing to reason, of seeing whether we cannot get man to listen to man, and of seeing whether the old sense of brotherhood that is, after all, at the bottom of the human race will not end in grasping hands and in friendly co-operation for the whole race, and not by conflicts which bring disaster and ruin upon all.

“ If the men who come to that Conference, the statesmen who attend, go there determined to do their best, determined to remove difficulties and not to create them, determined to allay suspicions and not to arouse them, determined to help and not to hinder, there will be a great pact of peace as the result of that Conference. And I would appeal from here, as far as my feeble voice shall extend, not merely to the confines of this room but even beyond—I would appeal to all men in power, to all the rulers of men who have got the opportunity, to determine to come there in the spirit of peace ; and peace will ensue if that is done. Without peace it is no use having economic discussions. For that reason we deliberately placed first on the agenda of this Conference the question of establishing peace in Europe. We put that first. Why? Because unless you can do that it is no use somebody asking the experts to discuss financial schemes, trade credit schemes. The trader will not go out in bad weather. He has had enough of it. He is drenched to the skin, and there is no warmth yet to dry his clothes. You must first of all sweep away the clouds. Give him a fairly clear atmosphere and a serene sky and the trader will go on and become the missionary of peace once again.

Schemes may expedite and may facilitate trade, but without peace every scheme must fail.

“ I have now one other word to say about the Genoa Conference. I observe that Lord Grey and, I think, Lord Robert Cecil, to-day think that the Genoa Conference ought to have been left to the League of Nations. I am a believer in the League of Nations. But I wish some of its friends would not run it as if it were a sort of a little Party show too often. They must remember that the League of Nations was established by the much-abused Treaty of Versailles. And, therefore, as one of the much-abused authors of that much-abused Treaty I naturally have a great belief in what was partly the work of my own hands. Yet you must not run a thing like this too hard. If you give work to the League of Nations which, for special reasons, it is not adapted to discharge, you do harm to the League of Nations. The League of Nations is in the making. You cannot make these things by written constitutions. You must create confidence in them ; and confidence can only be created by achievement ; and every failure which the League could very well afford after it is well established, every failure at this stage is a ruinous one. It is like the fall of an infant ; it might result in a broken spine and the infant simply limp for the rest of its days. The League must establish itself, and it cannot do that if you are going to entrust it with duties which it is obviously for the moment, for special reasons, unfitted to carry through to a successful issue.

“ Why do I say that in this case ? We were anxious to get all the nations to this Conference. There are two nations who certainly would not be there if the Conference had been summoned under the auspices of the League of Nations, and the first of those two nations is the United States of America. I am not going to express an opinion as to whether the United States of America is likely to be there at all, and if I did it would do only

harm. But to leave it to the League of Nations to summon the Conference is practically to rule out the United States of America, and the responsibility then would be ours and not theirs. Has it ever occurred to them that Russia has refused to do anything with the League of Nations? We turned the League of Nations on to Russia, I forget when, but a year or two ago, and Russia refused absolutely to have anything to do with it. It is not for me to express an opinion. I know something of the reasons, from what they have said. I am not going to discuss them. But there you have the fact that there are two great nations whom, if you are going to establish peace and going to get the economic restoration of the world, it is necessary you should get there. They would not be there if it were under the auspices of the League of Nations; and I should have thought that was a satisfactory reason for what we have done.

“That is what we are doing to restore peace. As the Washington Conference is establishing peace in the great West, I am looking forward to the Genoa Conference to establish peace in the East, until they will be like the two wings of the Angel of Peace hovering over the world, and the trader and the financier and the manufacturer can go forth without fear of hidden traps and perils and destruction; the worker can labour without apprehension; credit can be given and extended, and the broken avenues of trade can be repaired, normal life resumed, and the world march on to plenty and tranquillity. That is our programme of Peace.”

Mr. Lloyd George had to fight for his liberal-minded purpose of bringing Russia and Germany on equal terms to the international council table. He had to grapple with a section of opinion at home which opposed the Conference before it met, and did its utmost to obstruct and frustrate it throughout its whole course. He had to meet also the ceaseless antagonism of France, whose statesmen would have given

the delegates of these countries, representing two hundred million people, an inferior status, if a status at all, in the Conference.

In his speech in the House of Commons, already cited, the Prime Minister suggested an interesting precedent for his proposal to restore commercial and even political intercourse with a country under a revolutionary *régime* :

“ Pitt was confronted with exactly the same problem over a hundred years ago with regard to France. A revolution provoked by intolerable wrong and leading to the wildest excesses, created bitter and fierce resentment in this country, and he had to consider the problem of whether it was possible to make peace with men who had been responsible for such things. I cannot tell it better than by giving to the House of Commons the views which he then expressed. He first of all endeavoured to make peace with the French revolutionaries in 1796 and failed. He sent plenipotentiaries over for the purpose. In 1797 he made the same attempt and again failed, and the failure was attributed by Mr. Pitt to the fact that the French delegates produced an impossible claim to Belgium, at the instigation of Napoleon. This is the doctrine which he laid down, and I very respectfully invite the attention of the House to the words which he used :

“ ‘ I have no hesitation in avowing, for it would be idleness and hypocrisy to conceal it, that for the sake of mankind in general and to gratify those sentiments which can never be eradicated from the human heart, I should see with pleasure and satisfaction the termination of a Government whose conduct and whose origin is such as we have seen that of the Government of France. But that is not the object, that ought not to be the principle of the war, whatever wish I may entertain in my own heart ; and whatever opinion I may think is fair or manly to avow, I have no difficulty in stating that violent and odious as is the character of that Government I verily believe, in the present state of Europe,

that if we are not wanting to ourselves, if, by the blessing of Providence, our perseverance and our resources should enable us to make peace with France upon terms on which we taint not our character, in which we do not abandon the sources of our wealth, the means of our strength, the defence of what we already possess; if we maintain our equal pretensions, and assert that rank which we are entitled to hold among the nations—the moment peace can be obtained on such terms, be the form of government in France what it may, peace is desirable, peace is then anxiously to be sought.’

“ The House will bear one other quotation from Mr. Pitt, because it is very much to the point. In the same year he said :

“ ‘ I wish for the benefit of Europe—I wish for the benefit of the world at large and for the honour of mankind, as well as for the happiness of the people of France, although now your enemies, but who are objects of compassion—I wish, I say, that the present spirit of those rulers and the principles they cherish may be extinguished, and that other principles may prevail there. But whether that is to be so or not is more immediately their concern than ours. It is not to any alteration in that country, but to the means of security in this that I look with anxiety and care. I wish for peace, whether their principles be good or bad; but I do not wish to trust to their forbearance. Our defence should be in our own hands.’

“ Those are the principles upon which we can proceed in approaching this difficult and dangerous project of endeavouring to make peace with a Government whose principles are just as odious and whose actions are just as loathsome as were those of the terrorists in 1792, 1793, 1794, and afterwards in France. Mr. Pitt failed, entirely through the fault of the French revolutionaries. He had an embarrassment from which I am not suffering. He had a good many Die-hards in his Cabinet. In fact, I believe

the most brilliant Member of his Cabinet took very extreme views on that subject. But in spite of that difficulty with which he had to deal, and from which I am absolutely free, Mr. Pitt put forward those proposals, and it was only the folly of the French revolutionaries themselves that was responsible for the failure. Mr. Pitt realized that unless peace were made with the French revolutionaries there would be no peace for many a long devastating year, and there was not for eighteen years after that period. [Hon. Members: 'We are at peace!'] We are not at peace; I am not sure that present conditions are very much better than war, except for the actual fact that war is no longer in progress. But we have the effects of war in many ways, and one is the closing down of Russia. There is no intercourse with that country, and, let me point out, that there will not be until peace is established. I am going to speak quite frankly.

"I do not believe you are going to restore trade, business and employment until you appease the whole of Europe. Until you establish peace over the whole of Europe there will be a standing element of disturbance, and trade will not go on."

Mr. Lloyd George then proceeded to deal with the Russian question more specifically. The resumption of trade with Russia would open up that country in more than one sense. It would discourage those wild rumours which a revolution, largely post-scenic, always generates. People would get to know the facts about Russia, and that would in turn re-act favourably on the renewal of commercial intercourse. Then it was necessary, if there was to be any general European disarmament, that the enormous "Red" forces existing in Russia should be dispersed or reduced, but that could not be until mutual knowledge and confidence were restored.

Once more, Europe needed what Russia could supply. Before the war a quarter of the exportable wheat supply of the world came from Russia; millions of tons of barley and rye; great quantities of other necessary food supplies; mil-

lions of tons of manganese ; two-thirds of the flax required for Europe ; half the world's output of hemp ; half the timber imported into the United Kingdom. Russia, in fact, was the greatest undeveloped country in the world. It had labour, it needed capital, and it would not get capital without security, confidence and peace, internal as well as external. Moreover, Germany could never pay the full demand of reparation until Russia was restored.

The Prime Minister then proceeded to discuss the conditions of peace as laid down in the Cannes resolution, with which the reader is already familiar, and concluded with some remarks on the recognition of the Russian Government, which we shall consider at a later point. We need not follow any further this debate in the House of Commons, but simply observe that the Government obtained its vote of support and confidence by a majority of 278.

Meanwhile the to be or not to be of the Conference had been an open question since the Cannes meetings, owing to the reluctance of the French Government and people to take part in it. The end of the Cannes Conference was almost tragically sudden. Mr. Lloyd George, for the British Government, had offered France a treaty, or "pact," securing to her the armed assistance of Great Britain against any unprovoked invasion of French soil, the guarantee to last, in the first instance, for ten years.

This offer was subject to no conditions, but it was closely linked with an earnest British invitation to France to join England in the task of European reconstruction. In a statement made by the British to the French Prime Minister, dated January 4th, 1922, which is still pleasant and instructive reading, the two propositions are made in close succession.*

It is characteristic of French mentality in these days that even the rumour of these discussions at Cannes cost M. Briand, the French Premier, his political life. He had gone to Cannes pledged to maintain intact the whole Treaty of Versailles. French opinion had been disgruntled by the

* See Appendix II., where the terms of the proposed Pact are also given.

failure of America to ratify the Anglo-American guarantee treaty. Such a limited insurance as was now proposed in the Pact, though it unquestionably represented the maximum which the British people would undertake, seemed a poor substitute. M. Poincaré, who succeeded M. Briand, proposed, indeed, a close military alliance between England and France, lasting a generation, which would have committed us effectually to the support of French policy in Europe and made it impossible for us to move for any revision, however desirable and necessary, of the Peace Treaties against French disapproval. Great Britain and the British Empire would never have dreamed of thus roping themselves to the French chariot wheels, and the Conference of Genoa scarcely encouraged the renewal of any offers even of a limited military pact with the French Republic.

These terms proposed at Cannes were therefore no great inducement to France to work with England for European pacification and repair. France was intent on the literal fulfilment of the Peace Treaty and its adjuncts. She was ready to apply the severest sanctions in case of German recalcitrance. Her interest in the commercial and economic revival of Europe was not so pressing as that of England, who depends for her existence on oversea trade. Moreover France, with every excuse, was not particularly anxious to see a restored and prosperous Germany, however essential that might be to the world's welfare. Towards Russia her feeling was of the bitterest antagonism owing to her old ally's defection during the war and the repudiation of a pre-war debt whose bonds were largely held by multitudes of poor and simple folk in France. The nightmare of a Russo-German military alliance with its point against France also weighed on the French imagination. To many persons the French attempts to continue the ostracism of Russia and Germany seemed the unlikeliest method of laying that phantom.

It is not surprising, then, that France should do her utmost to obstruct and postpone the Conference for which Italy had offered the hospitality of Genoa. A Ministerial crisis in

Italy also helped to defer the meetings and it soon became apparent that the original suggestion of March 8th was not practicable.

The French Government was morally, if not legally, bound by the Cannes resolution in favour of the Genoa Conference. But French opposition to the Conference showed no sign of abating, and at the end of February the intentions of France were so problematic that Mr. Lloyd George sought an interview with the French Premier. M. Poincaré had the lawyer's love of legality and formalism. He was not devoted to the method of *tête-à-tête* conversations and was all for returning to the older diplomacy with its interchange of Notes which could be officially docketed and filed. He would have preferred to deal with the British Premier in this formal way. Indeed his idea was that England and France should draw up a stereotyped programme for Genoa by means of such an interchange of diplomatic messages. The menu so arranged was to be served to the assembled Powers, who would be at liberty "to take or leave it." Genoa, in short, was to be an ultimatum, resulting in a sort of formal and binding contract.

Mr. Lloyd George's object and method were quite different. He had no liking for the cast-iron methods of the old diplomacy. He believed in bringing people together in free and unfettered conversation, perhaps partly for the reason that he was himself well equipped for success in these frontal and personal palavers. In his speech in the Central Hall, in January, he had given an amusing expression to this preference :

"There is only one way to effect a gradual improvement and ultimately reach the goal, and that is by insisting on bringing the nations to the test of reason and not of force. How are you to do that? By insisting on meeting, discussing, reasoning—let us say the word, conferring. If there had been a conference in 1914 in July there would have been no catastrophe in August. It would have been impossible. You watch it. It is

my business to watch it. This is what happens when you do not meet and interchange views: misunderstandings arise; misunderstandings ripen almost into antagonisms; fierce controversies begin. If after an interval you have a conference, misunderstandings disappear, suspicions are removed, there is an improved temper; and although you do not achieve the ultimate result, you get nearer to it. No, it is true that you cannot point to a single conference that has settled European entanglements, but each conference is a rung in the ladder which enables you to reach ultimate peace on earth.

“ There are those who would go back to the old diplomacy, who say: ‘ Let us get rid of conferences; let us interchange despatches and letters.’ What happens? Each party states its own point of view. Instead of bringing parties nearer it too often hardens them in their convictions. You cannot have it out with a letter. You cannot argue with a despatch. You cannot reason with a diplomatic message. Come face to face. I have a profound conviction and faith in the ultimate reason of man. I am an optimist. I believe in my fellow-men made in the image of God—that, if you bring them together to talk quietly and calmly in a room, in the end reason prevails.* And it shocks me that the greatest appeal for the return of the old diplomacy comes from the land which has been devastated by it. If you had had conferences and the new methods you would not have had ten Provinces of France now awaiting repair. It is no use gibing at conferences. It is very easy to gibe. The men who hate conferences are the men of rigid views; the men of vague phrases; the men who dislike facing realities. Because once you are in a conference there is somebody, at any rate, who brings you face to face with the realities. There are people who have never looked a reality in the face, and it is a good thing to force them to do it now and again. All those who are anxious

* This truth was illustrated more than once at Genoa.

for peace and are encouraged to tread the only path that leads to peace believe in face-to-face discussion."

Such was Mr. Lloyd George's exposition of the philosophy of conference. His meeting with the French Premier at Boulogne, on Saturday, February 4th, was his substitute for that antiphony of written notes which M. Poincaré's legal and official soul desired. The British Prime Minister even offered a second meeting if one were insufficient to produce a general understanding. The communiqué subsequently issued with regard to this meeting at the Sous-Préfecture in the French watering-place announced "a friendly understanding on all points with which the Premiers dealt." "The two Prime Ministers," it was stated, "were particularly concerned with the Conference of Genoa, and put themselves entirely in agreement on the political guarantees to be secured in order to prevent encroachment either on the rights of the League of Nations or on the Treaties signed in France after the Peace, or on the right of the Allies to reparation." Mr. Lloyd George is understood to have brought things to an immediate issue by the point-blank question whether the French were going to Genoa or not. In case of a refusal, the further question would arise whether Genoa should be abandoned or the other Powers go without France. A Conference under the latter conditions would have been a very lame affair. However, the British had the moral opinion of the world behind them on this occasion, and France could scarcely do otherwise than participate.

Boulogne justified the British Prime Minister's faith in the personal conversation. M. Poincaré was brought back to the Cannes position as it had been adopted by M. Briand. All the intermediate evadings and conditionings were swept away, and France came in frankly on the lines of the Cannes resolution. This by no means implied, as we shall see, that British and French were in general agreement on the various questions to be taken up at the Conference. But the holding of the Conference with France, Russia and Germany included, and included on equal terms, was henceforth assured. No

unnecessary delay was to be allowed, and the first meeting was dated for April 10th. When Mr. Lloyd George met M. Poincaré in Paris, en route for Genoa, the British assured the French Premier that the Boulogne agreement still held good. Mr. Lloyd George is said on that occasion to have put a few penetrating questions. Was France going to give her help in the Italian city, or was she intending to pursue an independent, perhaps even a destructive policy? The British democracy would not forgive any Power or Powers which might adopt an attitude imperilling the success of the Conference. To these heart-searching inquiries M. Poincaré replied that he purposed to do all in his power to make the Conference a success, and within the limits of the Boulogne agreement would give unswerving support to the Allied programme. His desire was to see the closest Anglo-French entente, not only at Genoa, but everywhere else.*

The reader will have noticed that reparation and disarmament did not fall within the scope of the Genoa Conference. But these subjects were not ruled out as was inaccurately supposed in England, owing to the insistence of France at Boulogne. The inclusion was, no doubt, originally made in deference to French wishes, but it was made at Cannes. The Powers at Genoa were reminded by the President at the inaugural meeting that in accepting the invitation to the Conference they had *ipso facto* accepted the terms of the resolution, which were brought specifically to their notice in the inviting letter. The reservation of these questions was, no doubt, unfortunate. They were so closely allied with the subjects of discussion that to exclude all reference to them was impossible. One witty delegate remarked that you might cast disarmament and reparations out at the door, but they would make their entrance through the window.

On the eve of the great invasion of the Italian city, spiritual, as well as material, preparations had been going on. The

* At this time the French President, M. Millerand, was paying an official visit to the French dominions in North Africa. M. Poincaré, the French Premier, was thus prevented from personally attending the Conference.

Archbishop of Genoa, a delightfully genial ecclesiastic, small and plump in stature, whose scarlet robes and joy-diffusing smiles were familiar at most of the public festivities during the Conference, had issued a pastoral letter to his loving flock, with appropriate counsel on the approaching world-event. This drew a pronouncement from the new Pope, which was criticized in some quarters as savouring rather strongly of pro-Germanism. To most readers its savour will be rather of Christian charity and wholesome common sense. It ran thus :

“ Venerable Brother,—We have read with great pleasure the letter which you addressed so opportunely to your people on the occasion of the International Conference which for the first time brings together in peaceful discussion in your glorious city victors and vanquished, and in which centre the hopes of all nations.

“ As representative of the God of Peace and Love, who with special care *respicit super egenum et pauperem*, and who in his inscrutable wisdom called thus unexpectedly upon Us to undertake, together with the succession of the supreme Pontificate, the mission of peace and goodwill of our lamented Predecessor, We both pray and confidently trust that the envoys of the Powers will consider the miserable conditions with which all nations are contending, not only with a calm mind, but also with a readiness to make every sacrifice on the altar of the common welfare, which will be at once the first condition for an effectual remedy for the evil and the first step toward that universal peace which all desire above everything.

“ If even amid the clash of arms, in the language of the beautiful motto of the Red Cross, *inter arma caritas*, Christian charity prevails, so much the more should it do so when arms have been laid aside and peace treaties signed ; and this all the more in that international animosities, the melancholy legacy of the war, work to the detriment even of the victors, since they prepare for all

a future fraught with fear. It should not be forgotten that the best guarantee of security is not a hedge of bayonets, but mutual trust and friendship. And even if, from the procedure of the Conference, must be excluded all discussion, not only of treaties previously concluded, but also of reparations which have been imposed, this does not seem to bar eventual exchanges of view which should have the effect of facilitating to the vanquished the early fulfilment of their obligations which would in the end be to the advantage of the victors.

“Animated by these sentiments of equal love for all nations with which the mission entrusted to Us by the Divine Redeemer inspires Us, We extend to all the faithful that invitation, which you, Venerable Brother, addressed to your people, and exhort them to join their prayers to ours for the success of the Conference. May God’s blessing be upon it ; and from the decisions which as we are confident will be taken based on the understanding of love, may there be reflected upon poor humanity that much-desired concord, which, by uniting the nations in brotherly love, may once more lead them, after eight years of misery and ruin, to the clear road of work, progress and good citizenship. Thus let there be realized the ideal of the Church, which, as Saint Augustine rightly says in ‘ De Moribus Ecclesiae Catholicae, I. 30 ’ : ‘ Cives civibus gentes gentibus et prorsus homines primorum parentum recordatione non societate solum sed quadam etiam fraternitate conjungit.’

“With this fervid prediction, We bestow upon you, Venerable Brother, the clergy and people of your blessed Archdiocese, the Apostolic Benediction.

“Signed : PIUS P., P. XI.”

All was now ready for the great event, and in the days before April 10th the pilgrims of thirty-four nations were converging on Genoa from every point of the compass.



Villa de Albertis, Quarto dei Mille, Residence of Mr. Lloyd George
at the Conference.

CHAPTER II

THE SCENE

IT was very appropriate that the great economic Conference should meet in Genoa. That magnificent city was for centuries a leader in world-trade. It has lived and thriven on the water. Indeed, it used to be seriously believed that the city was founded by Japhet, the son of Noah, who built it in very early post-diluvian times. This interesting circumstance, and the supposed derivation of the city's name from the Latin word *janua*, seemed to be of good omen. Genoa and its Conference, we might hope, were destined to rise and to raise the world from the disastrous deluge of the Great War, and this radiant city might prove to be the gateway from our present world-discontents into the new and better era which lies beyond.

I am writing these words in Genoa, under the cloudless blue of an Italian spring day, and just within hearing of that classic sea whose sapphire water is whitening into mellow foam on reef and strand. Many guide-books have sufficiently depicted Genoa. I agree with the entry which Mr. Howells found in his note-book, that this is the most magnificent city ever built by human hands. It is literally a city of marble palaces. Its interest to eye and memory and imagination is inexhaustible. It was down such narrow-winding, shuttered alleys as these, leading from the main streets, that the Montagus and Capulets of the old days chivvied one another in the pursuit of their secular vendettas.*

* It is dangerous in the case of an imaginative genius like Shakespeare to say that because he reproduces so vividly and truly the Italian life and character he must have visited the country. But always in Italian towns one is impressed with the marvellous imaginings of the essential spirit of the land in Shakespeare's Italian comedies.

At other times one is transported into the stage-setting of some half-forgotten Italian opera. I remember standing on the day of the inauguration in the Piazza outside the Palazzo di San Giorgio, among the Bersaglieri and other troops who surrounded the square. It was a splendid feat of unconscious stage-management, and it seemed possible that at any moment one of these picturesque warriors might step forward and with an eloquent gesture begin an Italian aria.

But one of the chief charms of Genoa is that it stands on such a varying level. The eye is always being carried upwards from the depths of the glorious but narrow and shadowy streets to balconies and terraces and arcades lifted into the solid blue and the open sunshine. I remember first walking up the broad marble stairways of the University buildings and arriving at last, not at the roof and the chimneys, but at a lovely further flight of stairs in the open air and sunshine leading upwards into a fragrant tropical garden with quiet "pleached alleys," where Benedict and Beatrice may have bandied jest and repartee, and uplifted terraces affording a lovely view over the domed and towered city and the deep-hued sea beyond. It was a pleasaunce which gave a visitor fresh from the darkness and cold of an English winter and spring a sense of having died and gone to Heaven. Genoa is an endless feast for the eye and the imagination and suggests the most painful comparisons with the cities in which the British "populus imperator" is contented to dwell.

The city calls herself with a well-justified complacency "La Superba," and she laid herself out to be as superb as possible in her reception of the delegations and journalists who descended upon her in the early days of April, 1922. In outward aspect she can have needed little preparation. During the centuries of her great history she has accumulated art and architectural treasures and stately civic traditions which make it easy for her to exercise a noble and impressive hospitality. Her sixty marble palaces would have provided the festal framework for half a dozen such Conferences as were now to meet within her walls.

But Genoa had embellished herself in many ways. She had hung out everywhere her bright tricolor, and many a stately vista of street and square was thus enriched. Palaces, hotels, and villas, not only in Genoa but along the Ligurian Riviera, were prepared for the reception of the delegates. The British official headquarters were at the Hôtel Miramare, a splendid marble edifice commanding a wide view over Genoa and out on to the blue Mediterranean. But Mr. Lloyd George and his ministerial colleagues and secretaries resided at the Villa de Albertis, an elegant mansion a few miles to the east. The other delegations were lodged in equal splendour and luxury. The presence of the Bolshevik leaders presented a rather embarrassing problem, as their security outside the Russian frontiers might conceivably be precarious. They were lodged at Santa Margherita, near Rapallo. The railway line between that lovely spot and Genoa was guarded by numerous troops, and a ship of war lay at anchor in the adjoining bay. The Italian Government paid the expenses of the deputations of the Convening Powers but not of the other countries. Even so, the expense of this lavish hospitality must have been considerable. But Genoa was proud of having thus been made the centre of the world's hope and interest and was determined to make the occasion another memorable event in her rich and adventurous history.

Thirty-four nations were formally represented at Genoa. But there were other self-invited and informal delegations who had come to look on and do a little business on their own behalf. Angora, Georgia, India and many other regions were thus represented. When we reflect that all these nations and tribes had sent their wisest and most distinguished representatives, that financial, economic and political experts of worldwide repute were present in crowds, we can imagine what a concentration of power and wisdom and fame was focussed on to this ancient city by the Midland Sea. Here we had at last, if only in temporary session, that Parliament of Man towards which the hope of the world has been so long and so wistfully directed.

The headquarters of the Conference and the seat of the General Secretariat were at the Palazzo Reale, in the Via Balbi, whose gorgeous halls and bedrooms and other apartments were filled with the incongruous appurtenances of labour and business. Through the guarded portals of this palace, which seemed to open beyond into a vista of sun and sea, rolled the shining motor-cars of the personnel of the various commissions and committees which held here their formal sittings. But not the least decisive gatherings took place outside, in the hotels and villas of the delegations, where opinion was unceasingly ventilated, where the propagandists turned their wheels and the *terrain* of countless intractable questions was broken by preliminary palaver.

On such occasions the journalists, who command, or are credited with commanding, all the oracles of praise and blame, may be sure of considerate and even preferential treatment. The Genoa Conference was no exception. The ancient Palazzo Patrone in the Piazza della Zecca was assigned and equipped as the headquarters of the "Presse mondiale." The marble staircases and the rich frescoes on wall and ceiling bore witness to the pristine splendour of the place. But now it was converted into a factory of public opinion. That illusion was strengthened by the ceaseless clatter of innumerable typewriters. Such a whirl of telephoning and telegraphing and typewriting and talking was perhaps never known before.

I wish it were possible to acknowledge the courtesy and kindness of the Italian managers of the Casa. To Dr. Ernesto Artom, the President, Dr. Giuseppe Gentile, Vice-President, Comm. Giuseppe Melli, General Secretary, Conte Amedeo Ponzzone, Conte Papa di Costigleole and other assistants, the journalists who assembled in Genoa are under many obligations.

In and out of the Casa della Stampa passed the pressmen of thirty-four nations. There were journalists old and young, journalists clean-shaven or square-bearded like Assyrian bulls, blue-eyed journalists from the midnight sun and squidgy-eyed Mongolian journalists, lady journalists combining per-



4
Casa della Stampa. Conference Press Centre at Genoa.

[To face page 31.]

sonal charm with business-like efficiency, learned and spectacled journalists from the Fatherland, excitable and gesticulating French journalists, and English journalists well-groomed and undemonstrative—all sorts and conditions of the *soldats de la pensée*, as M. Canapa of Genoa obligingly described the members of the profession as a whole. Some writers it seemed almost impossible to assign to any known geographical unit. But, strange to say, one member, who seemed quite intensely foreign in dress and complexion, turned out to be merely English with a familiar English name. There was a charming young American married couple, correspondents of the same paper or group of papers in the States. The young lady herself hailed from Honolulu. They seemed to be almost *eine Seele und ein Gedanke*, and they wrote their articles with their handsome little heads quite close together. A more perfect human companionship could scarcely be imagined. And all this polyglot crowd was animated by that spirit of craft-comradeship which is lifted above the distinction of race and language and creed.

Never was a body of people so talked to, so courted and admonished and instructed, so played upon by conflicting forces, as the journalists at Genoa. The heads of the various delegations would sometimes invite the entire Press to a symposium. Or they would receive in turn the journalists of different nationalities. Regular hours were fixed, for example by the Russian delegation, for such receptions. M. Rakowsky's daily statements at the Hôtel de Gênes, and afterwards at the University, were specially popular owing to the attraction of the man and the novelty of Russian politics.

The Anglo-American Press had two daily meetings at one and six o'clock in the Professors' common-room at the University in the Via Balbi. Here the news-hungry pressmen were fed as regularly, if the comparison be not invidious, as the animals in the Zoological Gardens. The *officiers de liaison* between the Conference and the British Delegation on the one hand and the English-speaking journalists on the other were Sir Edward

Grigg, K.C.V.O., Mr. Lloyd George's able and laughter-loving private secretary, and Mr. W. K. McClure, late correspondent of *The Times* at Rome and first honorary secretary of the British Embassy there, a gentleman of rare linguistic accomplishment and an extensive and esoteric experience of European politics. These gentlemen, either alone or in combination, expounded to the journalists twice a day the shifting phases of the political situation. Here, too, the more important documents issuing from the Conference were sometimes available in sufficient quantities. It would be too much to say that the hunger and thirst of the journalists were, or could be, always stayed at these hours, but everybody, I feel sure, would pay his tribute to the fullness and fairness and frankness, as well as the humour and good-fellowship, with which the news and the interpretation thereof was communicated to the correspondents for transmission to the papers and agencies they represented in Great Britain and America.

Here the journalists were sometimes favoured with visits from statesmen who wished to instruct or inspire the public opinion of the English-speaking world and through that of the terraqueous globe in general. Sir Robert Horne, that jovial keeper of the British purse and the hero of thousand-million-pound Budgets, came down on one occasion and expounded the existing situation. Then the Lord Chancellor, Lord Birkenhead, whose agreeable yacht was anchored off Genoa, came ashore on April 24th, and visited us one afternoon. He was arrayed in full nautical costume and suggested nothing so remotely as full-bottomed wigs and law reports. His speech was eloquent, perhaps over-eloquent for the occasion, and remarkable for a passage which seemed to foreshadow an early recognition of the Soviet Government. In briefer summary this is what his Lordship said :

“ There was (quoth he) no swift and easy way to economic salvation. Many mischiefs, however, were capable of alleviation by wise statesmanship. They had to see what salvage they could get from the war. He



Sir Edward Grigg, K.C.V.O., C.M.G., Private Secretary to
Mr. Lloyd George.

dwelt at great length on the interdependence of trade, the necessity of reconstructing the stricken markets of Europe, and of making Europe worthy of credit.

“ Russia’s teeming population must participate in the reconstruction of Europe. Every nation was entitled to decide upon its own form of government, even if it should take a form irreconcilable with humanity and civilization. They had to assume that the Soviet representatives knew why they were at Genoa. These Soviet rulers were not fools, otherwise they would not have retained so long unchallenged control of such a vast area. What Russia had to give was little indeed compared with what the other nations could give to her, and the Soviet representatives were aware that the first condition of the reconstruction of Russia was to bring her into harmony with the fundamental principles of European policy.

“ If Russia, the Little Entente, and others realized that even for two or three years there would be no fear of attack from either side the energies of these countries would be devoted to pacific problems.

“ He saw signs of a general realization among the nations at Genoa that there were materials for agreement, and there were growing signs of impatience with any who tried to prevent harmonious conclusions. The public opinion of Europe would lead to the realization that such conclusions were procurable and that they ought to be, and should be, obtained.

“ He appealed for patience, and said that the crises which had arisen during the last fortnight had proved very capable of treatment, and presented no great difficulties. ‘ What a tragedy if the Genoa Conference failed. We should be met with one of the blackest moments since the Middle Ages. Genoa may be more pregnant to the future than the Conference of Paris. Never again in history will there be such a gathering as this. Let us see, therefore, in Genoa, the germ of the

realization that the late war will be the last, that no longer will Europe be a collection of armed camps. Let us see in it the development of an era of prosperity.' ”

Then on May 8th, on a lovely afternoon, when the marble courts of the University and the staircases leading up to gardens and orange-blossom were cool after the heat of a sub-tropical day, who should come to our Sala dei Professori with Sir Edward Grigg but the British Prime Minister himself! And this was not the only time we were favoured with such a condescension from Olympus. But I must leave these particular events to the course of the narrative.

Another institution founded for the behoof of the world's Press assembled in Genoa was the Albergo dei Giornalisti, two new blocks of flats of palatial beauty in the Via Corsica, commanding lovely and refreshing views of the harbour, the blue Mediterranean and in the distance the snow-clad summits of the Piedmontese Alps. It was a happy thought to establish the hostel here, as the Albergo was full of sun and sea-breeze and provided a welcome retreat from the noise and heat of Genoa and the Casa della Stampa. The appointments and the service, the morning coffee and afternoon tea and, one must add, the luxurious baths available at these cool marble palaces were no unimportant ensample of the thoughtful consideration with which Genoa and Italy had prepared for this formidable invasion.

The only qualification of the delights of the Albergo was the noise. A certain dog which, from the volume of its bark, one would judge to be about the size of an elephant, and which continued its song through the whole night, caused some removals within the Albergo and a great deal of unavailing and perhaps uncomprehended protest. One could only reflect on the tolerance of a world which permitted a person to keep, apparently for barking purposes, an animal which made every tenement within its hearing, at least for a non-Italian, uninhabitable.

At six o'clock in the morning, when Cerberus was growing hoarse, though still unwearied, the housewives began. There

were a number of extensive *insulae* of flats at some little distance from the Albergo. The lady tenants or housemaids of these suites began operations by throwing their rugs and carpets across the balconies and belabouring them with a flat, long-handled beater made of cane and shaped like a tennis or badminton racquet. On the Sunday morning, when the King of Italy arrived by sea, just opposite our balconies, the other war-ship already in harbour saluted His Majesty with its heavy guns. Even that was a less effective *réveillée* than the noise made by a battery of these Genoese housewives. Somebody once shook a menacing fist at one of these performers, but she either did not or could not understand and resumed her bastinado with the fury of a Maenad. I can still see these flagellants with their heads bent low over their balconies and punishing with muscular uplifted arms the lower portions of their unoffending carpets. It must have been an exceedingly good exercise to begin the day with.

Genoa is, indeed, not only the loveliest and most magnificent of cities but surely also the noisiest. The pavements are constructed with large square cobbles and most of the streets are mediaevally narrow, so that every ounce of noise is extracted from every wheel. Conversation was quite impossible in the little autobus which conveniently plied, free of charge, between the Albergo and the Casa. There are no regulations about the silencing of motors, and, as some of the streets have no footpath at all, the horn has practically to be kept going and produces, therefore, very little warning effect. Moreover, the horse-driver loves to play his part in the orchestra by cracking his long whip with the suddenness and sharpness of a revolver shot. Italian towns seem to have had this particular character from the remotest times, and one can sympathize with Horace's delight in escaping from the "fumus strepitusque Romae."

But this was a very unimportant fly in the exquisite and perfumed ointment of Genoa. The social aspect of the Conference was remarkable for its variety and splendour. Dinners and receptions, concerts and excursions, festivities of all

kinds, enlivened and even embarrassed the daily task of delegate and journalist. I have said that no city in the world is so richly equipped with the amenities for a stately and magnificent hospitality. The public receptions in various palaces were riots of regardless and indescribable splendour. One recalls particularly the soirées at the Palazzo Municipale and the Palazzo Ducale. The former communicated by broad, flower-vased terraces with the equally opulent *salons* of the Palazzo Bianco, and through this dream of marble mosaic and glowing fresco, gold and scarlet furnishings and accumulated treasures of art, the thousand guests wandered at will—a simmering throng diversified with the steel and silver and red of military and ecclesiastical uniforms.

The arrival of M. Tchitcherin and the other Russian delegates was awaited on such occasions with great interest. The chief delegate, having arrived at the gateway of the Palace, was hustled inside by a crowd of Genoese fellow-communists who crowded round him in order to intercept any explosives which might be going, though there was never much danger of that sort. Once inside, M. Tchitcherin was almost mobbed by an inquisitive, if not an admiring, throng who besieged him for autographs and other mementoes. Whether the Russian revolutionary's dislike of the bourgeoisie was inflamed or to some extent appeased by these attentions it is not possible to say.

The refreshment of such a multitude with wines and ices and exquisite cakes of every species must have been a problem. But it was carried out swiftly and efficiently by countless waiters who quickly entered the *salons* when the hour came and passed rapidly through the crowds bearing great trays, generously laden with these dainties, on one deft and uplifted hand. And always and all the time one had that feeling of taking part in some mediaeval pageantry, with which one becomes so familiar in Genoa. In these Palace receptions one almost expected to see the partisans of rival factions appear, to witness the sudden fracas, the clash of steel and the tragic stain on the floor.



Palazzo Municipale, Via Garibaldi.

Among the trips to which we were invited by our Italian hosts I particularly remember one to Portofino Vetta, a hostelry high up on the cliffs to the east of Genoa, affording a great prospect over the piled and tumbled mountains behind, and along the whole magic coastline of the Ligurian Riviera, ending, in the far west, in the snowy summits of the Piedmontese Alps. The colours of the sea were entrancing. When we arrived it was of a rich turquoise and violet, exactly Homer's *ιοειδέα πόντον*, but later it was transformed by some wizardry into a perfect welter of opals.

After a pleasant but clamorous luncheon some of us detached ourselves from the official party and walked by a winding cliff path through olive woods and fruit orchards along and down the cliffs to the little village of Portofino a Mare, or Porto San Giorgio, far below. This has been described as the loveliest spot in Europe. It is indeed almost freakishly beautiful. The coast of the Riviera di Levante here suddenly improvises a picturesque promontory which cuts off and protects a tiny harbour resembling a marble cup filled with sapphire water, round which the little village clusters. One might repeat of Portofino what Catullus wrote of another place not very far away :

Ille terrarum mihi praeter omnes
Angulus ridet.

The loveliness of the Ligurian Riviera culminates, we may say, at Portofino.

Genoa, I think, is not much devoted to music. That art figures surprisingly little in its rich and elaborate hospitality. But we had performances of *Aïda* and *Mefistofele* at the Opera House, and one very brilliant concert there, remarkable for the astonishing virtuosity of a young violinist, Signorina Lina Spera, who is surely on the threshold of a European and world reputation. Genoa was the birthplace and home of Paganini, an interesting portrait of whom hangs in the Palazzo Rosso. Mademoiselle Spera would have been a dangerous rival of the diabolic fiddler.

No one who took part in the life and work of the Genoa Conference will readily lose the vivid impression of his visit to this radiant city under such happy conditions, or his sense of gratitude to the civic and national authorities and to a people of high and ancient culture for the unaffected kindness and courtesy of their welcome.

CHAPTER III

THE INAUGURATION

THE great inaugural ceremony at which the Genoa Conference was fairly launched on its adventurous voyage took place at three o'clock on Monday, April 10th. Out of the many palaces at Genoa the one chosen for this historic occasion was of happy omen for the British, bearing the name of England's patron saint, of the British Sovereign and the British Prime Minister—the Palazzo di San Giorgio.* This is the oldest and most interesting, but not the most gorgeous of the Genoese palaces, having been built by Guglielmo Boccanegra, Captain of the People, after a drawing by the Friar Oliviero, a great architect of those days. For several centuries it was the seat of the famous Bank of St. George, but even before this it seems to have been concerned with financial transactions, for it was here, I understand, that the ransom of our King Richard Cœur-de-Lion was paid. One seems to pass through its portals right into the Middle Ages.

The Palace faces on one side a broad, open space called the Piazza Caricamento, a sort of market square, which on this occasion was kept open by large bodies of troops, the Genoese people being held back some little distance up the various narrow streets leading downwards from the city on to the Piazza.

Bersaglieri, Carabinieri, cavalry, gendarmes in various picturesque uniforms, contributed to the setting of a perfect Botticellian tableau, such as the visitor to the National Gallery in London may see in many an old Italian painting.

* There was no truth in a subsequent rumour that the Italians intended to change the name of the Palace to the Palazzo di San Lloyd Giorgio.

The main personages of the various delegations arrived at one end of the Piazza, where they were halted before entering the Palace and photographed by innumerable camera-artists. At the opposite end of the Palace the invited guests, journalists and subordinate members of the delegations rolled up in their motor cars.

Passing between files of brilliant grand opera figures, we mounted the stairs to the hall, the Sala dei Compratori, in which the great ceremony was to take place. Long before three o'clock this was well filled with the polyglot delegates of the thirty-four nations, with many invited guests, and in the gallery a number of journalists who had been fortunate enough to obtain tickets, the number of which was rather severely restricted. The civic broadcloth worn by most of those present was relieved by the dresses of the ladies and the silver braid and other trappings of military and ecclesiastical dignitaries. Along the walls of the Sala sat the sculptured figures of old Genoese merchant princes, the Antonios and Leonatos of the Shakespearean plays, who with their faces turned towards the chair seemed to listen intently from their niches to proceedings which in their lifetimes would certainly have interested them.

To an Englishman isolated among many foreigners it was pleasant to observe the interest with which the British Prime Minister and his colleagues were awaited. When at last the familiar figure appeared, easily distinguished by the silvery hair and a certain leonine cast of countenance, there was a great ovation amid which Mr. Lloyd George advanced to his seat on the left of the presidential chair. Even from the opposite end of the hall one could sense the breeze of auspicious geniality which the Prime Minister brought into that anxious and formal assemblage.

From the moment Mr. Lloyd George entered the Palace of San Giorgio he became the central figure of the Conference. "Your Prime Minister dominates the Conference," said a foreigner to me. But he dominated it, we may fairly say, not in any aggressive meaning of the term, but by virtue



Palazzo di San Giorgio. The Hall where the Plenary Sessions were held.

of his personal character, by the sense and sanity of his judgments, and, perhaps above all, by that humour and good-humour of his which served to hearten us all so long during the war and helped towards our ultimate victory. I am as free as any one could be from the prejudices, *pro* or *contra*, of our home politics, but it may be said, without hyperbole, that England, in the course of her history, has never been more happily represented in international councils than she has been since the war by the present Prime Minister.

When the whole company was assembled, the Chair was taken provisionally by Signor Facta, the Prime Minister of Italy, a very pleasing gentleman, of short stature, courteous manners and fair moustaches, gallantly *ébouriffées*. In this capacity he addressed the following welcome to the deputations :

“ I assume the temporary presidency of this Assembly, and have the honour of welcoming you in the name of His Majesty the King of Italy, in the name of the Government and the Italian people, in the name of the Governments represented on the Supreme Council and of Belgium, who have invited you to meet here in Genoa to accomplish together a great work of peace and economic reconstruction in the interests of Europe and the whole world. We have given the greatest care to the organization of this Conference, on which your countries and our country found their legitimate hopes for overcoming the grave economic difficulties of the present hour. Your work will be followed in Italy with anxious sympathy by our whole nation. Italian public opinion is fully convinced of the urgent need of re-establishing in Europe a new economic equilibrium. Italy has made the greatest efforts in the direction of reconstruction since the end of the war ; nevertheless, she is convinced that it is not possible to maintain the results already secured, and still less to advance still further on the path of her own economic recovery, unless a full and lasting pacification of Europe is secured, and unless the economic restoration of all the other nations of Europe is

obtained. We have felt, and we feel, by the very fundamental characteristics of our own national economy perhaps more keenly than other nations, the profound value of the principle of economic unity of Europe and of the world ; and, moreover, never before, since the war, has it been so keenly made clear that the life of each single nation is dependent on the life of all the others.

“ Gentlemen, in the name of Genoa, which in history has been associated with some of the greatest efforts accomplished for the organization of world trade, we hope that the name of this city, where the present Conference is taking place, will be a good augury for the results of our labours. Italy is proud and happy that the Conference is held in this country, and has full belief in its success, which will depend more especially upon the goodwill of all the nations here assembled, so that the name of this city will go down in history connected with the name of this Conference as one of its greatest glories.

“ I will now read a message which has just been sent to this Conference by His Majesty the King of Italy :

“ ‘ On the day on which the International Conference of Genoa begins its labours, I wish to send it a message expressing my thoughts and hopes. May they express my confidence in the final restoration of the spirit of peace among the nations and the welcome which Italy extends to all the countries whose representatives meet to-day in this city of Genoa—Genoa, illustrious for its glorious traditions, for the industry of its people and for its great economic energies.’

“ I will now read a telegram which has just come from the President of the Council of Ministers of France, M. Poincaré :

“ ‘ Mr. President and dear Colleague, At this time, when under your Presidency the International Conference of Genoa is beginning its labours, I wish once more to express to you all my regret at the fact that I cannot leave Paris, and have not been able to accept the cordial

invitation extended to me by the Italian Government. M. Barthou, who replaces me at the head of the French Delegation, will express to you the ardent wishes which the Government of the Republic forms for the success of the great work of economic and financial reconstruction which the nations assembled at Genoa have undertaken the severe task of bringing to a successful issue. The great trials through which France has passed have never made her lose sight of those permanent laws of European solidarity. Just as keen is her legitimate desire not to allow any attack to be made on the rights which are hers in virtue of the Treaties. Equally keen is her wish to collaborate with all her strength and with all her heart for the restoration of unfortunate peoples. Not only will she very willingly take part in all initiatives which are taken to this effect, but her Delegation itself will present to the Conference on all the more important problems which will come before it positive and practical proposals, such as are likely to favour the economic revival of Europe, and restore general prosperity. Like the Government of Italy, the Government of the Republic ardently hopes that the Genoa Conference, by helping to dissipate the feeling of distress which weighs on the whole world, will succeed in making peace more prosperous and in preparing a more happy future for the human family. Believe me, Mr. President and dear Colleague, in the expression of my devoted sentiments, RAYMOND POINCARÉ.'''

Signor Facta's speeches were at once translated into English by Mrs. Agresti, wife of a distinguished Italian journalist, daughter of Mr. W. M. Rossetti, and a niece of Dante Gabriel Rossetti. She possessed a wonderful faculty of listening to a speech in Italian, and at once reproducing its true gist in English. She acted throughout the Conference as Anglo-Italian interpreter, M. Camerlingh translating into French.

M. Facta then invited the Assembly to elect its President, and Mr. Lloyd George at once arose to propose the

Italian Prime Minister to that high position. He spoke thus :

“ Perhaps I may be permitted, before I submit to the Assembly the name of a President whom I invite them to elect, to thank the Italian Prime Minister for the greeting which he has extended to us. It is a matter of great pride to us to meet here under the auspices of the great people to whom European civilization owes so much throughout the ages. They have been amongst the pioneers of civilization in this Continent. It is therefore appropriate that they should take a leading part in saving that civilization from being destroyed. It is also a pleasure to meet in this illustrious city, which from early days has taken such a part in the organization of International trade and commerce and in the promotion of the peaceable interchange of the products of all the peoples of the world. I believe that in this very building were witnessed some of the first efforts at banking throughout the world. Having said so much, it is now my privilege to propose for election to the Presidency of this great Conference, upon which so much of the hopes of the world depends, the name of Mr. Facta, the Prime Minister of Italy ; not merely for the reason that he represents this great people, but because his own accomplishments are such that there is no better name to be submitted. It is therefore with great pleasure that I submit the name of Mr. Facta as the President of the Conference.”

The resolution was seconded by Monsieur Barthou, Chief of the French Delegation. Some of his hearers caught a vibration of the French temper *vis-à-vis* Russia in a certain phrase in this brief speech, in which the French Minister greeted Italy as “ the home and cradle of those principles of law which we all desire to serve.” The motion was carried unanimously, and Mr. Facta, having expressed his acknowledgments of the honour, proceeded to deliver his inaugural address. It is perhaps not necessary to reproduce these



Signor Facta (holding paper in front), Prime Minister of Italy and President of the Conference.



Group at Genoa. Mr. Lloyd George with Mrs. and Miss Lloyd George. On the extreme left Signor Facta and on Mr. Lloyd George's left Signor Schanzer and Signor Rossi.

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speeches *in extenso*, especially as an official summary is available. According to this, Mr. Facta said :

“ The Conference is welcomed as an expression of the spirit of solidarity with which all Europe should be imbued—the Conference must act in the spirit of sincere co-operation, striving to utilize to the utmost all the resources of the nations assembled at Genoa. The psychological, political, social, and economic effects of the world war have completely destroyed pre-war financial and economic conditions ; many European nations are still in a state of economic disorder and even anarchy ; some are threatened with disease and hunger.

“ There are in the world some 3,000,000 unemployed or under-employed persons. The fundamental reason for this is lack of confidence, which must be restored if the normal working of the economic machine is to be re-established. To this end international co-operation is necessary, and it is the spirit of co-operation and fraternity which must guide the Conference.

“ In this place the hatreds and resentments of war must be forgotten. Here there are no longer friends and enemies, victors and vanquished, but only members of nations striving in common for the attainment of a lofty ideal.

“ The Conference agenda includes political, economic, and financial questions, which are closely connected with each other. Our goal is the restoration of such conditions in Europe as will enable the peoples to live peacefully side by side and co-ordinate the various national economic systems, so seriously affected by the war. Europe is to-day divided by economic barriers which are the source of national isolation and mutual distrust. There are countries, particularly Russia, which are outside the general economic system of Europe. There are also certain economic and financial problems which affect all European countries. These questions should cause us all to examine our consciences and reconsider our

military, financial, economic, transport and commercial policies.

“Italy will at the Conference pursue the path which she has followed since the war, that of peace and international collaboration. Italy will support at the Conference the resolutions best calculated to secure these things and to bring about an era in which disputes will be settled not by violence, but by discussions. The cloud in the Pacific has already disappeared as the result of the Washington Conference.

“At Genoa we must work for the peace of Europe in the same sincere spirit which inspired the Washington gathering. The great principle which should dominate the discussions is the great principle that the salvation of the community of nations can only be achieved by establishing a just accord between the independence, autonomy, and sovereignty of individual States; on the one hand the respect which individual States must show, on the other hand their reciprocal relations for the rights of other States and of citizenship.

Signor Facta concluded by an appeal for equity, justice and solidarity between peoples in conformity with the solemn message just issued by the Pope, expressing impartial feeling for all nations and hope for the establishment of harmony among them.

Having thus spoken, Mr. Facta proceeded to make a declaration of great significance in view of past events and those about to take place:

“This Conference has been summoned on the basis of the resolutions of the Cannes Conference. These resolutions were notified to all the Powers who were invited to attend. The simple fact that the invitation has been accepted is evidence that those who have accepted the invitation have therefore also accepted the principles contained in the Cannes resolutions.”

Then followed in turn the introductory speeches of the heads of the more important delegations, Mr. Lloyd George

rising first. Mr. Facta had read his address in a formal manner, but with the British Prime Minister we were at once in a different atmosphere. There was now no lack of that *actio* which Cicero regarded as so essential to the art of oratory. Mr. Lloyd George was in his best platform mood. He had a complete command of himself, and in a few moments had complete command of his audience. He spoke with great energy, turning to right and left, now emphasizing a point with clenched fist, now shaking an admonitory finger, and with every modulation, through the whole gamut from tears to laughter, of his wonderful instrument of a voice. To the greater part of his audience English must have been an unknown or imperfectly-known language. Yet the whole assembly was held by the orator's musical tones, by his eloquent gestures and the impression of sincerity and good faith the entire speech conveyed. It was interesting to notice, also, in this and the subsequent shorter speech, that the thirty-four nations all seemed to appreciate in common Mr. Lloyd George's recurring strokes of humour. No one seemed to miss the sly reference to Christopher Columbus and the absence of the Americans from the Conference. Mr. Lloyd George said :

“ I am glad to take this opportunity of associating the British Delegation at the outset of our proceedings with the clear and eloquent statement of the aims and principles of the Conference which has fallen from the lips of the Italian Prime Minister. This is the greatest gathering of European nations which has ever been assembled in this continent, and having regard to the magnitude of the assembly, the character of its representation, the importance of the topics we are here to discuss, the results of the Conference will be far-reaching in their effects either for better or for worse upon the destiny, not merely of Europe, but of the whole world.

“ We meet on equal terms, provided we accept equal conditions. We are not here as allied and enemy States. We are not here as belligerents and neutrals. We have

not come together as Monarchists or Republicans or Sovietists. We are assembled as the representatives of all the nations and peoples of Europe to seek out in common the best methods of restoring the shattered prosperity of this continent, so that we may each build up in his own land, each in his own way, a better condition of things for our people than the world has yet enjoyed ; but, if we meet on terms of equality, it must be because we accept equal conditions. These conditions the inviting Powers laid down at Cannes. They apply to all alike. They are the conditions which have hitherto been accepted by all civilized communities as the basis of international good faith. They are in themselves honourable. They are essential to any intercourse between nations. They do not derogate from the complete sovereignty of States. We fully accept them ourselves. They are the only conditions upon which we can consent to deal with others. I will summarize them in two or three sentences.

“ The first is that when a country enters into contractual obligations with another country or its nationals for value received, that contract cannot be repudiated whenever a country changes its Government without returning the value.

“ The second is that no country can wage war on the institutions of another.

“ The third is that one nation shall not engage in aggressive operations against the territory of another.

“ The fourth is that the nationals of one country shall be entitled to impartial justice in the courts of another.

“ If any people reject these elementary conditions of civilized intercourse between nations, they cannot be expected to be received into the comity of nations. These conditions were laid down at Cannes. They were incorporated in the invitation to this Conference. They are the fundamental basis of its proceedings, and all those who accepted the invitation must be presumed to have accepted conditions, and I have every reason to believe that that

is the view which every nation represented at this assembly is prepared to adhere to in the letter and in the spirit.

“ Mr. President, you have set out in forceful language the object of this great Conference ; Europe undoubtedly needs a common effort to restore the devastation wrought by the most destructive war ever waged in this world. That war came to an end over three years ago. Europe, exhausted with its fury, with the loss of blood and treasure which it involved, is staggering under the colossal burdens of debt and reparation which it entailed. The pulse of commerce is beating feebly and wildly ; in some lands an artificial activity is stimulated either by demands for repairing the ravages of war or by generations of thrift by the frugal and industrious amongst the people, but legitimate trade, commerce and industry are everywhere disorganized and depressed. There is unemployment in the West, there are famine and pestilence in the East ; peoples of all races, of all classes, are suffering, some more and some less, but all are suffering, and unless some common effort of all the nations of Europe is made, and made immediately, to restore European efficiency I can see symptoms not merely that the suffering will continue, but that it may even deepen into despair.

“ What is the first need of Europe ? Peace—a real peace. We propose to study currency—good. We propose to examine the question of exchanges ; that is also good. We propose to discuss transport and credit—that is all good, but unless peace is established and good will amongst the nations all these discussions will be of no avail. On the other hand, if a real peace is the issue of this Conference, all those things will be added unto you. But is there not peace in Europe ? It is true that actual fighting has ceased, but the snarling goes on, and as there are many dogs in every country who imagine the louder they bark the deeper the impression they make of their ferocity and determination, Europe is deafened with this canine clamour. It is undignified ; it is distracting ; it destroys confidence ;

it rattles the nerves of a nerve-ruined continent, and we shall only make a real contribution to the restoration of Europe if at this Conference we can stop the snarling.

“ Europe needs rest, quiet, tranquillity—that is, it needs peace. If we act together in that same spirit we shall succeed, not in the spirit of a greedy vigilance over selfish interests, but with a common desire to do the best to restore the world to its normal condition of health and vigour. We shall do so if we measure the success of the Conference by the good we achieve and not by the good we prevent. We must not roll boulders in front of the plough. Let us think more of what we can accomplish than of what we can restrict.

“ We have all of us one common restriction in the public opinion of our own countries. The public opinion of one country is concentrated, perhaps, more upon one aspect of affairs and the public opinion of another upon a different object. That undoubtedly creates difficulties. It is not easy to reconcile these diverging opinions even when they are not conflicting, but public opinion is not a rigid fact like the Alps or the Apennines. It is amenable to guidance, to direction, and to the appeal of reason and of conscience, and I feel confident that in every way it will yield a good deal to an appeal made to its mind and heart by the common statesmanship of Europe. It can be taught that the good of another country is not necessarily an evil for its own; on the contrary, that what benefits all lands must necessarily be the best for its own.

“ The world is one economic unit. Economically it is not even two hemispheres; it is one round unbroken sphere. For that reason I regret that the great American Republic is not represented here. However, much that has happened and is happening in Europe makes them cautious of interfering in our affairs, but if we can set these things right at this Conference I feel sure that America will not merely come in, but come in gladly. A distinguished citizen of this city once upon a time discovered America,



Photo by]

[Russell, London.

The Right Hon. Sir Robert Horne, G.B.E., K.C., M.P., Chancellor of the Exchequer.

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and as Genoa in the past discovered America to Europe I am hopeful that Genoa once more will render another immortal service to humanity by rediscovering Europe to America.

“ There are thirty-four nations represented at this table, and the interest taken in the Conference by the world is by no means exhausted by that representation. The Press of practically the world is represented. They would not be here if the great publics, which, according to their genius, they either fortify and instruct or alarm and chasten were not deeply concerned in our proceedings and anxious as to the results. The world will follow our deliberations with alternate hopes and fears. If we fail there will be a sense of despair which will sweep over the whole world. If we succeed a ray of confidence will illuminate the gloom which is resting on the spirit of mankind. Europe is the cradle of a great civilization, which during the last five hundred years has spread across the globe ; that civilization has been menaced with destruction by the horrors of the last few years, but if we do our duty manfully and fearlessly we shall prove that this Conference, meeting as it does in the sacred week of that civilization, is capable of achieving its exalted purpose by establishing on a firm basis peace and good will amongst men.”

Then rose M. Barthou, the chief French Delegate, and we had an opportunity of comparing two very different types of oratory. The French Minister declaimed with much emphasis from a manuscript he held in his left hand, while with his right he gesticulated in the staccato manner characteristic of French speech, whether elocutionary or colloquial. He said :

“ I bring to this Conference, from which may result a new orientation for the world, the considered views and the loyal support of France. When Mr. Lloyd George, at the Cannes Conference, took his noble initiative, France gave her immediate adhesion, and if she did make a request for an adjournment—an adjournment which has been usefully employed—she only did so in the desire to attain, thanks to a

more complete preparation, results in which she placed her confidence and her hope.

“The world is tired of vain words and solemn declamations. Such declamations are fruitless. The world is suffering from ill-health and lack of security and stability. May a methodical and efficacious action bring to it the equilibrium which it requires? We have come here to act. We are not lookers-on; we are collaborators ready to take our part in the common labours and responsibilities. We are not, indeed, blind to the difficulties and the obstacles of our task, nor to the amount of time it must take, but pessimists are impotent. Faith, and an active faith, can alone save the world.

“Europe is strewn with ruins. It would no doubt be madness to believe that an enchanted castle could rise from those ruins at one wave of the magic wand, but it would be madness, more disastrous and more monstrous, to sit on the road with folded arms and do nothing because there was too much to do.

“France has shown by her efforts that she understands the necessity of, and that she knows the price of, action. She is not animated with any feelings of national egoism and does not pretend to exercise a hegemony. The war has cost her too much for her not to hold war in horror. She is wholly peace-loving, and it is not she who would have the criminal aberration of disturbing the peace of the world.

“The Genoa Conference cannot be, and will not be, a court of cassation before which existing Treaties will be called, judged and revised, but on all financial and economic questions, the solution of which means the restoration of tottering Europe, free discussion is open to all. France will not maintain a merely negative attitude. Her experts have performed a considerable task, and there is no question which has escaped their examination. We do not desire that which appears inadmissible; we desire that which we believe to be just, necessary and possible. The complexity of the questions precludes simplicity of formulæ, and

the sickness of Europe will not be cured by a panacea. Europe—why not say the whole world?—is a commercial unity, all the members of which have been affected by the war, even those which did not perish thereby, and it behoves each nation, whatever be the political form of its government, and provided it respects the common rights without which there is no civilization, to aid in the reconstruction and the success of all.

“The French Delegation will speak no word of hatred. It does not wish anyone to suffer humiliation; it will act in the full light of day; it has nothing to conceal of its ideas and plans, and is animated with feelings of good will and confidence, without which it would be useless, perhaps dangerous, to set to work. Peace and work are the programme and the watchword of France.”

The speeches of the Delegates of Japan and Belgium were commendably brief. Viscount Ishii, Japanese Ambassador in Paris, emerging almost imperceptibly from the mass of seated delegates around, spoke thus:

“Gentlemen,—The Conference which brings us together to-day arouses throughout the whole world the greatest hopes. Exhausted by the war, tired and irritated by the evils which it has caused, the peoples of all nations, belligerent and neutral, have their eyes fixed upon our deliberations. They hope that the result of our labours will put an end to the general state of discord, will close an era of discrimination, of mistrust and of suspicion, and will inaugurate an era of harmony, of confidence and of co-operation among the nations.

“To attain this end it is indispensable to re-establish normal relations in the sphere of economics, commerce and finance, to remove the barriers which hinder the free interchange of products and activities, and, finally, to realize that international solidarity which alone can lead to the return of general prosperity. Although the geographical situation of Japan renders her less directly sensible to the troubles in Europe, she herself has suffered and still has to endure a

serious economic crisis. She has suffered from the closing of the European markets, from the uncertainty of economic relations and from the instability of the exchanges. Our country, which is animated by a sincere spirit of friendship and international co-operation, wishes to live in peace with all peoples, particularly with our neighbours. Her policy is inspired solely by economic motives, by the desire to contribute to the development of the natural resources of the earth for the benefit of all, by a legitimate wish to protect the rights of her subjects. The interests of Japan are therefore in perfect harmony with those of other nations, and it is with the hope of confident co-operation and active collaboration that the Japanese Delegate is going to take part in the work of this Conference, the importance of which is inestimable and the results of which I hope will be of the greatest benefit for the future development of the world."

M. Theunis, Prime Minister of Belgium, and First Delegate for that country, rose from the opposite side of the hall and had soon finished his say :

"Gentlemen,—After the eloquent speeches you have just heard, will you permit the Belgian Delegation to say a few words more to express in its turn its very great thanks to the Italian Government for the cordial and hospitable reception which has been accorded to them in this illustrious city? I desire equally to affirm the sincerity of the pledges we are making for the success of this Conference. Belgium is a nation jealous of its independence, but, above all, peaceful. She has suffered cruelly from the war, and her active and energetic population only demands to be allowed to work in peace. Freedom of work and of the international exchanges is all the more necessary to Belgium, as the density of her population and her geographical situation have made her one of the most active nerve-centres of Europe from the industrial and commercial point of view. I will only remind you that before the war Belgium occupied the fifth position in the Nations of the World from the point of view of special trade.

“ This will tell you how much we desire that remedies may be found to put an end to the period of economic oppression from which we are all suffering. The Italian Government has been so kind as to allow the great International Assize which is opening to-day to be held in its country. It has chosen as the city of the Conference this important commercial metropolis. The secular activity of the city of Genoa and its marvellous development are the best examples of the prosperity which the development of international economic relations can bring to peoples.”

It was then the turn of Dr. Wirth, the German Chancellor. His was an eminently discreet utterance, consisting mainly of harmless generalizations. It was also rather prolonged, and by the time the audience had heard it translated into two other languages, a slight sense of boredom had supervened. One or two passages, however, for example that referring to the economic solidarity of the world, were very ably conceived and expressed.

According to the official summary :

Dr. Wirth said that the economic illness from which the world was suffering might be far more dangerous than physiological epidemics, and that co-operation and collaboration here were the essential parts of the cure. The mere assembly of this Conference was a recognition of the urgent necessity of this technical co-operation. He insisted on the necessity of putting aside political aims when discussing strictly economic problems. All the nations of the earth formed an economic chain, and when one link was broken then the chain was broken. The guiding principle of the Conference must therefore be equal rights of all peoples in our labours.

Dr. Wirth commented on the extremely difficult position of the German Government in connection with their own internal problems, but they were prepared to take the risk of postponing dealing with their own internal affairs in order to share in the united attempt to solve the problems of Europe. The economic prosperity of one country assisted

the economic prosperity of all the others, and the predominant *rôle* in the Conference must be played by the economic and financial experts who would guide Europe back to the path of unrestricted trade and commerce. Failure would render the burden of the present crisis insupportable, and would be the death-blow of reconstruction. The problem of German economics was, as all the world recognized, inseparably connected with the difficulties of which the other nations had to complain. He hoped, in conclusion, that the business of the Conference would be carried out with that determined optimism which should accompany every great work.

Then came a long-expected moment, and the audience uttered a little gasp of relief and curiosity when the President called on M. Tchitcherin, member of the Central Executive Pan-Russian Committee, People's Commissioner for Foreign Affairs, President of the Russian Delegation. Arose then a highly respectable, black-coated, spectacled gentleman, extremely *bourgeois* in aspect, and rather suggestive of the Wesleyan ministry. He spoke in French, but his speech was translated into English. Neither M. Tchitcherin nor his translator were clearly audible throughout the hall, so that no one fully realized the amount of explosive material the speech contained. He "took note" of the Cannes resolutions, but it was his attempt to enlarge and interpret them in his own fashion that caused the trouble. This oration, too, was so long-winded that a careful and convenient summary may be substituted for the literal report :

Associating himself especially with Signor Facta's and Mr. Lloyd George's assurances that all the delegates were there upon a footing of equality, M. Tchitcherin said that, while remaining faithful to Communist principles, the Bolshevists recognized that in the present historical period, in which the old and new social order stand side by side, economic co-operation between them was imperatively necessary. They had not come to make propaganda, but to open practical relations with the Governments and busi-

ness men of all countries on a basis of reciprocity, equality of rights, and entire recognition of the Bolshevik political system. Russia was ready voluntarily to open her frontiers for the creation of channels of international communications, and to offer for cultivation millions of acres of the most fertile soil in the world. (He did not allude to the famine.)

She was also ready to give forests and mining concessions of infinite richness in accordance with a plan which would be presented. This plan could be realized inasmuch as the capital invested annually in it would be but a small part of the sum spent on armies and navies in Europe and America. The Bolsheviks, therefore, took note of the principles of the Cannes resolutions, adopted them in principle, but reserved the right to put forward supplementary amendments.

M. Tchitcherin wished to point out that the recent decisions of the Bolshevik Government go beyond the Cannes resolutions in regard to the legal guarantees demanded by the *bourgeois* States for their economic collaboration with Soviet Russia, but it must be firmly said that all efforts economically to reconstruct the world must be vain so long as the threat of new wars existed.

In this respect Russia was disposed to help to consolidate peace in so far as this might be possible under the social and political order still existing in most countries. The Russians would therefore propose a general limitation of armaments and would support all tendencies to lighten the burden of militarism on the condition that the limitation should be applicable to the armies of all countries and that the rules of war should forbid absolutely barbarous methods like poison gases, aerial warfare, and especially offences against civil populations. Russia was equally ready to limit her own armaments on condition that there should be entire reciprocity, and she were given guarantees that were indispensable against every kind of attack and interference in her domestic affairs.

In attending the Conference and in greeting with pleasure the British Prime Minister's proposal that similar Conferences should be periodically convened, M. Tchitcherin said he must point out the necessity of enlarging their scope so that they might include representatives of every people. Universal peace could only be the work of a universal congress meeting on a basis of the equality of all peoples and the recognition of the right of every people to self-determination. Moreover, it would be indispensable that labour organizations should take part in these Conferences, whose decisions would not be enforced by coercion of any kind.

While accepting as a starting point the old international agreements with suitable modifications, and being ready to help to revise the Covenant of the League of Nations, the Russian Government believes that a universal congress should appoint technical commissions to work out the economic reconstruction of the world. International railway, fluvial and maritime routes must be created, the immense riches of Siberia should be placed at the disposal of the whole world, the gold reserves now accumulated in some countries should be redistributed in pre-war proportions by means of long-term loans, while the supplies of coal and oil in the world should likewise be distributed. These would be the main lines of the Russian proposals, although as Communists they could be under no illusion as to the possibility of removing the causes of war and economic crises as long as the present social system lasts outside Russia.

Hitherto perfectly calm weather had prevailed in the Conference, but when M. Tchitcherin sat down there arose a squall of an ominous and dangerous violence. M. Barthou, who had already had his turn, was immediately on his feet again, in a mood of angry and emphatic protestation. He took exception to three points which M. Tchitcherin had sought to introduce into the Genoa agenda: the question of a universal conference and of a series of conferences and the subject of disarmament.



Photo by

[Langley, Ltd., 23A, Old Bond Street, W.]

The Right Hon. Sir Laming Worthington-Evans, Bt., M.P.,
Secretary of State for War.

[To face page 64.]

M. Barthou said that although he did not wish to provoke an incident, he desired still more to prevent possible misunderstandings. At the beginning of the sitting Signor Facta pointed out that the Conference was convened in accordance with the Cannes resolutions and the presence of the different delegations implied their acceptance of the Cannes conditions. The French Delegation did not contest the right of Russia or any other delegation to examine and express its opinion on all subjects upon the agenda. If M. Tchitcherin announced his intention of making proposals upon financial, commercial, or transport questions, France had no objection, but the leader of the Russian Delegation had said in his speech that he would refer to questions which were either passed by in silence or were deliberately put aside at Cannes. Among those which were passed by was the question of a so-called universal Conference, to which M. Tchitcherin had referred. Nothing in the Cannes resolution prepared us for such a Conference. The Russian Delegates also suggested that the Conference of Genoa would be the beginning of other Conferences which the delegates here present would be morally bound to attend. "This, again, is not referred to in the Cannes resolutions, and in the name of the French Delegation and of France I must protest strongly against these two questions being raised."

There was, besides, a third question which was deliberately put aside at Cannes, and on which France could accept no discussion. M. Tchitcherin had announced his intention of introducing the question of disarmament. "This," added M. Barthou, "is not on the agenda, and I say simply but clearly that when and if Russia wants to examine this question she will be faced not only with the reserve of France, but with her protest and absolute final and decisive refusal to discuss it. Her attitude will be the same if in Committee the President allows the problem to be raised at all."

M. Barthou pointed out that earlier in the afternoon his speech had been very conciliatory, but there were times

when one must say No. He was convinced that the Italian Delegation would support him in insisting that no one could escape from the Cannes resolution either directly or indirectly.

M. Barthou sat down amid general applause, which was rather a tribute to the energetic emphasis of his manner than an expression of complete approval of what he said. It was commonly admitted by observers afterwards that, dialectically, M. Tchitcherin showed himself even more than a match for the Frenchman in this bout of fencing. The reference to M. Briand's rather unguarded remark at Washington was, indeed, a masterly *riposto*.

The reader may be glad to hear what M. Tchitcherin said at this critical juncture in full :

“Gentlemen,—In the French Memorandum of M. Poincaré, which we do not know of officially, but only through the medium of the Press, it is said expressly that the meaning of the principles included in the Cannes resolutions is not very clear. Therefore we are entering the same reservation, perhaps, on other points of the agenda. We simply say that the scope of certain principles does not appear very clear to us, and we request to be enlightened in this respect. As to introducing into the debate questions which are not mentioned in the agenda of the Genoa Conference, we do not know this agenda officially, and I may remark that some of the questions which are included in the agenda of the Genoa Conference were not included in the Cannes resolutions ; that you are here ready to study questions which are outside the original limits of the Cannes resolutions. We have an agenda which so far we consider as provisional and not final for the Genoa Conference, but as we have come here in a spirit of conciliation we are ready to bow before the collective decision given by the Conference about its own agenda.

“As to the idea of periodical Conferences, it was the Prime Minister of Great Britain himself who introduced this idea in one of his last speeches. I am only repeating

what he himself declared. As to disarmament, I am not aware of the official position taken in this respect by the various Governments who have convened this Conference. The point of view of France was known to us from statements made by M. Briand at Washington when speaking in the debate on the limitation of armaments. He said that the cause for which disarmament—or rather limitation of armaments, because at Washington it was limitation of armaments that was discussed—the reason for which armament could not be limited was the state of armament in Russia. We, therefore, were led to suppose that if Russia did consent to disarm the cause invoked by M. Briand would *ipso facto* disappear. I may remark in this respect that the question of disarmament has not been excluded from the present agenda. For us it is a capital question, but I will here repeat what I said before. Having come here in a spirit of conciliation we are ready to accept the decision of the Conference if it decides that this question shall not be included in this agenda.”

The assembly was a little aghast at this sudden turn in the proceedings. We seemed to be in sight of disaster. Was the Conference destined to be wrecked even before it had cleared the harbour? Happily there was a sure and skilful hand ready to take the wheel. This was the first of many occasions on which Mr. Lloyd George was to save the Conference from destruction. I do not wish to fall into hyperbole, but there was, perhaps, no other statesman on this terraqueous globe who could have done what the British Prime Minister now did. It was the ultimate test of those happy qualities of humour and good-humour which he has always brought to bear upon these fateful world-palavers. It will be noticed that Mr. Lloyd George made his points and administered his “chaff” without wounding anybody’s susceptibilities. I was sitting behind M. Tchitcherin’s broad and respectable back, and could not see how he took the British Prime Minister’s banter, but those more favourably placed say that his face was wreathed in appreciative smiles. If Mr. Lloyd George’s

speech was extempore, as I have reason to believe, it was surely a moral and intellectual achievement of the first order, if one can use those heavy words of a performance so graceful and lighthanded. The reader must supply from his imagination the expression and humorous gesture with which the speech was delivered. It was pleasant to see the speaker with both hands laid palm downwards on his coat in front, leaning forward towards the formidable Bolshevik, and administering this genial but paternal correction.

The British Prime Minister pointed out that their previous efforts to secure a Conference of all the nations of Europe, including Russia, had broken down because of the difficulty of agreeing on the basis of such a Conference. These failures were due to an attempt to raise issues which were fatal to securing a conference between the nations, and he sincerely hoped that that mistake would not be repeated that day.

He thought that the three points in M. Tchitcherin's speech which had been challenged by M. Barthou had been presented to the Conference more as general observations than as conditions. Such observations were very useful but a little dangerous. Peace conferences were apt to be explosive.

He appreciated the noble ideas of M. Tchitcherin and his desire for a great international conference which should discuss all these questions. Such a conference would, however, be a long one, and he was getting old, and he felt that he might expand the present agenda into something universal, noble and excellent, no doubt, but very prolonged.

It was true that he had himself referred to periodic conferences when he said that conferences were cheaper than war, but the form such conferences should take was a matter for discussion which, in view of the concrete agenda before the Conference at Genoa, might well be postponed. The United States of America might have something to say to them, but they were not present to-day—though if Genoa developed into a universal conference there would be plenty of time for them to arrive.

M. Tchitcherin would find in the Cannes agenda an infinite variety of matters upon which he could challenge M. Barthou and abuse M. Poincaré and the speaker. He would encourage him by suggesting that there was a vast variety of most promising material for quarrelling with everybody in the whole Conference if he only confined himself to that agenda and dropped his universal conference.

In passing, he was glad to note that M. Tchitcherin approved of a speech which he had made in the House of Commons—and which he thought himself was a good one—dealing with disarmament.

He wished to speak quite frankly. “Unless the Genoa Conference leads to disarmament it will be a failure, but before you get disarmament you must have an understanding, you must have peace. You must know that the nations are really prepared to march together. That is the business of the Genoa Conference. This has got to be established first.

“The Conference has already got as large a cargo as it can carry. Every civilized country marked a load-line on their merchant ships in order to show how heavily they could be laden. M. Tchitcherin must not remove the load-line. If he does he may sink the ship and perhaps find himself among the drowned.”

The ship was as heavily laden as the tonnage would permit, and he asked M. Tchitcherin not to put anything more on board. There was rough weather about, and an overburdened ship did not make good progress in a heavy sea.

“Let the Conference settle the things on the agenda first,” he proceeded. “They are big things. They are immense things. The people are waiting for them; they are hungering for them. Do not let us destroy hopes by asking for more than can possibly be managed in the course of a single voyage. Let him (M. Tchitcherin) finish this voyage first and go home with all the ship can carry from here. We shall then welcome him in another voyage when

we see what sort of a passenger he is. I have no doubt that he will be agreeable, and I have no doubt that he will work well.

“When Russia and all the other Powers have understood each other and come home in a spirit of friendship, then the road is clear to disarmament. As a matter of fact, the League of Nations are considering the practical disarmament proposals at the present moment, and M. Barthou is not burking the question. Any further aspects of the question can be referred to them to-day and, if necessary, the Committee which is working on it can be strengthened if it is not considered strong enough.

“M. Tchitcherin has accepted the principles of Cannes, and he has accepted the agenda of Cannes. He says the Cannes resolutions are not clear, and he quotes M. Poincaré. I do not agree with either him or M. Poincaré. The Cannes resolutions are as clear as the two best languages on earth can make them—the French and the English.

“I am intervening as a man of peace. Let us get on with the business; let us stop raising infinite questions. Let us stick to a very big agenda and get on.”*

Solvuntur risu tabulae. The threatening clouds dispersed before the sunshine of humour and good-humour. M. Facta rose at once to support Mr. Lloyd George. “Indeed, the cargo this ship carries is a heavy one. It deals with vital questions of immense importance, and if these questions are brought into port it will be a matter of the greatest importance to all the nations here represented.” Vainly tried M. Barthou to put to the Conference the definite question whether all the delegates did or did not accept the Cannes conditions. The President would not hear of it. “At the beginning of the meeting,” he said, “I read out a declaration, showing that the basis for this Genoa Conference was the Cannes resolutions, and that the very presence of the delegates here showed that they had accepted those resolutions. No opposition was raised to that statement. It is, therefore, agreed that these

* *The Manchester Guardian*, April 12th.

resolutions of Cannes are the basis of the Conference, and therefore I consider there is no call for any debate on the subject." He then announced the formation of the four Commissions, and proposed the election of Baron Romano Avezana as Secretary-General of the Conference.

So ended at ten minutes past seven the inaugural ceremony, and the Conference was ready to begin its practical work.

CHAPTER IV

THE ORGANIZATION

THE general organization of the Conference was in three divisions—the Plenary Conference, the Commissions and the Sub-Commissions. The Sub-Commissions reported to the full commission, and the full commission to the Conference in plenary session. There were in all three meetings of the Plenary Conference, that of the inaugural ceremony, that which adopted the reports of the Financial and Transport Commissions, and the final sitting, which adopted the Economic and Political Reports and wound up the Conference. It is not necessary to give the entire personnel of the Conference, including all the secretaries and interpreters and typewriters on the Italian and other staffs. The large number of young women of various nationalities who acted in these departments of practical work, the “amenities,” as someone called them, of the Conference, added greatly to the life and cheerfulness of the scene. Despite the really hard work and long hours they had a delightful change, if not an actual holiday, in this glorious city.

The General Secretariat of the Conference, established at the Palazzo Reale, was conducted by Italy, the inviting Power. The administrative duties were extremely heavy, and it is not surprising that at the outset a good deal of confusion prevailed. But Genoa displays a motto in one of her halls, which runs, “Ubi ordo deficit, nulla virtus sufficit,” and long before the Conference ended the machinery in the many ceremonial, publicity and other bureaux in the great Palace in the Via Balbi were running sweetly and smoothly. It is impossible to give the tribute individually to all who

deserved it, but mention must be made *honoris causa* of the Secretary-General, Baron Camillo Romano Avezzanà, the head of the Commissions Department, Marchese Carlo Durazzo, and the Director of the Press Bureau, Comm. Amedeo Giannini.

It is even more impracticable to give the names of all the delegates, experts, secretaries and assistants who composed the great army that invaded Genoa. But from the official records the main details may be gathered and reproduced. Beginning, therefore, with the Plenary Session, the States which had a right to five delegates were as follows :

Belgium : M. Theunis, M. Jaspar, M. Delacroix, M. Lepreux.

France : M. Louis Barthou, M. Camille Barrère, M. Colrat, M. Jacques Seydoux, M. Ernest Picard.

Japan : Baron Hayashi, Viscount Ishii, M. Kengo Mori, M. Moroi, M. Sato.

British Empire : The Rt. Hon. David Lloyd George, The Most Hon. The Marquess Curzon of Kedleston, The Rt. Hon. Sir Robert Horne, The Rt. Hon. Sir Laming Worthington-Evans, Sir Philip Lloyd-Greame. Canada : Sir Charles Blair-Gordon, Professor E. Montpetit. Australia : The Rt. Hon. Sir J. Cook. South Africa : The Hon. Sir Edgar Walton. India : Mr. Dadiba Merwanjee Dalal.

Italy : S. E. l' On. Avv. Luigi Facta, S. E. l' On. Dott. Carlo Schanzer, S. E. l' On. Dott. Camillo Peano, S. E. l' On. Conte Avv. Teofilo Rossi, S. E. l' On. Avv. Giovanni Battista Bertone.

Germany : Dr. Wirth, Dr. Rathenau, Dr. Hermes, M. Schmidt, Dr. Havenstein.

Russia : M. Georges Tchitcherin, M. Léonide Krassine, M. Maxime Litvinoff, M. Adolphe Joffé, M. Christian Rakowski.

The States entitled to two delegates were these :

Albania : S. E. Mehdi Bey Fracheri, Dr. B. Blinishti.

Austria : S. E. Jean Schober, S. E. Alfred Gruenberger.

Bulgaria : S. E. Alexandre Stambulisky, S. E. Marko Tourlakoff.

Czechoslovakia : Dr. Edouard Benes, Dr. Stepan Osusky.

Denmark : M. H. A. Bernhoft, M. Emil Gluckstadt.

Esthonia : S. E. Georges Westel, S. E. Otto Strandman.

Finland : M. J. H. Vennola, M. Ch. Enckell.

Greece : S. E. D. Gounaris, S. E. L. K. Roufos, M. J. Mallah.

Holland : Jonkheer Ch. J. M. Ruys de Beerenbrouck, Jonkheer H. A. van Karnebeek.

Hungary : S. E. Comte E. Bethlen, S. E. M. J. Teleszky.

Iceland : M. Sveinn Bjornsson.

Latvia : M. Z. A. Meierowics, M. R. Kalnings.

Lithuania : M. E. Galvanauskas, M. T. Norus-Narusevicius.

Luxemburg : M. Emile Reuter.

Norway : M. Johan Ludwig Mowinckel, M. Johannes Irgens.

Poland : M. Konstanty Skirmunt, M. Gabrjel Narutowicz.

Portugal : S. E. Manuel Teixeira Gomes, S. E. Victorino Maximo de Carvalho Guimaraes.

Rumania : S. E. Ion I. C. Bratianu, S. E. Costantin Diamandy.

Serb-Croat-Slovene Kingdom : S. E. Nikola Pachitch, S. E. Momtchilo Nintchitch.

Spain : S. E. el Señor Don Venceslao Ramirez de Villa Urrutia, S. E. el Señor Don Pablo de Garnica, S. E. el Señor Don Filipe Rodes.

Sweden : S. E. M. Branting, Dr. Trygger.

Switzerland : M. Giuseppe Motta, M. Edmond Schulthess.

The practical work of the Conference was distributed over four commissions, on each of which all the delegations were represented directly, the convening Powers, *i.e.*, Great Britain, Italy, France, Belgium and Japan, with Germany and Russia, having two members, and the smaller Powers one each. The first, briefly known as the Political, or Russian, was entrusted with the consideration of the first three of the six paragraphs constituting the general agenda in the first Cannes resolution. The second undertook the financial questions, the third the

economic and the fourth transport. But for the purposes of actual work a further sub-division was necessary. The main commissions might consist of two hundred to two hundred and fifty delegates and experts, and were consequently quite unadapted for effective and fruitful discussion.

Each commission, therefore, appointed a sub-commission charged with the duty of laying out the enormous work which came within its purview. The composition of these sub-commissions provoked some discussion. It was obvious that each of the small States could not be separately represented. The arrangement was made, therefore, that each of the five convening Powers should have one representative, and also Germany and Russia one each, while the rest of the Powers were grouped under a common representation.

The First, or Political Commission, was presided over by the President of the Conference himself, the Prime Minister of Italy, Signor Facta, and all the chief delegates were on its membership. The British membership, as recorded officially, was :

Delegates : Mr. Lloyd George, Lord Curzon (absent).

Substitute Delegates : Lord Birkenhead, Sir Philip Lloyd-Greame.

Experts : Sir Sydney Chapman, Sir Edward Grigg, Mr. J. D. Gregory and Mr. Peters.

Secretary : Sir Maurice Hankey.

From this Commission was formed the famous Political Sub-Commission, which was the scene of the most animated and critical debates in the Conference, those on the much-controverted Russian problem. It consisted of one representative from each of the convening Powers and Russia and Germany,* the remaining Powers being represented by Switzerland, Poland, Rumania and Sweden, each with one representative. The British delegate on this First Sub-Commission was Mr. Lloyd George himself, his assistants being

* After the conclusion of the Russo-German agreement, which caused such a sensation during the Conference, Germany no longer attended the meetings of the sub-commission when Russian questions within the scope of that agreement were under consideration.

nearly the same as those of the main commission. The President of this historic sub-commission was Signor Schanzer, the liberal-minded Italian Foreign Secretary. M. Barthou represented France, and the Russian delegate was M. Tchitcherin, with MM. Krassine and Litvinoff as experts.

Incidentally the election of Rumania on this sub-commission occasioned a little "incident," the President of the Russian Delegation entering a protest against the election of that country on the ground that it was in actual occupation of Bessarabia, which he declared to be Russian territory. At the first meeting of the same commission the Russian Delegation also protested against the "abnormal character" of the presence of Japan on a commission whose object was to establish on a solid basis the economic relations between Russia and other countries. The ground of this protest was that Japanese troops were in occupation of a part of the territory of the Republic, allied to Russia, in the Extreme Orient. The Russian Delegates, having satisfied their own consciences and public opinion at home by these formal protestations, nothing further occurred, and nobody was "a penny the worse."

These were not all the protests. M. Barthou (France) and M. Theunis (Belgium) were also strongly of opinion that Russia and Germany should not be members of this sub-commission. Once more the Conference, or its character as an assemblage of Powers on equal terms, was saved by the persuasive powers of the British Prime Minister. He remarked that, if Germany and Russia were excluded, the Conference might as well not have met at all, and that it was an impracticable policy to keep two hundred million people "waiting on the doorstep." These were the first symptoms of a radical divergence in *point de vue* between the British and French Delegations and Governments.

Sir Robert Horne, British Chancellor of the Exchequer, presided over the Second, or Financial, Commission. The other delegate, who took Sir Robert's place when he went home on Budget business, was the British War Minister, Sir

Laming Worthington-Evans, the British "substitute" delegates being Sir Basil Blackett and Sir Charles Addis.

The sub-commission formed from this main Commission consisted as usual of the Seven Powers, but the group representatives on this occasion were drawn from Holland, Denmark, Czecho-Slovakia, Finland and Rumania, Sir Robert Horne once more presiding over the whole. Associated with this sub-commission, which dealt specifically with currency, were two other sub-commissions, dealing respectively with credits and exchange, Sir Laming Worthington-Evans and Sir Robert Horne being respectively chairmen. But this commission furnished itself also with an extremely powerful committee of experts, including Sir Basil Blackett, Professor Cassel, Dr. Havenstein, Dr. Vissering, M. Avenol, Sir Henry Strackosch, M. Dubois, Comm. Bianchini and the Hon. R. H. Brand, all men of world-wide reputation and practical business experience, to whom we shall have to make further reference in subsequent pages.

The Third or Economic Commission, whose President was M. Colrat, the French delegate, similarly formed two sub-commissions. Likewise the Transport, a Fourth Commission, presided over by M. Theunis, Belgian Prime Minister, had sub-commissions on Organization, Railways and Waterways.

A good deal of information about the inner economy of the Conference may be derived from the Rules of Procedure, which were marked by an admirable brevity and simplicity. They were set forth in twelve articles :

ARTICLE I

DELEGATES

The International Economic Conference convened at the invitation of the Italian Government on behalf of the Powers represented at the Cannes Conference, consists of plenipotentiary delegates appointed by the States invited to attend.

The number of these delegates is five for the Powers which convened the Conference, Germany and Russia, and two for the remaining Powers.

Each delegation will have one vote only.

Written notice of the appointment of delegates must be sent to the Italian Government or to the President of the Conference.

ARTICLE II

DEPUTIES

Each State represented at the Conference is entitled to appoint deputies of the same number as its plenipotentiary delegates.

ARTICLE III

TECHNICAL ADVISERS

The plenipotentiary delegates of each State may be accompanied by technical advisers. Written notice of the appointment of these advisers must be sent to the Italian Government or to the Secretary-General of the Conference.

ARTICLE IV

CREDENTIALS

All plenipotentiary delegates are requested to hand in their credentials at the earliest possible moment to the Secretary-General's office.

A committee for the verification of credentials, consisting of one delegate from each of the Powers convening the Conference, will at once proceed to verify the credentials of the delegates.

ARTICLE V

ORDER OF PRECEDENCE

Votes will be cast according to the Italian alphabetical order of the names of the Powers.

ARTICLE VI

BUREAU OF THE CONFERENCE

The appointment of the regular President will be made at the first meeting.

In the absence of the President, the duties of his office will be performed by the head of the delegation to which the President belongs.

The Prime Minister of Italy will provisionally act as President of the Conference until the regular President has been appointed.

The control of the debates of the Conference will be exercised by the President.

The President is empowered by the Assembly to take any measures which he may consider necessary for the conduct of the debates.

The President, together with presidents of the Commissions, will form the bureau entrusted with the duty of drawing up the agenda and with the consideration of all questions of procedure.

ARTICLE VII

THE SECRETARIAT

The Secretariat will be directed by an Italian Secretary-General, assisted by the chiefs of the secretariats of the delegations of the Powers convening the Conference.

The Secretariat is placed under the control and authority of the President.

The secretaries designated by the delegations to follow the work of the Conference and to collaborate in drafting the minutes will also be attached to the Secretariat.

The Secretariat is especially entrusted with the duty of receiving communications and translating the documents, reports and resolutions bearing on the labours of the Conference, translating the speeches delivered during the meetings, drafting and communicating the minutes of the meetings, and, generally, of performing any tasks which the Conference may see fit to assign to it.

Members of the Conference will always have access to the records.

ARTICLE VIII

PUBLICITY OF PROCEEDINGS

The publicity of the proceedings will be provided for by means of official communiqués drawn up by the Secretariat, with the approval of the President of the Conference. The plenary meetings only will be public, except when otherwise

notified. Members of the public will be admitted on production of cards issued by the Secretariat-General.

ARTICLE IX

COMMISSIONS

Commissions will be formed to consider the questions on the agenda.

Each delegation may appoint one delegate to sit on each of the commissions; the Powers which have five delegates at the Conference will appoint two delegates each for this purpose.

The same delegate may sit on several commissions.

All the commissions will be empowered to divide themselves into sub-commissions.

ARTICLE X

OFFICIAL LANGUAGES

The official languages of the Conference are Italian, French and English.

Speeches delivered in one of these three languages will be translated into the other two by an interpreter attached to the Secretariat.

Any delegate speaking in another language will have to make provision for the translation of his speech into Italian, French or English.

All documents, proposals and reports communicated to members of the Conference by the President or by the Secretariat will have to be drawn up in Italian, French and English.

Any delegate will be entitled to distribute documents written in other languages than Italian, French or English, but the Secretariat will not be required to provide for their translation and printing.

ARTICLE XI

DOCUMENTS, PROPOSALS, ETC.

I

Documents, proposals, etc., must be communicated in writing to the President, who will cause copies to be distributed to the delegates.



The French Delegates at Genoa. M. Barthou to left, M. Barrère to right of the two central figures.



Russian Delegation.

Documents and proposals can only be submitted by or on behalf of a plenipotentiary delegate.

II

Except in the case of proposals relating to questions on the agenda, or which arise out of the debates, delegates who desire to submit proposals must hand them in twenty-four hours in advance in order to facilitate their discussion.

Exception may, however, be made to this rule in the case of amendments or secondary questions.

III

Petitions, memoranda, and documents addressed to the Conference and emanating from any other person than a plenipotentiary delegate must be handed in to the Secretariat, which will communicate them to the President's bureau.

All these papers will be preserved in the records of the Conference.

ARTICLE XII

MINUTES OF THE MEETINGS

The provisional minutes of the meetings, drawn up by the Secretariat, will be distributed to the delegations as early as possible.

The minutes, with any amendments and corrections which the delegates may make, must be returned to the Secretary-General's office within twenty-four hours after distribution.

In order to expedite the proceedings, this distribution will be considered as equivalent to the reading of the minutes at the opening of each meeting.

If no correction is asked for by the plenipotentiary delegates the text, as distributed, will be considered as having been approved and will be placed in the records.

If a correction affecting the substance of a report is asked for, the President will read the proposed modification at the opening of the next meeting.

Such, then, was the machinery which had to deal with a mass of raw material as intractable as any conference was ever expected to subdue.

CHAPTER V

GETTING UNDER WEIGH

THE problem of making a start on this immense field would have been impracticable but for a resource which by the happiest foresight had been placed at the disposal of the Conference in advance. A few weeks before the opening a committee of Allied experts had met in London and performed the first stubbing and delving on the ground, their labours being embodied in a long report dealing successively with the four main subjects before the Commission—Russia, Finance, Economics and Transport.

This Report never had the character of an official document. It was also one-sided in its presentation of the Russian problem and represented approximately the maximum of the Allied claims against that country. When the Russian delegation at Genoa proceeded in the earlier days of the Conference to reply to these experts they accordingly pitched their demands as high as possible. But the Report served its purpose excellently. When the Commission entered upon their task they found the land ready for the finer operations of husbandry, and much time and labour was thus saved. The reader might do worse than study this document, which affords a convenient conspectus of the problems facing the civilized world at the conclusion of the Great War.*

It was a simple matter to take the scissors and divide the Report into four parts dealing with Russia, Finance, Economics and Transport, and thus provide each Commission and Sub-Commission with a convenient survey of the ground they had to cover.

* See Appendix III.

The main interest in these early days was naturally concentrated on the First or Russian Commission. It was generally realized that no economic or financial world-construction was possible from which Soviet Russia, with her incalculable resources and vast populations, should be excluded. It was scarcely less essential that Germany should also be brought into a more normal condition. But in these first days, though the other commissions were setting to work on their own tasks, it was Russia that absorbed most of the limelight.

Then rose another difficulty. To the Russians and perhaps to other members of the sub-commission this Report was quite unfamiliar. It was felt that little progress would be made if it was submitted to the sub-commission of eleven persons without previous consideration. We soon heard of informal discussions proceeding at the British Prime Minister's residence, the Villa de Albertis. These gatherings consisted of Mr. Lloyd George, Sir Philip Lloyd-Greame and other British representatives, MM. Barthou and Seydoux (France), M. Schanzer (Italy), MM. Theunis and Jaspar (Belgium) and MM. Tchitcherin, Litvinoff and Krassine (Russia), each deputation bringing its own experts.

The object of the meetings, we were told, was to clear up certain points with regard to Russia and then to report to the sub-commission and renew the discussions there. The conversations at the Villa de Albertis were, of course, conducted behind closed doors, but a chink was opened in the form of a communiqué duly presented twice a day to British and American journalists at their meetings in the grand old buildings of the University.

Such private symposia as these at the Villa always play a great part in international conferences. People will never talk unconstrainedly in formal committees or commissions, to which these informal conversations form, therefore, an almost essential preliminary. Great care, however, should always be taken to keep interested but excluded members in continuous touch with what goes on beyond those doors. The Germans, as we shall see, complained that they knew nothing about

the debates in the Villa de Albertis in which they were specially interested. But see on this point the last letter to the Germans in Chapter VII.

Now ensued a period of waiting during which rumours accumulated as thick as leaves in Vallombrosa. Most of these were no sooner started than they were discredited. But many, at least in the earlier stages of events, were solemnly cabled to various home-countries. The newspapers thereof arriving some two days later, we read them solemnly set out long after they had ceased at Genoa even to amuse. Some of them were of a more serious character. It was announced, for example, that Britain was proposing a new "Pact," a military holiday, during which no Power was to attack the territory of another for a certain number of years under pain of military reprisals. It was quite certain to most persons who understood the principles of British policy that no such proposal would be made. The British were against that system of sanctions which unfortunately found its way into the covenant of the League of Nations. Sanctions, that is, military compulsion enforcing an agreement, belonged to an order of ideas from which Britain's object was to wean the world. Sanctions implied groups and counter-groups, which was contrary to British policy and the whole spirit and purpose of the Genoa Conference. The only penal support Britain would consent to place behind any such agreement was the moral and economic isolation, the general "bad time" which any offending Power might be expected to incur.

It was inevitable that the questions of disarmament and reparations should keep emerging despite the taboo of the Cannes agenda. On disarmament, however, the British position was clear and had been quite clearly defined by Mr. Lloyd George in the Palazzo di San Giorgio. First came peace, then disarmament. That was the logical order. If Genoa succeeded in establishing a well-grounded peace among the European Powers, as Washington had established it in the Pacific, then the details of a scheme of common disarmament could be discussed and settled at a future gathering of the

Powers. This was the adequate reply to the criticism that nothing important could come out of the Genoa Conference if such a subject as disarmament were excluded. It should also be noticed that by the exclusion of the disarmament question only definite proposals and projects on that subject were meant. For example, it was allowed, even by the French, that disarmament had a considerable bearing upon the question of balancing national budgets, and that it would be unreasonable to rule out even an allusion to the subject in that connection.

One quite unfounded piece of gossip got a long start and duly appeared in French papers, whence it was copied elsewhere. This was that Mr. Lloyd George had fixed a time-limit for the Russians at 11 o'clock on Saturday, April 15th, by which hour a final reply was to be given on the proposals contained in the report of the London experts. The absurdity of this will be understood when it is recalled that the Russians had set eyes on that highly complicated document only two or three days before and could scarcely have read it through with any fair comprehension before the day mentioned. The truth was that at that very hour the Bolshevik delegates were entering the Villa de Albertis for further deliberations with the Prime Minister and his colleagues.

All this time we were speculating about the proceedings in the *postscaenia* at the Villa de Albertis. It was understood that financial questions were mainly at issue regarding three classes of Russian obligation—the pre-war debt, the war debt and the restitution of private property. The question of the Mixed Tribunals, the "Capitulations" as they were called, had not, we understood, been approached. As a matter of fact, the propositions contained in the document appeared extremely drastic and it was scarcely expected that the Russian delegates, who were responsible to some sort of public opinion at home, however dispersed and inarticulate it might be, would be able to swallow the Report whole. Some compromise seemed probable. Yet it was pointed out that the reforms demanded of Russia must necessarily be far-reaching

if the purpose of the Conference were to be reached. Foreign capital would never flow in to irrigate Russian productive industry unless social and political conditions were such as to inspire confidence. A year previously Britain had made an arrangement practically recognizing *de facto* the Soviet Government, but no movement of trade had ensued in the absence of internal conditions in Russia guaranteeing personal and financial security.

Meanwhile some impatience over the doings or non-doings at the Villa became manifest. It is true we had encouraging messages, including a very characteristic one from Mr. Lloyd George, couched in the favourite form of a parable: "We are building a bridge across the stream," spake the unseen and oracular voice. "We have driven in some piles. We are now in the deepest part of the current and are driving them into the mud at the bottom. Although the bridge is not yet above the water, the piles are firmly fixed, but we are still hammering at them."

This was a picturesque similitude, but it scarcely satisfied the delegates of the Powers who had been chosen to discuss these Russian problems in the First Sub-Commission, but were not admitted to the informal conversazioni at the Villa. These gentlemen began to get restive and to wonder whether their own functions were not going to be restricted to the registration of a set of cut-and-dried decisions. The question was asked who had authorized the transference of the venue of these discussions from the Palazzo Reale, where the Sub-Commission on Russia ought to be meeting, to the pleasant villa outside Genoa. I may add here that the impatience of the smaller States was not made longer and stronger by the fact that, unlike the convening Powers, they were paying their own expenses at Genoa.

Many during this period were the informal conferences arranged between the chiefs of delegations on the one hand and groups of journalists or the "Presse mondiale" on the other.

The most popular, I think, of these were the evening meetings at the Hôtel de Gênes with the Russian deputation, especially when that singularly attractive person, M. Rakowski, "Presi-

dent of the Council of People's Commissioners and People's Commissioner for the Foreign Affairs of the Socialist Soviet Republic of the Ukraine, Member of the Central Pan-Russian Committee," sometimes known as the Dictator of the Ukraine, took up the parable of Russian propaganda in lucid and deliberate French. It is not surprising that Sir Robert Horne, in the Financial Sub-Commission, should have complimented M. Rakowski on his "admirable parliamentary manner." His manner and diction were, indeed, perfect, and he gave an impression of imperturbable strength and confidence, as well as of intellectual acumen and a pronounced sense of humour. He no whit resembled the Bolshevik as pictured in many a British and French imagination.

M. Rakowski set himself to the task of correcting some Western misconceptions. We had most of us imagined that the social revolution had been the cause of famine and ruin in Russia. We had now to learn, or to be informed, that these distresses were far more the result of the revolutionary wars forced on the Soviet Governments through the help given by the Allies to those anti-Bolshevik leaders, Generals Denikin, Koltchak and Yudenitch. These wars, forced upon the new Russia, had caused occupations by enemy troops of vast territories and crushing requisitions on the people, and had compelled the upkeep of an army of four or five million men. In reply or counterclaim to the Allied estimates of Russian obligations, M. Rakowski and his friends, as we shall see, presented a bill so enormous that even if Russia's creditors had cancelled all their claims, they would still have had a big adverse balance against them. M. Rakowski probably took a certain pleasure in these quick and reasoned corrections of public opinion. I think he must specially have enjoyed his reference in the Financial Sub-Commission to "the admirable order established in Russian finances," a point he afterwards enforced in writing.

And so in rumours and counter-rumours and instructive confabulation we spent the time until Monday, April 17th, when a bolt fell without any warning from the blue Italian sky.

CHAPTER VI

STORMY WEATHER

IT was during the afternoon of April 17th that the first rumour, in this case only too well founded, spread rapidly abroad, that while most of us had been living amid infinite talk and tattle, while beards had been wagging and Tapers and Tadpoles busily plying their trade, the Russians and Germans had produced something which might fairly be called "concrete" and had presented the astonished Conference with a *fait accompli* in the form of a treaty sealed and signed on the preceding day, Sunday the 16th. It was indeed not long before the terms of the agreement were issued by the parties to it, together with a brief communiqué explaining its nature. In few words Germany recognized the Bolshevist Government. Debts were reciprocally cancelled and Russia's claims for reparations from Germany under the Treaty of Versailles were waived: as also were German claims to all private property nationalized by the Bolshevists unless the Bolshevists should subsequently admit similar claims on the part of other States, in which case Germany was to enjoy most-favoured-nation treatment.

The terms of this famous, perhaps epoch-marking, Treaty of Rapallo were these:

The German Government, represented by Herr Rathenau, and the Government of the Soviet Republic, represented by the People's Commissar Tchitcherin, have agreed on the following treaty:

Clause 1.—The two Governments agree that all questions resulting from the state of war between Germany

and Russia shall be settled between the Reich and the Federal Republic of Soviets in the following manner :

Paragraph A.—The Reich and the Republic of Soviets mutually renounce repayment for their war expenses and for damages arising out of the war, that is to say, damages caused to them and their nationals in the zone of war, operations by military measures, including all requisitions effected in a hostile country. They renounce in the same way repayment for civil damages inflicted on civilians, that is to say, damages caused to the nationals of the two countries by exceptional measures or by violent measures taken by an authority of the State of either side.

Paragraph B.—All questions of public or private law resulting from the state of war, including the question of the merchant ships acquired by one or the other side during the war, shall be settled on a principle of reciprocity.

Paragraph C.—Germany and Russia mutually renounce repayment of the expenses caused by prisoners of war. In the same way as the Reich renounces repayment of the expenses caused by the internment of soldiers of the Russian Army, the Russian Government renounces repayment of the sums Germany has derived from the sale of Russian Army material transported into Germany.

Clause 2.—Germany renounces all claims resulting from the enforcement of the laws and measures of the Soviet Republic as it has affected German nationals or their private rights or the rights of the German Reich itself, as well as claims resulting from measures taken by the Soviet Republic or its authorities in any other way against subjects of the German Reich or their private rights, provided that the Soviet Republic shall not satisfy similar claims made by any third State.

Clause 3.—Consular and diplomatic relations between the Reich and the Federal Republic of Soviets shall be resumed immediately. The admission of consuls to both countries shall be arranged by special agreement.

Clause 4.—Both Governments agree furthermore that the rights of the nationals of either of the two parties on the other's territory as well as the regulation of commercial relations shall be based on the most-favoured-nation principle. This principle does not include rights and facilities granted by the Soviet Government to another Soviet State or to any State that formerly formed part of the Russian Empire.

Clause 5.—The two Governments undertake to give each other mutual assistance for the alleviation of their economic difficulties in the most benevolent spirit. In the event of a general settlement of this question on an international basis they undertake to have a preliminary exchange of views. The German Government declares itself ready to facilitate as far as is possible the conclusion and the execution of economic contracts between private enterprises in the two countries.

Clause 6.—Clause 1, paragraph B, and Clause 4 of this agreement will come into force after the ratification of this document. The other clauses will come into force immediately.

Done in duplicate at Rapallo, April 16th, 1922—
TCHITCHERIN, RATHENAU.

The repercussions of this news were formidable. What struck most people was the almost insolent audacity of the transaction. It might be true, as M. Rakowsky said, that the negotiations of the treaty had been proceeding since the month of January. But even so why should these early days of a Conference, whose whole spirit and purpose was opposed to agreements of a partial and sectional kind, have been chosen as the date of the conclusion and announcement of such an act? Was this to be the end of the Genoa Conference? Had the thirty-four nations come together simply to hear of an agreement signed behind the back of the other Powers which seemed to open up an infinite vista of *revanche* and conflict in the future? Had not Dr.

Wirth, the German Chancellor, only a week before at the Palazzo di San Giorgio approved in warm and apparently sincere terms the idea of world-co-operation which the Conference embodied? Had he not dwelt on the economic solidarity of the world and deduced therefrom "the principle that must inspire our deliberations, that of the equal rights of all peoples in our common labours?"

The moment for signing and proclaiming the treaty seemed to have been chosen with the object of causing the maximum of provocation. M. Rakowsky informed his visitors that there was nothing in this, and that it was purely fortuitous that the treaty had been signed at Genoa. From other quarters we were told that the Russians had begged the Germans to sign the treaty as they passed through Berlin early in April on their way to the Ligurian city.

British headquarters, we learnt, were greatly surprised and annoyed at this untoward incident, which incidentally brought much encouragement to those who desired the Conference to fail and Mr. Lloyd George to share the catastrophe. The British Prime Minister, on his side, had good reason to be angry at what seemed to be nothing less than an "*acte de sabotage*" against the life of the Conference, and was certainly a poor return for the successful efforts the British had made to secure equal rights to the Germans at the Conference.

A distinction was made between Russia and Germany as regards the moral implications of the Rapallo Treaty. The Russians were not parties to the Treaty of Versailles, with some articles of which the Russo-German instrument seemed to be irreconcilable. Moreover Russia was not yet a recognized Power. She was rather in the position of an enemy and was therefore at liberty to make any separate agreements she chose and to attempt to detach in her own interests any single Power from the rest. So it was felt that, though Russia was not blameless, by far the greater moral discredit fell upon Germany.

Germany's line of defence was pretty obvious from the

first. She complained that the discussions of the Russian question had been removed from the "Political" Commission on which she had a seat to the Villa de Albertis, where the chief Powers carried on private and informal conversations with the Russian Delegates, Germany being excluded from these proceedings. Moreover, the German Delegation had reason to believe that a final conclusion was about to be reached. So, in self-defence they had been obliged to complete a treaty which had been the subject of negotiations since the previous month of January.

Herr Rathenau presented an apology on these lines at a meeting to which many Press representatives were invited. On this occasion he affirmed that four or five Englishmen, including members of the British Delegation, had been to see him about Russia. He had kept them informed of the progress of the German negotiations with Russia, supposing that they in turn would inform the British Prime Minister. He also, he said, made repeated attempts to see Mr. Lloyd George himself, personally, but without success. The German Foreign Minister added that Germany had been on the point of signing the treaty with Russia for several months, but refrained in the hope that a European federation might result from the Genoa Conference.

One can only say in answer to this that the treaty or the imminence of a treaty was entirely unknown to Mr. Lloyd George and his immediate entourage up to four o'clock on the Monday afternoon following the Sunday on which it was signed. As we shall see, the Prime Minister was quite explicit and emphatic on this point.

The next news that reached the waiters in the Outer Courts was that, as the Russo-German agreement seemed to challenge the Treaty of Versailles in certain respects, the question concerned all the Allied Powers. The old war alignment was temporarily revived. We heard of a meeting held at Signor Facta's residence, Villa Raggio, which was attended by Mr. Lloyd George, the Lord Chancellor, Sir Philip Lloyd-Greame and the chief delegates of Italy, France, Japan, Belgium, Czecho-

Slovakia and Rumania. The British Delegation submitted to this meeting a draft protest they had previously drawn up at the Hotel Miramare. This document was approved and endorsed by the Powers present. Mr. Lloyd George indicated the British view of the Russo-German agreement, drawing a sharp distinction between the moral culpability of Russia and Germany. A strong protest was necessary because this action of the two Powers was a challenge of the whole spirit and object of the Genoa Conference. Herein the British Prime Minister was voicing the sentiments of all present, and it was also generally agreed that the Conference was to continue its work despite this recalcitrance of Russia and Germany.

The formal protest, as finally adopted, ran thus :

“Mr. President—The undersigned Powers have learned with astonishment that in the first stage of the Genoa Conference, Germany, without reference to the other Powers assembled there, has secretly concluded a treaty with the Soviet Government.

“The questions covered by this treaty are at the present the subject of negotiations between the representatives of Russia and those of all the other Powers invited to the Conference, including Germany ; and the German Chancellor himself declared at the opening session only a week ago that the German Delegation would co-operate with the other Powers for the solution of these questions in a spirit of genuine loyalty and fellowship.

“The undersigned Powers have therefore to express to the German Delegation in the frankest terms their opinion that the conclusion of such an agreement, while the Conference is in session, is a violation of the conditions to which Germany pledged herself in entering the Conference.

“By inviting Germany to Genoa and by offering representation to her in every Commission on equal terms with themselves, the Inviting Powers proved their

readiness to waive the memories of war and granted Germany the opportunity of honest co-operation with her former enemies in the European tasks of the Conference. To that offer of goodwill and fellowship Germany has replied with an act which destroys that spirit of mutual confidence which is indispensable to international co-operation and the establishment of which is the chief aim of this Conference.

“ At all Conferences unofficial conversations between the parties are permissible and often desirable. They are helpful so long as they are designed to facilitate the common task and so long as the results are brought to the Conference table for common discussion and decision. But that is not what the German delegates have done.

“ Whilst the Conference was sitting and whilst Germany was represented on the Commission and Sub-Commission charged with the negotiation of the European peace with Russia on the basis of the Cannes stipulations, the German representatives on that Commission have, behind the backs of their colleagues, concluded in secret a treaty with Russia on the very questions which they had undertaken to consider in loyal conjunction with the representatives of other nations. This treaty is not subject to any examination or sanction by the Conference. We understand that it is final and that it is not proposed to submit it to the judgment of the Conference. It is, in fact, a violation of some of the principles on which the Conference is based.

“ In these circumstances the undersigned do not consider it fair or equitable that Germany, having effected her own arrangement with Russia, should enter into the discussion of the conditions of an arrangement between their countries and Russia ; and they, therefore, assume that the German Delegates have by their action renounced further participation in the discussion of the conditions of an agreement between Russia and the various countries represented at the Conference.

“ Please accept, Mr. President, the assurance of our high consideration.

“ 18th April, 1922.

(Signed), “ D. LLOYD GEORGE (British).

“ LOUIS BARTHOU (French).

“ FACTA (Italian).

“ K. ISHII (Japan).

“ G. THEUNIS (Belgian).

“ EDOUARD BENES (Czecho-Slovakia).

“ C. SKIRMUNT (Poland).

“ M. NINCIC (Jugoslavia).

“ CONST. DIAMONDY (Rumania).”

And a representative of Portugal.

“ To the

President of the German Delegation,

Genoa Conference.”

The reader may imagine that after the publication of this protest, rumours were as thick in the air of Genoa as the arrows of the British archers at Agincourt. On arriving at the Casa della Stampa one morning that week I was solemnly asked when I was leaving Genoa, as the British Delegation train was ordered for Saturday. On the Wednesday we heard that Herr Wirth, the greatly respected German Chancellor, and Herr Rathenau, with two secretaries, had conferred with Mr. Lloyd George from twelve till two of that day with a view to explaining their action over the treaty. The Chancellor said the German Delegation had been much impressed by the serious view taken of that action by the Allied Powers. His main apology was again that the Germans had not known what was going on at the Villa de Albertis, and had learnt that the Great Powers were on the point of concluding an agreement with Russia. The Germans, therefore, had had to hurry on their own treaty in self-defence. To this and the like Mr. Lloyd George made a firm but unprovocative reply. He had no desire to humiliate Germany, but there were now

only two courses open to her, either to withdraw the treaty or withdraw themselves from all discussions of an agreement with Russia carried on by the other countries in the First Commission.

In all these dealings France acted in perfect accord with England. But she took an even more serious view of the new Russo-German instrument as she considered it a direct violation of the Treaty of Versailles, especially of Articles 116 and 260.* In clause 2 of the Treaty Germany waived her claims for compensation in respect of injury done by Bolshevik legislation to private interests, with the proviso, *bien entendu*, that this waiver was withdrawn if Russia granted compensation to any other Powers. The two articles of the Versailles Treaty forbade in advance any such surrender of rights and claims by Germany.†

Amid the uncertainties and conflicting rumours of these days it was pleasant news on the Thursday morning (April 20th) that Mr. Lloyd George proposed to address the Press of the world that afternoon at four o'clock in the Palazzo di San Giorgio. We accordingly met (Germans and all) in the same great Sala in which the inaugural ceremony had taken place. The political situation was reflected in the excited or anxious anticipation with which the assembled corre-

* The French case in this regard was clearly set out in an article in the *Temps* of April 21st, a passage from which is quoted in Appendix IV

† Article 260 of the Treaty of Versailles provided that :

“Without prejudice to the renunciation of any rights by Germany on behalf of herself or her nationals in the other provisions of the present Treaty, the Reparation Commission may within one year of the coming into force of the present Treaty demand that the German Government become possessed of any rights and interests of German nationals in any public utility undertaking or in any concession operating in Russia . . . and may require that the German Government transfer, within six months of the date of demand, all such rights and interests and any similar rights and interests the German Government may itself possess to the Reparation Commission.”

The Commission had already exercised the power conferred upon it by the article. On January 6th, 1921, it made the demand upon Germany thus authorized. In reply the German Government sent the Commission a list of the rights and interests of which it could be obliged to become possessed.

spondents awaited the arrival of the British Prime Minister. But if anybody expected that Mr. Lloyd George would show any signs of care or depression, his arrival quickly dispelled such a notion. He positively exhaled cheerfulness and confidence as he walked round the tables to the chief seat. In the Iliad the chief Hellenic deity receives the standing title or epithet of Νεφεληγερετής, or the "Cloud Gatherer." If I had to concentrate Mr. Lloyd George's attributes in a correspondingly single term I think I should call him the "Cloud Disperser." He certainly dispersed our clouds that afternoon in the old Genoese palace. His first words were intended as an immediate *sursum corda*: "God is in His Heaven and the Genoa Conference lives and is going strong." He proceeded thus:

"There are two types of people in this world who want news about the Genoa Conference. There are those who desire it to succeed and those who distinctly do not wish it to succeed. With regard to the latter, I am sorry to disappoint anybody, but I am afraid I have not a word of encouragement for those who wish the failure of the Conference. Quite the reverse. I think we are working through our difficulties, and working through them quite successfully.

"There have been difficulties, of which you are quite aware. In fact, most of my information about the Conference I have taken from the Press. And from what I read in the newspapers there have been two or three very serious difficulties in the course of the last few days. One of them was created by an incident which I hope is of the past—by the Russo-German Agreement. I sincerely trust that this is over for the present and that it will present no further difficulties in the work of the programme of the Conference.

"The other is the fundamental difficulties which arise out of the negotiations with Russia. We are hoping to receive the reply of the Soviet Delegation in the course of the day. I am not going to anticipate the character

of that answer, but I should be very surprised if it is not of such a character as to justify us in proceeding further with the Conference. We are meeting to-morrow. We shall have a meeting of the Political Sub-Commission in the afternoon to consider the Russian reply.

“Rather than make any further statement at this stage I should prefer to invite questions from those who are present, and therefore let me conclude now by saying that I feel as confident as ever that this Conference will be a success and that it will end in the pacification of Europe and in the formulation of schemes which will restore a very broken and devastated Continent.”

Questions were then put in writing. In reply to the first, which concerned the statement that he had previous knowledge of the Russo-German Treaty, Mr. Lloyd George said that Herr Rathenau had never made any statement of the kind to him. He had seen the German Chancellor and Herr Rathenau yesterday, and had Herr Rathenau said anything of the sort to him he (Mr. Lloyd George) would have told him it was untrue. He had known nothing about the treaty, and only learned of its conclusion when on his way to confer with his colleagues on Monday afternoon.

Next, Mr. Lloyd George stated that it had been suggested to the Germans that they should either annul the treaty or take no part in the discussion of a general Russian treaty. They had chosen the second alternative. That incident was therefore disposed of.

On the question of whether the treaty were not a mere informality about which unnecessary fuss had been made, Mr. Lloyd George said No. The treaty had been concluded behind the backs of the Political Sub-Commission after the Germans had been received on a footing of equality and had been given the same number of delegates as the other Powers on all the Commissions. If every Power were to conclude separate treaties the Conference would break up. Had France, England or Italy done such a thing he knew what would be said. It would be called an act of disloyalty. There-

fore strong action had to be taken. He believed the action taken would have an excellent effect upon the course of the Conference. He was, however, convinced that neither the Germans nor the Russians desired to wreck the Conference.

Asked then about the eventual conclusion of a pact of guarantee on the part of all European nations, Mr. Lloyd George said that unless the Conference ended in a pact of guarantee that no nations would engage in aggression against others, he considered that the Genoa Conference would have failed. It was essential that the Conference should end with a general pact of peace.

In reply to a question what sort of people did not like this Conference, he said, "Quarrelsome people, who like to keep up hatred and conflict between nations."

Challenged upon the practice of holding informal conversations at international conferences, Mr. Lloyd George declared the conversations to be in his opinion essential to the success of all conferences. They were not merely right and fair, but they were eminently desirable.

Referring once more to the Russo-German Treaty, Mr. Lloyd George said again that he was hopeful that the incident was closed. Were he to give a detailed answer he might help to keep the controversy alive. It was better not to insist upon it. The Russo-German Treaty was not, in his view, an attempt to wreck the Conference, though it had endangered the Conference. However, a considerable part of the work of the Conference would probably have to be carried on by the League of Nations, to which Russia and Germany did not belong. The League of Nations could not assure peace in Europe so long as more than half of Europe was outside it. It could never guarantee the peace of the world until all nations belonged to it.

Some representatives of the German Press having then put questions as to the circumstances in which the Russo-German Treaty had been signed, Mr. Lloyd George said that he refrained deliberately from answering these questions because he did not wish to aggravate the situation. If the questioners

insisted, he would answer them, but asked them to reflect before insisting. The questions were then withdrawn. In conclusion, Mr. Lloyd George said he believed in an absolutely favourable issue of the Conference. They were getting over their difficulties. The more important the Conference was the greater were the difficulties attending it. If they worked together they might restore the harmony of Europe. Therefore he was a profound believer in a favourable issue to the Conference.

Mr. Lloyd George's answers were translated as they were given by Mrs. Agresti into Italian and M. Camerlingh into French.

Mr. Lloyd George certainly succeeded on this pleasant occasion in infecting us with something of his own invincible confidence. We left the Palace feeling greatly refreshed and encouraged.

CHAPTER VII

LE SAVONNAGE DE LA TEMPÊTE

IN one sense the Russo-German incident was closed. Its immediate menace to the life of the Conference was safely weathered. But its undulations continued. It greatly affected the general politics of Europe and thus continued to react sensibly on the Genoa Conference. I do not apologize to the reader for dealing with the event in considerable detail. It would be a mistake to regard it as an insignificant "breeze" which agitated an international conference during the early days of its life and work. The Russo-German Treaty was recognized at once as having a far deeper significance. It might very well prove to be the most decisively important event in European or world politics since the war. Its potentialities were incalculable. It threatened to revive the old bi-castral system in Europe, to organize the old continent once more in two armed camps, to open an infinite prospect of *revanche* and conflict and even possibly to repeat in no distant future the shambles of 1914—1918. These were the darker reflections suggested by the news of the treaty. The wiser thought of the time realized how essential it was for the sake, not only of the Genoa Conference, but of human welfare in general that Russia and Germany should be dealt with on human and conciliatory lines, and not forced by suspicion and hostility into a "fierce friendship," with its point turned implacably against the whole of the West.*

Meantime Mr. Lloyd George's optimism seemed to be at once justified. The Russian reply to the financial and other questions submitted to them was regarded as furnishing a

* See Mr. Lloyd George's statement in the next chapter.

fair basis for discussion, and the German response to the protest of the Allied and Associated Powers appeared finally to close the incident. Herr Rathenau had been in the meantime again addressing meetings of journalists and explaining the motives of the treaty. On the day, I think, on which the German reply was issued, I heard him deliver a conciliatory speech in the Eden Palace Hotel, where the delegates from the Fatherland were housed.

The German Foreign Minister was one of the most distinguished and attractive figures in the Conference. He gave, to me at least, the impression of great strength and solidity of character. His intellectual power was unquestionable. So also were his graceful linguistic attainments. It is surely given to few men to be able to make public speeches successively in three leading languages. Yet Herr Rathenau could perform this feat in German, English and French.

I was in Germany soon after the Armistice, and was struck then, as I was again in Genoa, with the quiet and dignified patience with which the Germans have faced a condemnation at the bar of world opinion heavier than any nation has ever incurred in the course of history. Certainly I think Dr. Rathenau on this occasion made a favourable impression on his hearers.*

Here follows the formal German answer, in its original rather foreign English :

“German Delegation,

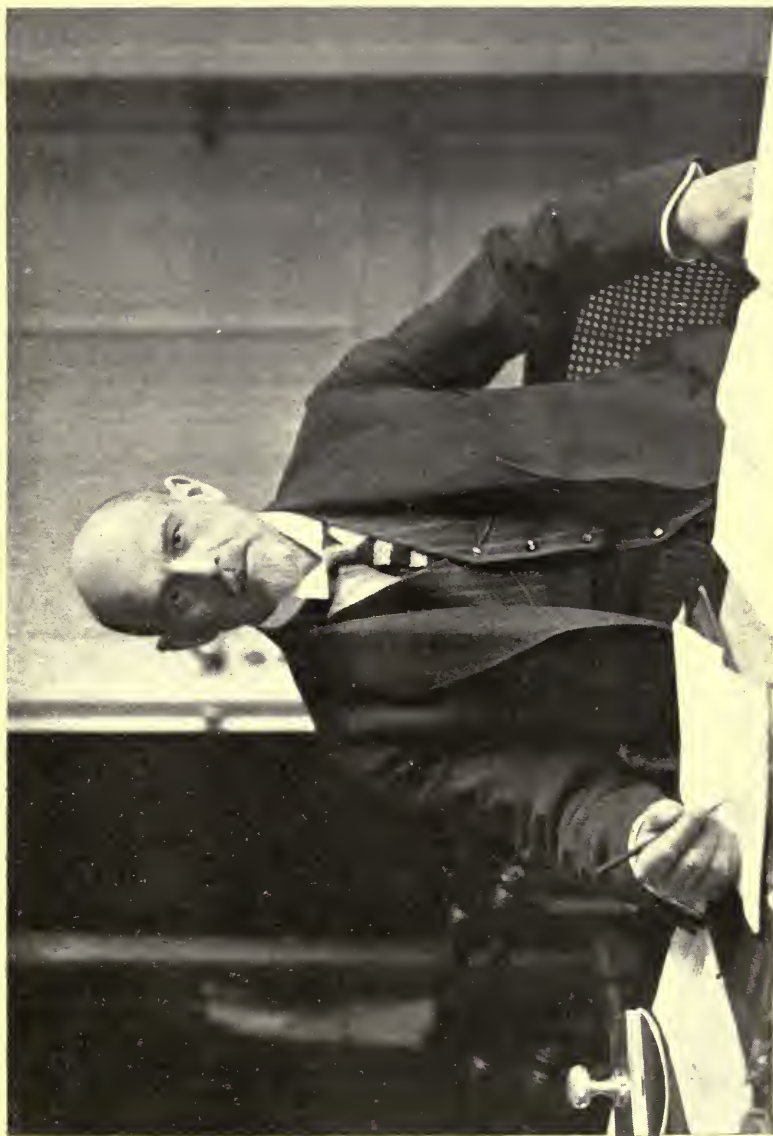
“*Genoa, April 21st, 1922.*

“To the President of the Italian Delegation.

“Mr. President,—In response to the Note of 18th inst., signed by you and the Presidents of the French, British, Japanese, Belgian, Czecho-Slovak, Polish, Serb-Croat-Slovene, Rumanian and Portuguese Delegations, I beg to remark the following :

“Germany has recognized the Russian Sowjet-Republic since several years. A settlement had, however,

* Dr. Rathenau was assassinated in Berlin on June 24. By this insane act Germany and Europe were deprived of one of their ablest and most enlightened statesmen.



Late German Minister for Foreign Affairs.

Rathenau

to be made between the two countries with reference to the consequences arising from the state of war, before it was possible to renew normal diplomatic relations. The negotiations which were carried on between the two Governments over this question had already several weeks ago progressed so far that conclusion was possible.

“ It was of especial importance for Germany to come to an understanding with Russia, because here the possibility was given of establishing peace with one of the great belligerent Powers under conditions excluding all lasting debtorship and enabling, on a fresh basis and unencumbered by the past, the renewal of friendly relations.

“ Germany went to Genoa with the hearty desire to work in joint with all nations for the restoration of the suffering European continent, trusting in the mutual understanding for the troubles of all its parts.

“ The propositions of the London programme left Germany's interest out of regard. To sign them would have meant to call forth heavy reparation-claims for Russia against Germany. A number of clauses would have led to burdening the consequences of the Tsaristic war-time legislation on Germany alone.

“ Repeatedly, and in extensive discussions with members of the Delegations of the inviting Powers, the German Delegation called attention to these serious misgivings. But it was without success. On the contrary, the German Delegation became aware that the inviting Powers had entered into separate negotiations with Russia. The information which came to hand about these negotiations led to the conclusion that an agreement would be arrived at shortly, but that it was not contemplated to take the just claims of Germany into regard. Upon this the German Delegation left no doubt that they were forced to pursue their interests alone, as otherwise they would have come into the position of

being confronted in the Commission by a draft which was unacceptable to them, but which was already agreed upon by the majority of the delegates on the Commission. For this reason the treaty with Russia was signed on Sunday evening in exactly the same terms as had been drafted weeks ago, and was immediately published.

“ This course of action most clearly shows that the German Delegation did not proceed to negotiations with Russia from a lack of solidarity, but from compelling reasons. It just as clearly shows that the German Delegation have strived to keep clear of all secrecy in their procedure.

“ It would be quite in accordance with the wishes of the German Delegation if the Conference should succeed in arriving at a general settlement of the Russian question and if the German-Russian Treaty might be embodied in this general arrangement. This would be very well possible. The treaty in no wise affects the relations of other States to Russia. It is furthermore, in all of its provisions, guided by the idea, the realization of which you justly proclaim as the chief aim of the Conference, that is, by the spirit which looks upon the past as definitely closed and seeks to build a foundation for mutual, peaceful restoration.

“ As regards the further treatment of the Russian question in the Conference the German Delegation also think it right that they should only take part in the deliberations of the First Commission on questions corresponding to those already settled between Germany and Russia in case their collaboration should be especially asked for. On the other hand the German Delegation remain interested in all those questions referred to the First Commission which do not relate to the points settled in the German-Russian Treaty.

“ The German Delegation welcomed with satisfaction the development which the discussions of the Commissions have taken. They are at one with the spirit of solidarity

and good faith that animated this work. Far from thinking of turning away from the common work of Europe, they are prepared to take part in the tasks allotted to the Conference of Genoa with a view to reconcile the nations and to adjust the welfare of the East and the West.

“Accept, Mr. President, the assurance of my highest esteem.

(Signed) “DR. WIRTH.”

To the British this Note seemed fairly satisfactory and conclusive. Not so to the French, who thought the Germans had misinterpreted the British or Allies' suggestion. The Allied Note had said that the Germans should withdraw from the discussions of the Commission when Russian questions were under consideration. The Germans offered to withdraw only when questions came up which fell within the scope of the new Russo-German Treaty. This difference seemed negligible, but the French also held strongly the view that the treaty was repugnant to the Treaty of Versailles. They dispatched, therefore, two Notes, one to the various Allied Governments, pointing out this repugnancy, and another to Signor Facta as President of the Conference. This latter ran thus :

“*Genoa, April 21st, 1922.*

“Sir,—My only knowledge of the text of the Note which the German Chancellor is said to have forwarded to you is derived from the version published in the Press, which received it from Herr Rathenau. I am anxious, however, to acquaint you without delay of the express reservations suggested by a document which seems to me to be inadmissible if, as everything leads me to believe, the text is actually authentic.

“The German Delegation argues that the conclusion of the treaty with Russia was justifiable. The French Delegation is of opinion that this treaty contravenes the principles of the Cannes Resolutions, to say nothing of

other treaty engagements of Germany. On the other hand, the Allies, who assert that the German-Russian Treaty impairs the spirit of mutual trust which is indispensable for that international collaboration which it is the aim of the Conference to secure, have unanimously arrived at the opinion that it would be incompatible with their dignity to continue to co-operate with the German Delegates on the Commission which deals with Russian affairs. The German Note attaches to the letter of April 18th an interpretation which cannot be admitted.

“It would be superfluous at this point to criticize in detail the allegation advanced by the German Delegation; the loyal and open conduct of the Inviting Powers is fully adequate to repudiate these mendacious assertions.

“I feel convinced that you will recognize the necessity of summoning the heads of the Delegations who signed, at the meeting presided over by yourself, the Note of the 18th instant, in order that they may discuss the situation created by the German reply. To be of any value, the discussion in question should take place at the earliest moment possible.

“I have, etc., (Signed) “LOUIS BARTHOU.
“The President, Genoa Conference.”

This letter, it will be seen, is strongly worded. The expression “mendacious assertions,” or, as another version had it, “lying allegations,” seems to be another symptom of that *animus armatus*, to use the Ciceronian phrase, which France, no doubt with every excuse, has continued so long into the days of peace. M. Barthou's letter provoked a counter-protest from Dr. Wirth in which the German Chancellor deprecated this particular sample of strong language. “If this expression has been really used,” he wrote with quiet humour, “I should find myself obliged to protest energetically against an offensive accusation that wounds the spirit of Genoa on a day of festivity for the Conference”—the day being that on

which the King of Italy paid a visit to Genoa and the Conference.

These "little lovings" between French and Germans did not conclude the proceedings with regard to the famous treaty. On Saturday afternoon, April 22nd, Signor Facta called a meeting of the ten members who had signed the original letter of protest, at which meeting M. Barthou made a statement on the lines of his letter given above. Mr. Lloyd George, while admitting that exception might be taken to one or two statements in the German reply, regarded the Note on the whole as honestly conciliatory, and the last paragraph in particular as a complete acceptance of the alternative course suggested by the letter of protest. He himself could see no difference between that alternative as suggested and as accepted. If Germany was excluded from taking part in discussions on any subject falling within the scope of the treaty, he did not know there was any other important subject coming before the Commission on which she would be admitted. Did M. Barthou know of any? M. Barthou made no answer, and it was finally agreed that a reply to the German reply should be drafted in which, after the example, I suppose, of Charles II. and his courtiers, it was to be assumed that the German acceptance of the alternative covered the ground intended to be covered by the letter of protest.

The last formal event in the story was a meeting of the ten Protesters on Sunday morning, April 23rd, when the draft of the final reply was considered. It opened with a statement by M. Bratianu, head of the Rumanian Delegation, on behalf of the Little Entente and Poland. He thought the Russo-German Treaty emphasized the need of perfect solidarity among the authors of the Peace Treaties. He very naturally wished the "incident" to be finally disposed of, in order that the practical work of the Conference might continue. He was followed by Mr. Lloyd George, who uttered a word of warning. The British Empire was most anxious to work in close co-operation with the Allies, but if the British people began to fear that the co-operation of the Allies was leading

in any way to the maintenance of feuds in Europe and the obstruction of real peace, their point of view might be considerably changed. He felt bound to make this quite plain. The British Empire was set on peace and on the surmounting of all obstacles in the way of pacification. M. Barthou claimed similar views and objects for the French Delegation and democracy. Mr. Lloyd George then explained the draft reply, which had been drawn up by the legal experts on the lines of the previous day's discussion. This was adopted, and here is the concluding document in the dossier of the Russo-German Treaty :

“ Mr. President,—The undersigned desire to acknowledge the receipt of your reply to their Note of April the 18th, indicating the attitude which they felt bound to adopt in view of the treaty concluded between the Russian and German Delegations. They note with satisfaction that the German Delegation realizes that the conclusion of a separate treaty with Russia on matters falling within the purview of the Conference renders it undesirable that that Delegation should participate in future in the discussion of the conditions of an agreement between Russia and the various countries represented at the Conference.

“ The undersigned would have preferred to refrain from further correspondence on the subject. There are, however, certain statements in your letter which they feel it their duty to correct.

“ Your letter suggests that the German Delegation have been forced to conclude a separate agreement with Russia by the refusal of members of the Delegations of the Inviting Powers to consider the grievous difficulties which the proposals formulated by their experts in London would have created for Germany. The undersigned representatives of the Inviting Powers have made inquiries of the members of their respective Delegations, and find that there is no shadow of justification for this statement.

“ On various occasions members of the German Delegation have met and talked with members of the Delegations of the Inviting Powers, but never has it been suggested that the London proposals afforded no basis for discussion in Conference, and that the German Delegation were about to conclude a separate treaty with Russia.

“ The allegation that the informal discussions with the Russians on the subject of the recognition of debts exposed the Delegation to the risk of being confronted with a scheme unacceptable to Germany, but already approved by the majority of the Members of the Commission, is equally unfounded. No scheme would, or could, have been accepted by the Conference without the fullest opportunity for discussion in the competent committees and sub-committees, and in these Germany was represented on a footing of equality with other Powers.

“ A misconception of the scope of the experts' proposals or misunderstanding of the informal conversations with the Russians might well have justified a request for full discussion in the Committees of the Conference. They can provide no justification for the action which has now been taken, and the undersigned can only regret that your Note should have attempted in this way to impose on the other Powers the responsibility for a proceeding so contrary to the spirit of loyal co-operation which is essential to the restoration of Europe.

“ The undersigned expressly reserve for their Governments the right to declare null and void any clauses in the Russo-German Treaty which may be recognized as contrary to existing treaties.

“ The incident may now be regarded as closed.

“ Please accept, Mr. President, the assurance of our high consideration.

[Here follow the signatures of the Ten Powers who signed the Letter of Protest.]

“ The President of the German Delegation,
Genoa Conference.”

CHAPTER VIII

BRITISH AND FRENCH POLICY

BUT even yet the echoes of the Rapallo bomb were not stilled, despite the official assurance that the incident was closed. France and Poland, in particular, realized at once the significance of the treaty for themselves. French opinion was greatly excited, and unfortunately came to the conclusion that the treaty was in some way the outcome of the Genoa Conference. This belief was fostered by statements in the French and British Press, which reacted injuriously on the Conference, and were probably intended by their authors to do so. One English paper, conspicuously hostile to Mr. Lloyd George and not desirous that he should succeed at Genoa, published a statement that the Prime Minister had been having private conversations with M. Krassine, and had told that leading Bolshevist delegate that he was prepared to cancel the whole of the Russian war debt to England.

At this point Mr. Lloyd George intervened through Sir Edward Grigg to deny these allegations. He had had no private and secret confabulations with any Bolshevist, and when he had met the Russian Delegates, in company with his colleagues, he had given them to understand the exact opposite of what he was accused of saying. He had told them there was no question of remitting the Russian war debt. These statements, continued the Prime Minister, were made with the object of wrecking the Conference, and they aroused strong feeling in France. It was impossible for him to turn aside from his tasks in Genoa and pursue every misstatement with a contradiction. He therefore appealed to the British public not to believe any statement contained in the *Times* or the *Daily Mail* about Genoa until he was able to deal with it in

Parliament. He would take the earliest opportunity of putting the British people in full possession of the truth. The political situation in Europe and at the Conference was extremely delicate, and it was quite undesirable that any seeds of distrust should be needlessly sown.

This delivery of "one between the eyes" to two great newspapers caused some amusement to those whose consciences were not wrung, and perhaps some little embarrassment to the representatives of the offending papers. The chief correspondent of the *Times*, however, did not turn up at feeding-time in the University, but obtained his oats and chaff elsewhere.

On this occasion the Prime Minister expounded once more through his genial secretary his policy with regard to Russia. He had been trying to get the French to understand the spirit and purpose of that policy—not, he thought, without some success. The view of the British Delegation was that if peace was not arranged with Russia, or some honest effort made to that end, and if the policy of the more prosperous European Powers was to leave Russia and Germany in isolation and distress, the inevitable result would be the conclusion between Russia and Germany of a "fierce friendship," with its point directed against the whole of the West. "We will have nothing to do with such a policy," said the Prime Minister. "We are not afraid of German or Russian menaces, but we are determined to do our utmost to prevent Europe being turned again into a shambles. We are thinking of the Russian people, and we want, if possible, to make peace with that people, whatever may be the nature of their Government." The Russians, he reminded us, had fought gallantly for us for two years.* They had suffered greater casualties than any other of our Allies, and the people, as a whole, were not responsible for what had passed in Russia since the Revolution. On the contrary, those who were suffering most terribly at

* On another occasion Mr. Lloyd George remarked that the Russian pressure upon Germany at the beginning of the War had made possible the Battle of the Marne.

the present time in Southern Russia were just those who had fought hardest and longest against the Soviet *régime*. "We want to adopt an open and human policy towards Russia if we can persuade her to accept conditions of international intercourse which are traditional and necessary among civilized Powers."

On this Russian question Mr. Lloyd George always acted in the spirit of the wise old German proverb: "Hinter dem Berge sind auch Leute"—behind the mountains of our prejudice and ignorance, behind Messrs. Lenin, Tchitcherin and Rakowsky, there are people—in this case some one hundred and twenty million people—of like passions with ourselves.

How little progress such ideas had made in France was evident from the speech by M. Raymond Poincaré, Prime Minister of the French Republic, which he delivered at this critical moment at Bar-le-Duc before the Council-General of the Meuse, and which served once more to trouble the waters at Genoa. It should be noticed that this speech was not an impulsive and impromptu utterance, but a very deliberate and carefully prepared discourse.

Speaking to an audience of "the French of the frontier" whose country had been ravaged, he declared that, though the cost of the war had to be borne by the victorious nations, the cost of repairing the actual damage done and the cost of pensions had to be paid by the enemy. The Treaty of Versailles also prescribed that Germany "should be disarmed and definitively reduced to military impotence." "If these clauses had been regularly applied, France would have declared herself satisfied," said M. Poincaré.

The Prime Minister ridiculed the accusations that France is imperialist and anxious for conquests. "I do not know a single French politician who has ever dreamed of territorial annexations," said he, adding, "All we ask for to-day is the execution of the treaty." He warned his hearers that "it is not by precipitate action and by taking steps without reflection that we shall obtain the execution of the treaty.

It can only be by persevering and methodical action. But we must in the end obtain it. It is the question of the peace of Europe, of our national prosperity, of our future."

M. Poincaré referred for a moment to the German-Bolshevist Treaty as a manifestation in the light of day of the sympathies between the Germans and Bolshevists which had long been developing in the shadows, and used this treaty as a proof that the Cabinet was right to insist on 18 months' military service. He mentioned the German police formations, composed of veteran non-commissioned officers "ready to be transformed overnight into military cadres." It all looked, he said, as if "the Pan-Germans were on the look-out for an occasion to foment trouble sooner or later in the marches of the East, and to retake by force the Polish regions taken from Germany by the Treaty of Versailles." The work of the Inter-Allied Commission was far from completion, and "it will certainly be indispensable that the Allies should maintain in Germany means of effective control over air organization, military organizations, and armaments." M. Poincaré added that "we desire with all our hearts the day when we can ourselves disarm, but Germany must first be genuinely and completely disarmed."

He next turned to May 31st, the date on which Germany must accept or reject the conditions laid down by the Reparation Commission, and said that in the case of German default "the Allies will have the right and, consequently, the duty, in order to protect their interests, to take measures which beyond doubt it would be infinitely desirable to adopt and to apply in common accord between them, but which by the terms of the treaty could in case of necessity be taken by each interested nation and Germany, by the Treaty of Versailles, would be obliged not to regard them as acts of war. We wish ardently to maintain on this capital occasion the co-operation of all the Allies, but we will defend the French cause in complete independence, and we will not give up one of the weapons which the treaty gives us." ("Nous souhaitons ardemment de maintenir, en cette occasion capitale, le concours

de tous les alliés ; mais nous défendrons, en pleine indépendance, la cause française et nous ne laisserons tomber aucune des armes que nous a données le traité.”)

Then M. Poincaré turned to Genoa. The treaty between the Germans and the Bolshevists, whatever its secret clauses might be, “ in any case sets the seal on a *rapprochement* which may become to-morrow a direct menace to Poland and an indirect menace to us.” French opinion would have understood the dissolution of the Conference as the result of the action of the Germans and Bolshevists, but the Allies were indulgent, and the French Delegation, “ anxious to show once more its co-operation, associated itself with the indulgent motion addressed to Germany.”

France publicly showed herself solid with the other Powers represented at Genoa, but, “ having given this new proof of our pacific spirit and our conciliatory intentions, we remain more firmly attached than ever to the ideas which the Cabinet has explained before Parliament and which remain our law. If the French Delegation cannot make them triumph at Genoa we shall regretfully be unable to continue our co-operation at a Conference of which we shall at least have sought to assure the success. Whatever may from henceforth be the attitude of Germany and Russia, we have before us a political situation which is of a nature to compromise and, perhaps, to upset the equilibrium of Europe, and which it is no longer possible to control by the aid of simple economic or financial formulæ, nor even by means of great international conferences, at which sit side by side the representatives of every human tongue. It is neither, alas ! consortiums of bankers nor recommendations, however wise, on questions of exchange or transports which will restore on a firm basis the peace of Europe.”

A great part of the German people, M. Poincaré went on to explain, are filled with the *idée-fixe* which develops their hopes of revenge, and the Bolshevists have another *idée-fixe* which gives them the illusion of bringing a new gospel to the world. Against these forces other moral forces must be employed.

“ We will remain at Genoa only on condition that there is no concession to Germany or to Soviet Russia, and that we hold firm to the terms of our memorandum.” (“ Nous ne resterons, bien entendu, à Gênes qu’à la condition de n’y faire aucune concession, ni à l’Allemagne, ni à la Russie des Soviets et de nous tenir très fermement aux données de notre mémorandum.”) “ But, whatever happens to the Conference the Allies will have to examine without delay the new fact created by the German-Russian Treaty, its effects on the Treaty of Versailles, and its effects on the future and the peace of Europe. It certainly puts before the Allies one of the most formidable problems they have had before them since the Armistice. Let us hope they will resolve the problem in concord and union by acting on those great principles for which they fought—right, liberty, and spirit of modern civilization.”

Before he concluded with an appeal to Frenchmen to sink their differences and stand together at this difficult time, M. Poincaré once more declared, “ We are determined to keep what has been given us by a treaty for which our heroes paid with their blood.”*

By a happy coincidence it was just now that the Anglo-American journalists in Genoa had decided to give a dinner to Mr. Lloyd George, and this took place at the Ristorante Olimpia, two days after M. Poincaré’s speech at Bar-le-Duc. It is useful to read the two speeches in succession, because they represent the respective spirits and policies which were striving for prevalence at Genoa. There was on the one hand the spirit that tended to maintain the war atmosphere and the war alignment, which stiffly insisted on a full measure of penal retribution, which was influenced mainly by self-regarding and particularist motives: in short, the spirit of antagonism and suspicion.† On the other hand was the spirit that desired to obliterate the old bi-castral division in Europe,

* *Times*, April 25th.

† In this connection the reader must always make full allowance for the past experience of France and for her existing position, geographical and otherwise, with regard to Germany.

to make legitimate concessions in the interests of peace, to remove and avoid all occasions of future offence and hostility, and to restore a real comity of European nations, based upon good-will and self-respect : in brief, the spirit of reconciliation and trust.

The dinner at the Genoa restaurant was a lively event. The British Prime Minister was received with a genuine and even affectionate enthusiasm. A number of gentlemen who had once been, but were no longer, employed by the *Times*, had formed a separate table within the *triclinium*, and described themselves in two large-type placards as "The Times Boot-Club." This caused much hilarity among the diners, the chief guest especially enjoying the joke. The speeches of Mr. Adam (correspondent of the *Evening Standard*), the chairman, and of Sir Edward Grigg also contributed to the merriment. Though the Conference was supposed at the moment to be in full crisis and in positive danger of dissolution, there was no evidence of depression or apprehension at this "Olimpian" feast. Mr. Lloyd George is not temperamentally despondent, and only a certain brooding thoughtfulness before he rose to speak *urbi et orbi* betrayed his consciousness of a fateful and arduous moment :

The Prime Minister said : " Mr. Chairman, ladies and gentlemen : After the very witty speech which we have heard from the Chairman I feel more timid and modest than usual in addressing this gathering. I do not profess to have the command of metaphor and simile which your Chairman possesses, and I congratulate him upon the striking originality of the phrases which I heard for the first time from his lips.*

" Being a mere politician, I must avoid the flowery path along which he has been treading, and, as is the wont of politicians, I shall walk along the paths of plain fact and truth.

" At the end of his speech the Chairman gave a very

* The Chairman had humorously recalled some of the Prime Minister's more recent and picturesque metaphors.

vivid and a very accurate account of the aims and objects of the Conference which has brought us all together. I agree with everything he said about it. It is, in my judgment, the most important Conference that has ever been held in Europe. Whether it succeeds or whether it fails, it will have a lasting effect upon the history of this great Continent; and since there are other continents besides this—although we are not officially conscious of the fact—and I believe the other continents are officially unconscious of our existence, the fate of this old continent will have an effect upon others as well. Therefore, the Genoa Conference is a landmark in the history of the world.

“ When war ended we were full of hopes that it meant the end of the reign of brute force and the determination of issues, great and small, by the carnage of the sword. Whether that hope is to be realized or not depends largely on the direction Europe will take after the Genoa Conference. The trouble of Europe is there are too many unsettled questions, and there is not one of those unsettled questions which does not contain in itself the possibility of a European conflagration. We have gathered here together to see whether it is not possible to find a settlement that will be acceptable to the common sense and to the conscience of the peoples of Europe. There are some people who are very impatient because we have not discovered these solutions in the course of a single fortnight: it will take longer. I remember very well, when we went to Washington, to the great Conference there, we had estimates as to how long it would last, and I remember very well when our Delegation went there, I will not say that they hoped to be back in a month, but there was a general feeling that it certainly would not last very much longer. It went on one month, two months, three months, but it accomplished its purpose, and there is no man in America, and there is no man in Europe, who would say that it was not worth every hour,

every day, every week, every month, that was spent. Even if six months had been spent, or a year had been spent, it was worth all the effort. I do not say we are going to take three months here, but we must not expect to overcome rooted difficulties, to reconcile, I will not say, antagonistic positions but divergent positions, all in the course of a fortnight, or three weeks, or even a month. There is no virtue which one ought to have to draw his cheques oftener upon than that of 'patience.' We need patience, but with patience I feel as confident to-day as I did when I came here that we are going to see Europe through. We are going to settle these problems. But they are vast problems. Take some of them. You have practically the whole of the frontiers of Eastern Europe unsettled. There is hardly a line there which is accepted by Europe as a whole. That is the present position. From the Baltic down to the Black Sea there is hardly a line there which is not contested, and every one of those lines involves in itself the possibility of a terrible conflict in Europe. In each of these issues you find different complications. Sometimes it is the fault of one country, sometimes it is the fault of another. Sometimes it is perhaps the fault of neither, but of the terrible muddle of races which you have surging like a cauldron in the centre of Europe, which have not yet settled down, and which at one moment belong to one combination and at another moment to another combination—races breaking into a country which seemed to have been populated by a totally different race. It is just like the earth boiling before its old crust had settled down. You have this racial lava surging right through the centre of Europe, and unless you settle the lines there which will be accepted by everybody, there are interminable possibilities of future conflicts that will embroil the whole of Europe, and whether America will it or not, she will inevitably be brought in as the last war brought America in.

“ Those are some of the difficulties ; but they are not all. There are some issues which will have to be settled which have been perforce ruled out of the purview of this Conference. You have Germany and Russia, who are in a condition of semi-antagonism to the rest of Europe. There is a state of suspended and barely suspended conflict. That means two-thirds of Europe—Germany and Russia—and, let me speak quite frankly, anybody who imagines that you can permanently, by any combination, keep down two great peoples representing two-thirds of Europe, must be either blind or blinkered. It is an impossibility ; it is a folly ; it is an insanity ; you must arrive at an understanding which will include the whole of these peoples. European peoples must be on good terms with each other. We are speaking quite frankly. You have to look at the possibilities, if Europe is to be divided permanently into two hostile camps. The Russo-German Agreement has been a revelation to some people. I ventured to give the warning myself a long, long time ago as to what was inevitable unless there was a good understanding.* It is absolutely inevitable—there is the possibility of a hungry Russia, equipped by an angry Germany. How long will it be before Europe is devastated, if that represents the permanent policy of any combination in Europe ?

“ For the moment we belong to a dominant group which won the Great War. We are dominant and we

* In his far-sighted Memorandum presented to the Peace Conference on March 25th, 1919, Mr. Lloyd George dwelt at length on this danger : “ The greatest danger I see in the present situation,” he wrote, “ is that Germany may throw in her lot with Bolshevism and place her resources, her brains, her vast organizing power at the disposal of the revolutionary fanatics whose dream it is to conquer the world for Bolshevism by force of arms. This danger is no mere chimera.” He envisaged the spectacle of “ nearly three hundred million people organized into a vast red army under German instructors and German generals, equipped with German cannon and German machine guns and prepared for a renewal of the attack on Western Europe.” “ If we are wise,” concluded the British Prime Minister, “ we shall offer to Germany a peace which, while just, will be preferable for all sensible men to the alternative of Bolshevism.”

are triumphant. Those things do not last for ever. If our victory degenerates into oppression, if it is tinctured and tainted and corrupted with injustice, if there is a feeling in the conscience of mankind that we have abused the triumph which God placed in our hands, vengeance will inevitably follow as it followed in the wake of the act which outraged the moral sense of the world on the part of Germany.

“ We must be just ; we must be fair ; we must be equitable ; we must show restraint in the hour of our triumph. Otherwise Europe will be a welter within the life-time even of men like myself and others whose hair is grey, if we live even to the ordinary span of human life. And those who are younger amongst us will inevitably see it.

“ That is why I have wrought hard to make Genoa a success. I am alarmed at the storms which are gathering on the horizon and rising higher and higher in the firmament over Europe. They may not break immediately, but they will inevitably do so unless by some means the atmosphere can be cleared and we get a fairer day.

“ I have been talking in an alarmist vein to-night. I do not think I am unduly alarmist—if Genoa fails. I am amazed at the people who ignore these portentous facts and concentrate on selfish trivialities in the face of the grave portents which I can see in the future. That is why I want Genoa to end in a real pact of peace. Without that Genoa will have accomplished nothing. It may redress exchanges ; it may improve currencies ; but it will not have accomplished the main purpose for which it was summoned. It is a gathering of the nations of Europe to take counsel together to see whether they cannot clear up the difficulties which are full of menace for the peace of each and for the peace of all.

“ I am glad of this opportunity of talking freely to the representatives of the great British and American Press.

Frankly, I wish America had been here. I know every time a British representative says that it is misinterpreted in America. They think we want America here for some selfish purpose. We do not. We want America here because she has a peculiar position, a peculiar authority ; her very aloofness would give her a right to speak that we who are entangled in all these old controversies can hardly command. If America were here she could speak with an authority, with an influence, that no other country can possibly command. We have all been mixed up in these quarrels in Europe—time whereof the memory of man runneth not to the contrary. Sometimes on one side and sometimes on another there are old memories ; there are ancient prejudices ; and they are always coming up whenever you advocate any particular course. America would come fresh, free, independent, disentangled and with an authority which springs from her great position which would have been invaluable, and her voice would, I know, have been the voice of peace, conciliation and good counsel. But it is too late to make that appeal now. America is not here, and Europe has got to do her best to solve her problems in her own way.

“ With your help—and we need that—we can do it. Much depends on what the Press says in the way of instructing public opinion. You can excite public opinion, you can arouse prejudices, you can stimulate passions, you can make people angry. That is not an atmosphere in which you can make peace. On the other hand, you can counsel patience, you can advise conciliation, you can inculcate the spirit of good fellowship and goodwill ; and if you do that, you will have had a part in a great deed—a great historic deed. You are not here, if I may very respectfully say so, merely to record impressions. You are not here merely to tell a tale. You are not here merely to interest those whom you represent. You are here to instruct them. You are here to sustain them.

You are here to direct ; you are here to guide. Your part in this Conference is as important as ours. Without your co-operation we cannot achieve anything. With it, it will be difficult enough.

“ I beg you, in the interest of the future of the world, to do your best not to thwart, not to add to the myriads of obstacles that are in the way, but to help to clear the path, to straighten it out, and together we shall be able to rejoice in looking back that we all took part in something that will be a pride to the end of our days for what we have done in the service of humanity.”

A collation of these two speeches throws much light on the differences between French and British policy. There is a fundamental antithesis of mentality between the two races which seems to make any permanent political collaboration difficult, if not impossible. The French are intensely logical and syllogistic in their habits of thought. They will build a logical structure on premises which may be quite unsound, and they will defend and maintain it with the utmost obstinacy. They will push a questionable proposition or theory to its logical issues as though it enshrined ultimate truth. Let us take one example. They have formed an opinion that “ Germany understands nothing but force.” A generalization of that sort can be safely accepted and applied only with many reserves, but the French have construed it literally and based upon it a whole system of policy. The quartering of black troops in the great and dignified city of Frankfort is only an incident in the working out of this logical process. The English, or, as I suppose I ought to say, the British, are not likely to make colossal and nemesis-provoking blunders of that kind. They deal less in generalizations and syllogisms. They are practical and empirical. They know by experience that if they do certain things certain other things will follow, whether it be logical for them to follow or not.

To this dissimilarity of temperament between the two countries there was added also a difference, if not an actual

divergence, in positive interest. The internal economy of France differs fundamentally from that of England, and is, at least theoretically, much sounder. France is a self-contained country. She can support her own people from the products of her own soil, though there are certain raw materials of industry which she is compelled to import from oversea foreign sources. For England, on the contrary, with four-fifths of her people dependent for their elementary food, their actual bread and meat, on oversea supplies, a vast oversea commerce is a first principle of existence. She feels more than any nation in the world any obstruction in the channels along which her manufactures flow out in order to pay for her vast needful imports. No Power in the world suffered so severely from the dislocation of the machinery of trade which followed the Great War. France, with her natural economic interchange between her own industrial and agricultural centres, was far less affected in this respect. For her the reconstruction of the European market was less urgently necessary and she was more free to pursue more purely political ends.

England, however, could not wait. The damage to her trade was a more serious injury to her than the devastation of the war area was to France. Trade revival, and all the means leading to it, among these being the economic reconstruction of Germany and Russia, determined her post-war policy. It is not surprising, therefore, that the two countries, though they had fought and bled side by side in the same high cause, should have found it difficult to continue that intimate accord into the days of peace. "*Difficile est,*" wrote Cicero in a letter of rare political wisdom to his brother Quintus, "*ea quae commodis, utilitate et prope natura diversa sunt, voluntate conjungere.*" "It is hard to maintain any entente between systems which differ in their material interest and almost in their very nature and temperament."

This was the precise difficulty between England and France. It did not imply that England was unfaithful to her war comrade and consciously leaning towards new friendships

with Russia and Germany. It was a radical difference in positive interest and in psychological character which had been suspended during the storm and stress of actual conflict, but re-asserted its influence when the work of political, industrial and commercial reconstruction in a war-broken world had begun.

My own feeling is that though France has many excuses for an extreme and intransigent policy, her attitude since the Armistice has been in many ways short-sighted and unwise and is likely, as the years advance, to revenge itself upon her in renewed difficulty and danger. In his speech "Pro Marcello," if I may once more quote a favourite author, Cicero remarks that Caesar, by the moderate spirit in which he used his success over the Pompeian party, might be said "*victoriam ipsam vicisse.*" That cannot be fully affirmed of France. She has not in this sense vanquished her own victory, but has tended rather to fall to the level of the lower motives and the less generous spirit which triumph so easily engenders.* Even in the international sphere the Christian precept "Love your enemies" may be the wisest policy, as well as the highest ethics, though, let us always remember, such an ideal is not easy for a people which has seen its hearths and homes invaded four times in one hundred and twenty years.

Throughout the whole of the Genoa Conference one was always conscious of this antagonism between British and French policy. We felt that we were not speaking the same language or thinking the same thoughts as the French. With the Italians and the British it was otherwise. The Italian genius is far less hard and formal than that of their neighbours. It is far more akin to the English and British,† and

* At a Mazzini celebration in London in June of this year Mr. Lloyd George quoted a saying of the famous Italian statesman, one of the greatest of the sons of Genoa, that "the morrow of the victory has more perils than its eve."

† An explanation of this affinity I once heard suggested was that both nations are maritime and have lived throughout their history on and by the sea.

these two peoples worked together throughout the Conference with the most perfect sympathy and accord. More than once Italy actually moderated British policy, which was itself moderate in its whole spirit and purpose. I think most of the nations assembled at Genoa must have been struck with the liberal and broad-minded character of Italian statesmanship.

It was hard to imagine how such a speech as this of Mr. Lloyd George, delivered with an evidently sincere and profound conviction, could be reconciled with the curious theory that the British Prime Minister was simply electioneering at Genoa, that the thirty-four nations had been called together in order to provide a falling statesman with political capital and thus enable him to retrieve his fortunes. If such a speech, so inspired and so delivered, was indeed only an incident in such a tactical plan, we obviously live in a more dreadful world than we had imagined.

It was another symptom of the suspicious frame of mind cherished in certain circles that the German admiration of the speech tended in some way to its discredit. Dr. Rathenau did indeed pay a warm tribute to it. He "would have given anything to hear that speech." It seemed to be one of the best Mr. Lloyd George had ever made. It was very far-sighted. Mr. Lloyd George had said: "We want to be fair, just and equitable." Dr. Rathenau believed that it was with this thought that the British Prime Minister had launched his non-aggression pact. He admired the long-sighted view of the statesman who bore the greatest burden of responsibility of any man in the world. So spake Dr. Rathenau, and it is perhaps still possible for a man of culture to express his appreciation of a noble and statesmanlike address without any *arrière pensée* of a subtle and insidious kind. The less generous comments on the speech were confined to certain sections of opinion in England and France. Among at least thirty-two nations of the world the address was interpreted in the sense it was intended to bear and seemed to be unanimously praised and approved.

The Rapallo Treaty was meanwhile the chief subject of interest, especially in France. Its significance was not underrated, and a statement was freely made that the treaty contained clauses of a political and military kind, and that the evil thing foreshadowed by Mr. Lloyd George in 1919 had indeed come to pass. Opinion in France was at any rate highly excited, as was evident from the unanimous resolutions passed in the French *Conseils-Généraux* at the opening of their Spring sessions. The question of reparations, with which M. Poincaré's speech was mostly concerned, did not fall within the purview of the Genoa Conference. But as all the signatories of the Treaty of Versailles were present in Genoa it seemed reasonable that these should meet together at once and take counsel on the important questions raised by the French Prime Minister. This course was, therefore, suggested by the British Delegation. But the French did not approve. As usual, they pushed to its logical extreme their perfectly correct opinion that Genoa had nothing to do with reparations. The subject, therefore, must not be discussed in the city where the Conference was being held, even though the two bodies were kept entirely distinct. M. Poincaré would certainly not come to Genoa for the purpose, though it was understood he might possibly come to Nice! The first suggestion of the French was that the question should be referred to the Council of Ambassadors, but they settled down finally on the decision that the subject should be left over until after May 31, when the German default, if any, would be known, and the situation might then be considered in the Reparations Commission.

M. Barthou* at this juncture intimated that he must go to Paris to consult his Government, but his departure was repeatedly delayed. Mr. Lloyd George reminded him that this was the second time the head of a French delegation

* It seemed to many in the Conference that the French Delegation at Genoa was much more inclined to concession and moderation than the Government which controlled its policy from Paris. Certainly M. Barthou was always on excellent terms personally with Mr. Lloyd George.

had proposed to leave an international conference. On the first occasion, when M. Briand had suddenly departed from Cannes, the result had not been encouraging. These shrewd sallies of the British Prime Minister were not always appreciated by gentlemen in whom a sense of humour, or at any rate a sense of Lloyd-Georgian humour, was perhaps not highly developed. On such occasions Mr. Lloyd George would generally set matters right by a little tribute or a compliment. So now he went on to praise M. Barthou's conciliatory efforts and his evident desire to contribute to the smooth working of the Conference. In the end M. Barthou left Genoa for Paris on the morning of May 2nd.

Poland was the country most directly and imminently affected by the Rapallo Agreement. This aspect of the question became manifest in a lively exchange of letters at this time between the Russian and Polish Delegations. It must be explained that before going to Genoa the Poles had concluded on March 30th at Riga a treaty with the Bolsheviks, Estonians and Letts concerning economic and commercial reconstruction in Eastern Europe. In this the Poles had agreed to the principle that this reconstruction would be aided by the *de jure* recognition of the Bolshevik *régime*. The Poles also undertook to support the limitation of armaments and intimated their intention of promoting at Genoa the objects of the Riga Agreement.

It will be remembered, however, that M. Skirmunt, the Polish Foreign Minister and head of the Polish Deputation, signed the two letters of protest against the Russo-German Treaty. This action prompted M. Tchitcherin to write a letter to M. Skirmunt in which he made some shrewd comments on the Polish proceeding. He pointed out that the Riga Treaty settled Russo-Polish questions more comprehensively and definitely than the Rapallo Treaty settled Russo-German questions. M. Skirmunt's conduct was "strange and incomprehensible" inasmuch as, though he had recognized *de jure* the Bolshevik Government, he now questioned the right of Russia to conclude treaties with other States. Such

conduct was "an outrage against the sovereign rights of Russia" and an infraction of a treaty of March 8th, 1921, also concluded at Riga and ratified by the Polish Diet, and a still more flagrant violation of the Agreement of March, 1922.

Moreover (added Tchitcherin) the circumstance that the States signatory of the reply to the German Note—among which States Poland alone belongs neither to the Big nor the Little Entente, but is allied to Russia in virtue of normal treaty relations—reserved their Governments' right not to recognize this or that Article of the Russo-German Treaty creates an unheard-of precedent entitling any third Power to annul a treaty concluded between two other Powers. This precedent (concluded M. Tchitcherin) would give the Bolshevists the absolute right not to recognize any treaties between Poland and other Powers if they contained displeasing clauses. The Bolshevist Government was not at all disposed to pursue the path indicated by the step Poland had taken, and "declares categorically that in no case will it permit that recognition of treaties concluded by it should depend upon third Powers."

This incisive Note, which bears some marks of M. Rakowski's authorship, provoked from M. Skirmunt a polite but rather cloudy and prolonged reply.

He declined to admit the right of the Bolshevist Government to intervene between Poland and the other States, and declared that the recognition *de jure* of the Bolshevist Government could only be regarded as a move towards the end of promoting the economic reconstruction of Central and Eastern Europe. The participation of Poland in the deliberations of the Conference upon Russian affairs was in no way incompatible with the Riga Peace Treaty of March, 1921. Nor was there any analogy between such Polish participation and the absence of Germany from the discussion of Russian affairs, an action amply explained in the recent correspondence with the German Delegation. Polish adhesion to this correspondence could not be interpreted as affecting Russian sove-



M. Tshitcherin (central figure), Chief Bolshevik Delegate,
at the Reception at the Palazzo Ducale.



Palazzo Reale, Via Balbi. Headquarters of the
Conference.

reignty or depriving Russia of the right to conclude treaties with other States.

The Bolsheviks' accusations were, therefore, baseless, and could not affect Polish participation in a collective measure designed to safeguard the Treaty rights of a group of States—to which Poland belonged—and their relations with a third State. This was a question upon which Russia had not been asked for her opinion.

French opinion, as I have pointed out, was not disposed to regard the Rapallo incident as closed. It not unnaturally regarded the agreement as directed against France, and there was much talk about clauses of a military and political character which had not been disclosed at Genoa. The treaty seemed too one-sided, too favourable to Russia, to be complete as given to the world. What purported to be the military and political terms were afterwards published in the British Press. These assumptions were combated at the end of the month by a letter written by M. Tchitcherin to M. Barthou, of which a copy was forwarded to Mr. Lloyd George :

“ April 30th, 1922.

“ To Mr. Lloyd George.

“ Sir,—I consider it my duty to forward you the copy herewith enclosed of a letter which I have sent to-day to M. Barthou.

“ I have the honour to be, Sir,

“ Your most obedient servant,

(Signed) “ GEORGE TCHITCHERIN.”

“ Genoa,

“ April 30th, 1922.

“ Sir,—In the comments in the French Press, as well as in the declarations of the heads of the French Government, the agreement between Russia and Germany, which was negotiated several months ago at Berlin and has been signed at Rapallo, is interpreted as an act directed against the interests of France. The assumption has been

repeatedly expressed that the Treaty of Rapallo has been accompanied by secret clauses of a military and political nature, which conceal aggressive intentions on the part of Russia towards France or her Allies.

“ In view of the fact that in spite of the repeated official denials of the Russian and German Delegations, and the declaration of the German Chancellor to the Press, suspicions concerning the true significance and character of the Rapallo Agreement continue to disturb public opinion and official circles in France, the Russian Delegation believes it necessary, in the interests of truth and in order to dissipate any doubts which might have arisen as to the peaceful policy of the Russian Government, to address this note to you.

“ The Russian Delegation declares in the most categorical manner, in confirmation of what it has stated semi-officially, that the Rapallo Agreement contains no secret military or political clause and is accompanied by no such clause, also that the Russian Government is not engaged in any act or action whatever directed against the interests of the French or any other nation.

“ The Rapallo Agreement has only contemplated the liquidation of questions pending between two States who had been at war, both of whom feel the need to re-establish peaceful relations in their own interests and in the interests of the whole of humanity. Far from being directed against France or any other Power, the intention of the Russian Government is that the above-mentioned agreement should but be the commencement of a series of individual agreements which, in the opinion of the Russian Delegation, should complete the general agreement towards which the Powers assembled at Genoa are aiming. These agreements should serve as a basis for peace and equilibrium in the world.

“ So far as France in particular is concerned, the Russian Government considers that there are many points of contact between the interests of the two coun-

tries which will facilitate agreement on all the questions at issue between them.

“ In this respect the policy of Russia has not varied, in spite of the hostile attitude which France has deemed it necessary to maintain towards her for more than four years. The Russian Government cannot conceal from the French Government that the latter’s hostile policy has created violent resentment against France in the public opinion of Russia, and that, apart from this policy, no reason would appear to exist why the most friendly relations should not be established between Russia and France and her Allies. The Russian Government is also convinced that a change in the attitude of France is not only necessary but advisable in the interests of France and Russia, the populations in the East of Europe and the the economic recovery of the world.

“ Believe me, Sir, that this letter is only dictated by a sincere desire to dissipate any misunderstanding which might have impeded the normal progress of the Genoa Conference.

“ I have the honour to be, etc., etc.,
(Signed) “ TCHITCHERIN.”

M. Barthou turned away this anger by the softest of replies dated May 1st :

“ J’ai communiqué ce matin à la réunion officielle de la première sous-commission, en raison de certaines dispositions générales qui intéressent toutes les puissances, la lettre que vous m’avez fait remettre hier soir.

“ D’un autre côté, j’en ai fait tout de suite transmettre télégraphiquement le texte au président du conseil des ministres français.

“ Sans mettre en doute la sincérité des intentions qui ont dicté la lettre de la délégation russe, je dois relever le passage qui attribue à la France une attitude d’hostilité envers la Russie. La France a, tout au contraire, conservé pour la nation russe, qui fut sa loyale alliée de guerre pendant trois ans, les sentiments d’une vieille amitié.”

M. Barthou returned from Paris on May 6th, and in the afternoon of that day had a conversation with Mr. Lloyd George. His absence and return are also a part of the story of the general Russian question before the Conference, and we shall refer to them again in that connection. But one of M. Barthou's objects in visiting Paris was to consult on the questions opened by the Russo-German Treaty. In his interview with Mr. Lloyd George he had important things to say about the general Russian questions before the Conference, of which I shall speak later. But he referred also to the Russo-German Treaty, over which he said he had found opinion in Paris very much disturbed. Mr. Lloyd George corrected a statement he had noticed in the French papers that he had proposed a meeting of the Supreme Council in the ordinary acceptation of that term. All he had suggested, jointly with the Italian Government, was that conversations should be held among the Allied signatories of the Treaty of Versailles, as these were nearly all at Genoa. M. Barthou replied that he fully understood the nature of Mr. Lloyd George's suggestion, but, as he had already informed Signor Schanzer, the French Government were not in favour of having such conversations until after May 31st.

M. Barthou also reaffirmed the French intention to act in the closest association with Belgium with regard to the memorandum to Russia, especially the clause relating to private property, refusing to agree to it until Belgium did the same. To this we shall return in a subsequent chapter dealing with the proceedings in the Political or Russian Commission.

CHAPTER IX

CYCLONE AND ANTI-CYCLONE

FROM this interview between the chief British and French delegates sprang a storm of first-class severity. The rumour of a very startling report of what had passed between the two statesmen reached Genoa from many sources, including telegraphic messages, press and private, from England. What the report in question was may best be gathered from the great British journal in which it was most definitely and deliberately given. The *Times* was at this period strongly hostile to the British Government and hostile in a curiously personal way to Mr. Lloyd George. It had been the chief exponent of the theory that the Genoa Conference was simply a device to revive a statesman's drooping fortunes. On this personal and on broader political grounds it had opposed the holding of the Conference, and the general impression, not unconfirmed by the messages of its special correspondent and editor, Mr. Wickham Steed, was that the *Times* earnestly desired the failure of the Conference and welcomed any influence or incident which tended to produce that result. At any rate the only success Printing House Square hoped for the Conference was the negative one that it might not end in such a "catastrophe" as the journal anticipated. The policy and predilection of the *Times* were symbolized by the residence of its correspondent in the actual hotel* reserved for the French Delegation.

On May 8th, in a lengthy postscript to that day's message, Mr. Wickham Steed wrote :

" I find that I seriously underestimated the facts when,

* The Hôtel Savoia.

in my earlier message, I suggested that yesterday's interview between Mr. Lloyd George and M. Barthou was not entirely harmonious. According to reliable information the British Prime Minister spoke severely. Whatever allowances may be made for his disappointment at the failure of the Conference hitherto to give him the results for which he professed to hope, the fact remains that his language yesterday was in accord with the most extreme interpretations of his policy that his partisans have advanced.

"In substance he told M. Barthou that the *entente* between Great Britain and France was at an end. Great Britain considered herself henceforth free to seek and cultivate other friendships. His advisers had long been urging him to make an agreement with Germany, even at the cost of abandoning British claims to reparations. France had made her choice between British friendship and Belgian friendship. She had opted for Belgium, although the help she had received from Belgium was not comparable to the help she had received from Great Britain. The British Government felt very deeply the conduct of France.

"Henceforth France might stand alone with Belgium, and see what advantage that would bring her. He (Mr. Lloyd George) knew that what had happened was not M. Barthou's fault. M. Barthou had done his best to be conciliatory, but he had had no freedom of action. British opinion was hostile to France, and his (Mr. Lloyd George's) advisers, especially Lord Birkenhead, the Lord Chancellor of England, had been constantly advising him to break with France. Letters from all parts of the country gave him the same advice. In fact, he, the Prime Minister, was almost the only friend France had in England. But now he must look in another direction.

"M. Barthou seems to have been overwhelmed by the Prime Minister's vehemence and to have essayed a soft answer in the hope that it might turn away Mr.

Lloyd George's wrath. To-day, however, M. Barthou received the representatives of the British Press and made a somewhat more adequate reply to them."

The correspondent then goes on to report the substance of this official conversation with the British Press :

" M. Barthou stated that France had done her utmost to collaborate loyally in the work of the Conference. She had made great concessions, the extent of which would only be revealed when the history of the Conference was written. The French Delegation might have objected to the semi-official conversations with the Bolsheviks at Mr. Lloyd George's villa, since France had come here for a conference, not for private negotiations. He had taken part in the conversations on his own responsibility. Had France not really desired the success of the Conference, she would have broken it off when the Germans and Bolsheviks stabbed it in the back.

" M. Barthou then referred in some detail to his attitude during the drafting of the concerted document and explained that he had done his utmost to maintain harmony. But in Paris he found great animation in the Press and in public opinion. The Foreign Affairs Commission of the Chamber and of the Senate had considered the Belgian protest on the subject of private property entirely justified. The Government had instructed the French Delegation to support Belgium on a question of principle, not on a question of persons.

" It should not be said that France had chosen between two friends. She had acted on a question of principle. There was no question of choosing between British and Belgian friendship. The Belgian attitude had been heroic at the beginning of the war and had earned the admiration of the whole world. But this did not lessen French admiration towards Great Britain and the British Dominions.

" M. Barthou added that the revolutionary change

made when the British introduced conscription, and allowed their armies to be commanded by a Frenchman, was one of the finest things recorded in history. France believed that Belgium now stood closer to the truth than England. She had therefore sided with Belgium, but not with Belgium against England. He must say clearly that France wishes to maintain the Alliance. He spoke as a Minister, and therefore with a full sense of his responsibility. France had acted on a question of public law. Could that mean that England and France were not to follow the path of law together? It was possible that the Bolsheviks would place them again together by refusing the concerted document. The Bolsheviks would have to speak clearly, and say Yes or No without delay. If their reply was No, there could be no question of the Non-Aggression Pact either."

This statement by the chief French Delegate might seem to give colour to the report of the Lloyd George-Barthou conversation, and was probably quoted with the object of supporting that account. The report may, indeed, have been built on the statement. There is no doubt, however, that it was a complete fabrication, though who the original artist was remains, as usual in these cases, a mystery.

It was at this point (May 8th) that Mr. Lloyd George paid the Anglo-American journalists his first visit in the University. That morning an anxious-minded Scandinavian journalist had expressed to me her fear that the strain of the Conference might be proving too much for the British Prime Minister. We were, indeed, *en pleine crise*, what with this excitement over the Barthou interview and the immediate expectation of the Russian reply to the Memorandum. There were many rumours abroad, and in anxious minds, such as that of my Norse friend, much foreboding. I gave this lady, who was the correspondent of the *Dagbladet*, what consolation I could. It was probable that, as Mr. Lloyd George had endured the strain of the war, he would perhaps prove equal to the strain of the peace. But she was only half assured.

When Mr. Lloyd George joined us in the afternoon I recalled that conversation with amusement. The Prime Minister, attired in an easy grey suit and a soft shirt and collar, was the picture of health and strength and the *joie de vivre*. The "weary Titan" bore his burden lightly as a flower. He pronounced no rhetorical speech, but sat down in a friendly and homely way, and invited questions, which, I must add, he quickly got. It was a merry half-hour, for Mr. Lloyd George was in excellent form. He told us about his recent talks with Tchitcherin and Barthou, protesting against the misreport of the latter. It was untrue from beginning to end—the "insane" production of those persons who wanted the Conference to fail. It was also a "wicked" fabrication, because it tended to embitter the relations between two friendly and allied countries. He (Mr. Lloyd George) had never said that it was all over with the Entente, and, as regards the allusion to Lord Birkenhead, the Lord Chancellor's name had never been mentioned from the beginning to the end of the interview. A quite fair and accurate official account of the interview had been dispatched by the French Delegation to their own Government. The quietude of the Prime Minister's denials, the absence of any over-emphatic protest, corroborated his words, and left no doubt in any reasonable mind.

"Mr. Prime Minister" answered all questions, asked in both the English and the American languages, with much patience and humour. And, throughout, the buoyancy of the great statesman's temperament was manifest. If the Russian answer was of a certain character the next day, he was asked, would he turn down the idea of—I did not catch the exact point? "I never turn down ideas," gently replied Mr. Lloyd George.

To one who repeated a question already asked and answered, the Prime Minister said he was afraid the questioner had not heard his last answer. He would not answer the question again, he slyly added, lest his second reply should be regarded as inconsistent with the first. To many inquiries

about his relations with M. Barthou and the French, he replied, with invariable cheerfulness and confidence: "We have got over so many difficulties in the past that a few more will not matter. Besides," he remarked, with reference to political as well as physical meteorology, "the weather is improving." All this in the softest tones of that musical voice which is so familiar in senate and assembly of the homeland.

It was, indeed, a very pleasant aspect of the great statesman, upon whom more than any other the hope of the world was in these days fixed, we had before us that delicious afternoon. I think everyone present felt the charm of a singularly happy and wholesome personality. We could note almost the "pulse of the machine" that was guiding, if not controlling, the destinies of the world. To many of us Lloyd George had been for many years a name and nothing more. We could now mark or re-mark at close hand the sunny and invincible optimism of the man, the constant play of humour neutralizing everything acid and acrid, the perfect freedom from pedantry and fanaticism and all those moods which engender discord and oppression and cruelty, the spiritual insight and knowledge which is better than academic erudition, the happy embodiment of those qualities which I believe Dean Swift, before Matthew Arnold, summed up as "sweetness and light."

I would not have the reader think that there was anything frivolous or heartless in Mr. Lloyd George's cheerfulness *in ipso discrimine rerum*. He was conscious enough, none more so, of the fatefulness of the hour. Under the summer lightning of his wit was the serious purpose, the inspiration of a great idea. Mr. Lloyd George's personal popularity with the nations represented at Genoa was very great. Even among the French one noticed a desire to push concession to the farthest limit out of a personal liking for the British Prime Minister. An American journalist frankly admitted that there was one thing which New England envied Old England, and that was "your Mr. Lloyd George." I dwell on these

circumstances because I do not think that the people of this country have fully realized what an advantage they enjoyed in being thus happily represented in the world's councils, and how high the name of England stood at this time among the nations, and especially among all liberal-minded men and women throughout the world.

The *coup de grâce* was given to the garbled report by the letter which the British Prime Minister wrote to M. Barthou and the reply of the French Minister. These letters were read by Mr. Chamberlain in the House of Commons. The former ran :

“ My dear Barthou,—I am informed that there appeared in the English newspapers to-day [Monday]* a statement regarding our conversation on Saturday, which attributes to me a declaration to the effect that the Entente between France and Britain is at an end, and that my advisers were pressing me to come to an understanding with Germany. I have already asked Mr. Chamberlain, who is Acting Prime Minister in my absence, to contradict this malicious invention in Parliament this afternoon, and will be much obliged if you, on your side, will also contradict both statements. I request this because, as you know, I value Franco-British co-operation too highly to tolerate public misstatements regarding the official conversation on that subject at a moment of great importance in the relations of our two countries. I was a strong partisan of the Entente between France and Britain long before the war, and to me, as to every Englishman, that friendship means more since it was consecrated by common sacrifices. Hence my great anxiety that nothing should happen to divide the opinion of our two great democracies, upon whose partnership the peace of Europe so largely depends.

“ Believe me, yours sincerely.”

* May 8th.

M. Barthou's reply was :

“ My dear Mr. Lloyd George,—You appeal to my testimony regarding the conversation which we had together on Saturday afternoon, and which has aroused so much comment. Here is my reply : You did not say that the Entente between Britain and France was at an end, nor did you say that your advisers were pressing you to come to an understanding with Germany. You spoke to me of the difficulties through which the relations of our two countries were passing, but you did not pronounce one word which could be interpreted as expressing the intention to break the friendship which unites us, and I retain all my confidence in our essential union.”

Such was the conclusion of an incident which caused an immense perturbation in Genoa and in Europe generally, and produced something like a panic on more than one Continental Bourse. It is useless to speculate on the origin of these sensational rumours. They appear to be interesting examples of spontaneous generation.

The air of the Italian city was filled with such floating and intangible films. At the daily conferences in the University the latest rumour was usually reported and amusingly discussed. The simplest incidents became the subjects of the most credulous suspicion. About the time of the fabricated report Mr. Lloyd George received a visit from M. Tchitcherin. The theory of a new orientation of British policy was supposed to be confirmed by this and by a similar visit of the German Delegates. As Mr. Lloyd George told the journalists, the visit of the Bolshevik leader had a very simple and obvious purpose. He called to obtain a little further information on certain points in the famous Memorandum.

Such atmospheric conditions are perhaps inevitable on these occasions, when so many conflicting interests are involved. But to fasten on any of these nebulous hypotheses

and give them body and form for political reasons and without the strongest evidence of their truth was to assume a very serious responsibility. The position of a British representative, whose political base is liable to persistent and insidious attack, becomes almost intolerable. It is possible that the Genoa Conference ought not to have been held. At any rate, that was a legitimate, though perhaps a not very well-founded, position to take up before the Conference assembled. But to make every effort and employ every means to embarrass the British representatives and frustrate the Conference while it was sitting was surely morally unjustifiable and, if successful, might have issued in the most serious and disastrous consequences. For a conference to be proposed and not to meet may be harmless enough. But that thirty-four nations should assemble with a serious purpose and at one of the most critical periods in human history, and then separate in disappointment and frustration might have produced the worst reactions on the conditions of a world already verging on dissolution and despair. Not the least of the British Prime Minister's titles to the gratitude and respect of the nations is that he fought the enemy in front, and the much worse and more insidious enemy behind, with an unflinching patience and courage. It was these qualities which were to save the Conference in its closing days, when a little less confidence and a little less patience in the British statesman might have resulted in a complete frustration of the six weeks' work in Genoa and the consequential evils to the world of such a disaster.

CHAPTER X

THE PALAZZO DI SAN GIORGIO AGAIN

UNDER the overshadowing interest of the Russo-German Treaty and the Russian question in general the formal commissions dealing with the main objects of the Conference had been quietly accomplishing their tasks. The Second or Financial Commission, presided over by Sir Robert Horne, Chancellor of the Exchequer, and after his departure to England on Budget business by Sir Laming Worthington-Evans, Secretary of State for War, had made very rapid progress. It will be remembered that this Commission was divided into three sub-commissions, dealing respectively with Currency, Credit and Exchange. On the first of these, in addition to Sir Robert Horne, who was President, sat Sir B. Blackett and Sir C. Addis, with other British assistants. Britain was represented by the War Minister on the second and again by Sir Robert Horne himself on the third sub-commission.

General tributes were paid to Sir Robert Horne's genial but firm efficiency as Chairman of this Commission. It was largely owing to his influence that the work was carried out in so business-like a fashion. He inspired the greatest confidence and his nomination of the Committee of Experts was literally accepted without any protest or jealousy. Never before has there been such a concentration of financial experts in one place as at this time in Genoa. By "experts" is meant not simply financial writers or professors but men of practical business experience in these departments. For example, the various central banks were represented by governors or deputy-governors in M. Vissering of Holland, Signor Stringher

of Italy, Herr Havenstein of Germany, M. Picard of France. Two directors of the Bank of England, Mr. Peacock and Sir Charles Addis were also present.

Then again many of the great merchant bankers and joint-stock institutions sent their chiefs—Mr. Henry Bell, of Lloyd's ; M. ter Meulen, of Hope's, the great Amsterdam house which was agent for the British Treasury in the wars of Napoleon and again in the late war ; M. Wallenberg, of the Stockholms Enskilda Bank ; M. Gluckstadt, of the Landmandsbank of Copenhagen ; and Herr Welchior, from the Hamburg firm of Warburg, who of all Germany's financiers commands the widest international respect for integrity and intellect. Professor Cassel, of Stockholm ; Mr. Hawtrey, of the British Treasury ; Mr. Brand, of Lazard's ; and Sir Henry Strakosch, of whom the last two were the nominees of General Smuts, represent the pick of writers on positive finance.

From such a galaxy of wisdom and ripe experience it was possible to select a committee of financial supermen. It was not chosen according to countries but nominated from the whole body of European experts, regardless of nationality. It consisted of Messrs. Avenol, Bianchini, Vissering, Cassel, Cattier, Havenstein, Dubois, Pospisil, Brand and Strakosch, all under the presidency of Sir Basil Blackett.

The Fourth or Transport Commission had likewise speeded up and finished its labours neck to neck with the Financial. This had also been divided into three sub-commissions, dealing with Organization, Railways and Waterways. M. Theunis, Prime Minister of Belgium, or in his absence M. Gaspar, Belgian Foreign Minister, presided over the Commission. The names of the various British members will be found in the full list of the Commissions.*

To return to the Report of the Financial Commission. That document presented no sensational surprises and may have disappointed those who desired sweeping changes and the waving of magic wands. As Sir Robert Horne remarked, there are certain fundamental laws from which there is no

* See Chapter IV.

getting away, and which must form the basis of all sound discussion and conclusion. Nevertheless, the Report was not simply a new edition of that of the International Financial Conference held at Brussels in September, 1920. For example, there was no suggestion at Brussels, such as was now made, of a new gold parity. Original also to the Genoa document is the bold statement that "a considerable service will be rendered both to its own internal economy and to the cause of European recovery by that country which, after reaching comparative stability in its currency at a point so far below the old parity as to make return to it a long and painful process, first decides boldly to set the example of securing immediate stability in terms of gold by fixing a new gold par at or near the figures at which comparative stability has been attained." The Genoa Financial Report* marks an important stage in the advance towards that stabilization of the exchanges without which it is impossible to set the wheels of commerce once again in motion.

The last Resolution (No. 19), which recommends the establishment of an International Corporation, with national corporations affiliated to it, in order to render financial and technical facilities in the reconstruction of Europe, carried out one of the resolutions passed at Cannes. Sir Laming Worthington-Evans was able to announce that twelve countries had pledged themselves (if their governments approved) to join the scheme. Twenty millions sterling seems a small enough sum for this purpose. But, as the British War Minister said, behind the national corporations stand the vast resources of the various countries, from which undertakings approved and supported by the Central Corporation can be financed. A subscription of half a million entitles to a seat on the Board of that body, but there will also be a smaller executive committee.

As regards the Report of the Fourth or Transport Commission, the debates were conditioned in some degree by the Barcelona conventions of April 20, 1921, regarding "Freedom of Transit and the Régime of Navigable Waterways of Inter-

* See Appendix V.

national Concern ;” and also by the agreements for the regulation of international railway traffic concluded at Porto Rosa on November 23, 1921. In connection with the former of these rather formidable documents it may be worth mentioning that the only State which ratified the railway regulations of the Barcelona Report was Albania, which does not possess a single mile of railway line.

The second plenary session of the Conference was held in the Palazzo San Giorgio at 10 a.m. on May 3rd, in order to consider and approve the Reports of the Financial and Transport Commissions. This event, which greatly resembled the inaugural meeting was, naturally, not so interesting. We were all accustomed by this time to the sight of the various delegations. Even a live Bolshevist no longer excited our curiosity. Moreover, the subject was not exactly of a madrigal character. A generation which has had to comprehend the science of relativity and the problems of post-war finance may be said to have had intellectual exercise. The questions of currency, credit and international exchange do not lend themselves readily to humorous treatment. Indeed, by the time we had listened to half the speeches and their translations the time began to drag rather heavily. Mr. Lloyd George, who was present but took no part in the proceedings, seems to have felt the general ennui, for he passed a scrap of paper to a friend of mine, who carefully preserves it, with the despairing question, “ Are we never going to have a relieving touch of humour ? ”

The speeches, however, were not uninteresting, and they will certainly be most valuable to those in future times who wish to understand the complicated problems which faced the world after the great European War. They contain a good deal of information which the non-technical reader may also find acceptable. The official report of the meeting was as follows :*

* The Reports themselves will be found in Appendixes V. and VI.

INTERNATIONAL ECONOMIC CONFERENCE
OF GENOA

SECOND PLENARY SESSION

PROVISIONAL VERBATIM REPORT

May 3rd, 1922

The President (speaking in Italian) :

“With reference to Article 12 of the Rules of Procedure of the Conference, I declare at the beginning of the meeting that, as no Delegation has submitted any alterations to the Minutes of the First Plenary Session, they are considered as finally adopted.

“Gentlemen,—The Conference decided on the occasion of its first Plenary Session to begin its labours at once, and to appoint its Commissions without delay. As you know, three Commissions, mainly of a technical character, were formed to deal with the technical matters placed on the agenda adopted at Cannes. The second Commission of the Conference was entrusted with financial questions; economic questions were assigned to the third, while the fourth was to deal with transport.

“Of these three Commissions two have already completed their labours and have laid their report before you: the Financial Commission and the Transport Commission. It is on these reports, as well as on the draft resolutions which they contain, that the Conference is called upon to deliberate to-day.

“It is not my duty, gentlemen, to state again here the main lines of the conclusions at which these Commissions have arrived. You all know them. The relevant documents are before you. I would merely like, in a few words, to explain the spirit which has inspired their labours, and the share in the general task of the Conference which their work represents.

“The agenda of the Financial Commission contained problems which keenly, even passionately, interest public opinion. The need of a great number of countries for credits,

the exchange crisis, and the fluctuations in currencies, are the most obvious symptoms of the general crisis from which Europe is suffering. The urgent need of finding a remedy for this crisis was the primary motive for summoning this Conference.

“ It seems to me that the Financial Commission, while considering seriatim the different questions before it, in so far as their solution depended on the solution of the great political problems which were outside its terms of reference, wisely contented itself with setting forth the measures which, if steadily applied, will allow of slow but real progress being made.

“ Availing itself of the resolutions adopted by the Brussels Financial Conference, which in many points serve as basis for its own work, the Commission considered consecutively the problems of currency, exchange and credits.

“ The Transport Commission had to consider a series of most important and urgent problems. Pending the re-establishment of transport facilities, at least as favourable as those which existed before the war, Europe cannot be expected to overcome the present crisis.

“ Material causes, and, if I may say so, causes of a political nature also, may prevent this re-establishment. It has, therefore, appeared essential to the Transport Commission to suggest methods for gradually restoring the means of transport in Europe and, at the same time, to lay down principles of international control which, without infringing the sovereign rights of States, may avoid disagreements which might interfere with the good organization of international transport.

“ I am not called upon to enter into details which can be better explained by the Presidents of the Commissions. So far as I am concerned, I do not hesitate to say, gentlemen, that at the present stage of our labours we can warmly congratulate ourselves on the fact that our task has been brought so speedily to a successful conclusion by two of our Technical Commissions. Within a few weeks they have succeeded on

the problems referred to them in reaching an agreement, embodied in carefully drafted resolutions.

“ They have thereby shown that in spite of difficulties of another kind, the men of good-will of all nations who are assembled here were ready to come to an understanding in all good faith. That spirit of agreement is a good omen for the rest of our work and for the solution of the political problems to which we are devoting all our efforts, with a view to the re-establishment of mutual confidence and of fruitful co-operation between our various countries.

“ The Conference is therefore achieving the objects it had in view. An assembly which deals with the gravest international questions cannot accomplish its purpose unless all its members are resolutely determined to create an atmosphere of conciliation in which the interests of the several nations may be studied in a spirit of absolute equity and justice.

“ These conditions have been realized at the present Conference ; this is why the attention of the world is fixed on it with ever-growing hope and confidence. We must avail ourselves to the full of this confidence. Our assembly should teach a great lesson and set a bright example to all peoples. The rapidity and success of the work of reconstruction which all desire to see carried out will largely depend on the serenity and spirit of harmony which we display, and which will show that we are prepared to overcome the inevitable difficulties involved in the problems before us.

“ The work so far accomplished clearly shows that the Conference in its deliberations has been guided by a common purpose and controlled by a self-imposed discipline.

“ We may therefore proceed with our labours with confidence and serenity.

“ I now call upon the President of the Financial Commission.”

Sir Laming Worthington-Evans (British Empire) (speaking in English) :

“ Mr. President,—I beg to move the adoption of the Report

of the Financial Commission appointed by this great Conference at its first Plenary Session.

“ The Report itself, on the first page of the document before you, recites the activities of the various Sub-Commissions and Committees of Experts set up to consider in detail the various important questions with which the Financial Commission has had to deal.

“ The resolutions come to by the Commission, which this Conference is asked to adopt, constitute a financial code not less important to the world to-day than was the civil code of Justinian.

“ The Institutes of Justinian have been the basis of the jurisprudence of not merely a large part of Europe but of the world itself.

“ Here at Genoa there have been assembled experts in finance and economics, each known in his own country as the leading authority upon the subjects with which we are dealing, and their combined wisdom after a full review of the conditions of Europe and after a full discussion of what in the circumstances is possible, has resulted in agreement upon a series of resolutions which will be a guide, and I hope a code, to be followed and observed in the same way as the laws due to the learning of Justinian.

“ Italy laid the foundation of the civil law upon which Napoleon built. May we not also hope that in Italy again, upon the code laid down at Genoa, the financial and economic reconstruction of Europe may be founded and pursued ?

“ No town could have been better chosen ; no place could have been better selected in Genoa than the Palace of San Giorgio, where the first International Bank was founded ; where the instruments of credit, bills of exchange, and cheques, were first invented—for the restatement in authoritative form of those principles upon which the credit of Europe can be restored, and the free interchange of the products of skill and labour can be made available regardless of national boundaries.

“ I venture to think that the Financial Commission has accomplished a great work.

“ What was the problem before it? To find a remedy for the derangement of money and credit, to which the interruption of commerce, the depression of trade and the widespread unemployment from which the world is suffering are in great part due.

“ It was necessary to recognize from the beginning that the malady was too deep-seated and had gained too great a hold for any immediate or simple cure to be possible. The Resolutions which have been adopted do not pretend to provide such a cure. They do no more than point the way for a process of gradual recuperation.

“ Nevertheless they mark a stage.

“ It is instructive to compare them with the resolutions passed at the Financial Conference held at Brussels in 1920. At that Conference much sound doctrine was enunciated and was impressed on public opinion with all the authority of the assembled experts of Europe. Some of the resolutions we have passed echo those of Brussels, but even though a reiteration of sound principles may again have value, the world would have been disappointed, and rightly so, if Genoa had produced nothing but an echo. Genoa once again has sounded a note of its own.

“ If you will allow me I will endeavour to explain the main features of the resolutions proposed.

“ The evils we have set out to examine are the fluctuations in internal currencies, the consequent oscillations in external exchange and resulting obstacles to international credits.

“ The three subjects—currency, exchange and credits—are so dependent the one upon the other that the proposed remedies are rightly contained in one report.

“ Unless the currency of a country is reasonably stable, by which I mean, is freed from violent and frequent rises and falls, it is impossible to measure either the value of labour or its products, and it is consequently impossible to exchange those products for the products of other countries, however

much they may require them, upon any business basis except subject to the strict limitations of a system of barter.

“ Business between such countries ceases to be business and becomes a speculation or even a gamble.

“ The report advises that gold should be adopted as the common standard, but it is recognized that this is not immediately possible and the advice is given that the establishment of a gold standard should be declared to be the ultimate object, and that a programme should be agreed by which this object should be achieved.

“ The programme is set out in some detail in the resolutions.

“ First the obstacles are frankly dealt with, and then the means of economizing gold and the machinery for an international convention, both for centralizing the demand for gold and avoiding wide fluctuations in the purchasing power of gold, are described.

“ Let me examine the obstacles.

“ The main obstacle in stabilizing the value of a currency is an obvious one.

“ So long as an indefinite increase in the amount of currency is possible there can be no stable value ; it is therefore essential that the output of the printing press should be limited, and that the annual expenditure of every State should be balanced by taxation.

“ The true remedy is the reduction of State expenditure to the point at which it can be met out of taxation paid out of income.

“ But this remedy may, for the moment, be unattainable, so the report recognizes that as a temporary expedient external loans may be necessary.

“ The next obstacle dealt with is the great depreciation in some currencies. Stability, however, does not depend upon any particular parity to gold.

“ Stability in some countries may be found at pre-war parity, and in others it may be wiser to fix a new parity more nearly approximating to the present exchange value of the monetary unit.

“ National pride may hinder the adoption of a new parity, but the report rightly emphasizes the undoubted fact that the essential requisite is the achievement by each country of stability in the value of its currency.

“ It is a mistake to suppose a return to the gold standard is a solution of all our difficulties, or that it is only in countries where inflation is still going on, and where currency is in a state of collapse, that a serious monetary problem exists to be solved.

“ In reality countries with sound currencies have problems almost equally formidable to deal with.

“ Since the war, prices of commodities have displayed the wildest fluctuations, not only in European countries with paper currencies, but also in the United States, with its gold currency.

“ There is general agreement among experts that one of the most prominent causes of depression of trade and of unemployment is the fall of prices which has occurred in the past two years.

“ In the resolutions which have been passed under the head of Currency, there is embodied the principle of preventing undue fluctuations in the purchasing power of gold, and therefore equally in the purchasing power of currencies based on gold.

“ If this policy can be put successfully into operation, the price changes, which have caused so grave an unsettlement in trade both in America and in Western Europe, will become less frequent and less violent.

“ The price changes to which I refer are changes in the general level of prices, changes which affect all commodities together.

“ In recent years we have learnt to distinguish such changes from casual changes in individual commodities.

“ Regulation of prices in this sense means regulation of credit.

“ The experience both of the Bank of England and of the Federal Reserve Board in the United States since the

war has demonstrated afresh the sensitiveness of prices to credit conditions.

“ Thus the power to influence prices, and the responsibility for using that power, belong to the great central banks.

“ In currency policy they are the directing intelligence, and therefore the first practical step to be taken will be the meeting of these central banks which is to be called by the Bank of England.

“ It may be hoped that the result of that meeting will be such co-ordination of credit policy throughout the world as will enable the great banks to make the general level of prices more stable.

“ This policy pre-supposes the general return to the gold standard.

“ Nevertheless in the interval before that general return has been completed, the co-operation of central banks can undoubtedly do much to introduce stability and confidence into business.

“ Moreover the existence of a credit-policy properly co-ordinated and directed to a concerted end will remove obstacles from the path of countries which are still using a paper standard, but are endeavouring to return to gold.

“ Thus a remedy will be provided for the distress from which both classes of countries are suffering.

“ On the one hand, in those countries which are suffering from unemployment, traders will be able to make their plans, confident that their markets will not be deranged by any sudden contraction or unhealthy expansion in the purchasing power of their customers.

“ On the other hand, countries which take the painful first step towards regaining control of their currencies by balancing their budgets will be secure that their plans will not be upset unexpectedly through credit storms originating in the sound currency countries.

“ This will facilitate the restoration of conditions in which commercial transactions can be effected, even in the distressed countries, under something approaching normal conditions.

“ The policy embodied in the resolutions might be regarded as sufficiently defined by the resolutions themselves.

“ Nevertheless the Finance Commission have indicated a further step which will help in carrying the policy out.

“ They have suggested that there should be an International Convention, and have remitted to the meeting of central banks the consideration and the technical elaboration of a scheme for such a Convention.

“ The scheme is based on the most modern and scientific method of economizing the use of gold as currency.

“ I should perhaps add that the principle of stabilizing the purchasing power of gold is the necessary complement of this scheme, since otherwise economy in the use of gold might be carried to such an extent as to bring about a serious inflation of prices.

“ An invitation has been extended to the United States to co-operate.

“ Indeed, without American co-operation the proposals cannot be carried out.

“ Europe, even with the assistance of Japan and other extra-European gold-using countries, cannot stabilize the purchasing power of gold, if that means counteracting fluctuations arising from so vast a gold-using area as the United States, which contains little less than half the gold currency of the world.

“ But America herself has suffered severely from instability in the value of gold.

“ And here is a field in which she can both give and receive invaluable assistance without involving herself in any political difficulties and without being called upon to make any sacrifice.

“ The co-operation among central banks, which we look forward to, is not to be embodied in any rigid agreement.

“ That would be as ill-suited to the methods and traditions of the several European central banks as to the Federal Reserve Board itself.

“ What is contemplated is a continuous exchange of ideas, which will enable each Central Bank to conduct its credit

policy with adequate knowledge of the credit policy of its associates.

“ All will thus be enabled to combine to follow the common aim of stabilization.

“ The Resolutions to which I have referred form a currency code. The essentials are the limitation of the issue of paper currency, the fixing of a parity with gold, the economizing of the use of gold, and the co-ordination of credit policy designed to prevent fluctuations in the commodity value of gold.

“ This then is the code of Genoa.

“ I will turn now to the subject of the exchanges. It is generally recognized that the stabilization of the exchanges is a branch of the problem of currency.

“ Given stability in the internal value of the currency, stability in the exchanges will easily follow.

“ The resolutions dealing with exchange are accordingly limited to that part of the subject which does not overlap with the currency resolutions.

“ The primary recommendation repeats and elaborates that made at the Brussels Conference against artificial control of exchange operations.

“ But an interval of time must pass before the stabilization of the exchanges by means of currency reform can be realized, and with a view to mitigating the harmful effects of exchange fluctuations during that interval, the Exchange Sub-Commission have added a useful proposal for a technical improvement in the exchange market, which, by facilitating the purchase and sale of future exchange, will, it is hoped, limit in one direction the exchange risks which interfere so seriously with the free flow of trade.

“ The remaining resolutions deal with credits. When currencies have been stabilized and exchanges are freed from wild fluctuations investible capital will flow freely from countries where there is a surplus lending capacity to countries which are in need of external assistance.

“ Capital will indeed seek remuneration where it is needed

as soon as conditions are restored under which it can safely operate.

“ The resolutions lay down the conditions and point out the steps that are necessary to secure them.

“ The final Resolution recommends that the Governments represented at this Conference should support the establishment and facilitate the operations of the Central International Corporation and National Corporations affiliated to it.

“ Much progress has already been made in the organization of these Corporations.

“ Twelve of the Governments represented here have pledged themselves subject to the approval of their Parliaments to found National Corporations and to secure the subscription of the required capital.

“ The total capital to be subscribed in the moneys of the different countries will be the equivalent of £20,000,000 sterling.

“ The capital will be under the control of the Central International Corporation, which will be registered under the British Company Laws and managed by a Board of Directors nominated by the affiliated national companies.

“ The main object of the Central International Corporation will be to render financial and technical facilities in the reconstruction of Europe. It will co-operate with existing and new institutions, without any attempt at creating a monopoly, in hastening forward works of public utility and developing undertakings in countries whose conditions offer sufficient security for productive enterprise.

“ It may be thought that the capital is insufficient, but it should be remembered that behind the national corporations stand the vast resources of all those countries from which specific undertakings approved and supported by the Central International Corporation can be financed.

“ I venture to think that the Resolutions recommended to this Conference are worthy of acceptance; they have been adopted by the Financial Commission after hearing the opinion and taking the advice of the best-known experts of world-wide experience and reputation.

“ The Resolutions contain practical proposals, the carrying out of some of which is immediately possible, although others will have to be postponed, but when sooner or later they are put into operation the impediments now obstructing financial and industrial intercourse between the peoples of the world will tend to disappear and the flow of capital and the interchange of the products of labour will once more be freely resumed.”

The President (speaking in Italian) :

“ A general debate is now open on the question dealt with by the Report of the Commission. I call on M. Picard to speak.”

M. Picard (France) (speaking in French) :

“ I rise to speak here because I represented the French Delegation on the Financial Commission, and because that Delegation has given its adhesion to the recommendations now submitted to the Conference for its approval.

“ I feel it my duty to explain why we have thus given our adhesion, and have, at the same time, made certain observations which are noted in the minutes of the Sub-Commissions on Currency, Exchange, and Credits.

“ The recommendations laid before you are of two kinds : some are of lasting significance, and appeal to the great principles on which the financial system of any country should be based ; others deal with temporary measures demanded by the present state of Europe and, one may add, of the world.

“ There are some who have smiled at a reference to monetary and financial principles, saying that what was needed was not a course of moral instruction but the discovery of practical remedies.

“ Such persons fail to recognize that morality has a practical application. A man who wishes to strengthen or rebuild a house must first ascertain that its foundations are secure. The foundations of all monetary and financial construction are moral.

“ To adjust normal expenditure to normal resources ; to

honour obligations incurred ; to pay debts in a currency which is not depreciated at the very moment it is used because it is artificially created by all too rapid printing ; and, to attain those results, to shrink from no effort, no sacrifice—it is well to recall such principles as these in this ancient and illustrious City of Genoa, whose prosperity was founded on trade, in other words, on the mutual honouring of agreements whether oral or in writing. It is well to recall them in this building, which, as Sir Laming Worthington-Evans has reminded us, housed one of the most famous banks in the world, which for five hundred years maintained these great principles of financial morality.

“ Your Commission has not confined itself to this theoretical statement, essential though that be. It did not wish to incur the reproach addressed by our fable writer La Fontaine to the schoolmaster who, seeing a child drowning, solemnly read him a lesson on the causes and consequences of his folly, without first giving him a helping hand to bring him to the bank.

“ Your Commission has given a hand to those who asked for help, and the French Delegation has given its support to the two groups of practical measures proposed by the Commission.

“ The first consists of an inquiry undertaken by the banks of issue into the most suitable means of introducing some stability into the disordered movements of the exchanges.

“ The programme submitted with this object to the meeting of the banks is very comprehensive ; it does not involve their adhesion in advance to the systems considered, although some of us thought that the report presented by the economic experts to the Sub-Commission on Currency appeared to lay too much emphasis on certain theories. We have not concealed this opinion, and we do not intend to withdraw anything we have said on this subject.

“ This programme constitutes a scheme of practical inquiry which the experts of the banks of issue will have to elaborate, and in doing so it is the intention of your Commission to leave them the completest independence.

“ I have no doubt that these inquiries will lead to useful reforms, the beneficial effect of which will shortly be felt.

“ We have also given our adhesion to the project of an International Corporation, while observing that the carrying out of this scheme would be conditional on the obtaining of authority in certain cases. We have learnt with satisfaction that a large number of States are desirous of assisting in this undertaking.

“ The French Delegation wishes, in conclusion, to thank the Presidents of the Financial Commission, Sir Robert Horne and Sir Laming Worthington-Evans, for the courtesy, authority and energy with which they have directed our labours.

“ If the Commission is not able to submit to you recommendations capable of putting an end in twenty-four hours to the existing monetary and financial difficulties, it is not for want of serious consideration or wise direction, but because there is in fact no magic wand which can exempt humanity from labour and effort.”

The President (speaking in Italian) :

“ I call upon M. Schanzer, Delegate of Italy, to speak.”

M. Schanzer (Italy) (speaking in French) :

“ There can be no doubt that the Resolutions submitted by the Financial Commission provide a complete and practical scheme for the re-organization of European finance, which has been so seriously affected by the war. We are all aware of the troubles which at present affect the world and we can all realize the dangers by which we shall be menaced if we do not succeed, without loss of time, in taking energetic measures to ensure a return to normal economic conditions. By their knowledge and experience, the experts have shown us the way to achieve our object. They have pointed out the means which we must employ without hesitation and without delay to put an end to the present dangerous situation and to avoid disasters even greater than those from which we have suffered in the past.

“ But it is our task, gentlemen, as statesmen, to make the effort necessary to save ourselves ; it is for us all to

show that decision and force of purpose which are essential for the realization of the principles which the technical experts and the Financial Commission have submitted for our approval. It cannot after all be denied that at the root of every financial problem there lies a moral, a political problem.

“ We are recommended to stabilize public expenditure in order to avoid the opening of new credits, we are advised to reduce expenditure. But is not the reduction of expenditure a moral problem? The reduction of expenditure means the abandonment of all the selfish and excessive claims and pretensions of the individuals, groups and classes which are all eager for improved conditions. In many countries the concessions which are thus rendered necessary result in increased expenditure, which cannot be compensated for by increased taxation beyond a certain limit. In all countries since the war, instead of a tendency towards thrift and careful living, there has unfortunately been a tendency towards luxury, pleasure and dissipation, especially amongst the social classes which should give to other classes an example of moderation and of a clear realization of the vital needs of the State and of society.

“ It is, however, the political aspect of the problem to which we must chiefly devote our attention. The balancing of our Budgets, which is essential if we are to avoid inflation and depreciation of the currency, depends upon the general and political attitude of each country. It is only by a policy of peace, mutual goodwill and international co-operation, and by the strictest economy in public expenditure that we can hope to obtain that budgetary equilibrium which has been justly described as the essential basis of all financial reconstruction.

“ In this connection, gentlemen, I would like to call your attention to the policy which has been followed by Italy since the war, and to the efforts which have been made by the Italian people to overcome the great financial difficulties which have resulted from the war.

“ It is hardly necessary to state that Italian policy has always been based upon a sincere desire for peace, and that Italy has regarded the problem of the financial and economic reconstruction of the country as the most urgent question which confronts her.

“ Our taxation to-day is six times greater than it was before the war ; direct taxation is nine times greater. Our budgetary deficit which three years ago had reached a total of 24 milliards of lire is now reduced to three milliards. We have reduced our army to a total of 200,000 men only.

“ We have considered the reduction of our expenditure not only as a duty towards ourselves but also as a duty towards other nations, whose normal economic life and prosperity are intimately bound up with the economic and political stability of each member of the international society.

“ Italy therefore has proved, by her legislative and political work, and by the heavy sacrifices made by her taxpayers, that she has fully realized the duties of the hour. We have not been able to attain complete budgetary equilibrium, but we shall not shrink from the necessary sacrifice and reduction of expenditure, so long as our object is unattained.

“ I have spoken only of the efforts made by Italy, but I am well aware that similar efforts have been made in other countries. Henceforward, our rivalry must consist not in unnecessary or dangerous expenditure, but in economy and prudence. That is the principle with which I would conclude my speech.

“ I think, gentlemen, that we should consider the valuable work which has been done by the Financial Commission as an introduction to the political work which we must accomplish. Ours is a great and noble task, and the eyes of the whole world are upon us. The world is looking to us to bring about the pacification of men’s minds, to establish lasting guarantees of peace, and to re-establish international economic collaboration. Unless all our efforts are directed

to the realization of these lofty aims, the recommendations of the Financial Commission will have been made in vain.

“ I would conclude my speech on a note of sincere optimism. In these few weeks at Genoa, we have already held interesting and delicate discussions, we have already overcome considerable political difficulties. We have all made sacrifices to conform to each other's points of view, and we have worked in the true spirit of this Conference, which is, and which must be, a spirit of peace, conciliation and international goodwill.

“ I can therefore conclude, gentlemen, by expressing my entire and unshakable confidence in the success of our work, which I am convinced will mark the commencement of a new era of European history, a period of sincere and whole-hearted collaboration for the well-being of peoples and for the progress of humanity.”

The President (speaking in Italian) :

“ I call upon Jonkheer Van Karnebeek, Delegate of the Netherlands, to speak.”

Jonkheer Van Karnebeek (Netherlands) (speaking in French) :

“ May I be permitted, Mr. President, to add a few words to the vote which the Netherlands Delegation intends to give to the resolutions which the Second Commission has submitted to our attention.

“ When the Netherlands Government learned the programme of the Genoa Conference, the proposals relating to financial questions did not fail to rouse its keenest interest. In the course of the last years, international monetary problems have, in the Netherlands, formed the subject of thorough study on the part of competent men, and I may be allowed to recall to you the well-known memorandum drawn up in 1920 at Amsterdam, to which men of prominent position in the domain of the financial theory and practice of various countries lent their collaboration and the prestige of their names.

“ We have now before us the results of the work of the

Second Commission, and the Netherlands Delegation wishes to adhere entirely and unreservedly to the conclusions of that Commission. On various points of capital importance an understanding has been reached in spite of the difficulties and complexity of the problems. As an essential condition, among others, to the economic reconstruction of Europe, it has been set forth that each State should succeed in balancing its budget. A detailed programme has been elaborated which points out to each country the way to re-establish the effective gold standard. With reference to the delicate problem of devaluation of monetary units, a happy formula has been found which takes into account divergent conditions in the various countries. Co-operation of wide importance between Central Banks of Issue may be looked forward to in the near future as the first tangible result of the Conference.

“ The participation in the Genoa Conference of so large a number of States, represented by their most prominent specialists, lends a commanding moral prestige to the conclusions of the Conference. The work of Brussels has been surpassed, and the Netherlands Delegation hopes that these results will mark the beginning of the restoration of Europe, the economic equilibrium of which has been so profoundly shaken.

“ As the Commission of Experts stated in its report, there can be no hope of final success in restoring the currencies or the economic welfare of Europe until the subjects to which the memorandum of 1920 refers, and in particular the problem of inter-Governmental indebtedness, have been resolutely tackled.

“ In fact, the problem of international debts dominates the economic situation of Europe. So long as this problem has not been solved by the parties directly concerned—and among these is the great American Republic—the most salutary and incontestable financial principles remain mere economic morality, whatever may be the strength with which such principles are set forth, or whatever the sincerity of the endeavours of the nations to secure their application.

“ We have come to Genoa accompanied by the wishes and hopes of many peoples. Under the menace of the growing economic crisis, the peoples follow our deliberations with the hope of seeing the rise of new and better realities. The Netherlands Delegation expresses the wish that the Genoa Conference, whose Second Commission could do no more than it accomplished, will be followed in the near future by the realization of the new circumstances and solutions indispensable for the definite re-establishment of a state of economic stabilization and repose, enabling Europe to recover confidence, and to draw, in a spirit of concord, the full benefit of the important work achieved in this hospitable city.”

The President (speaking in Italian) :

“ I call upon M. Schulthess, Delegate of Switzerland, to speak.”

M. Schulthess (Switzerland) (speaking in French) :

“ The Swiss Delegation declares its complete adhesion to the resolutions voted by the Financial Commission, and also supports the declarations made by the Netherlands Delegation.

“ The Swiss Delegation is, in particular, of opinion that the proposed meeting of Central Banks and the permanent co-operation between these Banks will be such as to exercise a beneficial effect in the future on the exchange market, and to facilitate to some extent credit operations.

“ The Swiss Delegation views with satisfaction the formation in the immediate future of an International Financial Corporation, and of National Associations whose activity, if it is well directed, should have beneficial effects on the economic reconstruction of Europe.

“ We fully recognize the technical value and the importance of the conclusions which the Financial Commission has come to regarding currency reform, and the conditions which it is desirable to lay down for the granting of credits.

“ But we must take note of the fact that the majority of these resolutions are not immediately applicable, and that, in order to restore the confidence so necessary to all commercial, financial and industrial operations between States,

it is necessary first to solve various problems of a political, social and moral character.

“ On the other hand, and without in any way wishing to anticipate the results which may be arrived at by the Economic Commission, the Swiss Delegation takes the liberty of emphasizing the fact that economic and financial questions are not separated at the present time into water-tight compartments, but that such questions, and particularly those relating to currency and exchange, affect to the greatest possible extent the whole economic situation.

“ Thus the principal factors in pre-war commercial policy, customs duties on imports, and on exports, and import facilities or restrictions, no longer possess the same relative importance, if we compare them with the importance of currency depreciation in various countries, and the rapid and sudden fluctuation of the exchanges.

“ States whose currency is continually depreciated are thus enabled to compete ruinously with other nations, and such countries are practically closed to the importation of manufactured articles. This fact constitutes one of the principal causes of the dangerous crisis from which Europe is suffering, and which is manifested chiefly by unemployment in countries with a healthy or relatively healthy currency, and by the excessive reduction in purchasing and consuming power in those countries whose currency has depreciated to a considerable extent.

“ The resolutions of the Financial Commission, however judicious and wise they may be, are not of a nature, alas, to bring about an immediate solution of such problems, or even a solution in the very near future.

“ Nevertheless, the Genoa Conference has raised the greatest hopes throughout the world ; and the situation at the present time is grave, and threatens to become worse, even beyond remedy, if some means are not found for regulating the present currency situation.

“ One of the principal causes of currency depreciation and of the fall in the exchanges certainly arises from the fact of

international indebtedness, and, as the Experts' Report most wisely points out, there is no hope of re-establishing European currencies and the economic welfare of Europe as a whole, before the problem of international indebtedness has been resolutely tackled.

The solution, or solutions, of this problem are not within the competence of the Genoa Conference, and the work which has been performed by it can only be considered as preparatory; but we take the liberty, in conformity with the initiative of the Netherlands Delegation, of expressing the hope that those who are entrusted with directing the destinies of the nations will not hesitate to take this problem into consideration, and to solve it by means of a common agreement before it becomes too late; for the economic restoration of this Continent depends in a large measure upon the solutions which may be found for this problem."

The President (speaking in Italian):

"I call upon M. Tchitcherin, Delegate of Russia, to speak."

M. Tchitcherin (Russia) (speaking in French):

"The adoption of the Resolutions which have been submitted to-day by the second and fourth Commissions is the first general international act in which Russia has taken part during the last four years. This event marks an important stage, but it involves the necessity of making certain explanations and certain reservations arising out of the special international position which Russia has occupied during the past few years, and which she still, in a large measure, continues to occupy. The Russian Delegation has done its utmost to participate in the work of the various Commissions, but it has felt from the first that the situation has to some extent limited the possibility of its achieving results, that it was prevented from participating to the fullest extent in the new ideas due to historic evolution, or from contributing its proper share to the general content of such ideas. For one thing, the work of many past international conferences and commissions, which have been studying these subjects during the last few years, was not available

for the Russian Government. You must remember that we have not even semi-official representatives in a great number of States, and it has been difficult, if not impossible, to obtain information about a great deal of work which has recently been accomplished. Nevertheless, much has been accomplished in the Commissions. At the same time, I wish to emphasize the reservations which have been made by the Russian Delegation, and which are recorded in the Minutes of the Commissions; I wish to declare that these reservations are maintained. The Russian Government reserves its complete and full liberty of action with regard to these resolutions, which pre-suppose co-operation in financial matters with the League of Nations or its Organizations, since the League of Nations is a body which has not been recognized by Russia. The Russian Delegation also desires to emphasize the fact that, owing to the peculiar situation of Russia from the point of view of foreign trade, it is not possible for her Government to renounce control over exchange operations, in spite of the fact that such control is declared in the Report to be futile and mischievous. Though agreeing that the reconstruction of Europe is only possible by means of financial assistance to be accorded by the stronger states to the weaker states, we consider that this assistance should not only be accorded by means of private credits, but also by loans between Government and Government. The passage in Paragraph 19 of the Report gives authority for this to be done, in the case which applies to Russia.

“As regards Paragraph 19, the Russian Delegation desires to insist that, if international corporations are formed, as is proposed, they must keep entirely and absolutely within the limits which are laid down for them; that is to say, that they must not be of such a nature as to create any form of monopoly. We pay all homage to the observation of the Italian Delegation that it is only by a policy of peace that the nations will be enabled to balance their budgets. We agree in particular that the reconstruction of the world depends upon a policy of general disarmament, and that in this matter

the general interests of the whole world must be given precedence over private interests or group interests. The Russian Delegation will advise its Government to carry out, within the limits of its powers, the decisions which have been adopted by these Commissions ; but I must repeat that Russia is placed in a somewhat difficult position, because some of the decisions of these Commissions have been confided to organizations of the League of Nations, which, as I have said, Russia has not recognized. With this reserve, the Russian Delegation adheres to the proposals of the second and fourth Commissions.

“ In conclusion, I desire to express my conviction that it is only by economic collaboration between two worlds whose policy is based on differing economic systems that we can trace the path towards reconstruction and peace.”

The President (speaking in Italian) :

“ I call upon Dr. Rathenau, Delegate of Germany, to speak.”

Dr. Rathenau (Germany) (speaking in French) :

“ Gentlemen,—The world will find with satisfaction that the Commission whose conclusions have just been read has done excellent scientific work. They have found formulæ for the solution of serious financial and economic questions which surpass anything one could have imagined. The Financial Commission has very rightly alluded to ideas of a similar nature which certain Governments proposed so long ago as January, 1920. One sees, therefore, that these ideas have been propagated for the last two years, but unfortunately they have never been put into practice. Since 1920, the world market has deteriorated in a most deplorable way. World trade, which in 1920 was still nearly the same and of the same importance as before the war, has decreased continuously during 1921 ; it has decreased by at least one-third, if not even by one-half, as compared with its pre-war volume. This decrease of international sales reveals a constant reduction in purchasing power, a reduction which, in many parts of the world, has caused unemployment of extreme

duration and extent. The Sub-Commission on Labour Questions has stated that there are at present in the world nearly ten million unemployed. If you include the families of the unemployed, the total represents a whole civilized people, whose members are animated by an anxious desire to work, but who are unable to do so. The reasons for this deplorable situation have been clearly shown by the best experts in the world, who have met here at Genoa. The chief reason is the enormous burden arising from the obligations imposed by the war. The fact that these charges have to be met has given rise to economic difficulties, which certain post-war political measures have made still worse. The experts say that if a country is obliged to fulfil certain obligations with regard to other countries, those obligations ought to be settled, or there ought to be a possibility of settling them, through the sale of goods and commodities. To effect such sales, it is necessary to have markets with sufficiently developed purchasing power. The purchasing power of world markets to-day is not sufficiently great to enable the debts of the whole world to be satisfied in such a way. We have drawn up figures, based, of course, on estimates, but still correct within certain limits, which show that the total amount of world export ought to be doubled in order to allow for the payment of interest on war debts contracted by the principal States, and in order to make some provision for amortization. The world market to-day, far from having been doubled, is at present reduced to two-thirds of its importance as compared with pre-war conditions, if it has not already fallen to one-half. The financial and economic consequences resulting from this are deplorable. The enormous burden under which European nations are groaning must lead, on the one hand, to a disturbance of the markets in creditor countries and, on the other hand, to the constant depreciation of currency in debtor countries. Added to that, there is a continual reduction in purchasing power throughout the world. We are moving in a vicious circle. Debtor countries are obliged to procure foreign money through exporting their commodities, and

find themselves in bitter competition with their creditors on the same markets. The debtor countries are still more bound to sell than the creditors, and cannot sell enough. That is the reason why their currency is going down ; the fact that it does go down brings about a temporary fall in the price of their goods and commodities, but such forced sales do not produce for the countries concerned either sufficient means to live or a purchasing power which will be of benefit to them. The debtor countries must hand over a large part of the foreign paper they secure by sales of their goods to the creditor countries. In spite of arduous work, the value of their currency goes down, and they have not enough left to provide for their own needs. Their purchasing power diminishes, and the world market is reduced to the same extent. The creditor countries, in order to protect their own industry, set up, as against importation from debtor countries, barriers of prohibitions and taxes on imports. The debtors, obliged to procure means of payment whatever happens, are obliged to reduce again the value of their goods, and hence a new fall takes place in the value of the currency of debtor countries, and a new cause arises of unemployment in creditor countries—new measures of commercial competition and struggle.

“ Thus, through a vicious circle, the burden of international indebtedness converts every measure of defence into an aggravation of the circumstances against which it was designed.

“ This will not cease unless men no longer act like those who, pent up in a narrow room, rush at each other's throats, instead of coming to a common agreement which will allow them all to escape.

“ The theory is clearly recognized and has already been stated in part for some time, but what has been lacking so far is its practical application. Our experts tell us that the crisis may be overcome by a combination of financial and economic measures. The restoration of the exchanges is the primary condition ; the restoration of trade markets will

automatically follow. In any event, it will be necessary to come to the assistance of the weaker nations. The stability of their exchanges is the indispensable preliminary to the restoration of their purchasing power and to the restoration of the world market, the indispensable preliminary to a new economic and technical progress, and eventually to the maintenance of civilization itself. It will therefore be necessary to combine closely financial and economic measures, and what is most important, it will be necessary to utilize them and to put them into practice as soon as possible. The world does not expect merely theses and theories from the Genoa Conference. We still hope that the representatives of the great nations will, as regards economic and social needs of the greatest urgency, firmly resolve upon energetic, efficacious and immediate co-operation."

The President (speaking in Italian) :

"The general debate is now closed, and the meeting will pass to the discussion of the several articles of the proposals submitted by the Financial Commission. I will now read out the numbers of these Articles. As you all have the text, I do not consider it necessary to read the text, but will give the numbers of the Articles. If no one wishes to speak on an Article, it is understood that the Article in question is approved. If any Delegate wishes to speak on an Article, then he must ask permission to speak when the number of the Article on which he wishes to speak is read out.

"The subject is the resolutions of the Financial Commission. If no observations are made, the Article is approved."

Resolutions 1-7 were adopted.

The President (speaking in Italian) :

"I call upon M. Bertone, Delegate of Italy, to speak."

M. Bertone (Italy) (speaking in Italian) :

"The Resolutions of the Financial Commission contain one central point to which all other questions are subordinated. It figures among the questions submitted for examination by the Conference in virtue of the Cannes Resolutions. It deals with the report on public finance.

“ Regarding the question of the reform of public finance in the different States, the Italian Delegation had the honour of submitting some proposals in a draft which it presented to the Conference. The substance of these proposals is reproduced in the Resolutions adopted by the Sub-Commissions on Currency and Credits.

“ The re-establishment of public finance is the indispensable preliminary to currency reform in the different States. This is the goal towards which the efforts of the Governments concerned should be directed. But financial reform does not merely imply an increase of revenue ; it means above all a reduction of budgetary burdens, if the sources of revenue in various States are not to be dried up by the imposition of excessive pressure of taxation. This point of view is embodied in the seventh Resolution of the Financial Commission. Therefore, if the recommendations of the Commission are to be accepted by the Governments concerned, it is essential that all States should immediately undertake the task of enforcing the most vigilant economy.

“ It is true that measures of this sort concern the internal policy of the various States, and that each of these is free to exercise its action in this sphere as it thinks fit. Nevertheless, in drafting its resolutions, the Financial Commission decided to indicate the procedure which seemed most appropriate for achieving these results. It also expressed the hope, in Resolution 17, that those countries which need credits, to assist them out of the unfavourable situation in which they now find themselves, should furnish proof that they have made the requisite efforts to reform their public finances.

“ The Commission’s recommendation in this connection was necessary if the resolutions dealing with financial reform in the various States were not to appear merely an academic repetition of principles known to all and of formulæ already adopted, but should really possess a greater value than this, by showing the firm intention of the Conference to urge the nations who are most affected by the present economic crisis

to devote themselves resolutely to the work of financial reform, because an effort in this direction will be required of them as a necessary condition of securing financial assistance from other States.

“ In this connection, the Commission recognizes that a knowledge of the financial conditions prevailing in various States is a necessary factor in the creation and maintenance of mutual confidence.

“ An existing organization—the League of Nations—has been entrusted with the task of undertaking the co-ordination and publication of information concerning the budgetary situation in the various States. This information will be published periodically, when transmitted to the League by the States concerned.

“ In order that this recommendation may have a more general and a wider scope, it is desired that the publications in question should deal not only with States Members of the League, but with all States.

“ The relevant resolutions of the Commission are substantially the same as those submitted by the Italian Delegation in the Memorandum which it has drawn up in respect of public finance ; and, as is the case with all the other resolutions of the Financial Commission, they have the full support of Italy.

“ May the action consequent upon these resolutions contribute to the restoration of international relations in the widest and the most complete sense, to the fresh development of economic life throughout the world, and to the welfare of all nations.”

Articles 8–13 were adopted.

The President (speaking in Italian) :

“ I call upon M. Gomes, Delegate of Portugal, to speak.”

M. Gomes (Portugal) (speaking in French) :

“ As the flight of capital is one of the chief causes of the speculation which at present prevails, and of the rapid fall of the exchange in all countries, it seems to me that it would be advisable to invite the United States of America to

co-operate in the measures which are suggested for dealing with this situation. Since the United States is not a Member of the League of Nations, action by the League of Nations, without reference to the United States, might be inoperative."

Articles 14-19 were adopted.

The President (speaking in Italian) :

" All the resolutions proposed by the Financial Commission are approved.

" The Assembly will now pass to the general discussion of the Report of the Transport Commission, and I call upon the Reporter for that Commission."

M. Jaspar (Belgium) (speaking in French) :

" Gentlemen,—The text of the Report which the Transport Commission has the honour to submit for your approval is before you.

" You will see that this Report is in two parts :

" (a) The text of the draft resolutions, in eight articles ;

" (b) The text of the reservations formulated by various delegations.

" As the President of the Commission, M. Theunis, who has been temporarily recalled to Brussels by pressing duties, has already said in his inaugural speech, the Transport Commission based its work on the study of Articles 58 to 61 of the London Experts' Report.

" The substance of these four Articles is to be found in the Draft Resolutions which are before you. These show that almost all the Powers represented at Genoa have agreed to recognize in this way the foresight of the London Experts, and the equitable spirit shown by them in elaborating their Report.

" The Transport Commission studied at Genoa the restoration and amelioration of international traffic by rail and water.

" This was a heavy task ; but it was greatly facilitated, thanks to the useful work accomplished by the League of Nations in 1921 at Barcelona, and thanks also to the excellent

work done at Porto Rosa in November, 1921. I must acknowledge also the work of the experts who were present at Barcelona and Porto Rosa, and were so kind as to lend their knowledge for the purposes of the work which Genoa has accomplished largely owing to them.

“ These two Conferences have practically made a thorough inventory of the difficulties in transport matters which have, since the end of the war, been the sad lot of a great number of the Powers. These two Conferences have formulated, edited, and approved Conventions and Resolutions, all recommendations tending to minimize these difficulties, whilst solving in the general interest numerous technical problems.

“ At its opening session, the Genoa Conference created the Transport Commission. This Commission could not do better than submit these judicious texts to a new examination, and ask the Powers represented at Genoa to what extent they were satisfied, or what were the amendments which they desired to introduce into these texts.

“ The suggestion which the President made for the direction of our labours in this manner was generally approved. We set to work then on these lines.

“ To-day, Gentlemen, we lay before you a Draft Resolution generally adopted by the Transport Commission, which will, we hope, meet with your approval. You will, I am sure, listen attentively to the text of the reservations which certain Powers have formulated in respect of certain Articles of this Draft Resolution. Indeed, these reservations clarify the situation. They also have the great merit of freedom of speech. Taken together, they constitute a focussing—which is as necessary as it is useful—of all that has been done, and also of what remains to be done in the important domain of international transport.

“ As to what remains to be done, there is no doubt that the remaining work will be accomplished in that wide spirit of solidarity which has been manifested in the course of our debates. France will be good enough to convene the technical

conference foreshadowed in Article 6 of our Resolutions, which is destined to bring these Articles to fruition. I have no doubt that this Conference will be inspired with the same principles and with the same spirit as the principles and spirit with which Genoa has been inspired, and I wish that Conference every success. It will be helped by the League of Nations, which will aid us in finishing the work upon which we have started here.

“ We thank the League sincerely for the help which it is about to give us.

“ I must also thank the Financial Commission for the support which some of its most distinguished members have given to the Transport Section, in order to clear up the difficult question of the exchanges, which is such a disturbing influence on the fixation of net prices in one of their essential elements, that is to say the price of transport, and which is thus a hindrance to export trade, which is one of the most important factors in the development of questions such as the economic peace of the world.

“ Before concluding, I cannot refrain from thanking, in the name of the Belgian Government, the Genoa Conference for the great honour which it has done to my country in asking the Head of its Delegation to preside over one of the most important Commissions of the Conference.”

The President (speaking in Italian) :

“ A general debate on the motions of the Transport Commission is now opened.

“ I call upon M. Barrère, Delegate of France, to speak.”

M. Barrère (France) (speaking in French) :

“ Gentlemen,—I beg to support the conclusions and the Report submitted by M. Jaspard. I only wish to add that the French Delegation fully adheres to the text of the Report without any reservation, except that which is indicated in the Report itself.”

The President (speaking in Italian) :

“ As there are no other speakers down for the general debate, the debate is now closed, and the meeting will proceed

to pass the several articles contained in the proposals of the Transport Commission. Perhaps it would be advisable, in the case of the Transport Commission's Report, to pursue a different method from that which was followed in the case of the Report of the Finance Commission. As the Articles in the Report of the Transport Commission are closely connected, perhaps it is best that we should consider them all together. Therefore, if any speaker wishes to make any remarks on any special point in those Articles, he should ask leave to address the meeting. If no one asks to speak on any special point contained in the Articles, then the whole of the Articles will be considered as approved.

“ I now call upon Sir Philip Lloyd-Greame, Delegate of the British Empire, to speak.”

Sir Philip Lloyd-Greame (British Empire) (speaking in English) :

“ I think the Conference will agree that the Transport Commission has discharged its work in a comprehensive and practical manner. The fact that the whole field has been covered in so short a time was only possible because the delegates and their associates recognized alike the importance of the problem and the interdependence of their transport systems; and because they all brought to their task a determination to co-operate in a common endeavour.

“ Anyone who studies these recommendations will see that they are of a thoroughly practical character.

“ Facilities for free transit by sea and land; reciprocal use and exchange of rolling stock; the re-establishment of direct international trains for passengers and goods; the operation of inclusive tariffs; the use of a single waybill for through transport; the prevention of Customs delays, in so far as they depend upon these arrangements; the provision of common frontier stations—all these are questions of an essentially practical character, all of them questions which might cause interminable delay if approached in a narrow spirit, but susceptible of common agreement and common

treatment, once they are tackled, as they have been here, in a spirit of mutual co-operation.

“Not only has the Commission approached them in that spirit, but it has made sure that the Resolutions which it has passed will be carried into effect, firstly, by the meeting of the General Managers in Paris, and, secondly, by the task which has been allotted to the League of Nations of watching the progress which is made.

“I think this is a genuine attempt, commensurate with the importance of the project. If the principles which have been recommended by the Commission are carried out (as I am convinced they will be, in view of the virtual unanimity with which they have been accepted), we shall be well on the way to restore the transport systems of Europe; we shall have taken a great step towards providing the essential complement of the work which the Economic Commission is doing in another sphere, and the practice of these precepts will afford the surest guarantee for the credit and finance which the Finance Commission has foreshadowed in its report.”

The President (speaking in Italian) :

“I call upon M. Peano, Delegate of Italy, to speak.”

M. Peano (Italy) (speaking in French) :

“With regard to Article 2, the Italian Government wishes to state that it is taking immediate steps to ratify the Barcelona Convention.”

The President (speaking in Italian) :

“As there are no other speakers, the whole of the Articles contained in the Report of the Transport Commission are considered as adopted.

“As the items on the Agenda are now exhausted, the sitting will adjourn. But before doing so, I wish to express my warm thanks to the Commissions which have worked so excellently in accomplishing their task, and to their Presidents who have presented the Reports in so admirable a way. In my opinion, the work accomplished by these Commissions offers the best proof that the work of this Con-

ference will be productive of good results, and I feel sure that I am expressing the opinion of you all in tendering the best thanks of the meeting to the Commissions and to their Presidents."

The meeting terminated at 12.30 p.m.

CHAPTER XI

THE RUSSIAN QUESTION

WE must now return to the controversy which naturally overshadowed all others from beginning to end of the Conference. Russia was the crucial problem in the task of European pacification and reconstruction. If that could be solved, others would present minor and superable difficulties. The Cannes Resolution and the Report of the London Experts had clearly stated the problem in its main aspect. The reader should look back at the first three clauses of the Resolution. It is there admitted that reconstruction in Russia cannot be effected without the aid of foreign capital. But before that resource can be available, foreign investors must be assured that their property and rights will be respected and the fruits of their enterprise secured to them. This in turn cannot be unless Russia honourably recognizes her debts and other obligations and establishes a reliable system of jurisdiction. These were the three sections of the Resolution which came within the purview of the First or Political Sub-Commission.

The London experts had stated the problem in corresponding terms. "The economic restoration of Europe," says the preamble to that document, "is largely dependent upon her (Russia) enlisting the support of foreign enterprise and capital. Without a considerable transformation of the prevailing conditions which affect particularly trade and industry foreigners will be reluctant either to return to their former undertakings or to start fresh undertakings. So long as precarious and unstable conditions continue, only speculators will be willing to venture on trade, and there is fear that the chief result

would be not the reconstruction but the exploitation of Russia and the Russian people, which it is the purpose of the Governments represented at Genoa to avoid."

There can be no question that the postulate about Russia's need for capital was fully accepted by the Russian delegates. They had come to Genoa for "cash" in the form, not of credits to foreign exporters, but of loans from Government to Government. They were not minded to go back to Moscow saddled with a burden of debt greater than Russia bore in the Tsarist days, coupled only with the permission to buy foreign goods. Petrograd and Moscow would erect no arches of welcome home to delegates returning with such spoils. In fact, as was pointed out, I think, by a Russian leader, while the statesmen of other countries might stand to lose their offices in case of unsatisfactory conduct at Genoa, the Russian delegates might very well lose their heads for similar shortcomings. The Russian delegates had the best of reasons for driving a good bargain in the Italian city and their chaffering, in its persistency and ingenuity, was truly oriental.

In return for financial help Russia was asked to acknowledge her liability in three categories :

(1) The pre-war obligations of the former Russian Government and other public bodies, contracted principally to French investors, mostly of small means (the "petits porteurs" of Russian bonds).

(2) Debts contracted during the war, amounting to over six hundred million pounds sterling, not counting accrued interest. Six-sevenths of this debt are owing to Great Britain.

(3) Compensation or restitution due to individual foreigners for damage done to their property during the Soviet régime by its act or negligence. Belgium had the largest claim on this liability, which was estimated at a figure between two hundred and four hundred million pounds sterling. That country had taken a leading part in the exploitation of Russian resources, especially in the sugar, iron and timber industries.

The original position taken up by the Russian delegates in regard to the first category was that revolutionary Governments

are not called upon to acknowledge the obligations of the régime they have overthrown. History was ransacked for appropriate and justifying precedents, from the French Revolution to the latest *coup d'état* in Portugal. This rigid attitude was not persisted in throughout the negotiations. I heard M. Rakowski express a particular solicitude for the small French bond-holder, to whose claims he asserted that Russia would give preference and priority.

But in the earlier phases of the discussions this claim disappeared on other grounds. Whether Russia was in justice responsible for Tsarist debts or not, these were subject to an enormous counter-claim which Russia put in on account of damage caused by the assistance the Allies had rendered to Generals Wrangel, Denikin and Koltchak, the anti-revolutionary leaders. I have already referred to this remarkable and unexpected little invoice which ran up to five thousand millions sterling and left Russia a big creditor, even if she had accepted and paid all her debts under the three headings.

As regards the second of these categories, the Russian reply was ingenious and not without point. England had, indeed, lent Russia money to wage the war. But Russia, having served the Allied cause well for many months, had retired from the conflict and consequently from all the material advantages of the victory. I stood beside M. Rakowski as he expounded this theory in cool and lucid French one afternoon in the Hôtel de Gênes. As repeated in official discussions, the argument was not taken "lying down." It was pointed out that the Treaty of Brest-Litovsk, by which the Russians quitted the struggle, had meant a great injury to the Allies, for example, in the loss of material supplies which had fallen into the hands of the Germans. But I think it was generally felt that the Russians were on their strongest ground in their protest against the claims under this heading.

Those under the third category aroused interminable and crucial controversies, involving at one point the very existence of the Anglo-French Entente. The issue can be briefly described. All private property in Russia had been

nationalized under the revolutionary régime which was established in 1917. Property in mines, factories and other enterprises held by foreigners in Russia shared the same fate. To consent to the restoration of full proprietary rights, the "dominium" of Roman law, would have been for the Russian Government to recant the main principle of the Communist revolution. For foreigners to insist on such restoration of title meant a challenge to the revolution and to the sovereignty of the Russian State.

But if integral restitution was impossible consistently with revolutionary doctrines, there might be compensation in various forms. The principles of "use" and leasehold tenure could be called in aid. So long as a man has full enjoyment of a property and is able to sell or otherwise transfer it at will, it cannot be a very serious matter whether he holds in fee simple or on a lease for 999 years. The distinction would mean little to him, but for the Russians it involved the economic foundation of the Soviet system.

In fairness one ought also to add that France and Belgium took up their stand on behalf of full restitution because of the ulterior implications of consenting to any compromise. To accept a title inferior to what was originally enjoyed meant, according to this view, an acquiescence in Bolshevik confiscations and a virtual recognition of Soviet principles. Mr. Lloyd George and the British Delegation were prepared to accept reasonable compensation for property in respect of which restitution on the old terms was impossible. France and Belgium dissented and, as we shall see, this difference was never reconciled.

If the reader will turn back to the Cannes Resolution he will find a clause therein which has a definite bearing on this problem. Number 1 reads thus :

"Nations can claim no right to dictate to each other regarding the principles on which they are to regulate their system of ownership, internal economy and government. It is for every nation to choose for itself the system which it prefers in this respect."

Nothing could be clearer and more sensible. I remember Mr. Lloyd George drew attention to this very important clause on the first occasion on which he visited the Anglo-American journalists in the University. He reminded us that this clause had been settled and framed by three leading English, French and Belgian jurists, Sir Cecil Hurst being the Englishman.

Even as it stood in its sensible simplicity it embodied an amendment in the original draft, which M. Barthou had suggested. It was then accepted by France, though not by Belgium, who continued to protest against this principle of elementary liberalism. It was difficult to understand how France could reconcile the line she afterwards took at Genoa on the subject of private property in Russia with her endorsement of this clause in the Cannes resolution.

But let no one suppose that the original Russian intention was even to compensate the owners of this State-confiscated property. At the Villa de Albertis, and in sporadic conferences in the hotels and palaces of Genoa and Rapallo, the Russian delegates discoursed ingeniously on this politico-ethical question. They marshalled a formidable array of historical examples in which the State had nationalized and confiscated without any attempt to make good to the suffering owners. Had not America freed the slave without compensation to the slave-owner, whether foreign or American? [England had compensated when she abolished slavery in her own Empire.] Among the more ingenious precedents advanced by these Soviet logicians was the prohibition legislation of the United States, by which valuable brewing and other property was left high and dry, without compensation given.

The Bolshevik reliance on precedent as a final justification for this action or that was amusing and instructive. One felt inclined to remark that there are many precedents for murder and robbery—but that scarcely justifies such crimes.

The private or informal conversations held at the Villa de

Albertis on the Russian questions came to an end with a brief statement to the Soviet delegates, worded thus :

“ 1. The creditor Allied Governments represented at Genoa cannot admit any liability with regard to the claims advanced by the Soviet Government.

“ 2. But in view of the serious economic condition of Russia, such creditor Governments are prepared to write down the war debts owing by Russia to them (by a percentage to be determined later) ; and the countries represented at Genoa would be prepared to consider not only the postponement of the payments of interest upon financial claims, but also the remission of some part of arrears of interest or postponed interest.

“ 3. It must be definitely agreed, however, that there can be no allowance made to the Soviet Government against :

“ (a) Either the debts and financial obligations due to foreign nationals, or

“ (b) The right of such nationals with regard to the return of their property and compensation for damage or loss in respect thereof.”

The offer made herein to “ write down ” the Russian war debts imposed no great strain upon the creditor Powers other than England, because six-sevenths of these debts are owed to our country. On the main problem which we have just been considering, this Note, it will be observed, is ambiguous. Instead of return *or* compensation, the form of words used in Clause 3 of the Cannes Resolution, we get “ return *and* compensation.” Apparently full restitution is demanded, *plus* any compensation due to injury.

The reader will pardon an aerial flight over the jungles and quagmires of controversy which filled the intervals between the drier and firmer spots of official pronouncement. On April 20th the Russians sent their reply to the above Note :

“ Russian Delegation, April 20th, 1922.

“ Sir,—The Russian Delegation have carefully considered the proposals of the Allied Governments laid down

in the Annex to the Minutes of April 15th, and have been in the meantime in consultation with their Government upon this subject.

“ The Russian Delegation are still of the opinion that the present economic condition of Russia and the circumstances which are responsible for it, should fully justify the complete release of Russia from all her liabilities mentioned in the above proposals by the recognition of her counter-claims.

“ However, the Russian Delegation are prepared to make a further step towards finding a solution for the adjustment of the differences, and to accept items 1, 2 and 3 (a) of the above-mentioned Annex, provided (1) that the war debts and the arrears of interest or postponed interests of all debts are written down, and (2) that adequate financial help is given to Russia, assisting her to recover from her present economic state in the shortest possible period. With regard to 3 (b), subject to the above two stipulations, the Russian Government would be willing to restore to its former owners the use of property nationalized or withheld, or where this is not possible, then to satisfy the just claims of the former owners either by mutual agreement with them direct or in accordance with arrangements, the details of which will be discussed and agreed during the present Conference.

“ Foreign financial help is absolutely essential for the economic reconstruction of Russia, and as long as there is no prospect of this reconstruction, the Russian Delegation cannot see their way to put upon their country the burden of debts which could not be discharged.

“ The Russian Delegation wish also to make it clear, although it seems to be self-evident, that the Russian Government could not admit liability for the debts of its predecessors until it has been formally recognized *de jure* by the Powers concerned.

“Trusting you will find the above proposals to be a sufficient basis for the resumption of the discussion.

“I have the honour to be, Sir,

“Your most obedient Servant,

(Signed) “GEORGE TCHITCHERIN.

“The Rt. Hon. David Lloyd George, Prime Minister of Great Britain, p.t. Villa de Albertis, Genoa.”

We may note in this document that there is no further insistence on the counter-claim; that the question of the Debt Commission and the Mixed Arbitral Tribunals (the “Capitulations”) opened in the London Report has not been reached; that on the subject of private property the word “use” is precisely employed in order to indicate the sorts of beneficial tenure which the Soviet Government would be willing to confer in place of full proprietorship. But the recognition of debts, it will be seen, absolutely depends on the giving of financial help and the *de jure* recognition of the existing Russian Government.

It would be hard to say what *de jure* recognition precisely means. The resumption of ordinary relations between Powers recently at war naturally proceeds by three stages. First comes the Peace Treaty and its ratifications. Then follows an intermediate stage, in which commercial relations are re-established with full access to courts on both sides, with commercial agents to protect the trader, and diplomatic representation in the form of *chargés d'affaires*. Only after such a period of probation would full ceremonial and diplomatic relations be resumed with ambassadors on both sides. The length of time required for these stages depends on the satisfactory character or otherwise of the second period. As a matter of fact, a German Ambassador was not appointed in London until twelve months after the Peace of Versailles. Apparently the Russians meant “full” when they said *de jure* recognition, but this could only be when the important outstanding questions relating to debt, private property and the ordinary guarantees of civil and industrial life had been settled.

CHAPTER XII

THE MEMORANDUM

RUSSIAN affairs were now back from the Villa de Albertis to the First Sub-Commission, to which had been formally referred the subjects comprised in the first three numbered clauses of the Cannes Resolution. The impression made by the Russian reply given in the last chapter was favourable. The Note was regarded as furnishing a fair basis for discussion, and a committee of experts was at once appointed to consider it. This consisted of seven members, representing each of the five Convening Powers, the Neutrals and the little Entente. Holland and Czecho-Slovakia named the two last, and the British member was Sir Laming Worthington-Evans.

This complicated controversy seemed now to be on a fair road to settlement, but the optimists who at this time thought and said so had not reckoned with Bolshevik mentality.

It proved to be difficult to tie the Russians down to any clear and final statement on any subject whatever. Any written document they issued was subject to comment and interpretation which fairly embroiled once more all the questions at issue. Thus we enter upon another period of unedifying chaffer and chatter from which it is a hard and thankless task to construct any consistent narrative. Press and public were not admitted to the meetings of the experts or of the Political Sub-Commission. We were dependent on such broken meats of information as Sir Edward Grigg or Mr. McClure could spread twice a day on the large table in the University Professors' room. The notes so taken suggest in the retrospect a confused *mêlée* of advance and retreat, of claim and counter-claim, of reproach and repartee, with occasional flashes of humour and satire enlivening the scene.

There was a general agreement that Bolshevik dialectics were of the East rather than the West. I believe it was the British Prime Minister who suggested that the Oriental carpet-buyer's tactics were most appropriate for dealing with these people. The carpet-vendor places on his ware an impossible figure which the would-be purchaser rejects and so departs with an air of finality. The next day he passes that way again and the merchant, now in a chastened mood, resumes negotiations on a more moderate basis. And so at last the contract is made and the customer gets his carpet at a figure probably much less than the owner asked, but greater than the price he had himself been willing at first to pay.

The Bolsheviks fought their case with a sort of perverse logic which sometimes resulted in amusing paradoxes. On one occasion, M. Cattier, Belgian expert, asked the Russian representatives about the restoration of foreign bank deposits seized by the Bolshevik Government. M. Rakowski explained that these had been nationalized and therefore could not be restored. Whereupon M. Cattier inquired what the Bolshevik attitude would be towards Russian deposits in, for example, Belgian banks, and received the unflinching reply: "We should insist on their being paid to us, because you have not nationalized them." Such an answer, delivered by M. Rakowski in his "perfect parliamentary manner," was both irritating and amusing, as an attempt to make the best of two antagonistic worlds.

Sometimes the cauldron itself would throw out morceaux of intelligible information, such as the following brief report of a statement made by M. Tchitcherin to the Allied experts:

"The principle of nationalization without indemnities is a slogan dear to all Russian hearts. Our people believe that private property is a form of privilege analogous to the feudal rights which obtained before the French Revolution or to the serfdom in Russia before the time of the Tsar Alexander II. These ancient privileges having been abolished, we wish the same to be done with private

property. Upon this point we cannot give way. We propose, with a view to smoothing away present difficulties, a system which consists in giving to former property owners rights of pre-emption or concession or participation in mixed companies or trusts, but we cannot contemplate any general indemnity.

“As regards the recognition *de jure* of the Soviet Government, it is for us a question of commerce, for we cannot hope to re-establish commercial transactions without legal powers.”

Behind the Russian Delegates were the Soviet Government and the communist workpeople at Moscow and such a public opinion as was represented by Russian newspapers. All this sentiment was against the acceptance of any terms which might seem to challenge the revolution and the sovereignty of Soviet Russia. On one occasion the Russian Delegates asked for time to communicate with Moscow, but M. Rakowski deliberately stated, in answer to a question the present writer asked, that the Russian delegates were full plenipotentiaries and were only applying to Moscow for further information on certain points.

One of the phantoms of this nebulous period was a certain Russian memorandum in which the Bolsheviks had given expression to their maximum, least compromising views. This document was not officially put in, but at least on one occasion the Russians threatened to return to the standpoint it represented if a certain course of action was persisted in. The character of this treatise may be gathered from the assertion it contained that “ordinary international law is not applicable to the work of the Russian Revolution” and that the Russian Government accepted no obligation to give even a preference to the ex-proprietors of the property it had confiscated. But as a rule the Russians kindly intimated that this Memorandum “represented their past rather than their present views.”

There might be different opinions about the political morality of the Bolshevik Delegates, but there could be only one about

their ability. They were quite capable of holding their own with the most trained and experienced intellects of the West. They had a happy and disconcerting knack of turning the tables unexpectedly on their adversaries. A good example of this was the letter addressed by M. Tchitcherin to Signor Schanzer, President of the Political Sub-Commission, in reply to a letter written by Signor Schanzer on April 27th on the subject of Bolshevik misrule in Georgia.

The letter expressed the views of a meeting of Belgian, French, Japanese, Rumanian, Swedish and Swiss delegates held to consider the Bolsheviks' ferocious repression of the Georgian revolt against their tyranny.

After questioning the competence of the meeting, M. Tchitcherin declared that no military operations of the kind suggested had taken place in Georgia, and denied the accuracy of the information supplied to the meeting. But he affirmed the desire of the Bolsheviks to do all in their power to put an end to bloodshed and oppression, both in Europe and in Asia.

He, therefore, invited the delegates who attended the meeting to give their most serious attention, not to imaginary, but to real cases of bloodshed and oppression, such as those provoked by the Japanese in the Far East, by the Poles at Vilna and Eastern Galicia, by the Rumanians in Bessarabia, by the Yugo-Slavs in Croatia and Macedonia, by the Greeks in Thrace, by the French in the Saar Basin and in Tunis, by the British in India and Egypt, or the Italians in Tripoli. He concluded that the Bolshevik Delegation was ready to take part during the Conference in a general examination of all effective means to enable all oppressed nationalities freely to determine their own fate.

The Conference was now getting into the trench stage, and delegates and correspondents began to wonder whether they were there "for the duration." The King of Italy paid at this time a ceremonial visit to the Conference. His arrival in the battleship *Dante Alighieri* was a pretty sight from the balconies of the Albergo dei Giornalisti. As the procession of grey destroyers followed by the great vessel

glided over the blue water into the harbour, the warship which had been anchored off the Pier since the Conference opened greeted the monarch with the flash and smoke of a ceremonial salute. The meeting of an old-fashioned monarch like King Victor Emmanuel and a new-fashioned monarch, or tyrant as some would describe him, representing the latest Revolution on a large scale, was likely to have novel and amusing features. I was not present at these festive *rencontres*, but the correspondent of the *Times* did justice to them. "The sight of M. Tchitcherin," he wrote, "top-hatted, in faultless morning coat, and a red flag in his button-hole, boarding an Italian battleship, conversing amiably with King Victor Emmanuel, drinking champagne, clinking glasses, and exchanging signed menus with the worthy Archbishop of Genoa, to whom he descanted on the idyllic freedom enjoyed by the churches of Russia, was a spectacle incomparable and indescribable in prose." What the "grimly-smiling" poet from whom the vessel was named would have thought of such scenes and how he would have distributed his bans and blessings must be left to the imagination.

Since the Russian Note of April 20th the scope of the discussions had been enlarged and the Bolsheviks had been invited to consider the first seven points of the London Experts' Report, which included the proposal of the Russian Debt Commission and the Mixed Arbitral Tribunals, the latter of which were to determine the compensation to be given for the losses inflicted on foreigners in Russia by the action or negligence of the Soviet Government. On April 24th the Russians presented counter-proposals to these seven articles. A copy of this document was not available but its character may be briefly described. It was generally irreconcilable with the Cannes Resolutions and with the letter, already given, addressed by M. Tchitcherin to Mr. Lloyd George. Two points only were definite—one establishing the right of the Bolsheviks to "immediate and adequate financial aid" as well as to *de jure* recognition; and another demanding the restitution to the Bolsheviks of all property held by them abroad, such as

jewels, real estate and ships, and the fulfilment of the financial obligations of Allied nationals towards the Russian Government. Besides, the Bolshevists demanded that the Allied Powers should give the Bolshevists all the necessary assistance in this respect and should permit the examination of bank accounts in Allied countries.

The presentation of this impracticable thesis brought matters to a crisis and from this time we began to hear of the preparation of an "ultimatum" or at any rate a definite and very understandable memorandum to the Russians, who would have to accept or reject it. By this means the flood of futile controversy would be stanchd and some sort of decision reached. But the formulation of this Memorandum at once emphasized the differences of opinion among the Allies. The document was to consist of a Preamble stating what the Governments were prepared to do for Russia, followed by a series of Articles declaring what Russia must do in return. Two competing drafts, the Anglo-Italian and the Franco-Belgian, quickly took shape. It became necessary to appoint a committee to harmonize these conflicting views into a single acceptable draft. A small committee was chosen to accomplish this task. Sir Philip Lloyd-Greame represented England, M. Barrère France, M. Motta Switzerland, M. Delacroix Belgium.

The Preamble was a lesser difficulty than the Articles, but two drafts of this were also in competition. In Mr. Lloyd George's opinion the Franco-Belgian version was vague and theoretical, while the British was practical and positive. The one might be likened to the froth on a pot of beer, the other to the more substantial liquid below. But the main point in controversy was the question of private property, and how the Russians were to make good to the former owners. This became the subject of Clause 7, over which a tremendous battle of the wits and interests took place. Belgium was now the obstacle and the danger. Russia's debt to her was only a fraction of what Russia owed to England, but Belgian private property in Russia before the war had reached the respectable figure of £140,000,000, and this gave her a special

interest in Clause 7. M. Jaspar, Belgian Foreign Minister, was far from being satisfied with the British draft. In vain Mr. Lloyd George counselled acquiescence. He pointed out that Article 7 had been constructed by a Committee of Jurists on which Belgium had had a representative, M. Cattier, a great jurist and banker.* They must not go beyond the Cannes Resolution, which said the Russians must "either restore or compensate." The amendment proposed by M. Jaspar would not afford this option, but would compel complete restoration where the property was still in existence. This was pressing intervention beyond the limits of possible acceptance by any sovereign State. We should be asking more of Russia than we had asked of Czecho-Slovakia or Rumania, which countries had passed some rather severe nationalizing legislation. The British Prime Minister pointed out that the clause as drafted by the Jurists to whom that duty had been allotted was approved by all the business men on the British Delegation.

Mr. Lloyd George repeated these views through the lips of Sir Edward Grigg or Mr. McClure. If we had made up our minds, he said, not to negotiate with Bolshevik Russia, then the whole question fell to the ground, and the cause of peace and revival was indefinitely set back. But if we did propose to treat with the representatives of one hundred and twenty million people, it was no use offering terms which there was no chance of their accepting. It was no use challenging the whole principle of the Russian revolution. If the Soviet Government was willing to compensate fully in other forms for the property of foreigners which it had nationalized and of which by virtue of its own principles it could not restore the full legal ownership or "dominium," then we ought to be contented with that, if the Russians would accept our other conditions.

All this was excellent sense, but it failed of the desired effect upon the Belgian Delegation, which had the support

* M. Fromageot represented France and Sir Cecil Hurst England on this Committee.

of France. A suggestion by M. Barthou that the words of Clause 1 in the Cannes Resolution should be incorporated in the Article was adopted and carried, on condition that the document might be transmitted to the Russians at once. It was understood that France approved the Article so amended. But Belgium remained intransigent, insisting on a principle quite inconsistent with the Cannes decision on the subject.

Some of the starch in the Belgian stiffness was perhaps due to the rumours prevalent at this time that Russia had been granting away to foreign interests oil properties formerly belonging to Belgian nationals. Oil magnates turned up in Genoa at this time. In fact, the Conference for a time reeked of oil, the infusion tending to chafe rather than to calm the troubled waters. It turned out that negotiations had been going on with regard to such concessions, but had been stopped during the Conference, and no contracts had been signed. But the Belgians were not easily reassured.

It was at this point (May 2nd) that M. Barthou left Genoa to consult his Government in Paris. Returning on May 6th, he informed Mr. Lloyd George in the course of the famous interview with that statesman that the French Government was much impressed by the Belgian attitude on the subject of private property in Russia, and that French public opinion ran strongly the same way. His instructions were not to give the final French approval to the document containing Clause 7 until Belgian approval was also given.

But by this time the Memorandum was in the hands of the Russians, and it may now be placed under the eyes of the reader, who will be able to appreciate its significance. His attention is particularly invited to the much-controverted Clause 7 :

“ Mr. Vice-President,—I have the honour to transmit to you the enclosed document.

“ I have to add that the French Delegation defers its final approval of the enclosed document until it has received instructions from its Government.

“ Please accept, Mr. Vice-President, the assurances of my highest consideration.

(Signed) “ F. SCHANZER.

“ Mr. George Tchitcherin, Vice-President of the Russian Delegation, Hotel Imperial, Rapallo.”

“ The problem of the restoration of Russia, with a view to the re-establishment of peace over the whole of the Continent of Europe, has been considered in the most serious and sympathetic manner. There is a general and sincere desire that friendly relations should be restored among all the nations, and that the Russian people may take its historic place among the European Powers.

“ Russia in the past has been an important element in the economic system of Europe. But to-day her exhaustion is complete after the events which have drained her resources for the last eight years, and her elimination from the European economic system has added to the troubles from which the world is suffering.

“ Every year the world deficiency in food and raw material due to the failure of Russian supplies is being made up from other sources.

“ In due course, the gap would be filled so far as the rest of Europe is concerned, for trade, like water, finds new channels when the older channels are blocked. But in Russia itself, privation, misery and famine would continue to spread, and thus constitute a plague spot of increasing menace to the European system. Such a fate for Russia and for Europe the Powers are deeply anxious to avert.

“ The reconstitution of Russia must take place, above all, in the interests of Russia herself. But Russian prosperity cannot be revived without the assistance of the capital and the commercial experience of the West. As soon as the feeling of security has been revived in Russia, that is to say, when the nationals of foreign countries have guarantees that they can resume their former industrial or commercial and agricultural undertakings, and start new ones, with the

certainty that their property and their rights will be respected and the fruits of their enterprise secured them, they will hasten to afford Russia the benefit of their technical knowledge, their work and their capital.

“Russia is a country of great possibilities. Economic disaster has paralysed, but has not destroyed, her resources. If Russia and the Russian people are to recover, the resources of Russia must be developed. Her agriculture, which is fundamental to her economic system, must be restored ; her mines must be reopened, and her factories must be set to work again. The other nations of the world played a great part in the development of Russia. They will play that part again as soon as Russia establishes conditions which command their confidence.

“The needs of Russia are so manifold, that they can only be met by once more throwing open the Russian market to foreign manufacturers and traders. To-day Russia is urgently in need, not only of food and clothing, medical supplies and other necessaries of normal existence, but also of locomotives, wagons, agricultural implements, tools, machinery and port appliances. If these goods are not supplied to Russia, her transport system will fall to pieces, her industries will rapidly become derelict, and the yield from the land will steadily fall.

“All these supplies can be furnished by the industrial countries. As soon as security in Russia has been re-established for former owners and debts are recognized, the importation of these necessaries will recommence. Capital will flow into Russia the moment confidence begins to revive. And at the same time foreign enterprise and experience will be available for the reconstruction of the country.

“There is not a country which is unable to render an effective contribution to the work of reconstructing Russia : some by financial help, others by the rapid resumption of the manufactures or public utility undertakings which they owned there ; and still others, by the skilled workers which they will be able to send there. All the countries represented at

Genoa have indicated their willingness to co-operate in this work, each according to its capacity.

“ Their Governments also are ready to hasten this restoration. It will be necessary to overcome the hesitation on the part of business men, who will fear the loss of capital which they might sink in a country thus deprived for the time being of the normal means of production. As soon, however, as the first pioneers have succeeded in their enterprise, others will follow in their footsteps. The object and the justification of Government assistance will be to make these first attempts succeed.

“ Measures have already been taken in several countries for this purpose, and Russia will be able to obtain the benefit of these measures as soon as it is possible to conclude with Russia an arrangement in conformity with the clauses which follow.

“ Several countries of Europe have decided to establish an international corporation with an initial capital of £20,000,000. Its aim is to finance reconstruction and development undertakings in Europe which, without assistance, would have difficulty in procuring the necessary funds. This sum may seem small in comparison with the magnitude of the work to be done. But it only includes the capital subscribed through the national companies formed in the leading countries. Behind it stand the resources of all these countries, resources which are available for financing operations approved by the international corporation.

“ In addition to this, certain countries are in a position to advance immediately substantial sums to those of their nationals who will trade with Russia, or settle there for that purpose. To these facilities must be added the private credits which manufacturers, who have the assurance that their undertakings can be successfully resumed in Russia, will not fail to receive from the national banks.

“ The British Government can guarantee under the Trade Facilities Act the capital or interest required for capital undertakings, overseas as well as at home, to develop economic

reconstruction in Europe. If the Soviet Government is prepared to take the steps needed to encourage enterprise, then this Act can be applied to Russia. The sum authorized by this Act was £25,000,000. If necessary, Parliament will be invited to increase the amount to be made available.

“ In addition to the facilities offered by this Act, there is an Export Credits Scheme for financing the export of British goods. Under this scheme, the British Government is authorized to guarantee transactions up to £26,000,000. Of this £26,000,000, £11,000,000 has been pledged. The British Government will be prepared to invite Parliament to extend the duration of the Act in question.

“ France, by reason of the effort which she is obliged to make in order to restore her own devastated regions, cannot at this moment afford direct financial assistance for the reconstruction of Russia. Nevertheless, the French Government accepted at Cannes the principle of taking a part in the International Corporation equal to the English part.

“ France can send to Russia seeds of all sorts. Negotiations have already taken place with the Soviets on this subject. Detailed plans have been prepared for the dispatch and use of tractors. Several thousands of these tractors could be sent with the necessary technical personnel. Machines and technical personnel can be sent in order to establish veterinary stations and institutions for agricultural study.

“ With regard to transport, France can offer rolling stock of approximately twelve hundred locomotives, twenty-five thousand goods wagons, three thousand five hundred railway carriages and vans. It would be possible to form a special company for undertaking repairs, and repair shops could be let to the company which would supply the technical personnel.

“ Finally, French industrialists, who in great numbers have contributed to the wealth of many parts of Russia, would be able to re-start their establishments as soon as they received the necessary guarantees. These industrialists would undoubtedly find in France or abroad, thanks to the

confidence which they inspire, the necessary capital and the technical staffs which will be needed.

“ Italy, by subscribing twenty per cent. of the capital of the International Corporation, purposes to render substantial financial help as regards both the immediate aims of this organization and its future development. She is also ready to support every undertaking which is set up in order to re-establish transport by rail or water, and to foster the marketing of Russian produce. She is also ready to contribute through her agricultural organizations and by her experience to the restoration of agriculture, and to participate in co-operation with Russia in the industrial and agricultural re-equipment of the country.

“ Offers of help are also held out by Japan. The Japanese Government, with a view to encouraging trade with Russia, have granted a credit of eight million yen to the Russo-Japanese Trading Company. The Japanese Government has also the intention of taking further measures, if it deems it necessary, with the object of furthering trade relations between the two countries.

“ Time is an indispensable factor in the reconstruction of Russia, but the important thing is to make a start. As soon as the first impulse has been given, as soon as the first pioneers have been able to settle in Russia, and to make known the fact that they have been successful, and have demonstrated to themselves and their compatriots that the way which had been closed for so long is open and safe, others will follow, and their number will be all the greater because the road has been barred so long.

“ In these circumstances, the following conditions, dealing with the more important questions requiring adjustment, are submitted to the Russian Delegation by the Delegations of Italy, France, Great Britain, Japan, Poland, Rumania, Switzerland and Sweden, represented on the Sub-Committee of the First Commission. The final approval, however, of the French Delegation is reserved until it receives its instructions from its Government.

CLAUSE I

“ In accordance with the terms of the Cannes Resolution that all nations should undertake to refrain from propaganda subversive of order and of the established political system in other countries than their own, the Russian Soviet Government will not interfere in any way in the internal affairs, and will refrain from any action which might disturb the territorial and political *status quo* in other States. It will also suppress all attempts in its territory to assist revolutionary movements in other States.

“ The Russian Soviet Government will use all its influence to assist the restoration of peace in Asia Minor, and will adopt an attitude of strict neutrality between the belligerent parties.

CLAUSE II

“ (1) In conformity with the Cannes Resolution, the Russian Soviet Government recognizes all public debts and obligations which have been contracted or guaranteed by the Imperial Russian Government, or the Russian Provisional Government, or by the Soviet Government itself towards foreign Powers.

“ Being desirous of facilitating the immediate reconstruction of Russia and the rehabilitation of her credit, the creditor Powers are willing to make no claim upon Russia at present, either as to capital or interest, for the repayment of the advances made to the Russian Governments during the war.

“ (2) The Allies can admit no liability for the claims against them set up by the Russian Soviet Government for loss and damage suffered during the revolution in Russia since the war.

“ (3) When an arrangement is concluded between the Allied and Associated Powers for the liquidation or rearrangement of war debts, the Allied Governments concerned will submit to their Parliaments measures for reducing or modifying the amount due by the Russian Soviet Government on similar lines, and with due regard to the economic and financial condition of Russia; but these measures will be

conditional on the renunciation by Russia of the claims mentioned in paragraph 2.

“(4) Where responsibility for liabilities contracted by the Russian Soviet Government or its predecessors towards foreign nationals has been assumed by a foreign Government, the liabilities will be treated on the same footing as private debts in accordance with Clause IV.

“(5) The provisions of this clause will not apply to balances standing to the credit of a former Russian Government in any bank situated in a country of which the Government made advances to a former Russian Government, or assumed responsibility for any Russian Government loan floated in that country between August 1st, 1914, and November 7th, 1917. Such balances shall, without prejudice to the rights of third parties, be transferred to the Government concerned. The liability of the Russian Soviet Government in respect of war debts shall be *pro tanto* reduced.

CLAUSE III

“All financial claims by other Governments upon the Russian Soviet Government, and by the Russian Soviet Government upon other Governments, excepting those dealt with in these clauses, shall, subject to any special arrangement which may be made, remain in suspense until the agreement referred to in Clause II., paragraph 3, has been concluded. The claims shall then be extinguished.

“Nevertheless, this claim shall not apply to claims on behalf of the nationals of other Powers on account of the action in Russia of the Russian Soviet Government, or to claims on behalf of Russian nationals on account of the action in other countries of the Governments of those countries.

CLAUSE IV

“In conformity with the general principle admitted by all Governments, the Russian Soviet Government recognizes its obligation to fulfil the financial engagements which it or its predecessors—that is to say, the Imperial Russian Government

or the Provisional Russian Government—have contracted *vis-à-vis* foreign nationals.

CLAUSE V

“The Russian Soviet Government undertakes to recognize, or to cause to be recognized, the financial engagements of all authorities in Russia, provincial or local, as well as all public utility enterprises in Russia contracted before this date *vis-à-vis* the nationals of other Powers, unless at the time when the engagement was contracted the territory in which the authority or enterprise was situated was not under the control of the Russian Soviet Government, or of the Russian Provisional Government, or of the Russian Imperial Government.

CLAUSE VI

“The Russian Soviet Government agrees to conclude an arrangement within twelve months of the coming into force of this Clause with the representatives of foreign holders of bonds and bills issued or guaranteed by the Russian Soviet Government or its predecessors, for ensuring the re-starting of the service of the loans and the payment of the bills. This arrangement will cover terms and dates of payment, including remission of interest, so that adequate account may be taken both of the actual conditions in Russia and of the necessity for her reconstruction.

“The said arrangement shall apply as far as possible to all foreign holders without distinction of nationality.

“In case a collective agreement cannot be reached, the benefit of an arrangement concluded with any particular group may be claimed by all other foreign holders.

“If no such arrangement as is referred to in paragraph 1 can be concluded, the Russian Soviet Government agrees to accept the decision of an Arbitration Commission. This Commission shall consist of a member appointed by the Russian Soviet Government, a member appointed by the foreign holders, two members and a President appointed by the President of the Supreme Court of the United States

or, failing him, by the Council of the League of Nations or the President of the Permanent Court of International Justice at The Hague. This Commission shall decide all questions as to the remission of interest and as to the mode of payment of capital and interest, and will take into account in so doing the economic and financial condition of Russia.

“ The procedure laid down in this clause as to Russian Government bonds and bills shall also be applied in the case of the financial obligations referred to in Clause V.

CLAUSE VII

“ In order to encourage the re-starting of foreign economic activity in Russia, and to permit foreign States to furnish to Russia the aid indicated above in the introduction, and thereby to facilitate the restoration of the country, the Russian Soviet Government accepts the following arrangement with respect to private property.

“ Without prejudice to its freedom, as recognized in the Cannes Resolution, to regulate its system of ownership, internal economy and Government, and to choose for itself the system which it prefers in this respect, the Russian Soviet Government recognizes its obligation, in accordance with the said Resolution, to restore or compensate all foreign interests for loss or damage caused to them when property has been confiscated or withheld.

“ In cases in which the previous owner is not enabled to resume possession of his former rights, the Russian Soviet Government will make an offer of compensation. If no agreement is come to between the previous owner and the Russian Soviet Government as to the nature and amount of the compensation, the previous owner shall be entitled to submit to the Mixed Arbitral Tribunal referred to hereafter the question whether the compensation offered by the Russian Soviet Government is just and adequate.

“ If the Mixed Arbitral Tribunal decides that the compensation is just and adequate, it must be accepted by the

previous owner ; but if the Tribunal decides that the compensation is not just and adequate, and the Russian Soviet Government and the previous owner are still unable to reach an agreement as to the compensation, the previous owner shall receive from the Russian Soviet Government a grant of the enjoyment of the property on terms not less favourable in all matters relating to its use and disposition than the rights he previously possessed ; provided, however, that where the Mixed Arbitral Tribunal decides that the grant of the enjoyment of the property is impracticable, and that compensation must be given, the amount, if not agreed, shall be fixed by the Mixed Arbitral Tribunal and shall be payable in bonds.

“ In cases in which the Russian Soviet Government cannot give back the property, it shall not be entitled to hand it over hereafter to other parties. If the Russian Soviet Government proposed at a later date to hand it over as above, a preference shall be given to the previous owner.

“ If the exploitation of the property can only be ensured by its merger in a larger group, the preceding provision shall not apply, but the previous owner shall be entitled to participate in the group in proportion to his former rights.

“ The term ‘ previous owner ’ shall include Russian financial, industrial and commercial companies, which at the date of nationalization were controlled by nationals of other Powers, or in which at the same date such nationals possessed a substantial interest (either as shareholders or bondholders), if the majority of the foreign interests so desire. It shall also include a foreigner entitled to the beneficial use of property in Russia which was vested in a Russian nominee.

“ In cases in which a claim is not put forward in virtue of the preceding paragraph, a claim for compensation in conformity with this clause may be put forward by any foreign national interested in a Russian company in respect of injury or loss suffered by the company.

“ In the settlement of claims and in awards of compensation in respect of private property, provision shall be made for

the protection of claims which third parties possessed against the property.

“ In cases where damage has been done to the property in consequence of the action or negligence of the Russian Soviet Government, compensation in accordance with the principles of international law shall be assessed by the Mixed Arbitral Tribunal.

CLAUSE VIII

“ Provision shall be made by the Russian Soviet Government for enabling foreign nationals to enforce their claims against private persons in Russia.

“ If the payment of the sums due has been rendered impossible by the action or negligence of the Russian Soviet Government, the liability must be assumed by that Government.

CLAUSE IX

“ Pecuniary compensation awarded under Clause VII. will be paid by the issue of new Russian five per cent. bonds for the amount fixed by the Mixed Arbitral Tribunal.

“ The terms as to the payment of interest on these new bonds, and the terms as to their amortization, shall be similar *mutatis mutandis* to those for old bonds as fixed by the Arbitral Commission referred to in Clause VI.

CLAUSE X

“ Mixed Arbitral Tribunals shall be appointed for each country to decide questions as to the compensation to be paid under these clauses. These Tribunals shall consist in respect of each country of one member appointed by the Russian Soviet Government, one member appointed by the Government of the national concerned, and a President appointed by the President of the Arbitral Commission referred to in Clause VI.

CLAUSE XI

“ The re-starting in the shortest possible time of enterprises of all kinds which belonged to foreigners before the events of 1917, and the establishment of new enterprises

being of the greatest importance for the rapid reconstruction of Russia, the Russian Soviet Government undertakes to take all necessary measures for ensuring forthwith the protection of the person, the property and the labour of foreigners.

“ For this purpose the administration of justice in Russia shall be provided for as set out in Article 8 of the Recommendations of the Experts in London, and foreigners shall be allowed to reside and trade in Russia in accordance with the provisions of Articles 9-17 of the said Recommendations.

CLAUSE XII

“ Special arrangements will be made in agreement with the Russian Soviet Government for the settlement of questions relating to the liquidation of pre-war contracts between Russian nationals and foreigners, and questions relating to prescriptions, limitations and foreclosures.

CLAUSE XIII

“ The Russian Soviet Government will restore to the Rumanian Government the valuables deposited at Moscow by the said Rumanian Government.

“ Genoa, May 2nd, 1922.”

Such were the proposals the Soviet Delegation was invited to study. At Genoa there followed a period of relaxation, during which delegates and Press awaited the Russian answer, speculated on its character, and perspired in the hot weather which had now set in.

CHAPTER XIII

THE REPLY

DURING the interval of waiting for the Russian response to the Memorandum of May 2nd, the atmosphere was kept moving by the breeze, or rather the gale, that still blew as the result of the inaccurate reports of the Lloyd George-Barthou interview. We have already dealt sufficiently with that incident. The interval was also employed by the smaller States to ventilate their grievances and desires. All manner of subjects were considered by the five convening Powers to whom these appeals were made. The question of typhus on the borders of Russia ; the Eastern Galician and Lithuanian questions ; Hungarian representations concerning the protection of Hungarian minorities in the Succession States ;* a letter from the Bulgarian Delegation raising the question of access to the Ægean, of the protection for minorities, and asking for international credits ; a complaint from Angora that that Government had not been asked to send delegates to the Conference ; representations on various subjects from the anti-Soviet Ukraine Government sitting in Paris, which contested the right of the Russian Soviet Delegation to represent Ukraine, and from Georgia, Aserbiajan and Armenia, the last applying for a credit of five million gold francs ; a protest read from representatives of the Saar Valley population ; and, last, but not least interesting, a memorandum presented on behalf of the Vatican, asking that the questions of freedom of worship, of religious instruction and of religious

* States largely constructed out of the material of the old Austro-Hungarian Empire.

property in Russia should be considered by the Conference.*

Some of these questions, such as the Ukrainian appeal, were obviously outside the scope of the Conference. This was the view taken by M. Barthou of the Galician and Lithuanian questions. But Mr. Lloyd George, who in the speech at the Ristorante Olimpia and others had insisted on the danger to European peace involved in these frontier questions, thought they were covered by Clauses 2 and 3 of the Cannes Resolution. He was supported, as so often, by the Italian Delegation, and it was agreed that they should be raised in the First or Political Sub-Commission, though M. Barthou reserved the right of protesting against their being carried to the Plenary Conference.

Sympathetic ears were lent to the Hungarian plaint. It was felt that Hungary, which had a fully official delegation in the Conference, had been rather left out in the cold,† and it was agreed that its representatives should be heard in the First Sub-Commission. The same favour was extended, at Mr.

* The following statement was published in the *Times* of June 7th :

Mgr. Pizzardo, Assistant Secretary to the Secretary of State of the Vatican, arrived in Genoa on May 9th, and handed to the President of the Conference, Signor Facta, a memorandum in which it was requested that, in the eventual agreement of the Powers with the Bolshevist Government, the following three clauses should be inserted :

1. Full liberty of conscience for all, both Russian citizens and foreigners, is to be guaranteed in Russia.
2. The private and public work of any religious cult is also guaranteed.
3. The property which belonged, or still belongs, to any religious body, whatever it be, will be restored and respected.

On the following day Mgr. Pizzardo was informally advised to withdraw the third clause, because it was remarked that this clause might prove dangerous to the course of the negotiations if it meant the restitution of the property; while it was superfluous if it aimed at having the religious properties included in the general negotiations which were going on with regard to the private properties of all foreigners in Russia. Mgr. Pizzardo telegraphed at once to the Vatican, and, having received the authorization of the Secretary of State, withdrew the third clause.

† The reader is reminded, however, that it was one of the rules of the Conference that any Power not directly represented on any Sub-Commission might claim to be admitted to any debate on any subject in which it was especially interested.

Lloyd George's request, to Bulgaria, whose Prime Minister and chief delegate, M. Alexandre Stambulinski, it was recalled, had opposed the Bulgarian declaration of war against the Allies, and on that account had been imprisoned by King Ferdinand.

As regards the complaints from Angora and some other non-European States that they had not been invited to the Conference, the subject was dismissed, as these were Asiatic States, and therefore not directly concerned with European problems.

The Pope's message aroused some discussion. His Holiness had already written two sympathetic and inspiring letters on the Conference,* of which he was known to be a sincere well-wisher. The message from the Vatican was accorded, therefore, the most regardful consideration. It was agreed that the subject of religious properties in Russia lay outside the purview of the Conference, but M. Barthou thought the questions of religious freedom and religious education might be taken up. Mr. Lloyd George then pointed out that these were very controversial terms, and that the five Powers in Committee had probably five quite different ideas on the subject and five different systems of religious instruction. He spoke probably from a painful reminiscence of British politics when he said that religious education was a subject of bitter conflict everywhere. Could there be any satisfactory or intelligent agreement on the subject until the facts relating to Russia were known? In reply to M. Jaspar (Belgium), who pressed for action, he said he could not understand what action the Powers could take without an unjustifiable interference in the internal affairs of Russia. It was agreed at last that the letter should be read and noted by the First Sub-Commission, out of respect not only for the Holy See but personally for its present occupant.

The relations between the Vatican and the revolutionary régime in Russia formed one of the many subjects of rumour

* One in its English translation has already been given. The second, of April 29th, also in English, is reproduced in Appendix VI.

and speculation in Genoa. It was understood, though not officially stated, that the Vatican had been gratified by the fate of the Tsarist system as that régime had meant the negation of religious liberty. If Tsarism had established itself on the shores of the Bosphorus, Catholicism would have suffered a sort of "Oriental Sedan." The Vatican was not in any degree hostile to the Russian Church, and desired with ever-increasing earnestness a union of the Western and Eastern communions.

Meanwhile the Russians were studiously poring over the Memorandum, to which they had to reply. Russia had been almost wholly detached from Europe since the events of 1917, so that it is not surprising they should desire some further information on such subjects as the British Trade Facilities Act, to which the Memorandum had referred. M. Krassine called on Sir Laming Worthington-Evans with this object, and Mr. Lloyd George dropped in during the conversation. It was on such innocent incidents as these that disturbing reports were built of separate agreements and secret treaties. It is probable that the information elicited on this occasion was not wholly satisfactory, as it offered the Bolsheviks only a poor prospect of obtaining the three hundred million pounds in liquid cash, to which figure the Soviet demand had now been scaled down. But we need not linger over these inquiries and the rumours and speculations which filled this week of waiting. Despite the attractions of Genoa and its lovely environs, the personnel of the Conference was by this time suffering from nostalgia in an acute form, and the Russian reply, which appeared at last on May 11th, was welcomed as bringing into view some final and emancipating decision.

The reply, a six-thousand-word affair, is given in the Appendix,* but some digest is more appropriate to the course of a historic narrative :

"It opens with a preliminary declaration that the European Memorandum put forward no equitable solution of the Russian problem, but is, in some respects, a retrograde step, when compared with the propositions

* Appendix VII.

delivered to the Bolsheviks after the private conversations at the Villa de Albertis on April 20th, and even as compared with the London report of the financial experts. Moreover, the concerted European document deviates notably from the line traced by the articles of the Cannes Resolution. The Convening Powers explained their invitation to contemporary Russia by 'the necessity of restoring to the European system its paralysed vitality.' The means of attaining this end was to have been the economic reconstruction of Central and Eastern Europe.

"The Russian Delegation, in conformity with the Cannes Resolution, brought to Genoa a number of projects for credits and loans that Russia needed in exchange for legal and material guarantees. It brought also a list of industrial, mining and other concessions which it was anxious to grant to foreigners. Hitherto it has not been allowed to submit these projects to the Commission of Experts, which lays down as antecedent condition the acceptance of an obligation by Russia to recognize Government and private debts.

"This method is bad ; it turns its back upon the future. Moreover, more than one State represented at Genoa has repudiated in the past its debts and obligations, and has confiscated without indemnity the property of foreigners and of its own citizens.

"The obstinacy of some Powers in excluding Russia from international, economic and political life is not explicable alone by material considerations, but is also inspired by considerations of a political order. The complete triumph of capitalistic individualism is sought. The Soviet Delegation has refused, and still refuses, to introduce into current discussion any kind of political tendency, but they must point out that the efforts to secure at Genoa the triumph of a party, of a social system, is contrary to the letter and to the spirit of the first condition of the Cannes Resolution. If the labours of the Conference are threatened, responsibility will fall on

those Powers which, putting themselves in opposition to the general desire for agreement, have placed the interest of certain social groups above the common interests of Europe.

“ The European document supposes that the economic isolation of Russia would injure Russia only. Consequently, its idea is that Russia should make all the sacrifices. The truth is that Russia cannot be replaced, and that the only sound principle is one of give-and-take.

“ The European document, moreover, does not reply to the question about the credits to be given to Russia and enumerates only the credits to be given to the nationals of other States who may wish to trade with Russia. Such credits are valueless unless the Russian Government is assured of the financial means necessary to assist production, both industrial and agricultural, to restore means of transport, and to reform the currency by stopping the issue of paper roubles. These measures can only be applied by a Russian Government plan such as the Russian Delegation has not been allowed to present.

“ On the other hand, the European document puts forward in detail the question of inter-Government debts and private claims. Besides, it picks out one of the Cannes conditions, concerning subversive propaganda, reads a new meaning into it and makes of it a unilateral obligation for Russia. It is asked that Russia should ‘ suppress all attempts in its territory to assist revolutionary movements in other States.’ If this means that the activity of political parties or labour organizations is to be prohibited, Russia cannot accept [such a prohibition unless the activity in question is contrary to the law of the land. The European demand that Russia should ‘ refrain from any action which might disturb the territorial and political *status quo* in other States ’ is a vain attempt to secure Russian recognition of treaties concluded by other States. This question Russia is ready to discuss with the interested Powers at the opportune

moment. The relations between Rumania and Russia cannot be excluded from all questions at issue between them.

“ Since it is desired also to assure peace in Asia Minor, Turkey ought to have been invited to Genoa. The close friendship between Russia and Turkey would have helped to attain the end desired. As to Russian neutrality in the Græco-Turkish war, it can only be the same neutrality as is required of all Powers by international laws and conventions.

PRIVATE PROPERTY

“ The Russian Revolution needs no justification before an assembly of Powers, many of whom count more than one revolution in their own history. Revolutions, which are violent ruptures with the past, carry with them a new juridical status in home and foreign relations. Revolutionary Governments are not bound to respect the obligations of Governments which have lapsed. The French Convention proclaimed in 1792 that ‘ The sovereignty of peoples is not bound by the treaties of tyrants.’ The United States repudiated the treaties of their predecessors, England and Spain. The Governments of States victorious during the recent war seized the debts of nationals of vanquished States in their own territory and abroad. Russia therefore cannot be compelled to assume any responsibility towards foreign Powers and their nationals for the cancellation of public debts and the nationalization of private property.

“ None the less, Russia accepted the conditions of the Cannes Resolution on condition that they be made reciprocal and imply an obligation for every Government to compensate losses caused by its acts of negligence. Great Britain has had to pay fifteen and a half million dollars for damage done by the privateer *Alabama*. Hence, the Powers which supported counter-revolutionary movements in Russia or blockaded her are responsible for the damage done. True, the Russian Delegation

made concessions as a result of the Villa de Albertis conversations, and declared its readiness to drop its counter-claims in return for other concessions, of which the chief was to be the placing of real credits at the disposal of the Russian Government. The Powers have not kept this engagement. Neither have they consented to cancel war debts, the cancellation of which was one of the Russian conditions. Their Memorandum merely proposes that this question shall be settled by an arbitral tribunal. Consequently the Villa de Albertis negotiations have been rendered vain. Responsibility for this does not fall upon Russia.

“ As to Article 7 of the European document, it is in flagrant contradiction with the first article of the Cannes Resolution, and is inconsistent with the Russian social system and the Russian sovereign rights. Russian sovereignty becomes the sport of fortune. It is at the mercy of a mixed arbitral tribunal composed of four foreigners and one Russian. This would inevitably lead to foreign intervention in Russian home affairs. Clause 7 has thus no practical character. Foreigners who entered Russia in virtue of it would soon feel general hostility towards them.

“ The Russian Delegation notes, moreover, that the interested Powers reserve all their solicitude for a small group of foreign capitalists, and prevent very many foreign capitalists from enjoying the facilities and guarantees which the Russian Government would be ready to grant them. The interest of the mass of small holders of Russian bonds has also been sacrificed. It is surprising that Powers like France, amongst whose citizens the majority of these small holders are to be found, should have subordinated their interests to those of certain groups that demand the restitution of property.

“ The invitation of the Russian Delegation to Genoa implied that the language of foreign Powers towards Russia would not have been that of victors towards

vanquished, since Russia has not been conquered, but the language of equality. Russia is still ready to make important concessions, but only in return for corresponding concessions. But in the mutual cancellation of claims and counter-claims the Russian Government is determined to respect the interests of the small bondholders. The task of considering the solution of these difficulties must be entrusted to a mixed Committee of Experts, appointed by the Conference, such Committee to work at a date and place to be agreed upon. The great obstacle hitherto encountered is that all the Powers have not yet sufficiently recognized the idea of reciprocity, although the preliminary conversations hitherto held have pointed the way to a closer understanding between Soviet Russia and foreign Powers.

“The Russian Delegation thinks that the financial difficulties which have arisen ought not to prove an obstacle to the possibility and necessity of solving other problems at Genoa, and in the first place the problem relating to the economic reconstruction of Europe and Russia and the consolidation of peace. Russia came to the Conference with conciliatory intentions, and still hopes that her efforts will be crowned with success.”*

The Conference put on its strongest spectacles and proceeded to study this remarkable dissertation. The earliest impressions were very unfavourable. Mr. Lloyd George, M. Barthou and Signor Schanzer held a preliminary symposium, and were semi-officially reported to have agreed that any further general discussion with the Bolshevists was “impossible.” Mr. Lloyd George accurately qualified the reply as “a shrewish document.” Signor Schanzer was especially dismayed on realizing the character of the response, which was evidently inspired or dictated by the Communist workmen of Moscow.†

* The *Times*, May 12th.

† Mr. Lloyd George attributed the more uncompromising character of the Russian reply to the influences of May 1st in Russia. See the speech in the House of Commons on page 308.

But, judging from the communiqué of May 11th to the Anglo-American journalists in the University, Mr. Lloyd George and the British Delegation glimpsed a ray of hope through the "empty politics" of the earlier portion of the reply and the depressing quality of the remainder. The Russians evidently desired peace, and were ready to join in a pact against aggression. That was regarded as satisfactory, and the document was clearly one admitting of a reply.

Moreover, as the British Prime Minister quickly realized, the Russian proposal for a mixed committee of experts suggested an exit from the impasse, and a means of saving and harvesting the results of the long effort at Genoa. He was at once brought up before the full force of French prejudice against co-operation with the representatives of Soviet Russia. It was the last great battle on this ground. If the French won, not only was the Genoa Conference discredited and frustrated—a consummation which most Frenchmen and some English people greatly desired—but the cause of European peace and revival hopelessly set back. Mr. Lloyd George needed all his attributes of mind and heart to win over to his view M. Barthou and, through him, the more rigid M. Poincaré, who determined from Paris the action of the French Delegation in Genoa.

On Saturday morning, May 13th, the issue was joined in the Political Sub-Commission. Once more, as throughout the Conference, England and Italy fought side by side for the same liberal ideas. Without that help it is possible that the British Prime Minister would this time have been overwhelmed in the struggle with the forces of prejudice and reaction.

The debate began by Mr. Lloyd George saying that if no one desired to speak he would address the Commission. He said that the Russian reply was most provoking and unsatisfactory and very typical of Soviet diplomacy, which always introduced such arguments. He thought in substance it was quite clear that the Russians wished to come to some arrangement if possible.

Continuing, Mr. Lloyd George said that everyone had difficulties with public opinion. If the Conference were to break up on this matter it would be a serious thing for Europe and Asia, sending the Russians back empty, which would produce a feeling of resentment among the Russian population, and create dangers for Russia's neighbours and dangers to the peace of the world. He was quite sure that Russia felt the need of credits, but he begged people to regard the matter from a practical point of view and not to make a clash between two antagonistic principles. If they could get down to practical ground good progress could be made.

Mr. Lloyd George suggested that the appointment of mixed commissions which would deal with these matters was essential, and the commissions should be mixed. Another commission such as the London Commission would be a waste of time.

He thought that one condition was essential to the success of the plan. The commissions could not work in an atmosphere of danger and menace and while many of the Powers concerned were exposed to danger on their frontiers at any hour. Therefore he proposed a truce on the *de facto* frontiers, leaving the final settlement of the frontiers until the commissions had completed their labours and the frontiers were definitely established. There was no question of existing frontiers, for the frontiers of Eastern Europe were not defined. The truce must be reciprocal. There should be no propaganda on either side against the institutions of either country.

Finally, Mr. Lloyd George proposed sending a sharp answer to the propagandist part of the Russian document, which needed an answer.

M. Barthou spoke next. He said that, acting on instructions from his Government, he was unable to reply to a document which was itself an answer to a Memorandum which France had not signed. M. Barthou went on to develop the French view. He regarded the suggested commissions as illusory. The Conference had been sitting for five weeks and no progress had been made in this matter. The Russian

document went behind the Conference, and was in opposition to the Cannes Resolutions. The proposed commissions would not achieve any result, considering that the best minds of Europe had already failed in the negotiations with the Russians. It would be the same with the proposed commissions, and would only be restarting the Genoa Conference in another form.

Signor Schanzer and M. Bratianu played the parts of mediators between the French and British views. The former, however, insisted that Russia must be represented on the Commission and begged M. Barthou to reconsider his words. M. Bratianu said even an inferior solution to which all agreed was better than a solution which divided the Powers into two camps. Might not the Governments have the responsibility of deciding whether the Russians should be represented on the Commission? He also suggested that there might be one Commission composed of Bolshevists and one composed of representatives of other Powers, which might meet together when occasion arose. Meanwhile it would be advisable to adjourn the sitting to give an opportunity for informal discussions.

There was general agreement with the Rumanian delegate's suggestion for an adjournment, and the Sub-Commission dispersed until the afternoon.

Mr. Lloyd George and M. Barthou were always good friends when in mufti, and the lunch they now took together may have contributed to the happier tone of the afternoon's discussions.

When the delegates met again it was announced that a two hours' conversation at the Hôtel Miramare between Mr. Lloyd George and M. Barthou had led to an understanding on almost all points. The remaining points would probably be settled at a meeting on Sunday morning at the Villa de Albertis between Mr. Lloyd George, M. Barthou, M. Jaspar, Signor Schanzer, and the Japanese Delegate. This was good news to the members of the Sub-Commission, who felt that they might now begin to pack their bags for the home journey.

Viscount Ishii supported the British proposal, while, according to British accounts, M. Motta, for Switzerland, was enthusiastic for the idea of a truce. M. Barthou and Mr. Lloyd George congratulated each other on the friendliness of their conversation, and M. Skirmunt, Signor Schanzer and M. Jaspas all found words of praise for the work of the Conference.

The British Prime Minister pointed out the necessity of deciding as soon as possible the place and date of the meeting of the Russian Commission, and M. Barthou sounded a warning note against the danger of States concluding separate agreements with Russia before the Commission had time to finish its work.

Signor Schanzer pointed out that Italy agreed that separate agreements should not be signed, but this only applied to political agreements. Italy desired to have complete freedom of action for economic agreements and, indeed, already had a commercial treaty with Russia which now needed nothing but signature. He also considered that there should be a time limit to the work of the Commission, after which the Powers should be automatically permitted to make political agreements if they desired so to do.

On Sunday the delegates of the Convening Powers met at the Villa de Albertis to discuss the appointment of the Commissions and the non-aggression truce. The conversations were resumed in the afternoon, much progress being made. The difficulty about the mixed Commission had been got over, in accordance with M. Bratianu's proposal, by the substitution of two Commissions, one appointed by the Powers represented at Genoa (without Russia and Germany) and another by the Russians themselves. These Commissions were to have an equal status, but the French objection to sit with Russians on a mixed Commission was satisfied by this dual device. It was also agreed on this strenuous Sabbath (May 14th) that the Commissions should report within three months of the opening sitting, and that the Powers concerned should undertake to conclude no separate political agreements with the Bolsheviks during that period. The United States were

to be asked to send representatives to The Hague, and the non-aggression pact was further considered.

On Sunday evening M. Tchitcherin addressed a letter to Signor Schanzer, Chairman of the Political Sub-Commission, protesting against the plans to exclude the Russians from the opening discussions at The Hague Conference and to lay an embargo on separate agreements during its sittings. This latter arrangement the Russian Delegate described as "a new blockade" directed against the Russian people. He declared that every time an agreement was nearly reached certain Powers placed their individual interests above those of Europe and reduced the common efforts to their former level. There was much more which it is not necessary to repeat, for M. Tchitcherin and Signor Schanzer met the next morning, when the Italian Delegate explained that there was no intention of excluding the Russians from any debates, the preliminary meeting being merely for the purpose of electing the "panel" and making other arrangements.

The Political Sub-Commission met immediately after. The proposals made at Sunday's meetings were adopted, and it was decided to call the Russians to a meeting of the Sub-Commission to be held the next morning. M. Barthou intimated that France could not take part in that meeting as she had not signed the Memorandum to the Bolsheviks, but if the Russians accepted the reply he would recommend it to his Government, pointing out that the French were in agreement with the other delegations.

The text of the Note handed to the Russian Delegation by the chiefs of the Italian, British, French, Belgian and Japanese Delegations was as follows :

1. The proposal made by the Russian delegates in their Memorandum of May 11th, 1922, for a meeting of a Commission of Experts should be accepted in the form provided in the Annex, and June 26th should be proposed as the date of the meeting.

2. The Powers represented at Genoa other than Germany and Russia shall be invited by the President of the Genoa

Conference to send representatives to The Hague on June 15th, 1922, for a preliminary exchange of views to consider the line of action to be adopted by the Commission of Experts towards Russia. The President of the Genoa Conference shall be requested to extend a similar invitation to the U.S.A. if he ascertains that she is willing to attend.

3. The representatives at The Hague will decide how the Commission, which is to be charged with the conduct of negotiation with the Russian Commission, is to be composed.

4. The Governments represented at the preliminary exchange of views will, in the light of these discussions, intimate, unless they have already done so, whether or not they are willing to take part in the Commission. Unwillingness to do so on the part of a Government will not prevent the meeting of the Commission on behalf of the other Governments.

5. If no joint recommendation can be submitted by the Commission of Experts within a period of three months from the date mentioned in Clause 4 of the annexed document, or if the joint recommendations are not accepted by the Governments concerned within one month after the date of the recommendations, each Government will be at liberty to make a separate agreement with the Russian Soviet Government on the matters referred to in Clause 3 of the annexed document.

6. The Delegations are agreed to recommend to their respective Governments not to recognize or support any private agreements made by their nationals with the Russian Soviet Government affecting property previously belonging to other foreigners before the conclusion of the work of the Expert Commissions or during the month following the making of joint recommendations, if any.

7. The annexed document should be communicated to the Russian Delegation.

8. The Belgian and French Delegations declared they would recommend their Governments to adhere to the decision embodied in the present *procès verbal*.

ANNEX

DRAFT CLAUSES FOR COMMUNICATION TO THE RUSSIAN GOVERNMENT

1. The Powers mentioned above agree that a Commission of Experts shall be appointed for the purpose of the further consideration of outstanding differences between the Russian Soviet Government and the other Governments and for the purpose of meeting a Russian Commission similarly empowered.

2. The names of the Powers represented on the Non-Russian Commission will be communicated to the Russian Soviet Government, and the names of the members of the Russian Commission will be communicated to the other Governments not later than June 20th.

3. The matters to be dealt with by these Commissions will comprise all outstanding questions relating to debts, private property, and credits.

4. Members of the two Commissions will meet at The Hague on June 26th, 1922.

5. The Commissions will endeavour to arrive at joint recommendations on matters dealt with in Clause 3.

6. In order to enable the work of the Commissions to be carried on in tranquillity and in order to restore mutual confidence, engagements will be entered into binding the Russian Soviet Government on the one hand and the other participating Governments on the other hand to refrain from subversive propaganda.

The pact to refrain from acts of aggression will be founded on the observance of the existing *status quo*, and will remain in force either until the outstanding frontier questions of Europe are settled or for a definite period.*

* The final draft said "will remain in force for a period of four months from the closing of the work of the Commissions."

The agreement against propaganda will bind all the signatory Governments to abstain from interfering in any way in the internal affairs of other States, from supporting by financial or other means the work of political organizations in other countries, and also to suppress in their territory attempts to foment acts of violence against other States and attempts which might disturb the territorial and political *status quo*.

On the morning of Monday, May 15th, Mr. Lloyd George came down to the University to confer with the British and American journalists at their one o'clock meeting. It was the Prime Minister, but somewhat *mutatus ab illo*, the gay and debonair statesman of the last interview. A certain weariness of voice and manner testified to the strain and struggle of the last few days. He said that he had handed the draft clauses for communication to the Russian Delegation to the American Ambassador, Mr. Child, the evening before, on behalf of the inviting Powers. This would be followed by a formal invitation if the Russians accepted the clauses. The Prime Minister insisted that the preliminary meeting of the Powers at The Hague was only to decide the line of action, not to develop a complete proposal. The Hague Commission was, in substance, an acceptance of the Russian proposal. In his opinion there was no difference between two Commissions meeting at the same table and a mixed Commission, and he considered that The Hague plan gave the Russians absolute equality. The main object of the clause prohibiting separate agreements was to save the Commission from the recurrence of incidents like the German-Russian Treaty. Sweden, Czecho-Slovakia, Italy and Japan were already negotiating trade agreements and these negotiations would continue. It was naturally impossible to prevent negotiations from proceeding between the Soviets and private individuals while the Commission sat.

The non-aggression truce, said the Prime Minister, only applied to the Russian frontiers, because the other unsettled frontiers were under the jurisdiction of the League of Nations.

Once agreements with Russia had been reached, he hoped that the truce would be converted into a permanent pact of peace, "but if the Russians refuse to meet us at The Hague we have nothing further to say to them."

Mr. Lloyd George refused to give a forecast of the date of his return to England, but said that if an agreement was reached with the Bolsheviks there would be a general desire to wind up the Conference as soon as possible. Therefore he was unable to say whether the questions dealing with Hungarian minorities, Bulgaria, and Eastern Galicia would be discussed at Genoa. In any case, he said, these questions affected the League of Nations rather than the Political Sub-Commission.

But though Mr. Lloyd George was now fighting *de guerre lasse*, and the strain was beginning to tell, his courage and determination were unbroken. He had once more avoided the temptation to exploit this latest French error of opposing the Hague continuation, to force her into isolation and hold her up to the world as the real European "Friedenstörer." He had patiently set to work to argue and persuade her out of her new fit of *intransigence*, and he had once more succeeded. He knew that he must needs take France, as well as Germany and Russia, along with him on the road to peace and recovery if that goal was ever to be reached.

Mr. Lloyd George comes of an impulsive race, and is supposed to share that attribute. The more remarkable, therefore, are those qualities of patience and self-command, that determination never to be deflected from the line of duty and policy by any personal irritations, which he has manifested so often in the post-war conferences.

His next task was to lubricate the stiff neck and other joints of the Bolshevik delegates. This he essayed and achieved in a memorable meeting of the Political Sub-Commission on Wednesday, May 17th. The correspondent of the *Manchester Guardian*, describing this event, remarked that "Mr. George is one of the few international statesmen who have the gift of being able to touch lightly on international

difficulties and disputes, to joke about propaganda, and be witty about Communism, and extract smiles from perfervid partisans in front of him at their own expense."

One always felt at these gatherings of international statesmen that everybody was too deadly serious, and that such an atmosphere, inadequately oxygenated with humour and gaiety, tended rather to generate than to dispel discord and ill-temper. *Ridentem dicere verum, Quid vetat?* Mr. Lloyd George saved situations again and again by easing the tone and tension of a meeting just by setting the disputants a-laughing in the common enjoyment of a good joke or two. Such was the alchemy by which he conjured all the sourness and obstinacy out of the minds of the Bolshevik delegates. No reporters were admitted to such meetings, but we are told how the British Prime Minister "chaffed the Bolsheviks into merriment," how the speech which did the deed sparkled with humour and convinced by its lucid and reasonable qualities.*

And so the Russians were induced with some slight modifications to accept the Hague proposals and the non-aggression pact. According to Reuter's agency, M. Tchitcherin read at the meeting a statement in which he said that the appointment of two commissions would perpetuate the Genoa method and lead to separate meetings, but he would accept the proposal to take part in the Commission. He repeated his protest against the exclusion of Germany, as the question of credits, which was not covered by the Treaty of Rapallo, would be discussed at The Hague.

M. Tchitcherin declared that the Russians would prefer Stockholm or Riga as a meeting-place, but were ready to go to Rome or London. He welcomed the truce. He thought the frontier truce should include the Allied Soviet Republics, and he declared he would take it in this sense. He wanted the truce to be broadened so as to include all aggression by bands, and, referring to General Wrangel's bands, asked that they should be removed to more distant countries.

Mr. Lloyd George laughingly remarked: "Not here!"

* See a brilliant article in the *Observer* of May 21st.

In further discussion Mr. Lloyd George objected to London as the proposed meeting-place, as Great Britain " had a definite and live policy."

Signor Schanzer followed M. Tchitcherin. He said that they could not take cognizance of the documents handed in by the Russian Delegate, as the matters dealt with therein were outside the purview of the Conference.

Mr. Lloyd George said that Germany could not be excluded from co-operation in the reconstruction of Russia, and it would be folly to attempt to exclude her. Dealing with the meeting-place of the prospective Commission, Mr. Lloyd George said that both Rome and London were unsuitable, that The Hague was a place internationalized by tradition, and possessed the necessary international atmosphere. The Premier next dealt with another of M. Tchitcherin's observations—namely, that the Genoa Conference had failed because they had dealt with things by separate discussion.

Mr. Lloyd George said there was no doubt that the two systems of government were quite irreconcilable—namely, the system in Russia and that in other parts of the world, but they were coming nearer to each other. Peasant proprietorship in Russia would finally result in the same system as followed the French Revolution. The Russians, with their eight independent republics, would meet separately, and the other Powers would meet with their twenty-five nations, which he hoped were more independent. Until they grasped the reality that they could not reconcile the principles but might in practice be able to arrive at some accommodation between these two systems they would never succeed.

Thus did the British Prime Minister save, or salvage, the harvest of the labours at Genoa by an adjournment to The Hague. Thus did he save Europe from the incalculable peril and disaster which might have resulted from a fiasco in the Italian city. Many of the hopes of Genoa were postponed, but the world enjoyed, without any sense of disillusionment, the advantage of those six weeks' counsels and conversations which had poured such a flood of light on the European problem.

CHAPTER XIV

THE ECONOMIC COMMISSION REPORTS

THE third or Economic Commission had been working all this time steadily but rather slowly. There was such a general interest in the subjects under discussion that more representatives wished to have their say than in the other Commissions. The debates turned mainly round the "most-favoured-nation" principle. Trade, especially among the new states in the East of Europe, was greatly impeded by fiscal barriers of a selfish character. The fluctuation and uncertainty were as embarrassing as the amount of these tariffs. "Human ingenuity," said Mr. Lloyd George, "was exhausted in order to make trade between nations as difficult as possible." There was a strong feeling among the bigger Powers that these obstacles must be removed if the machinery of exchange was once more to run freely. Germany complained of definite and persistent discrimination against her goods, the effect of which was still further to depreciate the German currency. The great Powers were anxious that the "most-favoured-nation" principle should be universally applied.

This meant the nearest approach to general Free Trade as yet possible in our imperfect world. The reader who desires information on a fiscal policy which was woven inextricably into the commercial world-system before the war, should study the following statement made by Sir Philip Lloyd-Greame, the very able secretary for the Overseas Trade Department, one of the two leading British delegates on the Economic Commission. It was made in the First Economic

Sub-Commission on May 1st. A careful definition of "most-favoured-nation" treatment will be found in the opening sentences :

"Sir Philip Lloyd-Greame said that he was not surprised to find that there were several proposals before the Sub-Commission upon this question of most-favoured-nation treatment, which was one of the most, if not the most, important matter which the Sub-Commission had to deal with. He would not discuss the differences, which indeed were not large, between the different proposals. The principle and the practice underlying them were the same, and, as the Sub-Commission would no doubt expect, commanded his very warm support. If he were called upon to formulate this principle in regard to Europe in terms, he would express it to be that the produce or manufactures of any European country should have the advantage in every other European country of the lowest rate of Customs duty imposed in that country on similar goods which were the produce or manufacture of any other foreign country whatsoever. This principle was one of cardinal importance in the deliberations of the Conference.

"That the application of the principle should be attained, and that for this purpose it should be made the aim of the efforts of all the countries, appeared to him to be the natural and inevitable consequence of the resolutions agreed upon by the London Experts, and those hitherto adopted by the Sub-Commissions of the Economic Commission and approved a few days ago by the full Commission. In the London Experts' Report, while there was not a definite resolution on the subject of most-favoured-nation treatment, there was a note of great importance which said that in addition to the other provisions on the subject of Customs matters, a suggestion was considered by the Experts that resolutions should be submitted to the Genoa Conference for acceptance, providing during a certain period for the mutual accord

to each other by all the nations represented of the treatment of the most-favoured-nation in Customs matters, subject to certain reservations it would be necessary to make to meet special difficulties. The note went on to say, and he would draw special attention to these words, that "it was generally recognized that on purely economic grounds some such provision could be welcomed in the present general situation," but some of the Experts did not feel able to accept the proposals as presented.

"The Genoa Conference had met to try and arrive at a common basis of co-operation, because the machine of trade in Europe had broken down. Everywhere, in the Economic Commission, in the Financial Commission, it was found that this great machine, extraordinarily complex, but before the war extraordinarily smooth in its working, had broken down; and it could not get to work again unless the cardinal fact was recognized that trade was a mutual thing—that you could not sell unless you would buy. The difficulties which had to be faced in both Commissions were two—uncertainty and inequality. The merchant would only be able to get back into the business of the world if he could know with certainty what were the prospects which awaited him there, and what were the conditions under which he would have to work. The Sub-Commission had already agreed that it was disastrous to trade to have constant changes in its conditions and the constant imposition of fresh obstacles,—uncertainty whether this special treatment would not be established for one country and that special treatment for another. What the trader needed was certainty, and what was needed so that he might find the financial support he required was also the security of trade, the best guarantee of which was equality of treatment.

"He wished to submit to the Commission that Europe stood to-day at the parting of the ways, and this Conference would have been false to itself and would stultify

the work of the Economic Commission if it did not accept the most-favoured-nation principle as the goal at which it was aiming. The delegates here present would shortly be returning to their countries to mould the commercial policy of the various States in the future. Either they would go back prepared to negotiate an endless chain of special treaties differentiating country by country, which he submitted was the way in which to keep Europe in the position in which it was to-day; or they would go back prepared to carry out as rapidly as possible and as completely as possible the principle of the mutuality of trade, taking for their goal the general most-favoured-nation treatment of the trade of all the countries here represented."

This rule against fiscal discrimination against or in favour of particular States was approved by the Commission with few reservations (see Article 9). If it be duly applied by the governments of the States represented at the Conference, the revival of trade will be greatly assisted.

Another important Article had reference to raw materials and export duties. Here again a policy of discrimination was condemned. Many States raise revenue by duties on their exports. For example, Chile makes a large income by this means on her large exportations of nitrates. It was suggested by Signor Rossi, chief Italian delegate on the Commission, that a maximum of ten per cent. should be fixed for such levies. Others suggested twenty-five per cent. The Sub-Commission ultimately decided that "no export duty should be maintained or established upon raw materials, the output of which exceeds home needs, except duties of a purely fiscal character, which, on account of this very character, should not exceed a low percentage of the value of the product, although they may vary according to the country and the nature of the product." And the Article goes on to prescribe that "export duties should not vary according to the foreign country of destination."

This freedom or equality of access to raw materials for all

nations has been the rule in British tropical administration for many years. A most unfortunate inroad was recently made into this honourable tradition in the case of African oil-palm products. This exception was one of the evil results of the war and we may hope will soon disappear.

The Report contains other important recommendations, prompted by a liberal spirit, with regard to the treatment of foreigners in the conduct of business, the protection of industrial, literary and artistic property, agriculture, labour and other subjects.

The Report will be found in the Appendix. The interesting speeches of the Italian, German and Russian delegates will be found in the next chapter. These Reports of the Financial, Economic and Transport Commissions are among the more ponderable products of the Genoa Conference. This great body of recommendations, covering so large an area of human interest and representing the highest and most experienced wisdom of the world on these subjects, amply suffice in themselves to redeem the Conference from the imputation of sterility.

CHAPTER XV

THE FINAL "PLENARY"

THE Conference was finally wound up on May 19th at a third plenary session in the now familiar hall of the Palazzo di San Giorgio. It was a beautiful early summer morning and the delegates were as gay and excited as school-boys on a breaking-up day. The first business was the adoption of the Report of the Third or Economic Commission, which occasioned a sharp passage of arms between M. Tchitcherin and M. Colrat, the latter running very near to giving the "lie direct" to the Soviet leader. A very interesting speech was that of Herr Rathenau, who is a master of clear thinking and lucid exposition. The accomplished Teuton spoke on this occasion in French and ended with a happy quotation from Petrarch which made a deep impression. There was no difficulty in adopting the Economic Report with certain reservations which duly appear in the published copies.

Then followed for adoption the Resolutions of the First or Political Commission, the battle-ground of the most strenuous fighting in the Conference. Signor Schanzer gave a summarized account of the course of the Russian controversy in the Commission, and then read the document which passed on the "torch of Genoa to The Hague" and laid down the terms of the Pact of Peace. Another breeze, not welcome even on that hot morning, arose over the question of Vilna. M. Galvanauskas, Prime Minister of Lithuania, managed to become embroiled with his own translator over this question. M. Skirmunt, chief Polish Delegate having made an inaudible effort to reply, the question was ruled out of order.

Then followed the dramatic spectacle of the delegates of the nations rising successively in their places and accepting, a few with reservations, the Pact of Peace. Even little Iceland—cool word on a hot day—generously undertook to refrain for eight months from any act of aggression on its neighbours. Very impressive, too, were the responses of Canada, Australia, New Zealand, South Africa and India—the far-flung Dominions of the British Oceanic Empire, representing some 350 million human souls.

Germany was left out, as she had been excluded from the discussions of the Sub-Commission. The Pact was not so elaborate and permanent an instrument as had been intended and, indeed, partly forged in the early days of the Conference, with the able assistance of Dr. Benes, Czecho-Slovakian Prime Minister. It was limited in time and closely dependent on the proceedings at The Hague, but, as M. Schanzer said, the strongest hope was cherished that at its termination “a more general and more permanent pact would be substituted for it,” and that “the ideal of uniting all nations in a single great organization for peace would become a reality within the shortest possible time.”

Once more the great event which the nations eagerly awaited was the speech of the British Prime Minister. Mr. Lloyd George had arrived rather late, and spent his time preparing his notes and keeping one eye on the remarkable events proceeding around him. He had apparently recovered his health and spirits and spoke, after a quick opening prelude, with his usual energy. It was remarked that one of his homely illustrations—that of the life-line—was drawn from a revivalist hymnbook which must have been familiar to him in his youth—perhaps the first introduction of Messrs. Moody and Sankey to the Genoese Palace of St. George.

It was one of the Prime Minister's happiest and most brilliant speeches—full of colour and light and of those homely and picturesque parables in which Mr. Lloyd George so greatly excels—with that continuous *obbligato* of gesture and attitude which is almost as expressive as the words themselves. He

warned Russia that every day Europe's need of her grew less and her need of Europe greater. With irrefragable common-sense he pointed out that it was not a good policy to accompany a demand for credits with a dogmatic exposition of the rights of debtors to disown their debts. He did not know what the effect of the Russian Note of May 11th had been in Russia. In the rest of Europe it had been disastrous. A different way must be followed at The Hague or the pursuit of Peace would be vain. They had had all sorts of weather at Genoa, but these had all "ended in blue skies." "That is the history of the Conference." "You need all kinds of weather to make a good harvest, and if you look at what has been accomplished at Genoa, you will find that we have reaped and garnered fine crops." The Prime Minister closed on the note of Peace and the Pact of Peace. "The thrill of peace," he said, "has gone through the veins of Europe and you are not going to get nation lifting up hand against nation again."

The speech and its subsequent translation were heartily applauded by the delegates, who must by this time have had a full understanding of British Liberalism in politics as expounded by its greatest and most eloquent champion. Something of this sort may have been in the mind of Signor Facta when at the Press luncheon on the same day he stated that the British Prime Minister and the British Delegation by their influence in Genoa had made "a real contribution to civilization and progress."

But the school was not yet to be dismissed. M. Barthou rose to protest—almost too much—in the interest of peace and to amuse the Conference with an allusion to his having been burnt in effigy at Petrograd. Then came M. Stambulisky, "the fierce-moustached, black-visaged peasant Prime Minister of Bulgaria,"* whose speech was translated into French and English by a charming lady, Miss Stanciof. M. Tchitcherin followed with a shrewd thrust at Mr. Lloyd George. "While, no doubt, people who wanted to borrow should first

* *The Manchester Guardian.*

promise to pay debts, another side of the matter was that a man who had had his house broken into and pillaged had a legitimate claim against the perpetrators of those acts."

Signor Facta concluded the proceedings with a graceful speech of farewell, and the Genoa Conference passed into history at 1 p.m., May 19th, or, to speak more precisely, adjourned to The Hague.

The Report of the last "Plenary" was as follows :

THIRD PLENARY SESSION

The meeting opened at 9.15 a.m., M. Facta (Italy) in the Chair.

The President (speaking in Italian) :

"In accordance with Article 12 of the Rules of Procedure, as no objection has been made to the Minutes of the Second Plenary Meeting, which have been distributed, they are considered as adopted.

"I propose that the resolutions on the questions of finance and of transport, which were approved at the Second Plenary Meeting of the Conference, shall be reprinted and annexed to the Minutes of the present Plenary Meeting. They will thus form Annexes 1 and 2 to these Minutes.

"If there is no objection, these motions will be considered as adopted."

The motions were adopted.

THE ECONOMIC REPORT

The President (speaking in Italian) :

"I call upon M. Colrat, President of the Economic Commission, to speak."

M. Colrat (France) (speaking in French) :

"The economic problems of the present day are of so wide and complicated a nature that the Commission of which I have had the honour to be President might well have found in its very title an excuse for ambitious resolutions. I wish my first words to be a tribute to the wisdom of the statesmen who have composed it. They have not judged it necessary,

or even useful, to offer to a still bruised and suffering Europe the cold comfort of those high-flown resolutions which fall from the lips of theorists with an air of oracular solemnity. They merely offer, in a frank and unpretentious spirit, advice based on long experience. These counsels are not being enunciated for the first time. Recent events, however, have shown that it is unwise to neglect or despise such counsels. The fact that they have stood the test of long and painful experience is a proof of their truth and vitality. The Third Commission of the Genoa Conference does not claim to have invented them. It has only retrieved them from the mass of misconceptions, which are as ancient as the counsels of common sense, but far more dangerous.

"First and foremost, the Commission has observed that certain problems of world economy, grave though they may be, call neither for joint discussion nor for common action. At a time when disorganization and its disastrous consequences are world-wide, nothing, perhaps, is more serious than the disorganization of production. Almost everywhere the war has created industries which cannot continue to thrive by reason of the nature and habits of the countries in which they have been set up. Industries which were normal before the war have been developed to an abnormal and altogether excessive extent.

"There has thus arisen an economic nationalism which aims at producing everything, irrespective of the needs of consumption, and without consideration of the costs of production. The economic harmony of the world depended upon a just division of labour between peoples. It has been destroyed by a blind and presumptuous megalomania which the nations must recognize and eradicate. That, however, is a question of national economy. Each nation must resolve it on its own account by the adjustment of its industry to its natural wealth and its acquired capabilities. The Commission has very rightly considered that it could not lay down binding rules for this adjustment, since they would necessarily be of a varying character. It would be vain to deny, and it

is not without advantage to proclaim, that this adjustment is desirable, and even urgently desirable, and that it is of the greatest importance for the general stability of international trade.

“The Commission has also judged it desirable to draw attention to the predominant part played by agricultural production in the reconstruction of Europe. The artificial industries of which I have spoken, by drawing the peasant classes away from the land, cause over-production on the one hand, and under-production on the other, thus resulting in a double evil. The whole world needs agricultural prosperity. It needs it, above all else, because under-production in agriculture results in famine. It is the unanimous opinion of the Economic Commission that one of the most effective means of restoring a state of healthy equilibrium to Europe is the equipment, instruction and betterment of the peasant classes. Its recommendation on this point is of the highest utility.

“No less importance must be attached to the resolutions regarding raw materials. Since 1916 the question of raw materials has become an extremely urgent one. During the war the growing scarcity of these materials, the lack of foreign exchange and the shortage of tonnage caused many countries to buy, transport and distribute in common fuel, oil, fertilizers, textile raw materials and most kinds of minerals. Immediately after the war, when markets were suddenly freed from restrictions, the eagerness of buyers to satisfy their requirements, often real and sometimes imaginary, resulted in a considerable increase in prices. This had a double consequence; first, that manufacturers and middlemen no longer maintained normal stocks and, secondly, that consumers held back and restricted their purchases. After this wild boom came the slump. To-day, prices for most raw materials, quoted in dollars, have returned to their 1913 level. The manufacturer and the middleman, however, are still at sea, whilst the buyer still holds aloof. The period of speculation following on the conclusion of peace has resulted

in industrial, commercial and social turmoil. In order to counteract it countries have prohibited, restricted and heavily taxed the trade in raw materials. Countries are, of course, free to take these measures. They may dispose of their resources as they will, and devote them wholly to the national requirements, if they think it essential or if they fear a shortage. There is, however, a great temptation to abuse this right by converting measures of precaution into measures of aggression, extending to the superfluous what is only required for the necessary, and systematically selling to foreign manufacturers only under conditions which paralyse competition. The Commission has endeavoured to find, and believes it has found, effective guarantees against such a system. I am happy to observe that, though they were first proposed by France at the opening of the Peace Conference, it was the perseverance of M. Rossi which secured their acceptance at the Genoa Conference.

"The Economic Commission has endeavoured to deal with the problem of international trade in the most systematic and practical fashion.

"The resumption of commercial intercourse between nations and the restoration of the channels of trade, which the war had obliterated or diverted, were undoubtedly an essential condition for the economic restoration of Europe.

"At the present time, taking as a basis of comparison the tonnage of goods exchanged in world trade rather than their values, which have undergone disproportionate changes, we find that world trade has fallen by one-half compared with 1913. We can hardly, therefore, be surprised by the falling off in production, by unemployment, by the stagnation of the raw materials market and by the glut in freights.

"It is true that the alarming fall in the purchasing power of the peoples impoverished by the war, or compelled to repair the damage caused by it, is the root cause of this phenomenon ; but it must be admitted that the decrease in the volume of trade is also due to the artificial and restrictive régime which has been established in Europe since the war.

“ This régime is partly due to the fact that territorial changes have broken up certain economic systems, which had been organized as a unit, without regard to racial autonomy and the divergence of political aspirations. Your Commission has felt bound to recommend the restoration, by means of Conventions and Agreements, of the old channels of trade, with the changes necessary to meet new European conditions.

“ But the abandonment of the freedom of trade of bygone days has done more to multiply frontiers and to raise barriers than the changes made in the political map.

“ I have already said that the concentration of economic forces during the war resulted almost everywhere in placing in the hands of the State a considerable part of production and almost the whole of foreign trade. Control of foreign exchange, and consequently control of purchases in foreign countries, control and rationing of raw materials, control and co-ordination of national production, control and restriction of the consumption of foodstuffs and of all articles of which there was a shortage, control and direction of exports, control and requisition of shipping—all these combined to produce a sort of international State Socialism, the harmful effects of which continued for many long months.

“ After the conclusion of peace many countries still hoped to find salvation in an artificial economic system.

“ It is true that the disturbances caused by the war urged them in this direction. The strongest had been weakened ; the most active were without machinery or raw materials ; the very inequality of conditions of production resulted in the adoption of unprecedented methods of trade, the consequences of which were aggravated by the instability of the exchanges.

“ One cannot feel surprised that countries desired to protect themselves against the menace of stronger competitors. But, during the last few months, protective Customs tariffs have assumed forms which are particularly drastic and insidious, and which, though of little real use to the countries which

they are intended to protect, expose other countries to unfair handicaps.

" It is time to return to a sounder economic system, more in accordance with the equitable treatment of commerce, which the Covenant of the League of Nations guarantees to all peoples.

" The peace of the world depends upon the restoration of the commercial treaties which united peoples, and of the methods which were followed in the conclusion of those treaties.

" In dealing with tariffs your Commission endeavoured to respect the freedom of the various countries, which must be able to direct their national economy and to provide their own fiscal resources as they please. It aimed merely at preparing the way for placing tariffs on a more stable basis. It has, however, arrived at a decision regarding certain problems, the solution of which is of importance for the reconstruction of Europe. I have referred to the guarantees contemplated for trade in raw materials. I must add the recommendation relating to the supplementary taxes on goods carried under a foreign flag; in other words, trade discrimination based on the nationality of the carrier. The articles concerning import and export prohibitions embody a doctrine tending to restore more equitable and more liberal conditions, without ignoring the sovereign rights and special conditions of the various countries.

" With regard to agreements, the Commission did not confine itself to recommending the conclusion of commercial treaties. Convinced of the impossibility of removing by means of uniform regulations the inequality resulting from the varying conditions of production and differences in rates of exchange, it has defined the measures by which countries which are parties to agreements should comply with the requirements of the equitable treatment of commerce guaranteed by the Covenant. The Commission did not wish at the present moment to impose an exclusive choice between the three theories on this subject which divide the world. The

resolution which it has adopted permits of judicious adjustment to circumstances. The majority of the Commission showed a preference for the most-favoured-nation system ; but it expressed this preference only in a note, thus indicating that it did not feel, under existing conditions, that its views could be set up as a universal rule.

“ Gentlemen, with this word of caution I conclude.

“ You have now to discuss the recommendations which we submit to you: I can only ask you to adopt them as your own. I know better than anyone the labours of which they are the result.

“ The Delegates of the nations represented at Genoa were all conscious of the solemnity of the moment and of the importance of the discussions. Each one of them was the spokesman of a nation, and each one expressed the thought and the will of his people with the force of eloquence and the authority conferred by past services. Nevertheless, all aimed at incorporating that thought and that will, without impairing them, in a common thought and a common will, because each, in defending the interests of his own country, was desirous of contributing wholeheartedly to the restoration of Europe. For Europe is to them not merely a geographical expression, not merely a vague and mystic ‘super-fatherland.’ In their eyes, Europe towers above the ruins of the present, in spite of everything, and represents the great traditions of the past and the hopes of the future.

“ Gentlemen, if this tradition is to be preserved, if this hope is to be realized, the workers in every factory in Europe must carry out their task filled with pride in their rights and rejoicing in the restoration of peace ; manufacturers must evince a spirit of moderation and justice ; men of business must consider their word as their bond ; and peoples as well as individuals must respect that great pact of moral reciprocity, of which Chesterton has so well said that it is the bridge over the abyss.

“ May I be allowed to say, on this sacred soil, where international law has its origin, that Europe is based upon respect

for treaties? To fail in such respect would be to work against Europe and against the spirit by which the Delegates of the nations assembled at the Genoa Conference have been animated."

The President (speaking in Italian) :

" I call upon M. Rossi, Delegate of Italy, to speak."

M. Rossi (Italy) (speaking in Italian) :

" The President of the Economic Commission has furnished us with a clear explanation of, and an interesting commentary upon, the resolutions which are submitted for the approval of this Assembly.

" Thanks to his explanation we have all been enabled to form an idea of the great importance of these resolutions, and of the liberal spirit in which they are conceived.

" I have no wish to add anything to the succinct remarks of the President of the Economic Commission, but perhaps, in view of the fact that, as President of the Italian Delegation in the Economic Commission, I have proposed and defended the most liberal measures in questions of economic policy, I may be allowed to dwell for a moment upon the great importance of the resolutions which have been adopted, and upon the immense advantages which may be derived from them if they are accepted and unconditionally applied without delay by the Governments.

" Gentlemen, if we compare the economic policies followed by the various countries before the war with those which have been followed since the war, and which are still unfortunately in force, we cannot but be grieved by the spirit of protectionism, intolerance and, I would almost say, exclusion, which prevails in the world of economics.

" Before the war, import and export prohibitions were almost exclusively prohibited by commercial treaties. It was recognized that all measures of restriction were incompatible with economic co-operation between nations, tending as they did to prevent the agricultural and industrial products of one nation from entering the territory of others, and to prevent the raw materials of one country from going freely to other

countries which had need of them. To-day, import and export prohibitions established during the war for reasons of prime necessity still exist in several countries, and are regarded as essential for economic and financial reconstruction. Such restrictions, however, form a barrier to international commerce characteristic of this disastrous pre-war period, and at the same time a weapon of economic policy which is used as often for offensive as for defensive purposes.

“ Before the war even the highest Customs duties only represented a small percentage of the value of the goods. To-day some of the Customs duties in force actually exceed the total value of the goods ; they are measures of prohibition rather than of protection.

“ Before the war it was an established principle that all commercial treaties should be based upon the most-favoured-nation clause ; it was recognized that sound international trade must infallibly be based upon equality of treatment. Since the war the economic policies followed by the various countries have departed further and further from a principle which is indispensable for free competition in the international market and for the most advantageous results in matters of general economy.

“ What have been the effects, the results, of this policy of economic exclusion ?

“ We all know and regret such results. Whilst the countries which are economically weakest, and whose currency is most depreciated, have required increased production and export to improve their economic conditions and to secure the appreciation of their currency, the barriers raised against them by countries with stable currencies have obliged them to reduce their production and to diminish their exports, with the inevitable and well-known consequences of unemployment, growing instability of their trade balance and, finally, further depreciation of their currency.

“ Thus the countries with a stable currency, thinking to defend themselves against the competition of countries with a depreciated currency, have only accentuated the condition

of temporary advantage which they hold over the latter as a direct result of the instability of the exchanges. They have, moreover, done their utmost to decrease the purchasing power of countries with a depreciated currency, and by that means to reduce their own possibilities of export.

"Countries with a depreciated currency, on the other hand, thinking to defend their own economic system and increase the value of their currency, have surrounded themselves with increasingly impenetrable barriers, thus providing countries with a stable exchange with a new excuse for raising fresh barriers against them.

"The vicious circle which connects debtor and creditor countries must be broken; step by step we must regain that freedom in international trade by which alone we can emerge from the crisis through which we are passing, and, when the crisis is passed, ensure to the nations the greatest measure of economic well-being.

"The proposals which I have had the honour of submitting to the Conference on behalf of the Italian Delegation all make for the recognition of that economic solidarity which unites even countries which are politically divided, and for the restoration, within reasonable limits, of the free competition in the international economic field which is the source both of economic well-being and of social progress.

"Allow me also to observe that the proposals submitted by the Italian Delegation were not of a merely theoretical character, but, as far as the difficult conditions at present prevailing allowed, were entirely in harmony with the economic policy which Italy has followed and intends to follow.

"Italy has also during the war been compelled, by reasons connected with her most vital interests, to have recourse to very rigorous restrictive measures. She was also, immediately after the war, compelled to take account of the changed economic and industrial conditions, and to adopt the necessary Customs provisions.

"The restrictive measures adopted during the war have now, however, been almost entirely abolished, and the

economic and Customs policy adopted by Italy is the same which in the past made possible fruitful economic agreements between different countries.

“ The proposals of the Italian Delegation have all been approved in principle, but have been qualified by various limitations and reservations which were rendered inevitable by the different conditions prevailing in the various countries represented at the Conference, and by the necessity of passing gradually from a system of economic policy bristling with barriers and obstacles, to the most liberal system possible.

“ It is a most significant and important fact that the liberal principles proposed by the Italian Delegation have met with the unanimous approval of various countries, where economic conditions are so different.

“ The Genoa Conference constitutes not only the clearest pronouncement as yet made in favour of a return to that economic collaboration and solidarity which existed before the war, and which contributed so powerfully to the progress of Europe, but also the most authoritative condemnation of the restrictive systems which have been one of the principal causes of the evils from which we are all suffering.

“ It is, therefore, legitimate to affirm that the work accomplished in the economic sphere by the Genoa Conference is of incalculable importance, and is destined to exert the most favourable influence on international trade.

“ At the last sitting, my eminent colleague, M. Schanzer, after calling attention to the efforts made by Italy to reduce her budget expenses, made the following statement :

“ ‘ We have considered the reduction of our expenditure, not only as a duty towards ourselves, but also as a duty towards other nations, whose normal economic life and prosperity are intimately bound up with the economic and political stability of each member of international society.’

“ Allow me to say, Gentlemen, that these words may also with perfect justice be applied to the economic policy which Italy has consistently followed, and for which she has endeavoured to win acceptance at the Genoa Conference.

" Allow me also to express, together with the satisfaction which I feel at the explicit and authoritative recognition given by the Conference to these principles, the hope that each country, not only in its own interest, but also in the interest of the other members of international society, will renounce that policy of economic exclusiveness which is contrary to the material well-being of the nations and to their complete pacification.

" Intimately connected with economic questions are labour questions, and in regard to these I will ask you to allow me to make certain statements on behalf of the Italian Delegation.

" The Italian Delegation, while welcoming the formulation by the Economic Commission of solemn resolutions dealing with labour questions, would have preferred that the attention of all States should have been drawn in a more explicit manner, and without reservation, to the desirability of adhering to the draft Conventions and Recommendations adopted by the International Labour Conferences.

" Italy cannot refrain from reaffirming on this occasion her profound confidence in, and her unconditional sympathy with, international social legislation, and with the Organization created by the Peace Treaty for the elaboration of such legislation. The votes given by the Italian Government Delegates at the International Labour Conferences in favour of the various draft Conventions and Recommendations, represent for the Government and for the Italian nation a moral obligation of the highest order ; and the Italian Parliament, which has recently authorized the Government to ratify several of these Conventions, and particularly the Washington Convention concerning Unemployment, is preparing to examine the other conclusions of the Labour Conference in the same favourable spirit towards the development of international legislation for the protection of the workers, which should animate democracies in general, especially in countries interested in emigration and immigration movements.

" The desire for an equitable and adequate protection of

emigrants inspired a proposal submitted by the Italian Delegation with the object of securing the traditional currents of emigration, and special facilities for skilled workers.

“The Italian Delegation was most anxious that these principles should be accepted, and is confident that they will finally prevail in the future. Italy, for her part, is glad to be able to state that her services of State supervision of emigration, co-ordinated with the international labour exchange and unemployment services, will enable her to assist in the most effective manner in the rational employment of the forces of labour.

“The Italian Delegation, which advocated a resolution of sympathy for co-operative institutions, which was not accepted by the Commission, desires finally to express its gratitude for the co-operation in the work of the Genoa Conference offered by the workers, who have made their voice heard through the medium of the international co-operative and trade union organizations, in which institutions the workers cultivate a sense of their own responsibilities and learn by experiment to appreciate the other factors which contribute to production in close union with labour.

“Gentlemen, the fundamental principle inspiring all the economic resolutions is the return to freedom of trade. The fundamental principle inspiring the labour resolutions is the moral and social elevation of the workers. These two great principles constitute the basis of that economic and social progress which, arrested for a moment by the Great War, must resume its march and accelerate its course for the well-being of humanity and the pacification of the nations.”

The President (speaking in Italian) :

“I call upon M. Rathenau, Delegate of Germany, to speak.”

M. Rathenau (Germany) (speaking in French) :

“The conclusion of the economic labours of this Conference allows us to consider the historic value of a work which will be more and more appreciated as the years come and go and in return for which the gratitude of the whole of Europe is secured for the Genoa Conference. Nevertheless, it would

be undue optimism to expect that the conclusion of these labours can bring a remedy of a notable and immediate kind to the crises from which the whole world is suffering. The situation of the world will only be really improved when the soundness of certain principles is recognized—principles which have been clearly shown during the deliberations of the Commissions, and with ever-increasing clearness, although they have not been completely expressed in the Resolutions adopted. Whilst confining myself within the limits set to the labours of the Conference, I will try to point out four truths which, although they have not been expressly stated, seem to me to result from our deliberations, and which, I believe, are the necessary foundations for the re-establishment of the economic status of the world. The first of these truths is the following: The total indebtedness of the several countries is too great, compared to their productive ability. All the leading countries of economic importance find themselves enclosed in a circle of indebtedness which makes them almost all, at the same time, creditors and debtors. In their capacity as creditors these countries do not know how much they will recover of the sums due to them. In their capacity as debtors they do not know how much they owe, and how much they will be able to pay. This is why there is not a country to-day which can draw up a budget based on real facts. There is not a country to-day which can risk creating large new institutions to improve its national economy and to fertilize the world's markets. There is not a country which can hope to stabilize its budget and the rate of its exchange, with the one exception of that great country which is a debtor to nobody, and which is a creditor of all, and without the help of which the final restoration of Europe is impossible.

“ More especially, the countries which are apparently overburdened with debt cannot obtain the means which they need. On the one hand, no new creditor is willing to give them new credits; on the other, already overburdened with debt, they would not dare to accept such credits. Never-

theless, if the States were indebted one to the other, all these debts would be proportioned to their productive capacities, and would correspond, moreover, to their productive investments, whereas the debts that exist at present reach figures in excess of those that the States in question are able to reimburse over a period covering several decades. These debts do not, therefore, represent financial realities. They do, however, represent economic realities, inasmuch as they hinder the process of world production.

“Consequently, the only way that remains open is the one adopted by individuals in their economic relations, in cases where the debts of an undertaking exceed its productive capacity. That is to say, the only way is the gradual rehabilitation and reduction of indebtedness.

“The second of these truths, which has not been stated at Genoa, seems to be the axiom that no creditor should prevent his debtor from repaying his debts. When an individual owes money to another, he can insist that the repayment shall be made in a certain currency. It is the business of the debtor to procure this currency, which within certain limits can always be obtained on the world market. But when it is a question of a country being indebted to another country, it is not possible in the long run to reimburse these debts in gold. If that country does not produce gold, or does not possess enough gold, it can only effect repayment in goods. Repayment in goods, however, is only possible in so far as the creditor allows it. When the creditor objects to such repayment in goods, the insolvency of the debtor will soon follow. If the creditor, instead of facilitating, prevents this method of payment by imposing Customs duties and other obstructive measures, the total of the debt will be arbitrarily increased, for it will be necessary to produce yet more goods. The depreciation of the means of payment automatically increases the total amount of the debt.

“Each country desirous of receiving payment, should therefore grant its debtors facilities of import such as will enable them to reimburse their debts without unduly increasing them.

"The third truth has been brought out yet more clearly than the others. It is that which is comprised in the theory which says that world economy can only be re-established with the re-establishment of an imponderable quantity, that is to say, mutual confidence. But this confidence will only return to the world when mankind is living in real peace. If the present condition of the world is not one of war, it nevertheless resembles war in many respects, and in any case, it is not a real peace. Unfortunately, in many countries, public opinion is not yet demobilized. The after-effects of war propaganda have not yet disappeared, and they still render the atmosphere heavy. That is why anyone who trusts his money and his labour to a country has to run the risk that circumstances beyond his control, the cause of which cannot be sought in natural phenomena, but which depends on political events, may in a short time modify or damage the situation of the country in question. The world is still far from having recognized that an impoverished debtor needs to be treated kindly, and that he becomes incapable of payment if his last resource—his credit—is destroyed.

"Indeed, these imponderable forces which hinder exchange, formerly so active in the process of world production and consumption, are evident from the fact that the means of world production have remained almost what they were before the war. Even if we take into account all the distressing and deplorable ravages of the war, and also of the period since the war, we may still hold that more than ninety per cent. of the total means of production of the world and of the total system of world business still exists.

"As far as the enormous and deplorable destruction which has occurred in the interior of Russia is concerned, it only affects world trade to the extent of three per cent. In spite of the terrible loss of human life occasioned by the war, even the forces of human production have been preserved for the most part: for human necessities have filled up the gaps in a proportionate measure.

“ We can therefore say that the mechanism of the world is not working, although the substance and the motive power are almost intact. On the one hand, millions of labourers are condemned to unemployment ; on the other hand, millions of human beings are suffering from hunger. On the one hand, enormous quantities of merchandise are accumulated and unsaleable ; and on the other hand, there is a crying need for this same merchandise. Whence come these phenomena ? To say nothing of reciprocal indebtedness, which in itself contains a psychological factor, these phenomena result from other psychological factors, determined by the lack of real peace and by the lack of mutual and universal confidence. When we ask if the means exist to revive commercial exchanges between the several countries of the world, and to start once more the mechanism of world production, we come inevitably to the fourth point, which has not been stated, but which I wish to make.

“ It will be seen that it is not sufficient to have the efforts of one nation, or of two nations, to revive the whole of world economy, but for this purpose we need the collaboration of all nations. Thus, how is it possible, after a series of unparalleled destructions, for the world to be cured, unless all the nations of the world consent to a common sacrifice ? Only world-wide sacrifices can help this suffering world to recovery. Reconstruction has never been possible without finding new funds. Such funds, however, cannot be found so long as each unit in the system of world economy is, with few exceptions, in debt. The first sacrifice that all should make should consist in reducing the great circle of reciprocal indebtedness. But there is a further sacrifice to be made : to use all efforts to find the ample funds required for purposes of reconstruction, either by means of universal and mutual credits, or by other means, into the details of which we cannot go to-day.

“ That the Genoa Conference has brought all the nations of Europe together to discuss and to understand the bearing of these questions, is a fact which will remain memorable in the history of Europe. Another result of historic importance

is the fact that a *rapprochement* has been effected with the great Russian people, so grievously tried, and that Russia has been once more brought into contact with the other European nations. The members of the German Delegation are happy to have contributed to the best of their ability in conciliating the several points of view. Germany hopes that the labours of Genoa will form the basis for a real work of peace between the East and the West. Thanks to the protection and the assistance which Italy has granted to this work of peace, this magnanimous nation has acquired a right to the deep gratitude of the whole world. The history of Italy is an ancient one, more ancient than that of most European nations. More than one great world movement has had its origin on this glorious soil, and once more let us hope that the peoples of the world are raising their eyes and their hearts, and not in vain, to this Italy, with the fervent hope which Petrarch expressed in his immortal words :

“ ‘ Io vo gridando : O pace ! pace ! pace ! ’ ”

The President (speaking in Italian) :

“ If nobody wishes to speak, the debate on the motions is closed. I will put the motions to the vote, with the reservations which certain Delegations wish to make.

“ Since M. Tchitcherin wishes to speak, I call upon him to do so.”

M. Tchitcherin (Russia) (speaking in French) :

“ Now that the moment has come for the Economic Commission to pass its resolutions, I cannot refrain from recalling the main objections which were formulated by the Russian representatives in the course of the labours of the Commission.

“ I cannot but repeat that the Russian Delegation finds abnormal in the highest degree the fact that the composition of the technical Committee which had to deal with questions of labour should have been fixed by the personal decision of the President of the first Sub-Committee.”

M. Colrat (France) (speaking in French) :

“ I wish to speak.”

M. Tchitcherin (Russia) (speaking in French) :

“ . . . and the fact that amongst the members of this Committee there should have been included no representatives of Russia. The Russian Delegation has already protested against its exclusion from the technical Committee. The fact is all the more strange because the very constitution of the Russian Republic is founded on labour organizations. The results of this exclusion are visible. Chapter VI. of the Report of the Economic Commission, which deals with labour questions, opens with a general remark stating the importance of the assistance of the workers in the economic restoration of Europe. Yet we do not find in this chapter what would be most necessary to the working classes. We do not find a mention of the legislation for the protection of workmen, leaving aside the question of unemployment. We do not find either any proposal concerning co-operative societies, although the latter are an instrument of the highest value for the improvement of the conditions of the working classes. It is to the highest degree to be regretted that, in the course of the labours of the First Sub-Committee, the proposal about co-operatives should have been rejected. But there is something else. Article 21, which mentions the Conventions of the Labour Conference of Washington, deprives those Conventions of a great part of their practical importance by confirming the right of the members not to ratify them. This final phrase of Article 21, which the Russian Delegation in vain tried to suppress, is explained by the desire of certain Governments, such as Switzerland, not to accept the eight-hour day. The Russian Delegation considers the eight-hour day as a fundamental principle of the welfare of the workers, and raises a formal objection against the liberty explicitly given to the Governments not to apply it. In the same way, when the Conference was presented with a Memorandum of the International Federation of the Amsterdam Trade Unions, stating that a minimum of social justice as regards the workers was the indispensable condition of the restoration of peace, this Memorandum was not even taken into consideration.

"The Russian Government, which does not recognize the League of Nations, cannot either recognize its International Labour Office. But this does not in any way modify its point of view on the flaws in the decisions of the Economic Commission on labour questions. All the other objections or reservations which our Delegate has raised against the decisions of the Commission remain in force so far as we are concerned. I also repeat here specially the reservations already made as regards the labours of the Second and the First Commissions, regarding the full and entire freedom of action which Russia will retain as regards the provisions which entrust the League of Nations with official missions. Lastly, the Russian Delegation must state that the general impression left by the Report of the Economic Commission is that it is shorn of that boldness which is indispensable if it is really intended to undertake the work of general reconstruction. A whole set of measures is needed, a new political orientation such as I have sketched in its main lines at the opening session of the Genoa Conference. It is with these reservations and objections that the Russian Delegation, while declining to accept certain details, accepts the Report of the Economic Commission in its entirety."

The President (speaking in Italian) :

"I call upon M. Colrat, Delegate of France, to speak."

M. Colrat (France) (speaking in French) :

"The Russian Delegate having directly and personally introduced the name of the President of the Commission into the debate, I must answer him in two words. It is not exact to say that the Russian Delegates were excluded from the Sub-Committee on labour questions. What is right is that they did not sit amongst the reduced Committee. I will state the reason, and M. Tchitcherin will find that, if he was not included, he was in very good company amongst those who did not sit. The reason was this. We found that the Members of the Russian Delegation came so rarely to attend the debates on labour questions, that we thought that they were not particularly qualified to take part in the discussion. As

regards the general charges which have been brought against the Commission, my colleague here will not permit me to answer them in full. All I will say is this, that the Head of the Russian Delegation is little qualified, in the present economic state of his country, to come and try to give lessons to other peoples."

The President (speaking in Italian) :

" I call upon M. Motta, Delegate of Switzerland, to speak."

M. Motta (Switzerland) (speaking in French) :

" I have listened hitherto in silence to the debate on the Report of the Economic Commission. It was my intention to keep silence to the end, in the desire to preserve on this occasion a proper spirit of modesty. But an allusion has been made, in the declarations of the Head of the Russian Delegation, to the action of my country in the matter of the Washington Conventions, and that allusion I cannot allow to pass without comment. I would point out that the attitude of the Swiss Government with regard to the Washington Conventions is known. It has been loyally communicated to the Labour Office. It has been communicated to the several Commissions here, so that the attitude is really clearly known. I cannot, however, allow this misunderstanding to which the remarks of the Russian Delegate may have given rise to pass without notice. While the Swiss Government considers that the Washington Conventions are perhaps too schematic, too cut-and-dried for the needs of the case, I wish to point out that the eight-hours day exists in Switzerland in industries and in the public services. But the Swiss Government wishes to retain the right to modify, if necessary, and to see the results of the legislation concerning hours of work, and to make any modifications which experience may show to be necessary in adapting that legislation to real needs. I would point out that I am not here as a representative of a class. I am here as the representative of the whole of my country, and while my country may not consider that the present legislation is final, though it may need amending and adapting to circumstances, I must point out that the Swiss Government



Signor Schanzer, Italian Foreign Minister

aims at a broad humanitarian policy, and that my country is essentially a democracy—the oldest democracy in Europe—and one in which the interests and needs of all classes, and especially of the working classes, are fully taken into consideration."

The President (speaking in Italian) :

" I do not think it is necessary to continue the debate. The resolutions of the Economic Commission will therefore be considered as adopted, with the reservations which are noted in the Minutes of the Meetings of the Commission and Sub-Commissions.

" These reservations will be inserted in the definitive edition of the Report of the Commission.

" The Resolutions in question will form Annex 3 to the Minutes of this Meeting.

THE FIRST COMMISSION

" We will now pass to the resolutions of the First Commission.

" I call upon the Rapporteur, M. Schanzer, Delegate of Italy, to speak."

M. Schanzer (Italy) (speaking in French) :

" I have the honour to submit for the approval of the Conference the document which was approved yesterday by the First Commission, and which refers to the continuation at The Hague of the discussions begun at Genoa with the representatives of the Russian Soviet Republic, with the object of reaching an agreement on the questions of debts, private property, credits, and of a pact of non-aggression.

" I think I should give the Conference a brief description of the various phases of the discussion of the Russian question, from the beginning up to the present time, and explain how the Commission came to adopt the document which I am submitting.

" The first phase of the discussion of the Russian question began at the first meeting of the Sub-Commission, when the Memorandum drawn up by the Allied Experts in London was submitted to the Russian Delegates, as a basis for the

settlement of the three groups of questions which it was necessary to solve in order to reach a general agreement with Russia, that is to say, liquidation of the past, conditions for the future, and measures to facilitate an immediate economic reconstruction of Russia.

“ Private meetings took place between the Russian Delegates and the representatives of the countries whose experts had drawn up the Memorandum. During these meetings it was endeavoured to settle questions relating to the liquidation of the past.

“ A short Memorandum, setting forth the principles for the solution of the questions of debts and property, was drawn up on April 15th, and submitted to the Russian Delegation, which replied by the Note of April 20th.

“ A special Committee of Experts was set up immediately to continue the discussions with the Russian Delegation on the basis of the Note submitted on April 20th.

“ The Experts held four meetings, on April 22nd, 23rd and 24th, but it appeared clearly from their discussions that the two parties were not yet within sight of agreement.

“ On the basis of the document submitted by the Russian Experts at the meeting of April 24th, and with the addition of certain considerations dealing with the Russian problem as a whole, and certain conditions which were essential for a renewal of economic relations with Russia, a Memorandum was drawn up and submitted to the Russian Delegation on May 2nd. M. Tchitcherin replied to this Memorandum in his note addressed to the President of the Sub-Commission on the 11th instant.

“ This reply was considered unacceptable. The Sub-Commission, however, discussed the possibility of setting up Commissions of Experts to continue elsewhere the work begun at Genoa.

“ In the document which I have the honour to submit to you, the Sub-Commission has, in fact, agreed to propose the establishment of a non-Russian Commission and a Russian Commission, to meet at The Hague on June 26th, and

endeavour to solve the questions of debts, private property and credits.

"The President of the Genoa Conference, in accordance with the wishes of the Commission, will invite the countries represented at Genoa to be present at the Hague meeting. He has informed the Government of the United States of America of the decision which has been reached, expressing the hope that it will take part in the Hague meeting. Unfortunately, the Washington Government has felt itself unable to accept the invitation to take part in the work at The Hague.

"We all realize the great advantages of solving the Russian problem at the earliest possible moment. With this object in view, the Commissions of Experts are to meet on June 26th, and their work is to be limited to a period of three months.

"In the document which deals with the establishment of the Hague Commissions and lays down their programme of work, the Commission has also included the pact of non-aggression between Russia and the other Powers which accept the proposal. This has been done in order to allow the Commissions to work in an atmosphere of mutual confidence and tranquillity: it is, moreover, an affirmation of the programme of peace and pacification upon which the Conference of Genoa has been based.

I

"The Powers mentioned above agree that a Commission shall be appointed for the purpose of further consideration of the outstanding differences between the Russian Soviet Government and the other Governments, and for the purpose of meeting a Russian Commission similarly empowered.

II

"The names of the Powers represented in the non-Russian Commission, together with the names of the members of the Commission, will be communicated to the Soviet Government,

and the names of the members of the Russian Commission will be communicated to the other Governments, not later than June 20th.

III

“ The matters to be dealt with by these Commissions will comprise all outstanding questions relating to debts, private property and credits.

IV

“ The members of the two Commissions will be at The Hague on June 26th, 1922.

V

“ The Commissions will endeavour to arrive at joint recommendations on the matters dealt with in Clause III.

VI

“ In order to enable the work of the Commissions to be carried on in tranquillity, and in order to restore mutual confidence, engagements will be entered into binding the Russian Soviet Government and the Governments now allied with the Russian Soviet Government on the one hand, and the other participating Governments on the other hand, to refrain from all acts of aggression against their respective territories, and to refrain from subversive propaganda.

“ The pact to refrain from acts of aggression will be founded on the observance of the existing *status quo*, and will remain in force for a period of four months from the closing of the work of the Commissions.

“ The agreement against propaganda will bind all the signatory Governments to abstain from interfering in any way in the internal affairs of other States, from supporting by financial or other means political organizations at work in other countries, and also to suppress in their territory attempts to foment acts of violence in other States, and attempts which might disturb the territorial and political *status quo*.

“ As will be seen from the explanations which I have given,

it has not been possible in this Conference to arrive at a complete solution of the problem which was confided to our Sub-Commission. It is not necessary to go into the reasons for this. They are chiefly of a practical order. We are not, however, abandoning our task. It will be continued by the Commissions which we propose should be formed. Our confidence in the final solution of the great problem remains unshaken.

"The torch of that confidence is not extinguished: Genoa will pass it on to The Hague.

"Allow me to say one word more on the last part of the Draft Resolution, that is to say, on the pact of non-aggression. As it stands, this pact is of a purely temporary character. In order to make clear the obligations which the parties were to undertake, it was found necessary to fix a limit of time for the pact, which limit is connected with the labours of the Commissions.

"But I desire to say plainly that, in proposing this temporary pact of non-aggression, we cherish the strongest hope that, at its termination, a more general and more permanent pact will be substituted for it, and that the ideal towards which we are working, the ideal of uniting all nations in a single great organization for peace, will become a reality within the shortest possible time."

The President (speaking in Italian):

"I call upon M. Platijn, Delegate of the Netherlands, to speak."

M. Platijn (Netherlands) spoke briefly in French.

The President (speaking in Italian):

"I call upon M. Galvanauskas, Delegate of Lithuania, to speak."

M. Galvanauskas (Lithuania) (speaking in French):

"The obstacles to the reconstruction of Europe, whether they are political or moral, do not consist merely in the non-settlement of European relations with Russia. The Lithuanian Delegation believes it has performed its duty in emphasizing this fact before all the Commissions. It has pointed

out the impossible position in which it is placed by reason of the military front which Poland presents to it, so that it cannot apply, as regards that State, the decisions of the Conference regarding economic, financial and transport questions. Poland, by the forcible act of General Zeligowski, violated the Convention with Lithuania concluded at Suwalki, and also its obligations towards the League of Nations. In defiance of Treaties in force, Poland continues its military occupation of Lithuanian territory, and the capital, Vilna."

The President (speaking in Italian) :

"The subject on which the Lithuanian Delegate is speaking not being before the Assembly, I must ask him to sit down."

M. Galvanauskas (Lithuania) (speaking in French) :

"That is why the Lithuanian Delegation is obliged to make reservations as regards Clause VI. adopted by the First Commission. This Clause appears to us to be unacceptable by reason of the peril which would result from a legalization, even if only temporary, of the territorial and political *status quo* created in Lithuania by the aforesaid violations of existing treaties and of international law.

"It is with sincere regret that we feel compelled to make these reservations, the only cause of which is the policy of Poland in regard to our country. The general policy which Lithuania has followed has always been one of peace, and we desire to declare solemnly that she will never abandon that policy. The Lithuanian Delegation desires also to call the attention of the Conference to the fact that its Government has proposed, and now again proposes to Poland a peaceful means for the settlement of these differences, in conformity with law and existing agreements. Thus, the Lithuanian Government recently proposed to Poland to appear before the Permanent Court of International Justice. Unfortunately, however, Poland declined this invitation."

The President (speaking in Italian) :

"I must ask the Lithuanian Delegate not to persist in addressing the Assembly.

" I believe I am interpreting the opinions of all in thanking the Delegate of the Netherlands very warmly for the generous way in which he has expressed the feelings of his Government with regard to the reception of the Expert Commissions which are to continue in his country the labours begun at Genoa. I feel sure that the cordiality with which the Delegate of the Netherlands has welcomed them is an excellent augury for the success of the work which will be continued there, and in the name of the Assembly, I thank him most sincerely for what he has said.

" I now call upon M. Skirmunt, Delegate of Poland, to speak."

M. Skirmunt (Poland) (speaking in French) :

" I do not want to enter into a controversy with the representative of Lithuania. I merely wish to mention certain facts. Negotiations were set on foot by the League of Nations for the settlement of the Polish-Lithuanian dispute, and terminated on January 13th. It was proposed to the two countries that diplomatic and consular relations should be established between them, and that the neutral zone should be replaced by a provisional frontier line.

" We have accepted the two recommendations of the League of Nations ; only yesterday, the League of Nations again dealt with this question, and again recommended that we should divide the neutral zone between the two countries and send a Commission to the spot. The representative of Poland accepted the decisions of the Council of the League of Nations. If the representative of Lithuania does not think it possible, on his side, to accept paragraph VI. of the proposal which is now before us, the Lithuania Government will take the responsibility, but that will not in any way affect the pacific attitude of Poland towards the Lithuanian Government, and the sentiments of the Polish people towards the Lithuanian people.

" We never attack, we are always ready to have neighbourly relations with Lithuania, and even to recognize the Lithuanian Government as existing *de jure*. Our feelings

are entirely pacific ; I am anxious to state this and to declare in all solemnity”

The President (speaking in Italian) :

“ As this question was set aside at the meeting of the First Commission yesterday, it is not within my power to allow it to be taken up here.

“ I will now call upon the Russian Delegation to state that it accepts the resolutions read out by M. Schanzer, including the pact of non-aggression contained in Article VI.”

M. Tchitcherin (Russia) (speaking in French) :

“ The Russian Delegation has stated, in the meeting of the Commission, its attitude in this matter, and has given all necessary explanations with regard to the resolutions now submitted to the Conference. I do not wish to delay our labours here this morning, and I therefore refer you to the statements and reservations made before the Commission, and declare that the Russian Delegation accepts the resolutions, including Article VI., subject thereto.”

The President (speaking in Italian) :

“ I call upon the Delegate of Great Britain to make a statement on the subject of the acceptance of the resolutions before the Assembly, and of the pact of non-aggression.”

Mr. Lloyd George (Great Britain) (speaking in English) :

“ We accept the pact of non-aggression, with the elucidation contained in the Minutes.”

The President (speaking in Italian) :

“ I call upon the Delegate of Canada to speak.”

The Delegate of Canada (speaking in English) :

“ The Representative of the Dominion accepts, with the reservations and explanations given in the Minutes.”

The President (speaking in Italian) :

“ I call upon the Delegate of Australia to speak.”

The Delegate of Australia (speaking in English) :

“ I accept.”

The President (speaking in Italian) :

“ I call upon the Delegate of New Zealand to speak.”

The Delegate of New Zealand (speaking in English) :

" I accept."

The President (speaking in Italian) :

" I call upon the Delegate of South Africa to speak."

The Delegate of South Africa (speaking in English) :

" I accept."

The President (speaking in Italian) :

" I call upon the Delegate of India to speak."

The Delegate of India (speaking in English) :

" I accept, with the reservations indicated by Mr. Lloyd George."

The President (speaking in Italian) :

" In the name of the Italian Delegation, I wish to make the following declaration :

" The Italian Delegation declares that the Italian Government accepts the Resolutions submitted by M. Schanzer, and undertakes, in the name of the Government of Italy, the pledges mentioned under Article VI. of the said Resolutions.

" I call upon Baron Hayashi, Delegate of Japan, to speak."

Baron Hayashi (Japan) (speaking in English) :

" The Japanese Delegation, in the name of the Japanese Government, is happy to accept."

The President (speaking in Italian) :

" I call upon M. Schanzer, Delegate of Italy, to speak."

M. Schanzer (Italy) (speaking in French) :

" The following letter has been received from the Japanese Delegation :

" " Mr. President, in the course of the discussions of the Sub-Commission, the Japanese Delegation felt compelled to make a reservation with regard to the words "and the other Allied Governments" in paragraph 1 of Article VI. (non-aggression). Since then, the Japanese Delegation has reconsidered the question in the light of the instructions received from its Government. It notes the explicit statement made by the President of the Sub-Commission, that the arrangement in question does not affect in any way the position of Japanese

troops at present in Siberia. It considers that not only does the pact of non-aggression referred to above place no obstacle in the way of a preliminary agreement of the same kind, but also that the repetition of similar agreements may result in strengthening mutual confidence, and consequently in contributing to the establishment of peace.

“ ‘ In a spirit of conciliation, realizing the great importance of reaching an unanimous agreement concerning the work of the Conference, the Japanese Delegation is glad to be able to state now that it can give its full assent on the point in question, it being clearly understood that the President’s statement mentioned above is considered as being taken for granted.’ ”

(Signed) “ ‘ HAYASHI.
 “ ‘ K. ISHII.
 “ ‘ K. MORI.’ ”

The President (speaking in Italian) :

“ I call upon the Delegate of Austria to speak.”

The Delegate of Austria (speaking in French) :

“ The Austrian Delegation accepts.”

The President (speaking in Italian) :

“ I call upon the Delegate of Bulgaria to speak.”

The Delegate of Bulgaria (speaking in French) :

“ The Bulgarian Delegation accepts the proposals of M. Schanzer.”

The President (speaking in Italian) :

“ I call upon the Delegate of Czecho-Slovakia to speak.”

The Delegate of Czecho-Slovakia (speaking in French) :

“ Czecho-Slovakia accepts the resolutions.”

The President (speaking in Italian) :

“ I call upon the Delegate of Denmark to speak.”

The Delegate of Denmark (speaking in French) :

“ The Danish Delegation accepts the proposals of M. Schanzer.”

The President (speaking in Italian) :

“ I call upon the Delegate of Esthonia to speak.”

The Delegate of Esthonia (speaking in French) :

"The Esthonian Delegation accepts the proposals of M. Schanzer, with the reservations which it made in the Commission yesterday, as regards the Peace Treaty with Russia."

The President (speaking in Italian) :

"I call upon the Delegate of Finland to speak."

The Delegate of Finland (speaking in French) :

"The Finnish Government accepts, with the same reservations as those just made by the Esthonian Government."

The President (speaking in Italian) :

"I call upon the Delegate of Greece to speak."

The Delegate of Greece (speaking in French) :

"Greece accepts."

The President (speaking in Italian) :

"I call upon the Delegate of Iceland to speak."

The Delegate of Iceland (speaking in French) :

"Iceland accepts."

The President (speaking in Italian) :

"I call upon the Delegate of Latvia to speak."

The Delegate of Latvia (speaking in French) :

"The Latvian Delegation accepts, with the reservations made by the Esthonian and Finnish Delegations."

The President (speaking in Italian) :

"I call upon the Delegate of Lithuania to speak."

The Delegate of Lithuania (speaking in French) :

"The Lithuanian Delegation confirms the reservations which it has just made."

The President (speaking in Italian) :

"I call upon the Delegate of Norway to speak."

The Delegate of Norway (speaking in French) :

"The Norwegian Delegation, being without instructions from its Government, abstains from voting, and reserves the right of its Government to adhere later to the proposals made. I should add that the Norwegian Delegation was not present at yesterday's meeting of the First Commission, as was wrongly stated in the printed report."

The President (speaking in Italian) :

“ I call upon the Delegate of the Netherlands to speak.”

The Delegate of the Netherlands (speaking in French) :

“ The Government of the Netherlands accepts.”

The President (speaking in Italian) :

“ I call upon the Delegate of Poland to speak.”

The Delegate of Poland (speaking in French) :

“ The Polish Government accepts, with the reservation which was included in the declaration which the Polish Delegate made in the Sub-Commission, that it was understood that the obligations imposed on Russia and Poland by the treaty of Riga should remain in force.”

The President (speaking in Italian) :

“ I call upon the Delegate of Portugal to speak.”

The Delegate of Portugal (speaking in French) :

“ Portugal accepts.”

The President (speaking in Italian) :

“ I call upon the Delegate of Rumania to speak.”

The Delegate of Rumania (speaking in French) :

“ Rumania accepts.”

The President (speaking in Italian) :

“ I call upon the Delegate of the Serb-Croat-Slovene Kingdom to speak.”

The Delegate of the Serb-Croat-Slovene Kingdom (speaking in French) :

“ The Kingdom of the Serbs, Croats and Slovenes accepts.”

The President (speaking in Italian) :

“ I call upon the Delegate of Spain to speak.”

The Delegate of Spain (speaking in French) : “ Spain accepts.”

The President (speaking in Italian) :

“ I call upon the Delegate of Sweden to speak.”

The Delegate of Sweden (speaking in French) :

“ The Swedish Government accepts the proposed resolutions.”

The President (speaking in Italian) :

“ I call upon the Delegate of Switzerland to speak.”

The Delegate of Switzerland (speaking in French) :

“ On behalf of the Swiss Government, I accept the proposed

decisions. I consider them completely in accord with the peaceful spirit of my country, and I hope that they are the beginning of a definite future peace."

The President (speaking in Italian) :

" I call upon the Delegate of Hungary to speak."

The Delegate of Hungary (speaking in French) :

" Hungary accepts."

The President (speaking in Italian) :

" I call upon the Delegate of Albania to speak."

The Delegate of Albania (speaking in French) :

" On behalf of its Government, the Albanian Delegation accepts."

The President (speaking in Italian) :

" I call upon the Delegate of Belgium to speak."

The Delegate of Belgium (speaking in French) :

" On behalf of the Belgian Delegation, I declare that I cannot at present accept the proposed resolutions. The Belgian Delegation, however, under reserve of the explanations which it has already furnished, undertakes to recommend to its Government the adoption of the proposed resolutions, including Article VI."

The President (speaking in Italian) :

" I call upon M. Barthou, Delegate of France, to speak."

M. Barthou (France) (speaking in French) :

" In conformity with the procedure established at Cannes, the French Delegation declares that it will recommend to the Government of the Republic the adoption of the resolutions of the First Commission."

The President (speaking in Italian) :

" All those nations which decide to take part in the future Conference are considered as having accepted the resolutions, including Article VI.

" On behalf of the Conference, I appoint members to take part in the Commissions mentioned under Article I. of the motions approved.

" Invitation is made to the following Powers :

" Belgium, France, Japan, the British Empire (including

Canada, Australia, New Zealand, South Africa and India), Italy, Russia, Albania, Austria, Bulgaria, Czecho-Slovakia, Denmark, Esthonia, Finland, Greece, Iceland, Latvia, Lithuania, Luxemburg, Norway, Netherlands, Poland, Portugal, Rumania, Serb-Croat-Slovene Kingdom, Spain, Sweden, Switzerland and Hungary.

“ I now call upon M. Schanzer, Delegate of Italy, to speak.”

M. Schanzer (Italy) (speaking in French) :

“ The First Commission adopted yesterday the following motion, which I submit for the approval of the Assembly :

“ ‘ The President is invited to take the necessary steps, in agreement with the Government of the Netherlands, for the convocation of the Commissions at The Hague.’ ”

The President (speaking in Italian) :

“ If there are no objections, the motion just read by M. Schanzer will be adopted.”

The motion was adopted.

The President (speaking in Italian) :

“ The Report of the Commission on Credentials is now before you for approval. If no member wishes to speak, I shall consider that the Report is adopted.”

The report of the Commission on Credentials was adopted.

The President (speaking in Italian) :

“ I call upon M. Schanzer, Delegate of Italy, to make a communication on the subject of the Sanitary Convention at Warsaw.”

M. Schanzer (Italy) (speaking in French) :

“ The President of the Council of the League of Nations has duly sent a telegram to the President of the Conference asking him to submit to the Conference the resolutions adopted at the Warsaw Health Conference. Poland, in her capacity as an Inviting Power at the Health Conference, has also sent a note to the same effect to the President of the Sub-Commission of the First Commission.

“ We submitted the note from Poland and the telegram from the President of the Council of the League of Nations to a

meeting of the Inviting Powers, who agreed to submit to the Conference the following Draft Resolution :

“ ‘ The Conference approves the principle of the anti-epidemic campaign for European hygienic relief adopted at the Warsaw Conference, and recommends the European Governments represented at Genoa to discuss their application immediately, and for this purpose to appeal to their respective Parliaments for the necessary funds.’

“ It is certainly not the duty of the present Conference to make a further examination in detail of the results of a technical investigation carried out carefully with the assistance of the experts of all the States concerned. But this Conference, by accepting the recommendations of the Warsaw Conference, will prove that, in spite of the difficulties which arise from political questions, and from the inevitable divergences of opinion in discussing a solution of the various questions, it is unanimous not only in the desire to bring about the economic reconstruction of Europe, but also in the wish to apply by common agreement all the technical measures which constitute the essential conditions of and the first steps towards that reconstruction.”

The President (speaking in Italian) :

“ I call upon M. Tchitcherin, Delegate of Russia, to speak.”

M. Tchitcherin (Russia) (speaking in French) :

“ The Russian Delegation stands by the amendment on epidemics moved in the Conference by the Russo-Ukrainian Delegation, which objected to the scheme proposing to entrust one of the organisms of the League of Nations with the task of carrying out these resolutions. The Russo-Ukrainian Delegation asked that, instead of the League of Nations, an international commission should be set up for the purpose of carrying out these resolutions. As you know, Russia has not recognized the League of Nations, and we think that a body on which Russia would not be represented could not usefully undertake this work. We beg, therefore, to move again the amendment which we have already moved, that a special

commission, and not the League of Nations, be entrusted with the task of carrying out these resolutions."

The President (speaking in Italian) :

"The remarks of the Russian Delegation have been noted, and will be recorded in the Minutes. As there are no other objections, the motion, as proposed by M. Schanzer, is considered as adopted.

"I call upon M. Schanzer, Delegate of Italy, to speak."

M. Schanzer (Italy) (speaking in French) :

"The Joint Commission of the International Committee of the Red Cross and of the League of Red Cross Societies, and the President of the Italian Red Cross, have sent to the President of the Genoa Conference a Note containing the proposals adopted during the Plenary Meeting of the Tenth International Red Cross Conference at Geneva, and a Resolution which they recommend for adoption by the Genoa Conference. These documents were distributed to all the Delegations on May 15th, and were submitted to a meeting of the Inviting Powers on the same day. The Inviting Powers have decided to submit the following Draft Resolution for the approval of the Conference :

"The Genoa Conference resolves to refer to the League of Nations the Memorandum which the Mixed Commission of the International Committee of the Red Cross and of the League of Red Cross Societies and the President of the Italian Red Cross submitted on May 4th, 1922.' "

The President (speaking in Italian) :

"I call upon M. Tchitcherin, Delegate of Russia, to speak."

M. Tchitcherin (Russia) (speaking in French) :

"The Russian Delegation heartily supports the proposal to complete the activity of the Red Cross by giving it functions such as the preservation of international health and the relief of distressed peoples. Russia recognizes the very high value of the humanitarian work undertaken by the Red Cross, and the immense services rendered to the nations in time of war. By broadening its activity, the Conference would make it easier for the Red Cross to render to peoples in distress, in new



Dr. Wirth, German Chancellor Chief German Delegate

fields of its activity, the same services as it has been able to render in time of war. Therefore the Russian Delegation supports the amendment, but opposes the reference to the League of Nations, which is not recognized by the Russian Government."

The President (speaking in Italian) :

"The Minutes will take note of the objection made by the Russian Delegation to referring the question of the Red Cross to the League of Nations.

"If no one else wishes to speak on the subject, the motion will be considered as adopted."

The motion was adopted.

The President (speaking in Italian) :

"I call upon Mr. Lloyd George, Delegate of the British Empire, to speak."

Mr. Lloyd George (British Empire) (speaking in English) :

"Mr. President, we have now come to the end of one of the most remarkable Conferences ever held in the history of the world. The Genoa Conference will be for ever an inspiring landmark on the pathway of peace. Before we separate, I feel that it is a pleasure and a privilege to us who have come here from other lands, to adopt a resolution of thanks, first of all to our President, for the tact and good-humour with which he has presided over our discussions; to M. Schanzer, for the very arduous and anxious labours which he has undertaken on our behalf, and, if I may say so, especially for the skill and tact with which he has piloted us through the shoals and rocks and reefs of the First Commission. We also owe a debt of gratitude to the people of Italy, for a measure of hospitality which is worthy of a great and generous people. Never has Conference been better received. We owe also a debt to the city of Genoa for a reception which is worthy of a great and renowned city. Italy, in a desire to extend hospitality to us, has shown us every specimen of weather which she can command. We have had, of course, as you would naturally expect in Italy, sunny skies. But we have also had some of the angry and cold tramontana; we have had the gloomy and depressing sirocco;

we have had some thunderstorms ; but it has all ended to-day in blue skies. That is the history of the Conference.

“ But you need all kinds of weather to make a good harvest, and if you look at what has been accomplished at Genoa, you will find that we have reaped and garnered fine crops. There is the great pact of peace ; there are the reports and recommendations of the Commission on Finance, the Economic Commission, and the Transport Commission, all full of valuable recommendations, which, if they are adopted and pursued, will help to restore prosperity and vigour to the depleted veins of Europe.

“ The Conference would have justified its existence if it had only been for the work accomplished by these three Commissions. It is true that their task has been overshadowed by more controversial issues. That is what always happens when any great controversial subject is under discussion. But those of us who are acquainted with the tasks of legislation know too well that controversial legislation is not always the most fruitful, and that is equally true perhaps of the tasks of this Conference. There is a real danger that, owing to the concentration of the thoughts of the Conference, and of the minds of people, upon the more debatable and dialectical part of our work, the quieter work, which is so vital to the interests of our peoples, might be overlooked. The recommendations of the Commissions contain matters of the deepest moment for the restoration of the economic vitality of Europe, and I sincerely trust that the mere printing and circulation of these reports will not be the end of them. If it is, they will simply add to the paper currency of which the world has already had too much. They have to be converted into gold by the alchemy of action, and we shall each of us, when we go home, bring them to the notice of those who are responsible for directing the affairs of our respective countries, and by that means help to restore healthier economic conditions in Europe.

“ But still, I will not say the interest, but the real excitement of the Conference, has centred in another issue, in the question of the relations of Russia with the outside world, and

of the assistance which the outside world is prepared to render in order to restore that devastated country, and to rescue its population from conditions which, in many cases, are conditions of deep misery and distress. It is a problem full of danger and difficulty, and if I dwell a little upon it, I do so because we propose to continue our examination in another month's time in another form. It is surrounded by a jungle of prejudices, swarming with very wild passions, and therefore dangerous to approach. Let me say this about the Conference, and the way in which it debated that question. The discussions in themselves have demonstrated the value of International Conferences. Here is a question which has created many political crises in different countries, which has provoked wars and revolutions in two continents, debated in the Conference in an atmosphere of calm and courteous investigation. What better justification could you have for conferences than that? And all you have got to do, in order to know how valuable conferences are, is to consider the contrast between the tone of our deliberations and the tone of some of the comments upon those deliberations. You might have imagined from some of them that we have come here, not to promote a general peace, but to organize a general Armageddon, and, if our discussions had been conducted in that spirit, most of us would have passed from the Palazzo Reale to the Campo Santo.

"But our discussions were carried on in an atmosphere of calm and quiet. What progress have we made towards the solution of this problem? Considerable progress. For the first time, Europe has faced that difficulty and not shirked it. Half your difficulties vanish the moment you face them, and the other half disappear if you continue to face them. That is what we have decided to do. We have decided to continue the examination of this problem, in order to struggle through, and that is the most courageous decision taken by this Conference. With a full knowledge of the magnitude, the complexity, and the perils surrounding the problem, we have decided deliberately to do our best to struggle through. That is a decision worthy of a great Conference of Nations.

We have not gone as far as the most sanguine of us expected, but we have gone further than doubters ever hoped or wished to go. There is no goal worth reaching which is as near as it appears to the hopeful, or as remote as it seems to the timid, and that is equally true of this object. The discussions are to be resumed in a different place, under different conditions, in a different manner, and, I hope, with a different result. We have a month for reflection on the difficulties revealed in this Conference, before we resume those discussions. I sincerely hope that that month will be utilized with a view to discovering and suggesting solutions for these difficulties.

“I should like to say one word in that respect upon the Russian Memorandum of May 11th. We are making no reply to it, but we cannot allow it to pass without one sentence. I do so, not in order to prolong the controversy—because the last thing I wish to do is to end these proceedings on a controversial note—but, as one who has taken a very leading part in endeavouring to secure better relations between the East and the West of Europe, I should like to utter one word of warning. I do not know what the effect of that Memorandum was in Russia, but I know that the effect outside Russia was disastrous. It produced a reaction against the spirit of settlement, and, if it were the last word to be uttered by the Russian Government, I should really despair of accomplishing much at The Hague. I am referring to the Memorandum of May 11th. Russia needs help. Europe and the world needs the produce which Russia can contribute. Russia needs the accumulated wealth and skill which the world can place at its command, to restore it. Russia cannot recover for a generation without that help. Europe is more and more filling up the gap left by Russia. Russia needs more and more the help which the world can give, and the world is anxious to give it. Either from pride or from prudence, we have not, in any of these discussions, referred to the fact that, even at this moment, there are millions in Russia standing on the brink of famine and pestilence, who may perish without help. If Russia needs help she can get it. But will the Russian Delegation allow

me, in a friendly spirit, to say one word? If Russia is to get help, Russia must not outrage the sentiments—if they like, let them call them the prejudices—of the world.

"There is a real sympathy for Russia's condition. But what are these prejudices? I will just name one or two, because they were all trampled upon in the Memorandum of May 11th. The first prejudice we have in Western Europe is this, that if you sell goods to a man you expect to get paid for them. The second is this, that if you lend money to a man and he promises to repay you, you expect that he will repay you. The third is this. You go to a man who has already lent you money, and say, 'Will you lend me more?' He says to you, 'Do you propose to repay me what I gave you?' And you say, 'No, it is a matter of principle with me not to repay.' There is a most extraordinary prejudice in the Western mind against lending any more money in that way. It is not a question of principle. I know the revolutionary temper very well, and the revolutionary temper never acknowledges that anybody has got principles, unless he is a revolutionary. But these prejudices are very deeply rooted; they are rooted in the soil of the world; they are inherited from the ages; you cannot tear them out. And if you are writing a letter asking for more credits, I can give one word of advice to anybody who does that. Let him not, in that letter, enter into an eloquent exposition of the doctrine of repudiation of debts. It does not help you to get credits. It may be sound, very sound, but it is not diplomatic.

"Now I have only one or two more words to say. Europe is anxious to help, Europe can help, Europe will help. But Russia must, in her dealings with us, accept the code of honour which is an inheritance, which has come to us from centuries, from generations of hard-working and honest people. It has struck deep into the soil of the world, and not even the Russian tornado has split one fibre of a single root of those prejudices, upon which our system depends. I do implore you, as a friend of Russian peace, as a friend of co-operation with Russia, as one who is in favour of going to the rescue of

those great and gallant and brave people, I implore the Russian Delegation, when they go to The Hague, not to go out of their way to trample upon those sentiments and principles which are deeply rooted in the very life of Europe.

“ At Cannes, we threw out the life-line. We have not yet drawn it in, as I thought we might ; neither has it been snapped ; neither has it been let go. It is still there, and we would like to draw all the distressed, all the hungry, all the suffering in the East of Europe back to life, with all the help that the accumulated energy and skill of other lands can give.

“ We have signed a pact of peace. It is a provisional one. It is for months—no, it is for more than that. We have decided to have peace amongst warring nations. Once you establish it, nations are not going back upon it. We have decided to give peace a trial on our hearthstones, and when she has been there for seven months, we will not turn her out again. The psychological effects upon the peoples of the world will be electrical. The thrill of peace has gone through the veins of Europe, and you are not going to get nation lifting up hand against nation again.

“ There has been nothing more striking in this Conference than the deep, passionate desire not to have a rupture, not to have a quarrel, but to live in peace and amity together. Believe me, peace is recovering her gentle sway over the hearts of men, and in this Conference, by this pact which we have adopted to-day, we have paid homage to her sceptre.”

The President (speaking in Italian) :

“ I call upon M. Barthou, Delegate of France, to speak.”

M. Barthou (France) (speaking in French) :

“ Gentlemen, the voice of France has already been heard in this debate with a clearness and sincerity which has been acknowledged by you all. I should not rise to echo these words if it were not my duty to associate myself with the thanks, wishes and hopes which Mr. Lloyd George has so eloquently voiced. This duty is not inspired by a mere feeling of courtesy or diplomacy. I feel its necessity deeply. On behalf of the French Delegation, I must offer a most cordial

and hearty tribute of gratitude to the Italian Government. To Italy, that great and noble country, I tender my thanks. May I be allowed to say that, since the days of my youth, I have had for Italy a profound sympathy and friendship, which has never failed for one hour, and it has therefore been for me a great pride and pleasure that my sentiments are in accord with the attitude adopted by my country. We have all experienced once more the generosity of Italy. Here at Genoa, we have been so well received and cared for, that during six weeks we have been able to walk abroad in the streets of this living, swarming and crowded city without having heard one single word, without seeing one single gesture that might seem lacking in courtesy and good-will. Our thanks are offered to Genoa and to the Italian Government, whose task has been so difficult and has been accomplished with such success. Thanks also are due to the Italian Council for the liberality with which they have carried out their task. We also thank the Minister for Foreign Affairs who, in the course of our negotiations, has repeatedly proved his tact, skill and prudence, in bringing the proceedings to a successful conclusion.

"After six weeks of hard work, there seems to be some boldness in writing down on the Agenda the words 'Closing Speeches,' whereas the fear might have been felt that 'rupturing speeches' were more probable.

"You have not heard one single speech of rupture, and you will not hear one. Thirty-four States answered the invitation sent from Cannes on April 10th. Thirty-four States attended the opening of this Conference, and thirty-four States are still present. Great progress has been realized. Mr. Lloyd George correctly described the tone of our deliberations; he rightly praised the pact of non-aggression. Since we knew that pact was to be discussed, we carefully refrained from using any words of an aggressive character as regards our neighbours. We have succeeded. The Commissions have reached satisfactory conclusions. As Mr. Lloyd George said, the pact would be nothing if it were

only words on paper, if the Governments had not the deliberate intention of carrying it out. At this point, may I express the absolute and loyal intention of the French Government to put these resolutions into practice, and to make of them an actual reality. Mr. Lloyd George mentioned the arduous and difficult nature of the question of relations with Russia, which the Conference has had to tackle. I am in rather a more difficult position than Mr. Lloyd George. I took part in unofficial conversations of a protracted nature with the Russian Delegation, in order to prove the earnest desire of my Government to collaborate in solving the problem. In spite of that, however, I have been burnt in effigy at Petrograd. Luckily, it was only my effigy which was burnt. In spite of this gesture, which was rather too symbolical, I am not going to say one word which might seem to be hostile to the Russian Delegation. The only thing that matters is that there is a nation yonder which is suffering, and it is our duty to rush to her help. Humanity would never have made a single step forward if people had always asked, 'What is your Government? What is your religion? What is your social system?' before giving assistance. When men are suffering, it is the duty of the rest of mankind to go to their help. The French Government cannot forget the immense services rendered by Russia during the first three years of the war. The Russian nation must know that we remain faithful to this pact of gratitude, and that we shall do everything in our power to alleviate their sufferings. You have heard a great statesman and a great orator speak of landmarks on the road to peace. This means that we are still on the way, going together towards our common goal. There are other stages, other landmarks, still to come. The question is now whether we shall all march together, animated by the same feelings, and inspired by the same idea of solidarity and fellowship. I have listened to what M. Rathenau, the Minister of Foreign Affairs of Germany, has said. I will not dispute the sincerity of his remarks; I will only say that I appreciate their finesse and prudence. He spoke of demobilizing public opinion. I

suppose he was referring to the warlike spirit. Well, let him be of good cheer ; I can once more bring him a word from France. France, which did not want the late war, is ardently and passionately attached to peace, and to that peace we are all tending with the same heartfelt desire. The health of Europe has been seriously compromised and its balance upset, and that can only be restored if we are all inspired by a spirit of loyalty and solidarity, and if we show the same respect for order, honour and our pledged word. Is it still permissible to ask whether we wish for peace? Of course we do. We are among those men of goodwill who wish for peace—'et in terra pax hominibus bonæ voluntatis.' We are all men of goodwill, and together we shall succeed in imposing peace on Europe and on the world."

The President (speaking in Italian) :

"I call upon M. Banffy, Delegate of Hungary, to speak."

M. Banffy (Hungary) (speaking in French) :

"In the name of the Hungarian Delegation, I wish to thank the nations here assembled for the interest they have shown in the great questions of justice and equality which concern my nation so closely, and I wish to thank the Italian Government for the cordial way in which they have received our Delegation."

The President (speaking in Italian) :

"I call upon M. Stambulisky, Delegate of Bulgaria, to speak."

M. Stambulisky (Bulgaria) (speaking in Bulgarian) :

"In the name of my country, a country that has greatly suffered, I wish to thank the promoters of the Genoa Conference, and to say that by this act they have accomplished a great deed, that will render their names immortal—the most noble deed that could have been effected for the nations that have suffered so much from the war. In spite of criticisms, I may say the Genoa Conference has reached deeply humane results ; it has carried the patient from the battle-fields to the bright galleries of peace ; it has discovered the illness from which he was suffering ; it has written the recipe

that will cure him, and has found the means of applying it. On this point, the Conference evidently encounters difficulties, which do not arise from a lack of goodwill but from the fact that some of the necessary drugs are not to be found at Europe's chemists. To obtain assistance, we appeal to the powerful nation overseas, America. We shall find a great quantity of drugs for the use of Europe at the American chemists. The Bulgarians have a proverb which says, 'Help yourself first, and then you will be helped.' Europe must therefore help herself first, and America will help her afterwards. America will and must come to our assistance. She is a country of humanitarians and philanthropists. She once listened to the voice of the victorious nations and took part in the war to hasten its end. Now she will listen to the voice of those who were not on the winning side, those who suffered, and she will return and hasten the work of peace. The Genoa Conference has realized what was necessary and possible; we have to leave the rest to time. We must know how to wait. War, peace and all the rest must pass through the process of time. The principle of the peace of the world has been established; it will now develop and give good results.

"We, representing one of the most sorely tried nations, are satisfied that the Genoa Conference has done much good. Bulgaria thanks the Conference. When an unhappy people are satisfied, they who constitute the majority of the world, it is a proof that what has been done here is of world-wide importance. Once again I wish to express the gratitude of Bulgaria to the promoters of the Conference. I would also like to thank Italy for her splendid hospitality. She has appeased the nervous system of all the Governments; the people and the Government of Italy have done everything to lighten our task. They have won our hearts, and we shall leave Genoa strengthened and brightened by the hope of peace, gladdened by the hospitality of Italy."

The President (speaking in Italian):

"I call upon Baron Hayashi, Delegate of Japan, to speak."

Baron Hayashi (Japan) (speaking in English):

" I fully and most heartily associate myself with previous speakers in thanking the Italian Government, its Delegates, and the city of Genoa itself. Several centuries have passed since Genoa's great son, Columbus, went out to find the East. Now the East is here to pay its tribute.

" A word about the Conference. To borrow the expression of Mr. Lloyd George, we have had a certain amount of snarling, but much good work has been done. If I may be allowed to say so, that has been largely owing to the moderate and wise attitude of our Russian friends. Their attitude has been much more moderate than I expected. I hope that at the next Conference, at The Hague, they will assume an even wiser and more prudent attitude. It is only such an attitude which, to my mind, will be helpful, and which will bring help from other countries in Europe, and in future days—perhaps in the near future—from America."

The President (speaking in Italian) :

" I call upon M. Tchitcherin, Delegate of Russia, to speak."

M. Tchitcherin (Russia) (speaking in French) :

" Whilst fully endorsing the vote of thanks to the Italian people and Government, and to the City of Genoa, and whilst recognizing the entire goodwill of many of the nations taking part in the Conference, the Russian Delegation feels obliged, at this stage of our work, to submit a few general considerations on the results of the Conference.

" The Russian Delegation was justified in its assertion, made at the beginning of the Conference, that the sole fact of convening all the European countries, without distinction of victor or vanquished, and without discrimination between opposing systems of property, was a memorable event, which was destined to be a source of real advantage to the establishment of universal peace, and to the economic reconstruction of Europe.

" It cannot, however, be denied that the results of the Conference do not fulfil the great expectations which it aroused amongst the peoples of all nations. What the Russian Delegation desired, and what has been unfortunately lacking at

the Genoa Conference, was a bold step towards new political and economic methods, a work of creation and construction, the establishment of new systems. At the opening meeting of the Conference, the Russian Delegation sketched out a system which, in its opinion, would have opened a new road to Europe, and made general European reconstruction possible. We have been prevented from submitting to the Conference the question of disarmament, as well as certain other questions. These factors of a single system were, however, intimately bound up with the creative and constructive measures which we proposed. Having once refused to adopt this attitude, the Conference has not been able to add anything to existing facts, or to the resolutions adopted by previous conferences, except to a small and insufficient extent. It has been unable to maintain the level of the principles set forth in the speeches at the first meeting, which proclaimed that there was no distinction between victors and vanquished, and that Sovietists and capitalists were upon an equal footing. These, in our opinion, are the causes of the unsatisfactory results of the Conference.

“ We hope that this experience will bear fruit. The questions which are usually included in the expression ‘ Russian problem ’ can only be satisfactorily solved if all concerned will consider them from our point of view of the equality of rights of the countries which have two different systems of property, a point of view which is, as a matter of fact, that of the first resolution of Cannes ; we are anxious that this principle should be adopted by all who take part in the discussions at The Hague, for the brilliant exposition of the opposite theory, given by the Prime Minister of Great Britain, who has unexpectedly raised the question upon which we are divided, will not succeed in converting the Russian people to his ideas, any more than the invading White Armies succeeded in doing so. The British Premier tells me that, if my neighbour has lent me money, I must pay him back. Well, I agree, in that particular case, in a desire for conciliation ; but I must add that if this neighbour has broken into my house,

killed my children, destroyed my furniture and burnt my house, he must at least begin by restoring to me what he has destroyed.

"We went still further. We should have been satisfied if we had received sufficient assistance to enable us to carry out what was imposed upon us. But the other side did not take the same view. However, we continue our efforts for conciliation. The Russian people is profoundly desirous of peace and collaboration with other nations, but, I need hardly add, on a basis of complete equality.

"If we are still hopeful with regard to the prospects of general peace, it is due in a large measure to the expressions of deep and warm sympathy which we, as well as the other Delegations, have received from the whole of Italian society, and from the great masses of the Italian people. The spontaneity and the warmth of the marks of sympathy which the Russian Delegation has received in Italy are to us the most reassuring sign that, in the midst of all the antagonisms and all the complications of to-day, the vast majority are earnestly aspiring to general peace. The Genoa Conference will be a milestone of the greatest significance along the road to peace."

The President (speaking in Italian) :

"I call upon M. Bratianu, Delegate of Rumania, to speak."

M. Bratianu (Rumania) (speaking in French) :

"On behalf of the Rumanian Government, the Czecho-Slovak Government, and the Government of the Serb-Croat-Slovene Kingdom, I am happy to add my thanks to those of the countries which have already expressed their gratitude to the Inviting Powers, the officers of the Conference, the President of the Conference, and the Presidents of the Commissions, for the work of peace carried out, and the agreement obtained at Genoa. We have been proud to collaborate in this work, and we congratulate ourselves upon the work which has been done in the cause of world peace."

The President (speaking in Italian) :

"We have reached the end of our labours, and I have the

honour of extending the farewell salutation of Italy to the Delegates gathered here.

“ It may be well to look back over the course we have travelled, and to take stock of the work accomplished by the Conference. But before doing this, allow me to express the great satisfaction we have felt at the words of friendship and esteem for our country which have been pronounced here. The Italian people will certainly welcome with gratitude and delight the demonstrations of sympathy and goodwill of this Assembly, which includes the most distinguished statesmen and diplomatists.

“ Permit me also to say, Gentlemen, that your thanks are due not so much to the Italian Delegation as to the Italian people. The spirit which has prevailed here has been the spirit of the Italian people, of which spirit we Delegates have been only the modest interpreters, a spirit of liberty, of democracy, and of wide tolerance for all ideas and all opinions. This tolerance was necessary to produce the right atmosphere for an assembly which was charged with the task of discussing the most weighty political problems, and in which opposing tendencies were bound to come into sharp collision.

“ At a previous plenary sitting, we approved the conclusions of the Financial Commission and the Transport Commission. To-day, you have given the sanction of your votes to the proposals of the Economic Commission, which has submitted to you a series of resolutions of undoubted importance.

“ If we consider as a whole the labours of the technical Commissions, we cannot fail to recognize the remarkable value of the results obtained by the Conference in a short space of time. Many questions of principle in the economic and financial sphere have been dealt with and solved, and important lines of action have been traced for the financial reform of the nations of Europe, and for facilitating the resumption of trade and of economic relations between them.

“ Nevertheless, to speak frankly, all these theoretical conclusions would remain merely general affirmations, if certain

fundamental problems of European life were not first solved, and if the general conditions for the return of the economic organism of Europe to a more regular functioning were not first created.

"We have applied ourselves with the greatest earnestness to the solution of one of these fundamental problems, the return of Russia to its place in the economic life of Europe, but the time assigned for the labours of the Conference has been too short to arrive at a definitive solution of the problem. This is not to say that the Conference has failed in its task, or that our work has been barren or useless. Far from it. We have clearly and definitely stated the terms of the problem, and we have discussed its fundamental aspects. We have found certain points of agreement between our ideas and those of the representatives of Russia, and have defined the points of disagreement which still divide us.

"It is true that the fact that the participation in the Conference of many responsible statesmen of various countries would not allow of the indefinite prolongation of our labours, has prevented us from reaching a final agreement. But, most important of all, we have not lost confidence in the ultimate success of our efforts; we have decided to continue the negotiations which have been in progress here for some weeks, until a complete and satisfactory solution is obtained.

"The work to be accomplished at The Hague will be only the continuation, the offspring, of the effort accomplished here in Genoa. If the labours of the Commissions at The Hague succeed, as we are fully confident that they will, in overcoming the difficulties which still remain, the merit of the final result must be ascribed to Genoa. It will be Genoa that will have opened the way to European reconstruction.

"This fact is for us a reason for gratification and profound satisfaction. Genoa, though it may not have succeeded in accomplishing all that we had hoped and desired, has opened the way to a new European policy.

"This new European policy was affirmed in the very constitution of the Conference, with the concurrence of all the

States, which yesterday were still profoundly divided by the memories of the war. It has been a source of pride to Italy to have worked energetically and loyally day after day for the maintenance of the original character of the Conference. We believe that, in spite of serious difficulties, we have succeeded in our purpose ; that we have in fact tempered inevitable antagonisms in an atmosphere of mutual toleration, and have contributed to a not inconsiderable advance in the work of European pacification.

“ A long road is still to be travelled, but we believe that, apart from the immediate tangible results obtained at Genoa, the spiritual and political work of the Conference will find its inevitable continuation in the future developments of international life. The character of universality and European pacification which we have earnestly desired for the Genoa Conference, must be the character of the European policy of to-morrow. In the pact of non-aggression, though it be only provisional and temporary, a word of peace has gone forth from Genoa, a word of peace which is a symbol, which expresses the most ardent aspiration of our hearts, and which will not be unheard by the peoples of Europe.

“ On behalf of the King, Government and people of Italy, I bid a hearty farewell to all the Delegations present, thanking them for their unwearied efforts and for the valuable work they have accomplished, and express the most cordial wishes for the prosperous future of all the nations assembled here.”

The meeting terminated at 1 p.m.

CHAPTER XVI

THE HARVEST

TO estimate the results of the Genoa Conference one must in fairness consider what was effected at The Hague, where the labours in the Italian city were resumed. "The work to be accomplished at The Hague," said M. Facta, in his farewell speech to the delegates, "will be only the continuation, the offspring of the effort accomplished here in Genoa. If the labours of the Commissions at The Hague succeed in overcoming the difficulties which still remain, the merit of the final result must be ascribed to Genoa. It will be Genoa that will have opened the way to European reconstruction." But, apart from the results to be harvested in the Netherlands, the achievement at Genoa was of a high value and character. It is only an unimaginative soul that gauges the effects of an event like this by means of the scales and the table of avoirdupois. The imponderabilia in a case of this kind are apt to be more important than the tangible and material products, though they are harder to appreciate and assess.

But, judged even by the more obvious standard, Genoa was far from unproductive. The Pact of Peace, though, as already remarked, not so permanent or ambitious a convention as had been intended, was yet of great value. It ensured peace for eight months along those debatable Eastern marches whereon any day the heather might have been fired in an extensive and devastating conflagration. It was all important that some such interval should be secured in which suspicions and hostilities might subside and perhaps permanent frontiers be delimited by mutual agreements. There is, indeed, good hope that the bud which germinated at Genoa will blossom

into the full white flower of assured world-peace. That alone will entitle the Conference to mindful honour and gratitude.

Then, again, the Reports of the three Commissions, Financial, Economic and Transport, are very real and positive contributions to the rebuilding of the world. Some may object that similar resolutions were carried at other post-war conferences, such as those of Brussels and Barcelona, and amounted to little in the end. But, as Sir Laming Worthington-Evans pointed out in the House of Commons, there was a great difference between Brussels and Genoa. The former conference consisted only of specialists or experts, practically the same as afterwards appeared at Genoa. At Genoa, on the other hand, Premiers and other responsible Ministers were present, with more or less stable majorities behind them in their respective States. These statesmen not only gave their assent to the Reports of the Sub-Commissions but pledged themselves to carry out in practical policy, so far as possible, the recommendations contained therein. Excellent spade-work was done at Brussels and elsewhere, but Genoa had the advantage of being able actually to advise and secure executive action.

Such action has, indeed, already been taken in certain departments. With regard to currencies and exchanges, the Conference asked the Bank of England to call a meeting of central banks, so that these might consider what steps were necessary to bring about an International Money Convention which will bind the States which become parties to it. It was understood that the Bank of England would call such a meeting of central banks and that the Federal Reserve Bank of America might take part in the conference. So with regard to transport. Much good pioneering work was done at Barcelona, but Genoa took up the proposals and carried them far on the road to actuality. For example, a conference was to be called by the French Railway Administration of all the big railway administrations in Europe to establish that through traffic which is so greatly desired.

Genoa could get things done because the delegates were not

simply talkers and advisers but had their hands on the executive and administrative levers in their various countries. These Reports, therefore, were not simply able speculative treatises, to be neatly bound, docketed, filed—and forgotten—but positive programmes of what their responsible authors intended as far as possible to carry out. As such they may contribute incalculably to the general work of economic revival and reconstruction.

But, maybe, the deepest and most enduring results of the Genoa Conference were just those of which no inventory can be made. "The mere meeting of that Conference," said the War Minister, "was good in itself." No one who has any faith in human nature can believe that the representatives of thirty-four nations could for six weeks take counsel together, formally and informally, and join in festive and social gatherings of all sorts, without some benign psychological effects.

I have alluded to the striking and amusing resemblances in some details between this international conference in the twentieth century and the Œcumenical Council of Nicæa in the fourth. It is true Nicæa had to do with creeds, but so also in a high degree had Genoa. The economic creeds of Russia and England were at least as well defined and antagonistic as the differences between the followers of Arius and Athanasius. Dean Stanley, having described some of the worser features of this early Christian Council, continues thus: "But we must not forget the good as well as the evil which the Councils shared with all large assemblies of fallible men everywhere; namely, the unconscious moderation which springs up from bringing two parties face to face with each other. No doubt violent and extreme partisans are often exasperated against one another by personal contact and conflict. But the vast mass of intervening shades of opinion is by such meetings drawn more closely together. Probably no Council has separated without making some friends who were before enemies, and some friends closer than before."*

Such in general must have been the tendencies at Genoa.

* "History of the Eastern Church," p. 73.

Mr. Lloyd George was surely justified in his unshakable determination that this Conference should be a new departure, and that for the first time since the war the nations should meet not as conquerors and conquered, not as judges and criminals, but on equal terms to discuss world-problems in which all had a common interest. Mr. Lloyd George maintained this essential character of the Conference in spite of all narrower and darker influences, and his wisdom and insight will prove in the ultimate reckoning to have been fully vindicated. There is no doubt that much ignorance was illumined, many suspicions and hostilities removed, and the desire for peace greatly fortified and extended by the confabulations and love-feasts of Genoa.

Moreover, the various and complicated problems were brought much nearer solution, if only by the ascertainment of all the facts and factors pertaining to them. I have elsewhere quoted Bacon's wise saying, "*prudens quæstio dimidium responsionis.*" A question intelligently asked is already half way to its answer. The Genoa Conference helped immensely to the clearer understanding of the problems which Europe and the world inherited from the war.

Genoa let the air and sunlight into many dark places of the earth and brought to the surface and dissipated thence many dangerous humours of all kinds that were festering below and must have ended in renewed death and desolation. The whole of Europe thinks and feels more healthfully as the result of this prolonged communion in the Italian city. Genoa has infinitely widened the horizons of many States who before were inclined to concentrate on purely selfish and particularist ends. I saw most of the aspects of the Conference life and I think it would be difficult to exaggerate its educative and atoning influences.

Dean Stanley remarks that the old Christian synods always made "some friends closer than before." This happened at Genoa between England and Italy. The Governments had been friendly before, but this Conference will have marked the development of a real liking and respect between the Italian and British peoples. In the course of the narrative we have

seen how the British and Italians walked hand in hand along all the paths of policy and how strongly British liberal ideas were supported by practical Italian sympathy. Speaking at the luncheon given by members of the British Press to their American and Italian colleagues after the last plenary session, Mr. Lloyd George said :

“ The last few years have been notable for the great and growing increase in comradeship and co-operation between the Italian and British democracies. It has grown in the frequency of occasions when they have worked together ; it has grown in intensity. What is the cause of this ? It is partly undoubtedly due to old traditional sympathies. You in Italy forget, and we in England often forget, that both France and Great Britain were once Italian provinces, and that we owe to you our civilization and our Christianity.

“ But our association is more recent and fresher than that. The Italian struggle for liberty and unity made a deeper impression on the hearts of Englishmen and Scotchmen and Welshmen than any struggle for liberty during modern times. But it is not merely the historical bonds of sympathy ; it is something which is binding at this moment and will endure. Our aims are common, our aspirations are common, and our interests are common. A strong and prosperous Italy is in the British interests. Just you ponder on this. You are an ingenious, enterprising, and rapidly growing people, and Great Britain sympathizes in every sense of the word with all the natural and legitimate aspirations of the Italian people for outlets for their trade and commerce, their energies and their population, and we realize especially that their need is for raw material, and Great Britain is prepared to extend every facility in its power for supplying those needs.

“ We worked together in the past. We mean to work together in the future, for if there is one interest which Italy has which Great Britain has also it is the interest of the peace of the world. We fought our fight, and a

terrible fight it was. Your contribution was a great one. Peace is now our common interest. We have laid the foundations: more than that, we have erected some of the pillars, and you will find that when the structure is complete you will be amazed at how much is due to the Genoa Conference. I congratulate the Italian Government upon the success which has been achieved.

“ I would like to express on behalf of Great Britain my gratitude to them for what they have done, and also to express the hope that these great democracies and the democracy of the West—the great democracy of the West—will arrive at an understanding. They came to our aid once at a dark and trying moment. I am still looking forward to seeing them coming over the horizon. I believe they will come, and the great democracies, working together, will complete the temple of peace, the greatness of which all humanity will worship.”

Signor Facta, speaking after the British Premier on this occasion, favoured a “ closer union between the Italian and British peoples, something tangible, something that would be great for the future development of both nations.”

On his return to England Mr. Lloyd George gave an account of his stewardship at Genoa on May 25th in the House of Commons. After some words of general introduction he said :

“ We had at Genoa assembled probably the largest gathering of nations that has ever met in the history of this world. We had, I think, thirty-four nations represented around those tables; represented in the main by some of their leading Ministers. They were there to discuss the restoration of Europe to normal conditions and the restoration of peaceful relations amongst themselves. There were nations there at that table hardly on speaking terms with each other. There had been feuds and misunderstandings between them, prolonged up to the very hour of the Conference. We met in perfect calm, in perfect harmony. We discussed not all the

questions which were in dispute between these nations, because many of them had already been referred to other tribunals, including the League of Nations. But we discussed many of them, and we all discussed these matters in a spirit of perfect amity right to the very last hour of the Conference. I feel that, had a Conference of that kind assembled in 1914, the world would have been spared a very bitter experience and a very tragic piece of history.

“ We had to discuss questions there of which I had already given a summary to the House of Commons just a week before we went there. The main purpose of the Conference I think I summarized quite fairly—the restoration of financial and trading relations, the improvement of the diplomatic relations, the removal of certain disputes which were endangering the peace of nations. Did we succeed? My answer will be that I will simply state the facts and let hon. members judge for themselves upon those facts. I will state them fairly; I only ask that hon. members should judge them fairly.

“ The attainment of normal conditions in Europe was impeded by numerous obstacles, and the removal of these obstacles constituted the aim of the Genoa Conference. What were these obstacles? They were (1) the currency difficulty and the instability of the exchanges; (2) customs and trading restrictions; (3) transport difficulties; and (4) the absence of a sense of security against war. There were four Commissions set up for the purpose of reporting upon four different branches of the phases of the problems upon which we were engaged.

“ There was, first of all, the Financial Commission, which was presided over with very great ability by my right hon. friend the Chancellor of the Exchequer (Sir R. Horne), who fortunately was able to conclude the labours of that Commission before he left. There were the Economic Commission, the Transport Commission,

and the Political Commission. On these Commissions my right hon. friend the Secretary of State for War (Sir L. Worthington-Evans) and my hon. friend the Secretary for the Overseas Trade Department (Sir P. Lloyd-Greame) appeared on behalf of this country, and they rendered, as anyone who knows their capacity can be assured, the most admirable assistance. I had better say a few words of the work of the Financial Commission, the Transport Commission, and the Economic Commission before I come to the work of the Political Commission, around which most of the controversy ranged and which excited most interest at the Conference and, I rather think, outside as well.

“ The Financial Commission made an attempt to re-establish currency and to improve the stability of the exchanges. The Commission not only defined the conditions under which the currency and exchange problems of Europe can be solved, but it also indicated the precise steps to be taken, and arranged for the initiation of reforms at a meeting of central banks. The resolution aimed at removing currency difficulties, and it began with a currency code. The object of this code is to anchor paper currencies again, directly or indirectly, to gold and secure for the nation a credit policy in order to prevent fluctuations. With regard to exchanges the primary recommendation is that the artificial control of exchange operations should be removed in order that nothing should stand in the way of the recovery of exchanges as currencies recover and as the exports which support them improve. Trade was checked and impeded, we found, by the absence of credit. A very fruitful suggestion was made in the organization of an international corporation, which will be explained by my right hon. friend the Secretary of State for War. A good deal of labour has been expended by him upon the organization of that invaluable body, and assistance has been rendered in its formation by some of the leading financial countries

of the world. Restrictions, impediments, unfair conditions in the way of trade were to be found everywhere. It is one of the unfortunate results of the war—of a war which demonstrated the power of international good will almost more than any other event in the history of the world—that it should have ended in an abnormal development of a narrow, selfish, and blind nationalism. You found it in every direction. In the customs, in restrictions upon trade, in restrictions upon transport, transport organized in order to develop international trade used for the purpose of preventing international trade. It is not merely the amount of the tariff, but the fluctuations of the tariff, the uncertainty of the tariffs; human ingenuity exhausts itself in order to make trade between nations as difficult as possible. That is the condition which we found on the Continent of Europe, and I am very hopeful that the reports of the various Commissions, upon which most of these nations were represented and collaborated, will have the effect of producing a great improvement in some of these unfortunate positions.

“Although peace has been established in Europe, it is quite clear that the war atmosphere to a certain extent remains. There is a good deal that I should like to say about that, but for the moment I shall postpone it. There was commercial war, transport war, customs war, diplomatic war, propagandist war, war of armaments, and even war of the marching and counter-marching of armies. An hon. member opposite, by a question which he put, seems to think that that has no foundation in fact. I wish it had not. As a matter of fact, during the time that the Conference was sitting there were troops marching towards the frontiers in very considerable numbers. There was clearly in Europe an atmosphere of international suspicion and pending conflict.

“The problem which naturally occupied most of the attention of the delegations, and the one which excited most controversy, was the problem of Russia. I should

like to tell the Committee how the problem presented itself to us there, and I think it is essential that I should state the facts without reference to their particular bearings upon any conclusions which either members or myself draw from them. Some may draw one set of conclusions, and others may draw a different set of conclusions. My business is to state the facts as they appeared to us at Genoa, and I shall do so quite frankly and quite fearlessly, because, unless we get to the realities of the European situation, we shall never clear up that situation. There sat around that table the representatives of thirty-four nations. Over there sat the Russian delegation, representing more human poverty, wretchedness, desolation, hunger, pestilence, horror, and despair than all the other nations represented round that table. That is the first fact to realize. The other fact was this, that without the assistance of the other thirty nations it was hopeless for Russia, whatever its Government, to extricate itself from that pit of squalid misery. The Russian people, a gallant people, a loyal people, a patient people, a people capable of greater heights of unselfish devotion than almost any race in the world, as they demonstrated during the first two or three years of the Great War, when, more particularly on one occasion, they sacrificed themselves in order to save the Allies, but also a people accustomed for generations to obey ruthless and relentless autocracy and a people who, under the lash of despair, could be very formidable to their neighbours.

“ There—it was no use questioning it—sat the men who represent the unchallenged masters, for the time being, of the fate of that formidable, but very distressed, people. The millions of Russia could only be dealt with through them. They could only be brought into contact with the outside world through them. They could only be rescued from hunger and death through them. The treasures of Russia could not be unlocked to the outside world except through them. Peace or war with Russia

could only be made through them, and whether Russia marched forward or retired, whether the 1,500,000 men she has under arms to-day marched, and whether the 4,000,000 men she has in the background, in reserve, would march to-morrow, is a question of whether they obey them or not. That was the first fact that you had to get well into your mind before you began with the business of Russia.

“ There were three alternatives in dealing with the situation with which we were all confronted. It was not a question of which of the three we would prefer. It was a question of which of the three was possible. There was, first of all, the course, which had been tried before and had failed, of using force. That no one suggested at Genoa, whatever their hostility to the present Government. The other was to leave Russia to her fate until she had a more benevolent and acceptable demeanour. The third, which I described to the House the last time as the Pitt policy, the policy of Mr. Pitt, the policy that abhorrence of the principles and conduct of a Government should not preclude relations with it which would enable you to deal with the people under its sway. With regard to the first, I dismiss it. No one discussed it, no one suggested it.

“ I come to the second alternative which we have in our mind, and which we may be driven to adopt, and that is that you should leave Russia alone to her fate. No one put it forward at Genoa, and if I examine it now it is because it is the only possibility left. But I want the House of Commons and the country to realize what it means after the facts which came to our knowledge at Genoa. If you leave Russia to its fate, assuming this Government goes, what next? It is either a question of a more extreme Communist organization or the possibility of a militarist organization. Would a hungry Russia sit quietly whilst her children are dying? That is not the experience of the past. Is anyone ready to

insure the peace of Europe whilst that policy is maturing ? There has been a very great development of insurance recently in this country, but I should like to see a journal which would insure Europe against the risks of that policy for a single year.

“ Now I come to a flash of light which the Conference itself cast upon the sinister possibilities of leaving this question alone. I am referring to the Russo-German Agreement. I am not going to discuss it on its merits. I think it was a great error in judgment ; but what I have to say on that subject I have already said, and I do not think it necessary to repeat it. It was a mistake undoubtedly for Germany, but that is not the aspect of it which I want to bring to the notice of the House of Commons. I am not going to dwell upon the silly forgeries of military conventions, which take no one in. It is not necessary. The effect of that agreement is in itself a portent. Consider for a moment what it means. Here you have two of the greatest nations in the world, whether you regard territory, population, or potential power and resource, both out of favour, each having done something which has discredited it with the other nations of the world—not quite received into the full society of nations, peace signed, a nominal equality, but there was the sense of the superior nations and the inferior nations, the nations that sat above the salt and the nations that sat beneath it. These are the fundamental facts. There may be good reasons in both cases. It is the sort of society treatment of persons who behave discredibly. You felt that in the Conference, and they felt it together. There was a community of misfortune. There was a community of debasement. There was a community of what they regarded as *mala fides*. There was a difficulty as to getting them on to Commissions. Pariahs are more gregarious than paragons. The latter have a sense that they do not require society ; but those on whom discredit falls want society and

friendship. This may ripen into a fierce friendship. What does that mean?

“I want the House thoroughly to understand the possibilities of it. Germany is disarmed, and if necessary you could disarm her still more. I will not say you could take every gun away—you find that difficulty in Ireland—but you could take most. You could render her perfectly impotent; but there is one thing you cannot do, and that is to prevent the rearming of Russia if the nations are driven to despair. Germany cannot re-equip Russia economically. She has not the capital. You need the West. That is not the case with armaments, where you have every natural resource in one country and every technical skill in the other. It is necessary that we should look at all the possibilities of the situation, and it is my sincere hope that no occasion will ever arise which will make it necessary to go back and refer to the warning which I uttered as to the danger of the possibilities of that situation. The average man cannot be excited to hope or fear by the possibility of something happening years hence. It is the business of statesmen to look ahead. That is why I am appealing to the House of Commons, which has responsibility on behalf of a great nation and a great Empire—a responsibility not merely for that Empire, but a responsibility which extends to the whole of Europe—to think as to the dangers lurking in this situation and to provide against them.

“The British Empire Delegation met together to consult upon the whole of these facts, and I must say one word about that. We had the representatives of Canada, Australia, Africa, New Zealand and India. They came into our consultations. There was not a step of any kind taken without previous consultation with them, and the action we took had their unanimous support and was arrived at after the guidance which they gave us. They came to the same conclusions that we did, that it was necessary, in the interests of the peace of the world,

whatever we thought about the Soviet Government—and let me say at once we had no difference of opinion about that—but it is not my business to tell the House of Commons what that view was. It is the Government of another country. If it had been the Government of this country, I know what would have been said. But they came to the same conclusion as we did, that in the interests of the peace of the world, some arrangement with Russia was necessary in order to save the misery in Russia itself, necessary in order to enable Russia to make her contribution to the needs of the world, necessary to enable Russia to help in the swelling of that volume of trade upon which so many millions of people depend for their daily bread, necessary in order to give a sense of stability, necessary above all in order to avert those evils which lurk in the future if nothing is done in order to unravel this tangle of misunderstanding. For that reason the British Empire Delegation, all of us, gave the whole of our strength and our minds day after day to fight the battle of the peace of the world.

“ Now I come to the practical difficulty we experienced in dealing with the Russian problem. Russia needed goods and customers for her produce in the future. We needed produce and customers for the goods that Russia needed for her development. It seemed very simple. There was her need ; here was our supply. Therefore it seemed perfectly simple. There was a seller and there was a buyer ; and yet when you came to deal with it, you found a chasm, deep, wide, impassable, between the man who needed this and the man who could supply it, and the man on the other hand who needed that and the man on the other side who could supply it, a chasm rent by the revolution between the old and the new. The first question was, ‘ Could that chasm be filled ? ’ We said, ‘ Not for a generation.’ The next question is— ‘ Can it be bridged ? ’ That was our problem, and a great engineering problem, because you had to find

foundations for the piers of your bridge in a shallow and shifting channel of mud and quicksands. Without that bridge there is no intercourse between those 120,000,000 of brave, gallant, hardworking people, who are in misery, and Europe, which needs them and is ready to help them.

“ How did this difficulty arise, or, rather, what concrete form did it take? Revolutions on a great scale always carry in their train confiscation of property, and, I am sorry to say, confiscation without compensation. It was our experience in England. We had a religious revolution which was a source of so many calamities. There was the French Revolution, which was accompanied by a wholesale confiscation of the land of France without compensation. In fact, the conservatism of France to-day is rooted in confiscation. In addition to that, there is another feature of revolution, and that is the repudiation of pre-revolutionary obligations. France created a system of peasant proprietorship without compensation, but she did not, at the time, seek credits from the world. Russia with her confiscation, Russia with her repudiation, is coming to the very people whose claim she refuses to pay, and whose property she has confiscated, and she says, ‘ Lend me more.’ They can only get it on the conditions which have been laid down—the restoration of the confidence upon which credit is based. The Russian leaders quite realize this. Whatever else they may be they are men of exceptional ability, and they are men with a knowledge of the outside world. However much they communicate that knowledge to their followers, they certainly know it for themselves. They know that they are not going to get credit from the West upon the basis of confiscation and repudiation of debt. They also know that Russia can never be restored until she gets credit.

“ We had at the beginning of the Conference a close examination of the problem in a two-days’ conversation.

Representatives of France, Belgium, Italy, and my right hon. friend, the Secretary of State for War, and myself had frank and very searching conversations with the leaders of Soviet Russia. They said: 'The revolution is a break with the past, a break with the methods of the past, with the traditions of the past, with the obligations of the past, but we quite realize that Russia cannot be restored economically without the help of systems which are different from our own and systems with which we are at war.' As they put it—The Capitalist system. They said: 'We also know that we cannot get the help of the capitalistic system except upon conditions, and, although we do not abandon any of our principles, we realize that we cannot get the assistance required unless we make terms with the capitalists.' That, roughly, is the position they took up. With regard to debts, money which had been advanced to Russia before the revolution, they were prepared to acknowledge them, and to make arrangements for repayment. What they said was this: 'To ask us now to pay'—I forget what the amount is, but it is a very considerable sum—'or even to pay the interest upon it, is to ask us for something that it would be quite impossible either for us or for anybody to pay. We should be entering into an obligation which we could not discharge, and until Russia is restored economically we can pay nothing.' That is quite true. 'Therefore,' they said, 'the obligations which we enter into will depend upon the assistance which you give us.'

"This country has been in the habit of dealing in the past with defaulting States, and it has always been a condition, whenever a defaulting State comes for further credits, that they should acknowledge their old debts. There has always been a wiping-out of past interests, a postponement of interests in the future, and sometimes a writing-down of the capital amount as a condition of further assistance. That was the proposition they made



Dr. Eduard Benes.
Genova 28. 4. 1922.

Dr. Benes, Foreign Minister Czechoslovakia. Chief Czechoslovakian Delegate.

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there. They said, 'Before we can tell you what moratorium we should require, and how we can repay, we must know, first of all, what you are prepared to do in order to put Russia on a sound economic basis by helping her with credits.' There was a basis there for a business discussion. There was no challenge of principle at all. It was purely a business discussion. The first challenge of principle came in regard to the claims put forward by the Soviet Government for compensation for ruin wrought in the civil war. They said, 'Most of the smashing of property in Russia was done by you.' I am putting simply the proposition which they submitted. They said that the damage was done by Deniken's, Koltchak's and Wrangel's intervention, and they put forward a claim. The House will get a copy of that claim by and by. It is a very interesting document. It is for a trifling £5,000,000,000, which is said to have been the damage done in these various operations. We had to tell them: 'We cannot acknowledge that under any circumstances.' Historically it is an unsound proposition. In past revolutions assistance has been given by other countries to one or other of the parties. Assistance was given by France to the Royalist Party in our Civil War, and undoubtedly that assistance kept the thing going much longer than would otherwise have been the case. Therefore there might have been a bill for reparations against France. Instead of that, I think Cromwell made friends with France as soon as he could get the opportunity. On the other hand, we gave every assistance to the anti-Revolutionary Party in France, and I have never heard of France putting in a bill for reparations against the British Ministry of that date.

"The Russian claim in this respect was one that we could not acknowledge. We were prepared to take into account the fact that Russia was damaged by the civil war, because that is a question which a creditor is not merely entitled to take into account, but is bound to take

into account when he is considering what payment he can expect from a debtor. No doubt hon. members have seen the document of April 15th. It is a very important document, because it represents the first approach between the two parties. First of all we said that we could not accept any liability with respect to compensation, but that we were willing, in view of the serious economic condition of Russia, to write down the claims for money advanced by Governments during the war. That was agreed to by France, Belgium, Italy and ourselves. But we could not accept any claim to be put against the money advanced by any nationals, by any individuals, to Russia, or to acknowledge any counterclaim to be put in its place in regard to damage done to property in Russia, or to property which was withdrawn from Russia. That was the proposition we put forward. There was a letter from the Russian Delegation which was not wholly satisfactory, but the Powers came to the conclusion that it was good enough for us to go on with the discussion.

“As I have already stated, when you come to the question of debts, of loans to Russia in the past, there is no insuperable question of principle which divides the parties. But when you come to property, the division was a much more serious one. I hope the members of the House have got the Cannes Resolutions. The position of the European Powers is very clearly stated in those resolutions, and that statement of the case of Europe against the Soviet Government was never assailed by the Russians during the whole proceedings. They accepted the Cannes Resolutions.

“The first resolution acknowledges the sovereign right of a State to do what it likes within its own territory with property. That was done in Czecho-Slovakia and Rumania. Property was transferred there with a minimum of compensation. We had had complaints from our nationals. We have never been able to interfere

because the sovereign rights of these communities were involved. But in Section 3 we say that although a country has a right to do what it chooses with property inside its own jurisdiction, still if it is seeking credits from the rest of the world it must either restore property or give compensation. That presented difficulties of principle. The Powers were in complete agreement upon this. I will tell you where there was a slight disagreement because a great deal has been made out of it. Our claim in respect of property was framed in the first instance by three of the ablest jurists in Europe. One was M. Fromageot, a French jurist, another, Sir Cecil Hurst, and the other, representing Belgium, a great banker, who is also a most able jurist. Those were the three men who drafted what became known as Clause 7 in respect of property, and the British Empire Delegation accepted their draft. It came before the Political Commission. I want the House of Commons to get these facts. The delegates of France accepted that draft, which was just as much theirs as ours, with the addition of one amendment, which we thought was an improvement, and accepted. There was therefore no difference of opinion between France and ourselves upon the property clause which is embodied in our Memorandum.

“Belgium took a different view. The Belgian jurist had helped to draft the clause. The Belgian representative in the Conference refused to accept it. His view was, the view of the Cannes Resolution was : Restoration or compensation, which is the principle of every civilized Government. If a Government takes land or property away here it must compensate ; it has the full right to do it. The Belgian position was that the property must be restored if it were materially possible. That is not the Cannes Resolution. That was the only difference. France acted with Belgium afterwards, not from a grievance, because they had already accepted the draft, but rather out of general sympathy with Belgium ; but the

whole of the Conference accepted the draft which was prepared by the British, French and Belgian jurists. I thought it necessary to explain that to the House. Fortunately nothing arises out of it, because the Russian Delegation did not accept that document. They put forward a document which is known as the document of May 11th. There they went back a little upon their previous decision. In order to realize why they did so, it is necessary to state one or two facts, because the House cannot judge the Russian situation without understanding what that means.

“ Between the date of the Villa d’Albertis conversations and May 11th the 1st of May intervened. Hon. gentlemen opposite know what that means. It is not very easy to negotiate immediately after the 1st of May, and the same thing happened in Russia. There is no doubt that there has been a great struggle there between the practical statesmen of the Soviet system and the extreme theorists. For some time the more moderate and practical men were on top. Then came the struggle of the 1st of May. There were great demonstrations in Russia, great demands that there should be no surrender, and that was undoubtedly reflected in the action of the Soviet Delegation. It is a great mistake to imagine that autocratic Governments are altogether free from the influence of public opinion, and there is only one public opinion in Russia, not the public opinion of the vast masses of the people. Ninety-five per cent. of the people are indifferent to this system or hostile to it.

“ The only opinion there that matters is the opinion of the workmen in the towns, who represent less than one per cent. of the whole population. But the Soviet system and its power is based upon them. It is not a democracy. It is an oligarchy, and this talk about nationalization in Russia is all humbug. They talk about the great principles of the Revolution. Ninety-five per cent. of the property in Russia is land. Nominally they have

nationalized it ; let them try to take it back. It is as much a peasant proprietary as if the title had been written out, and they know that. I told them so, and they could not challenge it. And they say : We cannot give up the great, sacred principles of the Revolution. The fact is that the vast majority of the Russian people are more individualist than the people of this country, and you have that paradox of a Communist Government speaking in the name of an individualist population, where Communism is known as export beer. It was not really in Russia itself. In the towns you have got it, but you get it much less and less in the towns than it was before.

“ Therefore the difficulty is not a difficulty in practice ; it is a difficulty in principle. You have got theorists there intervening whenever business is discussed. They write documents asking for credits, most of which is taken up with a defence of the doctrine of repudiation. Many among them realize what a foolish document the document of May 11th was. It was so foolish a document, that it could only have been written by a very clever man. If they want credits they must get them where credits are. Suppose they come to float a loan in England and hold a meeting in the Cannon Street Hotel, and M. Tchitcherin delivers an eloquent exposition of the doctrines of the Revolution by way of commending the loan, and says the basis of all revolutionary principles is the repudiation of debts and the confiscation of property. I have no doubt that he would illustrate it with a wealth of historical allusion, which only he himself could command, but that the more powerful the argument the less he would convince, and at the end of it he might have a vote of thanks proposed by my hon. friend opposite (Lieut.-Commander Kenworthy), seconded by Mr. George Lansbury, and that resolution of thanks is the only thing that he would take home in his pocket.

“ These theorists cannot realize the difference between a

logical proposition and a business one. There is all the difference in the world. Men in business know. Therefore they have got to realize that they will not get credit for their business until they command the confidence of the only people who are in a position to give them credits. I should like to ask how many trade unions would have invested their funds on the strength of that document. Up to the time they wrote that document the Russians were discussing business. We had a basis for a business discussion as to amount, moratorium and bonds. Then came May 1st, and they nailed their flag to that barren fig-tree of Communism, under which multitudes are dying of pestilence. But they were themselves anxious to get away as far as possible from that atmosphere and to come to a discussion of the practical difficulties. This is what I was informed—and we were all informed—that it was easier to settle these matters in practice than in principle. If you say to them, 'You must accept this principle,' they say, 'No, we cannot. That is the sacred doctrine of the Revolution.' But if you say to them, 'Well, now, what about that property? Will you restore it?' They say, 'Well, that is another matter.' The Hague Conference is to proceed from a different angle. The Cannes Resolutions are accepted as a basis. Then you come to a practical discussion between experts as to what they are prepared really to do. They state that a vast majority of the properties—and most of our difficulties came over property—can, as a matter of fact, be restored. The real reason is, they do not know what to do with them. They had not the skill; they had not the knowledge; they had not the workmen; and they are most anxious to hand these over to anybody who knows what to do with them. That is the fact of the matter. Most of the properties, I understand, are in a position to be restored, and are ready to be restored.

"Then comes the question what is to be done about the rest. In regard to the rest of the properties they are

prepared to consider compensation in kind of one category or another. I believe they have come nearly to the end of their gold, and what they have is essential to keep the population from starvation. Therefore, payment in gold is something for which we cannot hope. You are dealing with a bankrupt community. What they are prepared to do is to discuss the giving of concessions. Where there have been amalgamations by the State of concerns like the Donetz coal mines, they are prepared to give compensation in the form of shares in the larger combines to the owners of any particular mines; and with regard to the small minority which I am sure will be left, they are prepared to give bonds, which I do not think anyone will regard with very much joy. It is a country of infinite natural resources. These are matters which the property owners will consider, and they will do it with the full knowledge, because they are practical men, that they are dealing with concerns which may not for a great many years to come pay twenty shillings in the pound.

“ These are the things to be discussed at The Hague. Meanwhile also, there will be the question of what credits will be available. They need money for railways, for ports, for machinery, for agricultural implements, for the equipment of their factories and mines, and for the clothing of their people, who are in rags. Those questions will have to be considered very carefully at The Hague in conjunction with the other propositions. I am very hopeful that when we come down to an examination of the practical details something may be achieved. Meanwhile, we are to consider what is to be done in order to prevent conflicts in Europe. There was real danger. The Red Army at the present moment is an army of 1,450,000 men under arms. On January 1st of last year they had 5,000,000 men under arms. Since January 1st the number of men on the frontiers has doubled, according to the reports we have received here. The

reports I received at Genoa were of an even more alarming character. One day the Prime Minister of Rumania came to me and said that a very considerable body of Red troops—I believe he said seven infantry divisions and two cavalry divisions—was massing on the Bessarabian frontier. There has been a considerable increase in the force on the Polish frontier, and I was told that when the attention of M. Tchitcherin was called to it, and he was asked, ‘Why are you massing troops on my frontier?’ the reply of M. Tchitcherin was: ‘Because you are massing troops on my frontier.’ The same thing applies to other parts of the Russian Soviet territory.

“Whether the troops are there for attack or defence does not altogether remove apprehension, because it is the fears of nations that make conflicts. Russia may be afraid of attack from Rumania or Poland, or Poland and Rumania may be afraid of attack from Russia. These fears make conflicts when troops begin to mass and to increase and to march towards each other. That was the position in Genoa. The first thing we had to do, if we were to continue the Genoa examination, was to ensure that the peace of Europe should be maintained during that period. That is why we have the truce of peace, which embodied a solemn declaration on the part of thirty-four nations that they would be guilty of no act of aggression against their neighbours during the period of these examinations, nor would they be guilty of any act of aggression against the institutions of each other during that period. I hope that once the sense of security which comes from a fact of that kind begins to take root the fears which cause wars will be dispelled, and that it will end in a real pact of peace.

“When The Hague Conference takes place it will examine the propositions which are submitted to them. If they make recommendations the Governments will take a month to consider whether they will adopt them. If they are favourable and acceptable, then I hope there

will be a peace which will be permanent. Boundary questions will then be determined, and for the first time you will have peace in Europe. There was nothing more striking at the Genoa Conference than the deep, passionate anxiety of the nations represented there to have peace. Whenever there was anything which looked like a rupture there was an anxiety to prevent it. It is all very well for us here, hundreds of miles away from these things, to feel thankful to have peace, with the sea between us and any trouble. It is a different thing when you look across a passable stream at a country with 1,500,000 revolutionaries under arms and a hungry population behind them. It causes a sense of fear and a sense of insecurity, because each of these countries is a country which has actually seen the marchings of armies within the last six or seven years.

“ I am not going to say whether Genoa will ultimately succeed. I believe it has accomplished great things already. You have had thirty-four nations coming together to discuss their troubles, their difficulties, their disputes and their apprehensions, and making a real effort to arrive at an understanding together, nations which had not met before for years, nations which had been in deadly conflict with each other. If Genoa were to fail, the condition of Europe would indeed be tragic. The channels of international trade would become hopelessly clogged by restrictions and difficulties, artificial and otherwise. Commerce would stagnate in the poisonous national swamps of insolvency. There would be quarrels, suspicions and feuds between nations, ending who knows where in great conflict. But if Genoa succeeds, even partially, great things may be accomplished for the peace of Europe. We have already captured positions from which further advances may be made. We have been working on the battlefields, and on the morrow we can advance. We have established a truce of peace between nations which had armies massing against each other and

advancing towards each other. If we can go further and make an arrangement by the good-will and co-operation of these great nations of Europe, the psychological effect on trade will be immediate and incalculable. It would be like the genial breath of spring on a Continent which has been withered by a long and cruel winter. Trade would burst into life and good-will amongst nations would flourish. That is why the British Empire Delegation are proud that they took a leading part in upholding and fighting for the high ideals which will ever be associated with the great Conference at Genoa."

After certain criticisms and a further reply by Mr. Lloyd George, the House expressed its continued confidence in the Prime Minister and the Government by a vote of 235 against 26. Such a decision would appear to express the general view of the country about the Conference and about the great statesman who proposed it, who defended it throughout against its ill-wishers and secured in the end so large and beneficent a measure of actual and prospective success.

APPENDIX I

The other Cannes Resolutions were as follows :

(b) *Place and Date of Conference.*

The Supreme Council agreed at its meeting held at 11 a.m. on Friday, the 13th January, 1922, that the Genoa Economic and Financial Conference should assemble on the 8th March, 1922, subject to any later adjustment.

(c) *Invitation to Russia.*

The Supreme Council at its meeting held at 6.15 p.m. on Tuesday, the 10th January, 1922, agreed that an invitation should be addressed to Russia in the following terms :

On behalf of the Supreme Council of the Allied Powers I have the honour to transmit to you a copy of a resolution passed by the Allied Powers in conference at Cannes on the 6th January, 1922.

In accordance with this resolution and with reference to M. Tchitcherin's telegram, dated the 8th January, 1922, I hereby formally invite delegates from Russia to attend an Economic and Financial Conference to be opened at Genoa early in March, 1922.

I shall be glad if you will inform me of the names of your delegates and their staff, and on receipt of this information and a statement of the route by which your delegates propose to travel I shall communicate with the interested Governments and inform you of the arrangements made in order to afford them all necessary facilities and safe conduct.

The Supreme Council, conscious that you recognize the importance which it attaches to the assurances and guarantees which it has laid down as indispensable to the useful co-operation of the Allied Powers with Russia in the task of the economic and financial reconstruction of Europe, learns with satisfaction that you propose to send representatives with full powers to take decisions.

(d) *Invitation to the United States of America.*

At its meeting held at 3.30 p.m. on Friday, the 6th January, 1922, the Supreme Council agreed that an invitation to be represented at the Conference should be addressed to the United States of America.

(e) *Invitations to other Countries.*

The following lists show the countries to be invited to the Genoa Conference in accordance with the decision of the Supreme Council taken at its meeting held at 6.15 p.m. on Tuesday, the 10th January, 1922 :

I. The following countries to be entitled to appoint delegates without limit :

1. The Allied Powers represented at the Cannes Conference.
2. United States of America.
3. Germany.
4. Russia.

II. The following countries to be entitled to appoint two delegates each :

- | | |
|---|----------------------|
| 5. The various dominions of the British Empire. | 14. Poland. |
| 6. Spain. | 15. Czecho-Slovakia. |
| 7. Portugal. | 16. Latvia. |
| 8. Norway. | 17. Austria. |
| 9. Sweden. | 18. Hungary. |
| 10. Denmark. | 19. Rumania. |
| 11. Finland. | 20. Jugo-Slavia. |
| 12. Switzerland. | 21. Greece. |
| 13. Esthonia. | 22. Bulgaria. |
| | 23. Holland. |

III. The following country to be entitled to appoint one representative :

24. Luxemburg.

(f) *Outline Agenda.*

The following outline agenda was approved by the Supreme Council :

1. Examination of the methods of putting into practice

the principles contained in the resolution reached at Cannes on the 6th January, 1922.

2. The establishment of European peace on a firm basis.

3. Essential conditions for re-establishment of confidence without injury to existing treaties.

4. Financial subjects.

(a) Currencies.

(b) Central banks and banks of issue.

(c) Public finance in relation to reconstruction.

(d) Exchanges.

(e) Organization of public and private credit.

5. Economic and commercial subjects.

(a) Facilities and guarantees for the import and export of commercial products.

(b) Legal guarantees for the re-establishment of commerce.

(c) Protection of industrial property and copyrights.

(d) Status of consuls.

(e) Admission and position of foreigners in regard to the conduct of business.

(f) Technical assistance to industrial reconstruction.

6. Transport.

(g) *Detailed Agenda and Resolutions.*

The Supreme Council at its meeting held at 11 a.m. on Friday, the 13th January, 1922, appointed the following Committee to prepare the detailed agenda and draft resolutions for the Genoa Conference :

Belgium Viscount Davignon.

British Empire Sir Maurice Hankey.

France M. Seydoux.

Italy Signor Jung.

Japan M. Tokugawa.

(h) *Press Notice.*

A Ministerial Committee issued to the Press on the 11th January, 1922, a notice explaining the objects and proposed procedure of the Genoa Conference. This Press notice is reproduced in the Appendix to this paper.

INTERNATIONAL CORPORATION.

(a) Resolution of the Supreme Council.

The following is the text of a resolution passed by the Supreme Council at its meeting held at 6.15 p.m. on Tuesday, the 10th January, 1922 :

The Supreme Council approves the establishment of an International Corporation with affiliated National Corporations for the purpose of the economic reconstruction of Europe and the co-operation of all nations in the restoration of normal prosperity, and agrees that a Committee shall be immediately constituted, composed of two British, two French, two Italian, two Belgian representatives and a Japanese representative, with power to add representatives of other countries :

1. To examine the project in detail ;
2. To conduct any necessary preliminary investigations ;
3. To proceed with the organization of the proposed Corporation and affiliated Corporations with a view to its beginning operations at the earliest possible moment ;
4. To report to the Genoa Conference on the progress made ;
5. To make any recommendations to any of the Governments concerned or to the Genoa Conference which, in their view, are likely to assist the purposes of the Corporation or of the Genoa Conference.

The Governments represented on the Council undertake to provide immediately in equal shares £10,000 for the work of the Organizing Committee, and to give all the support and assistance in their power to the Organizing Committee and to the Corporation when formed.

(b) Preliminary Meeting of the Organizing Committee.

The Supreme Council at its meeting held at 11 a.m. on Friday, the 13th January, 1922, came to the following decision :

That a preliminary meeting of the Organizing Committee of the International Corporation for the re-establishment

of better economic conditions in Europe should be held in London in eight or ten days' time, invitations to be issued by the British representatives. The names of the representatives (Belgium, France, Italy and British Empire two each, and Japan one) to be communicated to the British Secretary, 2, Whitehall Gardens, London, S.W.1.

PRESS NOTICE REGARDING THE GENOA CONFERENCE.

The Supreme Council have to-day agreed upon the subjects to be discussed at the Conference which is to be called at Genoa early in March, in order to facilitate the economic revival of Europe.

General Objects and Conditions.

The published resolution of the Council of the 6th January explains the reasons which in the unanimous opinion of all the nations represented on the Council make necessary a united effort by all European countries to restore the economic life of Europe and to remove the obstacles which at present impede it, and the fundamental conditions of such a combined effort. These include the recognition by all countries of their public debts, and compensation for loss or damage caused by the action of Governments; financial and currency conditions which offer reasonable security for trade and peace amongst nations. Among the essential objects of the Conference will be the consideration of the practical measures required to give effect to these principles, and in particular to secure, without injury to the provisions of existing treaties, the essential conditions for the re-establishment of confidence between nations without which international commerce cannot revive.

Peace.

The first condition which is of prime importance in the reconstruction of Europe is to establish the relations of all the countries on the basis of a stable and enduring peace.

Financial Subjects.

The Conference will also discuss the financial conditions which impede revival and the financial measures which might assist it ; in particular the financial situation in the several countries in relation to the task of reconstruction ; the rapid variation in the amount and purchasing power of the national currencies ; the violent fluctuations in the relative value of the currencies of different countries as reflected in the exchanges, and the bearing upon these problems of the position and status of central banks and banks of issue. The Conference will examine the conditions under which public or private credit can best be made available for the work of reconstruction.

Economic Subjects.

The obstacles to revival, however, are economic as well as financial. The Conference will therefore consider how the existing impediments to the free interchange of the products of different countries can be removed, in particular by the abolition, as rapidly and completely as possible, of such new impediments as have resulted from post-war conditions. The improvement and development of the transport system will engage special attention ; and among other questions which might be usefully examined are the security afforded by the laws and by the legal systems and commercial documents in the different countries ; the provision of expert and technical assistance by countries specially qualified to give it ; the position of consular officers ; the protection of copyrights ; and the regulations governing the admission of foreigners for the purpose of carrying on business.

11th January, 1922.



Viscount Ishii, Japanese Ambassador in Paris. Japanese Delegate to Conference

APPENDIX II

AIDE-MEMOIRE OF STATEMENT MADE BY MR. LLOYD GEORGE
ON BEHALF OF THE BRITISH GOVERNMENT TO M. BRIAND,
CANNES, *January 4th*, 1922.

“The British Government strongly desire that the Cannes Conference shall lead to definite results which will be approved by French and British sentiment and also by the opinion of Europe as a whole. In their judgment the indispensable condition of such success is a close preliminary understanding between the French and British Governments.

“Public opinion is undeniably anxious and disturbed both in Great Britain and in France. Questions in which both countries are deeply interested are rightly believed to be at stake. There is a general feeling that some of the fundamental objects of the peace have not yet been achieved. The recovery of Europe is delayed beyond expectation. The disappointment of the peoples provokes irritation, and irritation leads to misunderstanding and controversy. These have been reflected throughout Europe and even beyond Europe with unhappy results.

“The failure of the Cannes Conference would therefore re-act with very bad effect on the relations of the two countries. Indeterminate or provisional decisions would be regarded as tantamount to failure, and would inevitably accentuate the divergence between French and British sentiment which has lately made itself felt. Europe would regard any such consequence with dismay, since its peoples realize that a close understanding between the British Empire and France is not only an essential part of the Entente between the Allies but indispensable to European welfare and the peace of the world. The British Government desire to make it plain at the Cannes Conference that

the British Empire and France stand together as firmly in the issues of peace as in the ordeal of war.

“ In their opinion this is not to be secured by any piecemeal treatment of the questions by which the Conference is faced. On the contrary, they consider it absolutely necessary that the problem should be treated as a whole ; and with this object in view, they desire to state the position of both countries, as they see it, at the present time.

“ In their opinion there are two principal reasons for anxiety in France.

“ In the first place, French opinion is disquieted on the subject of reparations. France is endeavouring to repair her devastated area, and is obliged to advance great sums, which make a formidable gap in her budget, for that purpose. This expenditure should and must be met by Germany ; but in spite of settlement after settlement, satisfactory reparation by Germany is always postponed.

“ In the second place, French opinion is naturally anxious about the future safety of France. She has been invaded four times in a hundred and twenty years, and in spite of the losses of man-power suffered by Germany in the war and under the peace, France has still a population twenty millions less than that of the German Empire. Germany, moreover, possesses in the surviving soldiers of the Great War five million men trained to arms, and amongst them a very powerful corps of officers and non-commissioned officers. It is true that Germany has been deprived of nearly all her arms and equipment, but France cannot overlook the possibility that this deficiency may, by one means or other, be made good. It is therefore essential to her that the discrepancy between French and German man-power should be made up in such a way as to guarantee her soil from another devastating war.

“ In Great Britain there is also grave cause for anxiety and discontent. Britain is a country which lives by its exports, and its trade has been devastated as terribly as the soil of France. The consequences in human suffering and priva-

tion are very serious. Nearly two millions of the British working class are unemployed, and their maintenance costs the country nearly £2,000,000 a week.

“This burden falls upon a community more heavily taxed than any other in the world and more hardly hit than France by the economic consequences of the war.

“France is in this way more fortunately situated than other European countries. Owing partly to the large proportion of her population which lives upon the land, partly to the stimulus given to internal production by the needs of her devastated area, and partly also to the fact that the arrested condition of emigration to extra-European countries affects her population much less than those which sent large numbers of emigrants oversea before the war, she is suffering less than others from unemployment and from the collapse of international trade.

“The other peoples of Europe are, however, suffering deeply from the same causes as the British people. In Italy and Belgium unemployment is serious. Italy is very dependent upon foreign trade, and has a greater population to employ than before the war. Belgium is a food importing country, dependent upon the European markets for 80 per cent. of her export trade. In Central, Eastern and South-Eastern Europe, the collapse and confusion of the normal processes of economic life are even more marked. Millions are living in conditions of bitter privation and misery. Even where inflation has given employment and good wages to the working class, the relief is temporary and reaction certain, unless measures are taken in time. Those dependent on small fixed incomes are suffering still more.

“Russia, a fertile source of raw material and food before the war, is now in the grip of famine. Millions are faced with starvation in her great corn-growing lands. In the cause of humanity and in the cause of their own welfare, to which the revival of Russia is indispensable, the European peoples should strive to find some remedy for Russia's present state, but they have hitherto looked on impotently, not knowing

what to do. In the long run, the civilization of Europe must suffer profoundly from such impotence. In its present state, it is moving fast towards social and economic catastrophe.

“Profoundly, therefore, as her own interest is engaged in the economic reconstruction of Europe, Great Britain appeals in no selfish spirit for the co-operation of all the Allies in that great human cause. It must be undertaken here and now. There is an awful aggravation of human misery, and in some of the parts of Europe an increasing menace to civilization itself, in every month of delay.

“The problem before Great Britain and France is how to meet their respective necessities by common action. These must be met as a whole. Complete frankness between the statesmen of both countries is essential if the problem is to be effectively solved. Great Britain fully recognizes France’s ground for anxiety, and desires to do all in her power to allay it, but she cannot agree to postponing the question of the reconstruction of Europe, while meeting France’s desires in regard to her reparations and her security. In order to give satisfaction to French needs, the British Government must be able to tell the British people that the two countries are marching together to restore the economic structure and the general prosperity of the world.

“With regard to reparations, His Majesty’s Government are prepared to abide, so far as they are concerned, by the arrangements reached in London under which France would reap considerable advantages while Britain would make considerable sacrifices. They believe that this arrangement will meet the essential claims of France until such time as a wider financial settlement can be attained—perhaps in two or three years.

“With regard to the safety of France against invasion, Great Britain will regard this as an interest of her own and is therefore prepared to undertake that in the event of unprovoked German aggression against French soil the British people will place their forces at her side. There will be a double value in this guarantee, since it will not only safeguard

France in the event of German attack, but will make any such attack extremely improbable. It is not likely that Germany would have attacked in 1914, had she realized the great forces which the British Empire would throw into the war. In 1914 Germany credited Great Britain with only six divisions. She knew little or nothing of the character and resources of the British Commonwealth. She is wiser now, for she knows that, instead of six divisions only, the British Empire was maintaining 400,000 men in the field in France by the end of the first year of the war. These numbers rose rapidly afterwards, and during the last two years the Empire maintained a strength of 2,000,000 men in France and Flanders despite a heavy drain of casualties. Great Britain called out a total of 6,211,427 men for military service by land, sea and air. The self-governing Dominions, India and the Colonies called out 3,284,943. The total strength thrown by the British Empire into the war was nearly 10,000,000 men. The losses in killed, wounded and missing were 3,266,723. The killed numbered 947,364.

“ It is inconceivable that Germany should forget these facts or their significance as a guarantee of French soil. What the British Empire did once for civilization, it will, if need be, do again. The great reserves of trained officers and men which it inherits from the Great War will be available as long as Germany's own. The vast equipment manufactured for the war will be available in Great Britain for at least a generation, whereas that of Germany has been taken away wholesale by the Allies.

“ If, therefore, Germany is certain that the British Empire will stand by France in a future war, she will not be tempted to keep alive any dreams of revenge. It is of great importance to divert the German mind from any such ambitions as well as to provide for the defeat of those ambitions should they mature. The British Government believe that both objects will be met by an undertaking that the two nations will stand together against an unprovoked attack upon French soil by Germany, and that such an undertaking

must ripen and strengthen the friendship of the two nations as years go on.

“ There are two ways in which this mutual undertaking could be given.

“ The first is by means of an offensive and defensive alliance. Though such an alliance might seem desirable to France, it would in reality not serve her interests well, because such alliances are contrary to British tradition. The British people understand the claim of France to be guaranteed against invasion of her soil ; but they would not willingly be committed to military liabilities for breaches of the peace elsewhere. Participation in military enterprises in Central and Eastern Europe they would not contemplate. An alliance involving, or even appearing to involve, any such responsibility would not carry the whole-hearted concurrence of the British people. On the contrary it would be strongly opposed by large sections of the community in all parties, and would therefore not be as valuable to France as an undertaking in another form.

“ The second alternative is a definite guarantee that the British Empire and France will stand together in the event of unprovoked aggression by Germany against French soil. This alternative was discussed at the Imperial Conference last summer, and it is probable that the opinion of the Empire would support that of Great Britain in giving such a guarantee to France. It would, therefore, have far greater weight, for it would, the British Government believes, carry with it the whole-hearted opinion, not of Great Britain alone, but of the Dominions. The real danger to France is from German invasion. She cannot be invaded by any other nation. A guarantee against German invasion secures her safety beyond doubt. This, therefore, is the alternative, which His Majesty's Government prefer to adopt. They propose the draft Treaty between Great Britain and France attached to this memorandum as the form of engagement best calculated to protect the common interests of both Powers in Western Europe.

“ In order, however, that effect may be given to it, it is necessary that the Treaty should be accompanied by a complete Entente between the two countries. This was the basis of the agreement of 1904, which gave France the support of Great Britain in the war, and it is equally essential now.

“ His Majesty’s Government consider that the first condition of a true Entente is the avoidance of naval competition between the two countries. With regard to submarines they fully understand that the divergence of French and British views on the subject may be due to different ideas of the uses which submarines can serve. The British opinion, however, based on four years’ war experience, is that submarines are effective only against merchant ships and are ineffectual otherwise as instruments either in attack or defence. British opinion would inevitably insist on a heavy programme of anti-submarine craft if the French submarine programme were carried out, and the two countries would thus be launched on a course of competitive naval construction. The British Government cannot disguise the fact that any such development would re-act very seriously on British sentiment towards France, and French sentiment towards Great Britain. Britain’s sea communications are to Britain what France’s eastern frontier is to France. Naval competition in any form between Great Britain and France would corrode goodwill. His Majesty’s Government, therefore, propose as the condition of the Treaty and Entente which they contemplate that the Admiralties of the two countries shall confer together regarding their naval programmes in order that all competition in shipbuilding may be avoided between them.

“ The British Government also strongly desire that France shall co-operate whole-heartedly with Great Britain in the economic and financial reconstruction of Europe.

“ They, therefore, look for the agreement of France to the immediate summoning of an Economic Conference at

which all the Powers of Europe, including Russia, would be represented. The economic collapse of Central, Eastern, and South-Eastern Europe is now the most serious factor in the paralysis of European trade; and it cannot be remedied unless the produce and the markets of Russia are once more made available to the world. The presence of the real leaders of Russia is therefore necessary, in the opinion of the British Government, to the success of such a conference. No useful object is served by forwarding conditions in writing to Moscow. It is most important to deal, if possible, direct with the heads of the Russian Government, and the Conference should be held as soon as possible at the most suitable centre for that purpose.

“ In order to trade with Russia, certain assurances and guarantees are essential.

“ It should be pointed out that while nations can claim no right to dictate to each other regarding the principles on which they are to regulate their system of ownership, internal economy and government, foreign capital cannot be made available to assist a country until foreign investors are assured that their property and their rights will be respected, and the fruits of their enterprise secured to them. The sense of security cannot be re-established unless the Governments of countries desiring foreign credit feely undertake :

“ (a) To recognize all public debts and obligations, as well as the obligation to restore or compensate all foreign interests for loss or damage caused to them when property has been confiscated or withheld.

“ (b) To establish a legal and judicial system which sanctions and enforces commercial and other contracts with impartiality.

“ Finally, an adequate means of exchange must be available, and, generally, there must be financial and currency conditions which offer sufficient security for trade.

“ His Majesty's Government would also lay down the two following principles :

“ 1. All nations should undertake to refrain from propaganda subversive of order and the established political system in other countries than their own.

“ 2. All countries should join in an undertaking to refrain from aggression against their neighbours.

“ His Majesty's Government have indicated the importance of agreement upon naval construction, because they consider it indispensable to that complete Entente between Great Britain and France which they desire to maintain. In the same spirit they would desire to clear away all questions on which controversy between the two countries is possible.

“ It is essential, for instance, that peace in the Near East shall be restored, and that there shall be absolute agreement between France and Great Britain as to the Allied policy to be pursued. The same consideration applies to other important points at issue in foreign affairs, which have hitherto, in some measure, impeded a complete understanding.

“ The time has passed when statesmen could pledge their countries to engagements without full regard to the popular sentiment which they represent. In order that the Treaty of Guarantee proposed should be of lasting value to both countries, it is essential that the democracies of the British Empire and the French Republic should feel assured that they are guided by similar purposes and harmonious ideals. All questions, therefore, should be cleared away which may be capable of dividing the sentiment of the two countries and marring their accord. His Majesty's Government are confident that there are no outstanding questions which cannot be solved in a manner satisfactory to both Governments and that the Treaty of Guarantee between the two countries may thus be sealed and confirmed by a complete and a durable Entente.

“ It is, moreover, their particular desire that this Entente between Great Britain and France, so far from excluding other nations, should form the basis of a wider scheme of

international co-operation to ensure the peace of Europe as a whole. They look confidently to what can be accomplished by collaboration between the Allies in this purpose. The last of the conditions laid down in this Memorandum as the basis of the proposed Economic Conference propounds a simple condition of international accord :

“ ‘ That all nations should join in an undertaking to refrain from aggression against their neighbours.’ The hope of Great Britain is to secure this undertaking from all the nations of Europe without exception.

“ It is essential that the division of the European nations into two mighty camps should not be perpetuated by narrow fears on the part of the victor nations or secret projects of revenge on the part of the vanquished. It is essential that the rivalries generated by the emancipation of nations since the war should be averted from the paths of international hatred and turned to those of co-operation and goodwill. It is essential, also, that the conflict between rival social and economic systems which the Russian revolution has so greatly intensified should not accentuate the fears of nations and culminate in international war.

“ If the conditions created in Europe by these new rivalries and divisions are not wisely handled by co-operation between the Powers, peace can only be short-lived, and Europe will be plunged by the coming generation into another fierce struggle, which may overwhelm its civilization in even completer ruin and despair. It is for the Allies, to whom the war has bequeathed a position of vast responsibility and far-spreading power, to stand together against this menace, to combine their influence in averting it, and to make sure that in the heart and will of their own peoples, who fought and bled for civilization, the cause of civilization prevails. Great Britain, therefore, offers to France and Italy her intimate and earnest co-operation in building up a great system of European accord, which will put the maintenance of peace between nations and the reduction of national armaments in the forefront of its

aims ; for only so in their belief will Europe secure that sense of safety amongst nations, great and small, which through the many centuries of its political history it has never yet attained. If the Economic Conference is agreed to, it will create an opportunity for the great Allied Powers—France, the British Empire and Italy—to inaugurate an era of peace in their own Continent whose war-sodden fields record a history more terrible than that of any other continent of modern times.

“ DRAFT OF ARTICLES OF PROPOSED TREATY BETWEEN THE GOVERNMENTS OF THE BRITISH EMPIRE AND THE FRENCH REPUBLIC.

“ I. In the event of direct and unprovoked aggression against the soil of France by Germany, Great Britain will immediately place herself at the side of France with her naval, military and air forces.

“ II. The High Contracting Parties reassert their common interest in Articles 42, 43 and 44 of the Treaty of Versailles,* and will consult together should any breach of them be threatened or any doubt arise as to their interpretation.

“ III. The High Contracting Parties undertake further to concert together in the event of any military, naval or air measures inconsistent with the Treaty of Versailles being taken by Germany.

“ IV. The present Treaty shall impose no obligations

“*Articles 42, 43 and 44 read as follows :

“ Article 42.—Germany is forbidden to maintain or construct any fortifications either on the left bank of the Rhine or on the right bank to the west of the line drawn 50 kilo. to the east of the Rhine.

“ Article 43.—In the area defined above the maintenance and assembly of armed forces, either permanently or temporarily, and military manœuvres of any kind, as well as the upkeep of all permanent works for mobilization, are in the same way forbidden.

“ Article 44.—In case Germany violates in any manner whatever the provisions of Articles 42 and 43, she shall be regarded as committing a hostile act against the Powers signatory of the present Treaty, and as calculated to disturb the peace of the world.”

upon any of the Dominions of the British Empire unless and until it is approved by the Dominion concerned.

“ V. This Treaty shall remain in force for a period of ten years, and shall, if approved by both parties, be renewable at the end of that period.

“ *Cannes,*

“ *13th January, 1922.*”

APPENDIX III
PRELIMINARY MEETINGS FOR THE GENOA
CONFERENCE

EXPERTS' REPORT

The economic and financial experts of the Powers responsible for the summoning of the Conference at their meeting for the exchange of views, after examining together a number of suggestions and schemes, have prepared draft resolutions embodying the ideas and proposals which met with general acceptance.

The drafts are set forth in the pages of this report, arranged under the following headings :

PART I

RUSSIA

Section I.—Preamble.

Section II.—Conditions under which foreign enterprise and capital can be enlisted for the restoration of Russia.

Chapter I.—Liquidation of past obligations.

Chapter II.—Provisions for the future.

Section III.—Measures by which the speedy recovery of Russia would be facilitated.

PART II

RESTORATION OF EUROPE

Section I.—Financial provisions.

Section II.—Economic provisions.

Section III.—Transport provisions.

PART I

RECONSTRUCTION OF RUSSIA

SECTION I

PREAMBLE

The question of Russia has been approached both from the point of view of what is equitable and from the point of view of what is necessary for the economic restoration of Russia.

The economic restoration of Russia is largely dependent upon her enlisting the support of foreign enterprise and capital. Without a considerable transformation of the prevailing conditions which affect particularly trade and industry foreigners will be reluctant either to return to their former undertakings or to start fresh undertakings. So long as precarious and unstable conditions continue, only speculators will be willing to venture on trade, and there is a fear that the chief result would be not the reconstruction but the exploitation of Russia and the Russian people, which it is the purpose of the Governments represented at Genoa to avoid.

Effective co-operation between Russia and other European countries will be difficult to realize unless a determination is shown in Russia to set to work wholeheartedly to restore the economic life of Russia. The foundation is agriculture, and here no less than elsewhere security both in respect of holdings and of the disposal of crops is an essential pre-requisite of revival. Once this security is realized there is no doubt that foreign help will be forthcoming in the shape of agricultural implements and loans.

In the industrial sphere it is even more apparent that revival cannot be expected in the absence of foreign assistance and capital, which will only become available when the goodwill and co-operation of the Russian Government can be relied upon. Active measures will be necessary for the protection and liberty of action of employers, their employees, and for the protection of their industrial operations and their capital, combined with the right to hold the movable and

immovable property necessary for the conduct of business and with the liberty to import what is requisite and to dispose of the products of their undertakings. Much the same may be said of transport, in which case foreign firms will have to be relied upon for the furnishing of material and plant, including fresh rolling stock, and the setting-up of repair shops ; and it needs no emphasis that the reorganization of transport is essential to the industrial and agricultural recovery of Russia.

The question of the instrument by which effect could be given to these conditions and to contingent provisions has not been considered, nor the relation of any such instrument to existing trade agreements with Russia. These with certain other questions have been reserved as political. Indications are given in the drafts which follow of some of the points reserved.

SECTION II

Conditions under which foreign enterprise and capital can be enlisted for the restoration of Russia.

The Section is divided into two chapters :

Chapter I.—Liquidation of past obligations.

Chapter II.—Provisions for the future.

CHAPTER I

NOTE.—It will be understood that the proposals drafted relating to claims (Articles 1—7 and the Annexes) are without prejudice to any advice which Governments may think fit to obtain from the parties interested in the settlement, whether as being entitled under contracts with former Russian Governments or as having suffered loss since the events of 1917.

Article 1. The Russian Soviet Government shall accept the financial obligations of its predecessors, viz., the Imperial Russian Government and the Russian Provisional Government, towards foreign Powers and their nationals.

NOTE.—The question whether the title "Russian Soviet Government" applies only to the Soviet Government at Moscow or should include all other Soviet Governments in

Russia is a political one which it is for the Governments to decide. Similarly, no precise definition is attributed to the words "Russia" and "Russian."

The same applies to the question whether, and, if so, to what extent, new States which have been recognized as such and which were formerly part of Russia, as well as States which have acquired part of the former territory of Russia, should undertake part of the obligations dealt with in these provisions.

Article 2. The Russian Soviet Government shall recognize the financial engagements entered into before this date by all authorities in Russia, provincial or local, or by public utility undertakings in Russia, with other Powers or their nationals, and shall guarantee the fulfilment thereof.

Article 3. The Russian Soviet Government shall undertake liability for all actual and direct losses, whether arising out of breach of contract or otherwise, suffered by nationals of other Powers, due to the action or negligence of the Soviet Government or its predecessors or of any provincial or local authorities, or of an agent of any such government or authority.

Article 4. The liabilities under the preceding Articles will be determined by a "Russian Debt Commission" and by "Mixed Arbitral Tribunals" to be set up. A scheme for the establishment of these bodies is contained in Annexes I. and II. They shall determine the amount and method of payment to be made, whether by way of compensation or otherwise, as laid down in Annexes I. to III.

Article 5. All inter-governmental debts, liabilities and obligations of every sort which arose between the Russian Government on the one hand and a foreign Government on the other hand after August 1st, 1914, shall be considered to be completely discharged by the payment of the net sums laid down in a schedule to be agreed.

Article 6. Without prejudice to the provision of Article 116 of the Treaty of Versailles, the net sums fixed under Article 5 shall take into account all claims by Russian nationals for loss or damage arising directly from hostile military or naval

operations, or from other operations of a similar nature and any other claims specified at the time of the adoption of the schedule referred to in Article 5.

Article 7. Balances standing to the credit of a former Russian Government in any bank situate in a country the Government of which made advances to a former Russian Government between August 1, 1914, and November 7th, 1917, shall be transferred to the Government which made the advances and the liability of the Russian Soviet Government in respect of the advances shall be *pro tanto* reduced.

The transfer provided for in the preceding paragraph shall not prejudice the rights of third parties.

This Article shall also apply in the case of any country the Government of which has assumed responsibility for any Russian Government loan floated in that country in the period named.

ANNEXES

NOTE.—With regard to the security on which the Russian debt is in future to be charged, two solutions have been put forward by different delegations. They are shown, where necessary, in parallel columns in Annexes I. to III. Agreement has not been arrived at in favour of either of these two solutions or of any of the numerous intermediate solutions which might be devised.

ANNEX I

RUSSIAN DEBT COMMISSION

1. A Russian Debt Commission shall be established consisting of members nominated by the Russian Government and members nominated by the other Powers, together with an independent Chairman chosen from outside by agreement among the other members, or, in default, named by the League of Nations, either through the Council or through the Permanent Court of International Justice.

2. The Commission will have the following functions :

(a) To constitute and prescribe the procedure of the Mixed Arbitral Tribunals, to be set up in accordance with

the provisions of Annex II., and to issue such instructions as may be necessary in order to secure uniformity in their proceedings.

(b) To issue new Russian Bonds in accordance with the provisions of Annex II. to persons entitled thereto, under awards of the Mixed Arbitral Tribunals, to holders of existing State bonds and other bonds and stock for which the new Russian Bonds are to be given in exchange, and to persons entitled thereto in respect of funded interest and repayment of capital. The rate of interest adopted for the purpose of calculating the present value of claims shall be the same as that prescribed under Annex III., paragraph 2.

(c) To determine all questions arising out of the issue, rates of interest and terms of redemption of the new Russian Bonds referred to in paragraph (b).

(d) nil.

(d) To determine, if necessary, among the revenues of Russia, those which should be specially assigned to the service of the debt, for example an allocation of certain taxes or of royalties or dues upon undertakings in Russia.

Should occasion arise to control, if the Commission thinks fit, the collection of all or part of these assigned revenues, and to deal with the proceeds.

These assignments and this control (if imposed) should cease as soon as the Russian debt service appears adequately assured by the inclusion of the appropriate sums in the Russian budget.

ANNEX II

DETERMINATION OF CLAIMS

1. The liabilities of the Russian Government under Articles 1 to 3 shall be assessed in accordance with the following principles :

2. The responsibility for claims provided for in Article 3 shall be determined by the Mixed Arbitral Tribunals in accordance with the provisions of this Report and in default with the general principles of International Law.

3. Russian Government bonds in foreign currencies will be revived with all the conditions of the contract, but interest and repayment of capital due from the date when payments ceased until (November 1st, 1927) will be funded,

and the bonds will be secured
in the same way as the new
Russian Bonds in accordance
with Annex III., 5.

4. Provincial, Municipal, Railway or Public Utility Bonds in foreign currencies will be revived with all the conditions of the contract, but interest and repayment of capital due from the date when payment ceased until (November 1st, 1927) will be funded. All such bonds shall be guaranteed by the Soviet Government whether guaranteed by any former Government of Russia or not,

and the bonds will be secured
in the same way as the new
Russian Bonds in accordance
with Annex III., 5.

5. Russian Government Rouble Loans or Provincial, Municipal, Railway or Public Utility Bonds issued in roubles will, if proved to have been continuously in foreign ownership since the date of repudiation by the Russian Government, be exchangeable into new Russian Bonds.

The present value of the obligations in respect of capital and interest embodied in the original bond, in so far as they

have not been fulfilled, shall first be calculated in roubles, and then converted into the foreign currency at the rate determined in paragraph 16. The present value of the new bond should be equal to the present value in the foreign currency of the original bond, interest being calculated at the rate to be prescribed under the provisions of Annex III., 2.

6. New Russian Bonds will be issued in respect of funded interest and capital due for repayment between the date when payment ceased and (November 1, 1927).

7. Claims not provided for under Paragraphs 3 to 5 of this Annex in respect of injury to property, rights and interests shall, subject to any agreements between the Soviet Government and such of the other Powers as may be concerned, be dealt with on the following principles:

Claimants will be entitled to demand the return of the property, rights and interests.

If the property, rights or interests are still in existence and capable of identification, they will be returned and compensation for their use or for injury thereto during the dispossession will in default of agreement between the Soviet Government and the private party concerned be settled by the Mixed Arbitral Tribunals. Agreements for concessions in relation to public utility undertakings shall be modified so as to be brought into harmony with present economic conditions, for example as regards charges, duration of concessions and conditions of operation.

If the property, rights and interests are not still in existence or cannot be identified, or the claimant does not desire their return, the claim may by agreement between the Soviet Government and the private party concerned be satisfied either by the grant of similar property, rights or interests, coupled with compensation to be agreed, or failing agreement to be fixed by the Mixed Arbitral Tribunals, or by any other agreed settlement.

In all other cases claimants shall be entitled to compensation on a monetary basis to be fixed by the Mixed Arbitral Tribunals.

NOTE.—In the opinion of the experts it may be necessary to add some condition in the case of claims for destruction, loss or damage of property, rights or interests which were acquired subsequent to the events of 1917. It might be desirable to give the Mixed Arbitral Tribunals a discretion, in some cases at any rate, to take the matter into account when they are satisfied that the price at which the property was acquired renders payment of compensation on the basis of the full value of the property inequitable.

8. The tribunal in assessing compensation shall take account primarily of the actual value in roubles of the property, rights or interests at November 1st, 1917, but may make allowance for any temporary and special circumstances which may at that time have materially affected the value.

9. Where a debtor is entitled, or if he had been a national of one of the other Powers, would have been entitled, to claim compensation under Chapter I., the creditor may (whether the debtor has claimed compensation or not) make a direct claim against the Soviet Government in respect of the loss arising from his unpaid debt instead of against the debtor.

Any property restored in accordance with paragraph 7 shall be subject to any charges or obligations attaching thereto upon November 1st, 1917, without prejudice to the rights of creditors to make a direct claim against the Soviet Government.

10. Any liability met by the Soviet Government under the preceding paragraph will be set off against the compensation payable to the debtor; but if the Soviet Government has already paid the compensation to the debtor, it may recover from the debtor the amount paid to the creditor, but the liability of the former may be discharged in new Russian Bonds.

11. Russian financial, industrial and commercial companies which on November 1st, 1917, were controlled by nationals of other Powers, or in which at the same date such nationals possessed a substantial interest, shall, if the majority of the foreign interests (shareholders and bondholders) so desire,

be covered by the term " Nationals of other Powers " wherever used in Chapter I. and the Annexes.

12. In cases in which a claim is not made under the preceding paragraph or other provision of this Chapter or its annexes, any national of the other Powers who is a shareholder in any Russian Company whatever may claim compensation in accordance with Article 3 for the injury done to his holding in the company.

13. Claims, excluding those referred to in paragraphs 3 to 5 above, but including claims for monetary compensation arising from death or personal injury, shall be referred by the Commission for adjudication and assessment on a monetary basis as promptly as possible by Mixed Arbitral Tribunals.

14. All claims shall be registered with the Russian Debt Commission, and options shall be exercised within one year from the establishment of the Commission or such longer period as may be permitted by the Commission for particular cases or classes of cases. The Russian Soviet Government shall not be liable in respect of any claim not registered within the prescribed period.

15. No claim shall be recognized in respect of rights which had ceased legally to exist before March, 1917.

16. The rates of conversion between paper roubles and the various foreign currencies will be fixed by the Russian Debt Commission at the time of issuing the new Russian Bonds. For this purpose the Commission will first ascertain the average gold value of the rouble in October, 1917, and will then calculate the equivalent of that gold value in each of the foreign currencies at the time of the issue of the bonds.

17. Interest at the rate prescribed under paragraph 2 of Annex III. shall accrue as from November 1st, 1917, on all amounts awarded by the Tribunal.

ANNEX III

NEW RUSSIAN BONDS

1. All accepted claims for monetary compensation against the Russian Soviet Government will be met by the issue of new Russian Bonds up to the amounts fixed by the Mixed Arbitral Tribunals. The terms of issue of the bonds, together with all questions arising out of the conversion of existing bonds, and out of the new issues, will be determined by the Russian Debt Commission.

2. The Bonds shall carry a rate of interest to be determined by the Russian Debt Commission. They shall be free both as to interest and capital from all Russian taxation both present and future and shall be subject to redemption by annual drawings.

3. In general the bonds will be expressed in the currency of the holder's country. Nevertheless the Debt Commission may allow him, if he so requests, to take bonds in the currencies of certain specified countries.

4. In order to determine the value of the bonds for any payment under these provisions the bonds shall be discounted at the rate of interest prescribed under paragraph 2 above.

5. The bonds shall be a charge on the whole assets of the Russian State, or 5. The bonds shall be a charge, primarily upon assets selected by the Russian Commission in accordance with Annex I., 2 (d) and secondarily on the whole assets of the Russian State.

6. Interest shall be funded and the Russian Soviet Government shall not be required to redeem any bonds until (November 1st, 1927). It shall be within the competence of the Debt Commission to issue bonds of a special series in respect of funded interest. Any such Interest Bonds shall carry the same rights and be in all respects the same as the new Russian Bonds, except for a preferential right for redemption during the moratorium period if any redemption be then possible.

7. The Russian Soviet Government shall be permitted to make drawings, if it desires to do so, before the expiration of the moratorium period, giving priority to the Interest Bonds.

7. The Russian Debt Commission will decide whether the yield of the assigned revenues permits of drawings before the expiration of the moratorium period ; in such drawings priority shall be given to the Interest Bonds.

CHAPTER II

A.—ADMINISTRATION OF JUSTICE

Article 8. The Russian Soviet Government shall undertake to provide for the good administration of justice in accordance with the following principles :

(1) Independence of the judicial authority *vis-à-vis* the executive authority.

(2) Administration of justice in public by professional judges who must be independent and irremovable.

(3) The law to be applied must be known and published ; it shall be equal between persons and have no retro-active effect. It shall afford adequate guarantees to foreigners against arbitrary arrests and domiciliary visits.

(4) Foreigners shall have free access to the courts and no disability shall attach to foreigners as foreigners ; they shall be entitled to be represented before the courts by counsel of their own choosing.

(5) The rules of procedure to be observed in the courts shall be such as to facilitate the thorough and rapid administration of justice. The right of appeal and of new trial shall be assured.

(6) The parties to a contract shall have the right to provide that a foreign law shall apply ; the courts must in such case apply that law.

(7) Just procedure shall be established in order to ensure the execution of valid foreign judgments, including judgments of foreign courts based on a provision in a commercial contract conferring jurisdiction on that court.

(8) The validity of a clause in contracts for the arbitration of any or all disputes arising therein shall be recognized and shall be made for enforcing arbitration awards, including those given in a foreign country.

B.—CONDITIONS OF RESIDENCE AND TRADE IN RUSSIA

Article 9. The Russian Soviet Government shall undertake to permit the entry and egress of foreigners into and from its territory in accordance with the usual practice of States.

Article 10. Foreigners, while sojourning in Russia, shall be exempted from all kinds of compulsory services and from any contributions whatever imposed as an equivalent for personal service ; they shall not be subject to any forced loans.

Article 11. Foreigners shall be at liberty to communicate freely by post, telegraph or wireless telegraph, and to use telegraph codes under the conditions and subject to the regulations laid down in the International Telegraph Conventions.

Article 12. Foreigners shall enjoy all protection, rights and facilities which are necessary to enable them to carry on any permitted trade, profession or occupation in accordance with the usual practice of States ; they shall not be subject to any discriminating legislation or restrictions on account of their nationality. They shall not be compelled to join any local organization.

Article 13. No discrimination against the workmen employed in undertakings belonging to foreigners or directed by foreigners shall be exercised in respect of military service, or forced labour ; nor shall any taxation be levied in lieu thereof.

Article 14. Foreigners shall have adequate facilities for travelling on Russian railways, roads and waterways, and for the carriage of their goods and merchandise. These facilities shall not be less than those accorded to Russian Government enterprises or Russian nationals, and shall be applied without discrimination.

Article 15. Requisitions shall not be imposed save in

exceptional circumstances, and subject to adequate compensation payable at the time.

Article 16. Foreign companies and associations duly constituted shall be allowed to carry on any business open to foreigners in Russia, and for this purpose shall have the same rights as private individuals, including that of appearing before the tribunals.

Article 17. Foreign firms or individuals, and also foreign companies and associations, carrying on any permitted trade, profession or occupation in Russia, shall be subject to no higher taxation than is borne by Russian nationals.

The system of taxation shall not in practice impose on branches of foreign companies carrying on permitted trades, professions and occupations in Russia any greater burden of taxation than on similar businesses carried on there by Russian companies.

Article 18. The Russian Soviet Government shall be invited to become a party to the International Conventions for the protection of industrial, literary and artistic property.

C.—TREATIES AND CONVENTIONS

NOTE.—All questions concerning political treaties and conventions are reserved.

Article 19. The multilateral conventions and agreements of an economic, technical or legal character, to which the former Russian Governments were parties, shall be regarded as still binding on Russia.

Article 20. Contributions owing by Russia in respect of the upkeep of any central bureau or office established by any treaty or convention referred to in Article 19 shall be paid. All other claims by or against Russia arising out of the non-fulfilment of the provisions of such treaties or conventions shall be waived.

Article 21. Subject to the provisions contained in Chapter I. any bilateral treaties, conventions or agreements of an economic, technical or legal character between Russia and a foreign Power not already denounced shall not be regarded

as having lost their force, but their continuance shall be dealt with independently between Russia and the Power concerned.

SECTION III

MEASURES BY WHICH THE IMMEDIATE RESTORATION OF RUSSIA WOULD BE FACILITATED

The re-starting at the earliest moment of undertakings of all kinds, which belonged to foreigners before the events of 1917, and the establishment of fresh undertakings would be of the greatest assistance in bringing about the speedy reconstruction of Russia.

This being so, in the present situation the speedy recovery of Russia would be facilitated by the following :

Article 22. Foreigners, who enter Russia to practice their profession, trade, industry or occupation, shall be free to import into Russia such food, apparel and tools as are necessary for their personal use, and these shall not be liable to any kind of requisition.

They may, under the same conditions, import food and apparel for the exclusive use of their staffs or of the workmen whom they employ, whether Russian or foreign. The same shall apply especially to medicines, surgical dressings etc., which they may need for themselves and for their staff.

Article 23. The visa of passports by the competent Russian authorities shall confer on holders complete protection by the Russian authorities and the free exercise of their industry, trade, occupation or profession.

Article 24. No domiciliary search may be made in the residence or establishment of a foreigner settled in Russia, nor may his arrest be carried out without the assistance or consent of his Consul.

In the case of an appearance before a Russian Court on a criminal charge, judgment can only be carried out with the consent of the Consul concerned.

The only punishment that may be inflicted as a result of a prosecution on political grounds is expulsion, subject to the above condition.

Article 25. Undertakings belonging to foreigners or directed by them shall be worked under conditions of freedom, including freedom of engagement or discharge of workmen subject only to the application of laws of hygiene and to conditions of labour in accordance with the general practice of other countries.

In case of need, wages shall be fixed by committees representing employers and employed.

Article 26. The acquisition in Russia and abroad of all products and raw material necessary for the restoration of industry and their transport shall be specially facilitated by the Russian Government.

Article 27. Duties, taxes, and other charges on the industry, trade or occupations of foreigners settled in Russia, shall not be such as to prevent a reasonable return on invested capital.

Article 28. Free zones shall be created in a certain number of ports.

PART II

RESTORATION OF EUROPE

The drafting of a Convention has not been attempted, but the resolutions are in such a form that their substance could, if it were thought desirable, be embodied in a Convention.

The resolutions are arranged in three groups, viz. :

Section I.—Financial.

Section II.—Economic.

Section III.—Transport.

SECTION I

FINANCIAL SECTION

CHAPTER I

CURRENCY

Article 29. An essential requisite for the economic reconstruction of Europe is the achievement by each country of stability in the value of its currency. No country can gain

control of its own currency so long as there is a deficiency in the annual budget which is met by the creation of paper money or bank credits. It is for every country to overcome such a deficiency by its own independent efforts; only then will its way be open to currency reform.

Article 30. Measures of currency reform will be facilitated if the practice of continuous co-operation among central banks can be developed. A permanent association or entente for the co-operation of central banks, not necessarily confined to Europe, would provide opportunities of co-ordinating credit policy, without hampering the freedom of the several banks. It is suggested that an early meeting of representatives of central banks should be held with a view to considering how best to give effect to this recommendation.

Article 31. It is desirable that all European currencies should be based upon a common standard.

Article 32. Gold is the only common standard which all European countries could at present agree to adopt.

Article 33. In a number of countries it will not be possible for some years to restore an effective gold standard; but it is in the general interest that European Governments should declare now that this is their ultimate object, and should agree on the programme by way of which they intend to achieve it.

Article 34. In each country the first step towards re-establishing a gold standard will be the balancing of the annual expenditure of the State without the creation of fresh credit unrepresented by new assets.

Article 35. The next step will be to determine and fix the gold value of the monetary unit. This step can only be taken in each country when the economic circumstances permit; for the country will then have to decide the vital question, whether to adopt the old gold parity or a new parity approximating to the exchange value of the monetary unit at the time.

Article 36. These steps might by themselves suffice to establish a gold standard, but its successful maintenance

would be materially promoted, not only by the proposed association or entente of central banks, but by an international convention to be adopted at a suitable time. The purpose of the convention would be to centralize and co-ordinate the demand for gold, and so to avoid those wide fluctuations in the purchasing power of gold, which might otherwise result from the simultaneous and competitive efforts of a number of countries to secure metallic reserves. It is suggested that the convention should embody some means of economizing the use of gold by maintaining reserves in the form of foreign balances, such, for example, as the gold exchange standard, or an international clearing system.

CHAPTER II

CREDITS

Article 37. Whilst private credit will undoubtedly again become available as soon as currencies are stabilized and confidence is restored, it is recognized that under existing conditions special machinery is necessary for facilitating the immediate co-operation of the economically stronger countries for reconstruction purposes. The negotiations now proceeding for the establishment of an International Corporation are accordingly to be welcomed.

Article 38. It is essential for countries in need of credits to take steps at once to make their assets available to serve as security for the assistance they require, whether through the proposed International Corporation or through other channels; for this purpose they should enter into consultation at the earliest possible moment with the Corporation, when established, or with other agencies for the purpose of securing such co-operation.

CHAPTER III

EXCHANGES

Article 39. One of the chief obstacles in the way of the restoration of trade is the collapsed condition and instability of many of the European exchanges, and this is mainly due

to the continual depreciation of currency, the failure of production for export and the lack of trade facilities.

The artificial control of operations in exchange, whether by requiring a licence for transactions in exchange, or by limiting the prices at which transactions may be effected, or by preventing free dealings in forward exchange, are futile and mischievous.

It is therefore recommended that all regulations of the kind indicated attempting to limit fluctuations in exchange by means of artificial control of exchange operations should be abolished at the earliest possible date.

Article 40. Within twelve months after substantial progress has been made in the restoration of a country's exchanges, any special restrictions imposed on imports from that country on the ground of depreciated exchange should be removed.

NOTE.—Some of the experts desired to add that the prohibition of transactions for any specified purposes was equally to be condemned, but others were unable to accept this without the qualification that it was subject to any regulations which may be adopted solely for the purpose of preventing the export of capital.

SECTION II ECONOMIC SECTION

CHAPTER I

CUSTOM TARIFFS AND RESTRICTIONS

Article 41. In view of the agreement relative to restrictions and prohibitions signed by the representatives of certain States at the Conference at Porto Rosa (Protocol No. 1) in November, 1921, it is suggested that those States should adopt the recommendations of that Conference, and should take the necessary measures to give effect to them without delay.

Article 42. Inasmuch as the development of normal trade with all countries is only possible where traders are in a position to ascertain some time in advance the conditions under which goods can be legally imported into, and exported

from, each country, it is proposed that any Customs duties and Customs restrictions incident to importation and exportation should be regulated by the following principles :

A.—CUSTOMS TARIFFS

Article 43. All Customs Tariffs should be published ; such publication should be accompanied by a clear and precise indication in regard to each category of goods of all the duties which are leviable on the importation or exportation of the goods concerned.

Article 44. The tariffs should be made so far as possible applicable over substantial periods of time, and changes in rates and in customs regulations should be made as rarely as possible and duly published, the practice of frequent modification for the purpose of economic warfare being entirely abandoned.

Article 45. No duties should be maintained or imposed after . . . on the exports of raw materials other than such duties as are found desirable for revenue purposes ; export duties imposed for such purposes should be applied without any discrimination as between different foreign countries of destination.

B.—IMPORT AND EXPORT PROHIBITIONS

Article 46. The system of prohibition or restriction of imports or exports which certain States have introduced temporarily to protect their finances or to control their markets is in principle injurious from the point of view of the economic restoration of Europe. Every country has, nevertheless, the right, unless precluded by treaties, to prohibit absolutely the importation of goods of certain descriptions in the interests of national health, national security, national morals, or for other special purposes, or to allow the importation of specified commodities only if consigned to recognized organizations, either for the purpose of giving effect to a State monopoly, or for seeing that the whole importation is put to a specified use ; but prohibitions framed for any such purpose should be pub-

licly announced and as limited in extent as possible. Such prohibitions and monopolies should not be used for the purpose of discriminating arbitrarily between different foreign markets or different sources of supply.

Article 47. Where for any reason it is desired to limit the amount of any commodity to be imported through ordinary trade channels, such limitation should be effected by the medium of customs duties rather than by a system of prohibition modified by licences; every Government should at once examine the possibility of abandoning or reducing to the smallest possible dimensions the number of goods to which the latter system is applied, so that the general pre-war position in this regard may be attained as soon as possible, and in any case before . . . save in so far as it has been modified by general International Conventions concluded since the outbreak of war.

Article 48. Pending the complete abolition of the system of prohibition accompanied by licences, licences should be granted on conditions which are publicly announced, unambiguously stated and uniformly applicable. Any trader should accordingly be in a position easily to estimate in advance whether and under what conditions a licence is procurable. Administration should be on the simplest lines possible, and every arrangement should be made to secure that applications for licences are dealt with expeditiously by competent bodies organized for the purpose. In the grant of licences there should be no discrimination of any kind in respect of the nationality of the importer, the origin of the goods or their nature, nor should the grant be dependent on the prices at which they are to be purchased.

Article 49. Similar provisions *mutatis mutandis* to those laid down in Articles 46 to 48 should be applied in regard to any restriction of exportation which any Government may find necessary for national security, or for the purpose of conserving its economic resources; the licensing system should be such as to allow of no discrimination in regard to the prices at which the goods are to be disposed of.

C.—GENERAL.

Article 50.—Where the admission or transit of goods of any description into any country or the duties leviable thereon are dependent on the fulfilment of particular technical conditions with regard, for instance, to their constitution, their purity, their district of origin, their sanitary condition, the Governments should come to arrangements with each other providing for the acceptance in accordance with rules and principles mutually agreed of certificates issued by competent scientific institutions or recognized authorities or bodies in the country of origin of the goods.

Article 51. The necessary steps should be taken to secure that the preceding provisions should be observed in the letter and in the spirit by all Government authorities, central or local, and that no regulations of an administrative character shall be issued which would conflict therewith.

Article 52. It is desirable to arrange for inquiry to be made from time to time through a suitable organization, *e.g.*, the League of Nations, into the progress made by the various States in carrying these principles into operation.

Article 53. All the Governments concerned should inform immediately the organization referred to in Article 52 of all changes in customs tariffs, or in the regulations relating to prohibition or restriction of imports or exports.

NOTE 1.—In addition to the provisions contained in Articles 41-53, a suggestion was considered that resolutions should be submitted to the Genoa Conference for acceptance providing during a certain period for the mutual accord to each other by all the nations represented of the treatment of the most-favoured nation in customs matters, subject to certain reservations which would be necessary to meet special difficulties. Whilst it was generally recognized that on purely economic grounds some such provision could be welcomed in the present general situation, some of the experts did not feel able to accept the proposals as presented.

NOTE 2.—The experts have also considered the question of facilitating the use of arbitration clauses in commercial contracts relating to foreign business. They agreed that the question was one calling for careful consideration, but in view particularly of its technical and legal aspects, they were of opinion that further investigation of the subject was necessary before a resolution could be prepared for submission to the Genoa Conference.

CHAPTER III

PROTECTION OF INDUSTRIAL PROPERTY AND COPYRIGHTS

Article 56. It is desirable that all European States which have not already done so should at once take steps to adhere to the International Convention of Paris of March 20th, 1883, as revised at Washington in 1911, for the protection of industrial property, and to the International Convention of Berne of September 9th, 1886, revised at Berlin on November 13th, 1908, and completed by the Additional Protocol signed at Berne on March 20th, 1914, for the Protection of Literary and Artistic Work.

Article 57. Pending such adhesion every European State should, in so far as Industrial, Literary and Artistic property is not now reciprocally protected as between itself and other States, give effective protection to such property on condition of reciprocity; and should further—save in so far as such rights have been or shall be dealt with by the Treaties of Peace with Germany, Austria, Hungary, Bulgaria and Turkey—recognize, restore and protect all rights in such property belonging to the nationals of other States which would now be in force in its territory, but for any exceptional legislative or administrative action taken in consequence of war or revolution between August 1st, 1914, and the present date.

NOTE.—In the opinion of some of the experts it is highly desirable that any European State which is not already a party thereto should adhere to the Arrangement signed at Madrid on April 14th, 1891, for the repression of false indications of origin.

SECTION III

TRANSPORT SECTION

Article 58. Efficient transport is an essential requisite for the revival of production and trade. It is therefore desirable that States should continue to devote their unremitting efforts to the restoration and improvement of the organization of their railways, harbours and other means of communication; where necessary, surveys of requirements should be made under adequate expert direction, and where the present resources of any State appear to be inadequate to restore the equipment and structure of these undertakings, including the fuel supply, steps should be taken without delay to secure assistance, whether from the International Corporation when established or from other suitable sources.

Article 59. The principles of the Agreement for the Regulation of International Railway Traffic signed at Porto Rosa on November 23rd, 1921, should immediately be applied to all the European States represented at Genoa. The Council of the League of Nations should be invited to inquire into the measures already taken to carry the Porto Rosa Agreement and Recommendations into effect.

Article 60. It is desirable that representatives of the railway administrations of the States concerned should attend a conference to define what further steps are necessary to restore international traffic conditions at least as satisfactory as those existing before the War, and should agree upon recommendations to their governments. Similar conferences should be held in regard to water communications and harbours.

It is desirable that favourable consideration should be given to the recommendations of these conferences with a view to their immediate application, or if necessary to the conclusion as early as possible of conventions to give effect to them.

Article 61. The conditions of international transport should not be determined by political considerations but rather by commercial and technical considerations, as in the case of

the Conventions concluded at Barcelona on April 20th, 1921, regarding Freedom of Transit and the Régime of Navigable Waterways of International Concern, together with the additional Protocol to the latter Convention, and the Recommendations relative to the International Régime of Railways. It is desirable that the various other conventions provided for in treaties now in force should be prepared and put into operation as soon as possible.

APPENDIX IV

THE RUSSO-GERMAN TREATY AND THE TREATY OF VERSAILLES

Showing the incompatibility of these the *Temps* wrote on April 21st :

“ Le traité germano-bolcheviste contrevient à l'article 260 du traité de Versailles, et par conséquent aussi à l'article 236. Mais ces deux stipulations, toutes deux relatives aux réparations, ne sont pas les seules que l'Allemagne et les Soviets ont omis de respecter. On peut citer, notamment, deux autres violations.

“ Dans le radiotélégramme qui a été adressé le 17 avril de Gênes à Moscou, et qui relate la signature du traité germano-bolcheviste, le service de propagande soviétique définit très clairement l'un des effets du nouveau traité : ‘ La Russie, mande-t-il, se dédit des exigences imposées à l'Allemagne par le traité de Versailles.’ Ces ‘ exigences ’ comprennent particulièrement le troisième alinéa de l'article 116 : ‘ Les puissances alliées et associées réservent expressément les droits de la Russie à obtenir de l'Allemagne toutes restitutions et réparations basées sur les principes du présent traité.’ Or, il est inadmissible que l'Allemagne, après avoir pris envers les alliés l'engagement exprimé par l'alinéa 3 de l'article 116, se fasse exempter de cet engagement par un traité séparé avec les Soviets. Cette fraude est d'autant plus inexcusable que le gouvernement soviétique, n'étant pas reconnu par les alliés, n'est pas qualifié pour renoncer aux droits que ceux-ci ont voulu assurer au peuple russe, et qu'il n'est pas qualifié davantage pour renoncer aux droits que feraient valoir, en vertu de l'article 116, les Etats nouveaux dont le territoire a été ravagé par les armées allemandes, alors que ce territoire faisait encore partie de la Russie.

“ Autre violation du traité de Versailles : à l'article premier, paragraphe c, du traité germano-bolcheviste, on lit : ‘ Le gouvernement russe renonce au remboursement des sommes que l'Allemagne a tirées de la vente du matériel de l'armée russe transporté en Allemagne.’ Par ce texte vraiment audacieux, l'Allemagne avoue qu'elle a vendu—après la guerre, évidemment, car pendant la guerre elle en avait besoin—le matériel de guerre qu'elle avait pris aux armées russes. Or, l'article 169 du traité de Versailles oblige l'Allemagne à livrer aux alliés, dans les deux mois qui suivront la mise en vigueur du traité, ‘ les armes, les munitions et le matériel de guerre provenant de l'étranger, y compris le matériel de défense contre aéronefs, en quelque état qu'ils se trouvent.’ Si le matériel de guerre russe a été vendu, comme le reconnaît le gouvernement allemand, est-il tolérable que ce manquement commis par l'Allemagne se traduise, pour elle, par un bénéfice pécuniaire que les Soviets l'autoriseraient à conserver ? ”

APPENDIX V
REPORT OF THE FINANCIAL COMMISSION
(II)

INTRODUCTION

The Second Commission, which was appointed by the Conference to deal with financial subjects, met on the 11th of April, 1922, at 4 p.m., and appointed a Sub-Commission to consider the proposals in regard to Currency. At the second meeting, held on the 13th of April, a second Sub-Commission was appointed on Credits, and a third Sub-Commission on Exchange.

The Currency Sub-Commission held a preliminary meeting on the 12th of April, and at a second meeting on the 13th of April decided to constitute a Committee of Experts to consider the matters referred to it.

The Report of the Committee of Experts (Annex A) was received on the 17th of April.

The Exchange Sub-Commission met on the 17th of April, and decided to refer the proposals before it to the Committee of Experts which had been dealing with Currency.

The further Report of the Committee of Experts in regard to Exchange (Annex B) was received on the 19th of April, and the two reports were then considered at a joint meeting of the Sub-Commissions on Currency and Exchange.

The reports were adopted, and the resolutions framed by the Committee of Experts were recommended by the Sub-Commissions, with modifications, for adoption. (Resolutions 1 to 11, and 14 and 15 below.)

A further resolution (Resolution 12), relative to the steps to be taken to call a meeting of central banks and banks regulating credit policy in the several countries, was recommended by the Sub-Commission on Currency.

The recommendations of the Sub-Commissions on Currency and Exchange were adopted by the Commission at a meeting held on the 20th of April.

The Sub-Commission on Credits held meetings on the 24th of April and 26th of April, and recommended four resolutions (Resolutions 16 to 19), which were adopted by the Commission at a meeting on the 29th of April.

The nineteen resolutions there adopted are now recommended to the Conference for adoption.

I.—CURRENCY

RESOLUTION 1

“The essential requisite for the economic reconstruction of Europe is the achievement by each country of stability in the value of its currency.”

RESOLUTION 2

“Banks, and especially banks of issue, should be free from political pressure, and should be conducted solely on lines of prudent finance. In countries where there is no central bank of issue, one should be established.”

RESOLUTION 3

“Measures of currency reform will be facilitated if the practice of continuous co-operation among central banks of issue, or banks regulating credit policy in the several countries can be developed. Such co-operation of central banks, not necessarily confined to Europe, would provide opportunities of co-ordinating their policy, without hampering the freedom of the several banks. It is suggested that an early meeting of representatives of central banks should be held with a view to considering how best to give effect to this recommendation.”

RESOLUTION 4

“It is desirable that all European currencies should be based upon a common standard.”

RESOLUTION 5

“Gold is the only common standard which all European countries could at present agree to adopt.”

RESOLUTION 6

“It is in the general interest that European Governments should declare now that the establishment of a gold standard is their ultimate object, and should agree on the programme by way of which they intend to achieve it.”

RESOLUTION 7

“So long as there is a deficiency in the annual budget of the State which is met by the creation of fiduciary money or bank credits, no currency reform is possible, and no approach to the establishment of the gold standard can be made. The most important reform of all must therefore be the balancing of the annual expenditure of the State without the creation of fresh credits unrepresented by new assets. The balancing of the budget requires adequate taxation, but if Government expenditure is so high as to drive taxation to a point beyond what can be paid out of the income of the country, the taxation itself may still lead to inflation. Reduction of Government expenditure is the true remedy. The balancing of the budget will go far to remedy an adverse balance of external payment, by reducing internal consumption. But it is recognized that in the case of some countries the adverse balance is such as to render the attainment of equilibrium in the budget difficult without the assistance in addition of an external loan. Without such a loan, that comparative stability in the currency upon which balancing of the budget by the means indicated above largely depends may be unattainable.”

RESOLUTION 8

“The next step will be to determine and fix the gold value of the monetary unit. This step can only be taken in each

country when the economic circumstances permit ; for the country will then have to decide the question, whether to adopt the old gold parity or a new parity approximating to the exchange value of the monetary unit at the time."

RESOLUTION 9

" These steps might by themselves suffice to establish a gold standard, but its successful maintenance would be materially promoted, not only by the proposed collaboration of central banks, but by an international Convention to be adopted at a suitable time. The purpose of the Convention would be to centralize and co-ordinate the demand for gold, and so to avoid those wide fluctuations in the purchasing power of gold, which might otherwise result from the simultaneous and competitive efforts of a number of countries to secure metallic reserves. The Convention should embody some means of economizing the use of gold by maintaining reserves in the form of foreign balances, such, for example, as the gold exchange standard, or an international clearing system."

RESOLUTION 10

" It is not essential that the membership of the international Convention contemplated in the preceding resolution should be universal, even in Europe, but the wider it is, the greater will be the prospect of success.

" Nevertheless, if the participating countries and the United States are to use the same monetary standard, no scheme for stabilizing the purchasing power of the monetary unit can be fully effective without co-ordination of policy between Europe and the United States, whose co-operation therefore should be invited."

RESOLUTION 11

" It is desirable that the following proposals to form the basis of the international Convention contemplated in Resolution 9 be submitted for the consideration of the meeting of central banks suggested in Resolution 3 :

" 1. The Governments of the participating countries declare

that the restoration of a gold standard is their ultimate object, and they agree to carry out, as rapidly as may be in their power, the following programme :

“ (a) In order to gain effective control of its own currency, each Government must meet its annual expenditure without resorting to the creation of fiduciary money or credits for the purpose.

“ (b) The next step will be, as soon as the economic circumstances permit, to determine and fix the gold value of the monetary unit. This will not necessarily be at the former gold par.

“ (c) The gold value so fixed must then be made effective in a free exchange market.

“ (d) The maintenance of the currency at its gold value must be assured by the provision of an adequate reserve of approved assets, not necessarily gold.

“ 2. When progress permits, certain of the participating countries will establish a free market in gold and thus become gold centres.

“ 3. A participating country, in addition to any gold reserves held at home, may maintain in any other participating country reserves of approved assets in the form of bank balances, bills, short term securities or other suitable liquid resources.

“ 4. The ordinary practice of a participating country will be to buy and sell exchange on other participating countries within a prescribed fraction of parity, in exchange for its own currency on demand.

“ 5. The Convention will thus be based on a gold exchange standard. The condition of continuing membership will be the maintenance of the national currency unit at the prescribed value. Failure in this respect will entail suspension of the right to hold the reserve balances of other participating countries.

“ 6. Each country will be responsible for the necessary legislative and other measures required to maintain the international value of its currency at par, and will be left entirely

free to devise and apply the means, whether through regulation of credit by central banks or otherwise.

“ 7. Credit will be regulated, not only with a view to maintaining the currencies at par with one another, but also with a view to preventing undue fluctuations in the purchasing power of gold. It is not contemplated, however, that the discretion of the central banks should be fettered by any definite rules framed for this purpose, but that their collaboration will have been assured in matters outside the province of the participating countries.”

RESOLUTION 12

“ With a view to the development of the practice of continuous co-operation among central banks and banks regulating credit policy in the several countries, as recommended in Resolution 3, this Conference recommends that the Bank of England be requested to call a meeting of such banks as soon as possible to consider the proposals adopted by the Conference, and to make recommendations to their respective Governments for the adoption of an International Monetary Convention.”

II.—THE FLIGHT OF CAPITAL

RESOLUTION 13

“ We have considered what action, if any, could be taken to prevent the flight of capital in order to avoid taxation, and we are of the opinion that any proposals to interfere with the freedom of the market for exchange, or to violate the secrecy of bankers' relations with their customers are to be condemned. Subject to this proviso, we are of the opinion that the question of measures for international co-operation to prevent tax evasion might be usefully studied in connection with the problem of double taxation which is now being studied by a Committee of Experts on behalf of the League of Nations. We therefore suggest that the League should be invited to consider it.”

III.—EXCHANGE

RESOLUTION 14

“ All artificial control of operations in exchange, whether by requiring a licence for transactions in exchange, or by limiting the rates at which transactions may be effected, or by discriminating between the different purposes for which the exchange may be required, or by preventing free dealings in forward exchange is futile and mischievous, and should be abolished at the earliest possible date.”

RESOLUTION 15

“ It is desirable that, where no adequately organized market in forward exchange exists, such a market should be established. It has been suggested that, in any country where private enterprise is found to be unable to organize such a market, the central bank, without itself incurring any uncovered exchange risk, should provide facilities. It might, for example, give facilities to approved banks and financial houses to convert spot transactions in foreign exchange into transactions for forward delivery by a system of ‘contango,’ or ‘reports’ of foreign exchange, their quotations being for the double transaction of a spot deal one way and a simultaneous forward deal the other.

“ The central banks concerned would agree to provide facilities for holding foreign balances (and securities) on deposit on account of other central banks, under special guarantees from each bank and from its Government as to the absolute liquidity and freedom of movement of such balances under all conditions, and their absolute exemption from taxation, forced loans and moratorium.

“ It is recommended that this subject should be considered by the Conference of central banks referred to in a previous Resolution.”

IV.—CREDITS

RESOLUTION 16

“ The reconstruction of Europe depends on the restoration of conditions under which private credits, and in particular

investible capital, will flow freely from countries where there is surplus lending capacity to countries which are in need of external assistance.

“Loans from Government to Government ought to be resorted to, if at all, only in the most exceptional cases. The free flow of private credits and of investible capital depends upon the taking of adequate measures by all countries to restore order to their public finances and their currencies, and the furnishing by borrowing countries of guarantees satisfactory to lenders. Special machinery is necessary during the present transitional period to start the flow and to enable the co-operation of the financially stronger countries to begin to be immediately effective.”

RESOLUTION 17

“It is essential that countries in need of credits should undertake to give effect to the best of their ability to the resolutions regarding currency and exchanges already adopted.

“Proof of serious efforts to improve the condition of its public finances will be the best guarantee which a borrowing country can offer to prospective lenders. The steps required for re-establishing the disordered currencies of Europe have already been set out. In arriving at a balanced budget attention should be concentrated on the following main points :

“(a) Ordinary revenue and expenditure should be equalized by reducing expenditure and, in so far as this is not possible, by increasing revenue.

“(b) All expenditure of an extraordinary character should be progressively reduced until it is entirely abolished, and should not be met out of borrowed money unless it is clearly of the nature of new capital expenditure for productive purposes. In so far as borrowing is resorted to, long term loans are preferable to short terms, and in no case should methods be adopted which lead directly or indirectly to inflation.”

RESOLUTION 18

“Full information is essential to the creation and maintenance of confidence. Each country should undertake the

publication of frequent and complete statements of the condition of its public finances. It will be useful that such statements should be regularly supplied to the League of Nations and that the League of Nations should continue to compile and issue periodical volumes based on returns from as many countries as possible, whether members of the League or not."

RESOLUTION 19

"In order to facilitate the immediate co-operation of the nationals of the economically stronger countries for purposes of reconstruction, it is recommended that as many as possible of the Governments represented at the Genoa Conference should agree to support the establishment and facilitate the operations of an International Corporation and of national corporations affiliated to it in countries where adequate security offers, whether by the provision of private loans or credits or, where necessary, in the form of loans to Governments, whose main object would be to examine the opportunities for undertaking work in connection with European reconstruction, to assist in the financing of such undertakings, and to co-operate with other agencies and undertakings, without attempting to create any monopoly.

ANNEXES

REPORTS OF THE COMMITTEE OF EXPERTS

APPOINTED BY THE CURRENCY AND EXCHANGE SUB-COMMISSIONS OF THE FINANCIAL COMMISSION

ANNEX A.—CURRENCY

"We have carefully examined the documents referred to us by the Currency Sub-Commission, and in doing so, we have surveyed the existing currency situation throughout Europe. Our conclusions follow to a considerable extent those of the experts assembled in London. The interesting suggestions made by the various delegations have also been fully weighed, and we believe that the main points raised by them are covered by our report.

“ In presenting our report we desire to make the following general observations :

“ 1. We recognise that we have to deal with two different classes of countries :

“ Class 1. Countries where inflation has taken place, but has already been stopped, and where a certain amount of deflation has already been effected.

“ Class 2. Countries where inflation is still going on.

“ In countries of Class 2 it is essential, in order to establish a sound currency, that inflation should be stopped, and that they should thus pass over into Class 1. The programme specified in Resolutions 6 to 8 describes the steps by which this transition should be effected. In some cases it cannot be effected without assistance from abroad, including the provision of foreign assistance in the organization of a central bank of issue in certain cases.

“ 2. The question of devaluation is one which must be decided upon by each country according to its view of its own special requirements. We think it important however to draw attention to some of the considerations which will necessarily weigh with any country in coming to a decision on this question. There is a prevalent belief that a return to pre-war gold parity is necessary or desirable for its own sake. There are undoubted advantages to be obtained by such a return, but we desire to point out that for countries where currency has fallen very far below the pre-war parity, a return to it must involve the social and economic dislocation attendant upon continuing readjustments of money-wages and prices, and a continual increase in the burden of internal debt. Regard being had to the very large debts which have been incurred since the Armistice by many of the countries concerned, we are inclined to think that a return to the old gold parity involves too heavy a strain upon production. We repeat that the decision must be left in each case to the country concerned, but we venture to suggest that a considerable service will be rendered both to its own internal economy and to the cause of European recovery by that

country which, after reaching comparative stability in its currency at a point so far below the old parity as to make return to it a long and painful process, first decides boldly to set the example of securing immediate stability in terms of gold by fixing a new gold par at or near the figures at which comparative stability has been obtained.

“ 3. Finally, we cannot in fairness to the Currency Sub-Commission present a series of recommendations designed to secure practical results, as if they were immediately attainable, without reference to certain other features of the existing economic and financial position of Europe. The industry of Europe cannot hope for a permanent return to prosperity so long as it has to bear, either directly in the form of taxation, or indirectly in the form of inflation of currencies, the most insidious and objectionable of all forms of taxation, a burden of Government expenditure which is beyond its capacity. In this connection we cannot do better than refer to the memorial on International Finance and Currency submitted to the Governments of certain countries, dated January 16th, 1920, which was among the documents laid before the International Financial Conference at Brussels of September, 1920. The whole of this memorial, though now more than two years old, is as apposite to-day as when it was written, and until the subjects to which it refers, and in particular the problem of Inter-Governmental indebtedness, have been resolutely tackled, there can be no hope of final success in restoring the currencies or the economic welfare of Europe. Foreign obligations by one country must be balanced by a capacity in other countries to absorb the surplus production with which alone those obligations can be met. If the burden of any country's external obligations is beyond its capacity to pay, and it cannot be assisted by foreign loans, the effort to meet those obligations must accordingly result on the one hand in dislocation of markets in other countries, and on the other hand in a continuous depreciation of the currency of the debtor country, which will entirely prevent it from making any start whatever in the direction of stabilization.

“ 4. With these preliminary observations we present the following resolutions,* which we suggest as suitable to be recommended by the Currency Sub-Commission, for adoption by the Governments represented at this Conference. It will be observed that the recommendations include a plan for an International Monetary Convention.”

ANNEX B.—EXCHANGE

“ We present the following resolutions† as suitable to be recommended by the Exchange Sub-Commission for adoption by the Governments represented at this Conference. Our main recommendation is that there should be complete freedom for exchange dealings. We have not attempted to set out the deep-seated causes of the existing dislocation of the European exchanges. Some of these causes are referred to in the introduction to our Report to the Currency Sub-Commission. Any attempt at a complete survey would carry us far beyond the proper limits of the present report. As with currency, so with exchange, complete restoration depends on the settlement of questions which are not now within our purview.

“ We considered carefully the amendment proposed by the German Delegation with regard to measures for preventing the flight of capital for the purpose of evading taxation. We came to the conclusion that this question should be regarded as falling within the province of the Currency Sub-Commission. We have therefore reported to the Currency Sub-Commission as follows :

“ ‘ Any proposals to interfere with the freedom of the market for exchange or to violate the secrecy of bankers’ relations with their customers are, in our opinion, absolutely to be condemned. Subject to this proviso, we are of opinion that

* The resolutions submitted were those which, with modifications, have been adopted above by the Financial Commission. See Resolutions 1 to 11.

† The resolutions submitted were those which, with modifications, have been adopted above by the Financial Commission. See Resolutions 14 and 15.

the question of measures for international co-operation to prevent tax evasion might be usefully studied in connection with the problem of double taxation, which is now being studied by a Committee of Experts on behalf of the League of Nations. We therefore suggest that the League should be invited to consider it.'''

Signed by :

SIR BASIL BLACKETT.

PROF. CASSEL.

DR. HAVENSTEIN.

DR. VISSERING.

M. AVENOL.

SIR HENRY STRAKOSCH.

M. DUBOIS.

COMM. BIANCHINI.

HON. R. H. BRAND.

M. Cattier and Dr. Pospisil were unable to attend the experts' meetings.

APPENDIX VI

REPORT OF THE TRANSPORT COMMISSION

“ Genoa, 30th April, 1922.

“ Gentlemen,—The Transport Commission entrusted by the International Economic Conference with the task of examining the questions relating to the restoration of means of communication, concluded its task on April 26th, 1922. Its deliberations, carried on in a spirit of complete harmony and close co-operation, have led to the adoption, with practical unanimity, of the following Draft Resolution. In the preparation of this Draft Resolution account has equally been taken of the views expressed by the Delegates of Powers not represented on the three Sub-Commissions set up by the Transport Commission; that is to say, the Organizing Sub-Commission, the Railways Sub-Commission and the Waterways Sub-Commission.”

DRAFT RESOLUTION

“ PREAMBLE.—Efficient transport is an essential requisite for the revival of European trade, and it is therefore desirable that the European States should continue to devote their unremitting efforts to the restoration of all means of transport at their disposal, and to the removal of every obstacle affecting international communications. It is essential also that the conditions of international transport should be determined solely by commercial and technical considerations.

“ Article 1. All European States should maintain their efforts to restore or improve the organization of their railways, their ports and their maritime and fluvial means of communication. If these railways, ports or means of communication are not in a satisfactory condition, and if the State concerned has not at its disposal the necessary resources to secure their

restoration, steps should be taken without delay to procure for it the necessary assistance. To this end, it is desirable that States which are in need of assistance should organize surveys with the aid of competent experts.

“ Article 2. It is desirable that all the European States signatory of the Conventions concluded at Barcelona on the 20th April, 1921, regarding Freedom of Transit and the Régime of Navigable Waterways of International Concern (see Summary of the Conventions, in Annex 1), should ratify these Conventions at the earliest possible moment, if they have not already done so, and that the European States which are neither signatories of these Conventions nor parties thereto should put their provisions into operation without delay.

“ Article 3. The European States represented at Genoa note with satisfaction the work accomplished at Barcelona in regard to the régime of international ports (see Summary of the Recommendations in Annex 1). They deem it desirable that the Conventions relating to Ports, Railways and Waterways contemplated by the Treaties of Peace should be prepared and put into operation as soon as possible, and they deem it equally desirable that the recommendations of the Conference of Barcelona regarding the international régime of railways should be put into operation without delay (see Summary of the Recommendations in Annex 1).

“ Article 4. Pending the conclusion of the new Convention relating to the transport by rail of passengers, luggage and goods, the European States whose railways were subject to the régime of the Berne Convention should undertake to put this Convention into force without delay, if it is not already in force.

“ Article 5. The Conference notes with satisfaction the assurance given by all the States signatory of the Agreements for the regulation of international railway traffic concluded at Porto Rosa on November 23rd, 1921 (see Annex 2), that they have put, or are putting, the said Agreements effectively into operation. The European States not signatory to these Agreements likewise accept their general principles, with a

view to putting them into operation with the least possible delay, in so far as they are applicable to them.

“ Article 6. Without prejudice to the foregoing provisions, and in order that all possible steps may be taken without delay to restore international traffic to a condition at least as satisfactory as that existing before the war, the States represented at Genoa recommend that the various French Railway Administrations should convoke at the earliest possible moment a conference of technical representatives of all the railway administrations of Europe and of the countries interested, so that :

“ (1) These administrations may put into operation immediately all measures to this end which are within their competence and

“ (2) The representatives of the administrations may agree upon proposals to their respective Governments for such further action as may require governmental intervention.

“ At this meeting, which should especially endeavour to establish between the administrations concerned the closest possible collaboration, without sacrificing in any degree the autonomy of the several lines, and without trenching upon the functions of existing international associations, the technical representatives should examine, among other questions, the creation of a permanent conference of railway administrations for the assimilation and improvement of the equipment and operating methods of the railways, with a view to international traffic.

“ Among the principal items on the agenda of this conference shall be the question of through tariffs and the mitigation of the impediments to international transport occasioned by exchange fluctuations.

“ Article 7. Seeing that the restoration of railways and waterways will take a certain time, the Commission recommends that services of motor transport should be established provisionally in cases where it may be practicable and desirable.

“ Article 8. It is desirable that the competent Technical Organizations of the League of Nations, with the addition of

one representative of any State which is not a member of the League, in cases in which such State may be interested, should be invited :

“ To examine from time to time the progress achieved in carrying into effect the provisions set forth in the preceding Articles, and

“ To this end to summon, with the consent of the States concerned, special conferences of experts.

“ Nevertheless, the powers of the Permanent Commissions on Ports and Navigable Waterways of International Concern shall not be prejudiced.”

“ This draft Resolution was adopted by the Transport Commission, which took note of the following reservations and observations made by various delegations.

“ The Lithuanian Delegation formulated a reservation in respect of the Preamble. In regard to that part of the Preamble where it was stated that, ‘ it is essential also that the conditions of international transport should be determined solely by commercial and technical considerations,’ the Lithuanian Delegation declared that, while they fully recognized the general necessity of this principle, they found themselves unable to apply it as regards Poland, on account of the situation created by the events at Vilna.

“ The Transport Commission regarded this reservation as being founded on political considerations, and was therefore incompetent to examine it. The Commission also considered that it rested entirely with the Lithuanian Delegation to apprise the Political Commission, should occasion arise, of the reservation.

“ The Netherlands Delegation formulated a reservation upon Article 2, considering that it rested with the competent constitutional authorities in each country to pronounce upon the advisability of putting the work of Barcelona into practice, and that the Delegation must abstain from pronouncing upon the intrinsic value of these Conventions, on the ground that the Genoa Conference could neither examine nor discuss them.

“ The Swiss Delegation declared that they did not make their adherence absolutely dependent on that of the Netherlands Government ; but they thought it proper to state that the Federal Government had felt itself unable up to the present to accept the Convention of Barcelona on Navigable Waterways because certain Articles of this Convention did not give it complete satisfaction. The Federal Government, however, was continuing to examine this question with all the attention that it deserved, and with the aim of collaborating in the work of furthering the general interest in the matter of international transport.

“ The French Delegation had associated itself with the recommendation that the Convention of Barcelona relating to Navigable Waterways should be ratified by all the European States, but declared that the French Government might find itself unable to ratify this Convention if two other riparian States of the Rhine, the Netherlands and Switzerland, were not prepared to accept it.

“ The Portuguese Delegation declared that the Barcelona Conventions had not yet been ratified by the Portuguese Government because it had not yet received the information called for from the Portuguese Colonies, which might allow it to proceed to ratification.

“ Its ratification would, however, in any case be subject to the reservations made by the Portuguese delegate at Barcelona itself.

“ Further, the Portuguese Delegation made a reservation on the subject of the Agreements of Porto Rosa mentioned in Article 5, inasmuch as these Agreements had not yet been brought to the knowledge of the Portuguese Government. It was hoped, however, to withdraw this reservation when the opportunity arose to take cognizance of these Agreements.

“ The Rumanian Delegation declared that its Government would ratify the Convention of Barcelona on Navigable Waterways, but with the reservation that no change should, as a result, be admitted in the provisions of the Convention establishing the definitive Statute of the Danube. The same

delegation observed with regard to the words 'general principles' contained in Article 5, that the ratification by Rumania of the Agreements mentioned in that Article could only take place on condition that all the European States should apply and bring into operation the principles of these Agreements.

"The Russian Delegation presented a provisional reservation on the subject of Articles 2 and 3, where mention was made of the Conventions of Barcelona, Conventions which the Russian Delegation had not yet had time to examine in detail. Further, the Russian Delegation made a reservation on Article 3, where mention was made of the Treaties of Peace, to which Russia is not a party, and which have not been brought officially to her notice.

"Following on an observation made by the British Delegation it is understood that the Conference referred to in Article 6 does not prejudice the preparation of the Conventions which are to be concluded in virtue of Articles 366 and 379 of the Treaty of Versailles and the corresponding Articles of the other Peace Treaties.

"The German Delegation made a declaration to the effect that, in view of the fact that the Treaties of Peace are excluded entirely from discussion as a consequence of the decisions taken at Cannes, they could make no statement on the portion of Article 3 relating thereto.

"With regard to Article 6, the German Delegation gave expression, in an amendment which they deposited and which is annexed to the official procès-verbal of the meetings, to their own views as to the programme of work of the Conference mentioned in Article 6.

"Finally, the German Delegation asked that the following wording should be substituted for the text of Article 8 :

"Whenever it appears proper that the Governments concerned should examine the progress achieved in putting into operation the provisions contemplated in the preceding Articles, meetings shall take place at Geneva on a basis of complete equality, in order that it may be possible to have

the benefit of the Technical Organizations of the League of Nations.'

"The Hungarian Delegation presented a memorandum in considerable detail upon the railway situation in Hungary, which is annexed to the official procès-verbal of the meetings.

"Some of the wishes expressed by the Hungarian Delegation have been met by incorporation in the text of the draft resolution itself.

"As regards the other questions raised in this Memorandum their technical character calls for a detailed examination, which should be entrusted to the Conference provided for in Article 6.

"The Hungarian Delegation also declared that they accepted the text of Article 8 on condition that it be understood that the representatives of the States concerned which were not members of the League of Nations, but which might be associated with the Technical Organizations of the League of Nations by the operation of Article 8, should stand upon a footing of complete equality with the representatives of States Members of the League of Nations. The Transport Commission confirmed this interpretation."

"The Transport Commission has the honour to propose to you that the text of the draft resolution above recited be approved.

"For the President of the Transport Commission,
(Signed) "H. JASPAR."

ANNEX I

SUMMARY OF THE CONVENTIONS AND RECOMMENDATIONS
ADOPTED BY THE
FIRST GENERAL CONFERENCE ON COMMUNICATIONS AND
TRANSIT OF THE LEAGUE OF NATIONS HELD AT BARCELONA
10TH MARCH—20TH APRIL, 1921*

I.—CONVENTION AND STATUTE ON FREEDOM OF TRANSIT.

“ The Convention begins by giving a definition of transit, as also of the various categories of transport to which it applies. Persons, baggage and goods and also vessels, coaches and goods stock, and other means of transport are deemed to be in transit across territory under the sovereignty or authority of a Contracting State, when the passage across this territory is only a portion of a complete journey, beginning and terminating beyond the frontier of that State.

“ Subject to certain exceptions and restrictions detailed further in the text, all the Contracting States undertake to facilitate freedom of transit as above defined in respect of traffic across their territory, whether by rail or waterway. The Convention does not apply to traffic other than that by rail or waterway.

“ In order that this freedom of transit may be assured, it is understood that no distinction may be made which is based on the nationality of persons, the flag of vessels, the place of origin, departure, entry, exit or destination, or on any circumstance relating to the ownership of goods or of vessels, coaches or goods stock, or other means of transport.

“ In order to ensure the application of the provisions with regard to the granting of freedom of transit without distinction, Contracting States will also allow transit across their territorial waterways, in accordance with the customary conditions and reservations.

* This summary, which necessarily leaves aside many of the details and precise stipulations, can only be considered as giving an approximate idea of the texts referred to. The document was prepared under the direction of M. Attolico, Under-Secretary-General of the League of Nations, and M. Haas, Secretary-General of the Barcelona Conference.

“ Traffic in transit must not be subject to any special dues in respect of transit. The only dues which may be levied are those intended solely to defray expenses of supervision and administration entailed by such transit. The rate of any such dues must correspond as nearly as possible to the expenses which they are intended to cover, and these dues must be imposed under the conditions of equality laid down above, subject to a possible reduction or even abolition of dues on certain rails, on account of differences in the cost of supervision.

“ On routes operated or administered by the State or under concession, the Contracting States undertake to apply to traffic in transit, whatever may be its place of departure or destination, tariffs which are reasonable, having regard to the conditions of traffic and considerations of commercial competition between routes. No charges, facilities or restrictions shall depend, directly or indirectly, on the nationality of the vessel or other means of transport on which any part of the complete journey has been or is to be accomplished.

“ In this manner freedom of transit is assured, but certain extensions, restrictions and explanations are nevertheless entailed, and these are set forth as follows :

“ No Contracting State is bound to afford transit for passengers whose admission into its territories is forbidden, or for goods of a kind of which the importation is prohibited on account either of public health or security, or as a precaution against diseases of animals or plants. Every Contracting State is likewise entitled to take reasonable precautions to ensure that such traffic, which is ostensibly transit traffic, is really transit traffic, and to prevent the safety of routes and means of communication being endangered ; as well as to protect itself against traffic in dangerous drugs, arms, etc., in accordance with Article 5 of the Statute.

“ Any measures of a general or particular character which a Contracting State may be obliged to take in case of an emergency affecting the safety of the State or the vital interests of the country may, in exceptional cases, and for as

short a period as possible, involve a deviation from the above provisions.

“ It is understood that the Convention does not of itself impose on any of the Contracting States a further obligation to grant freedom of transit to a non-Contracting State, except when a valid reason is shown for such transit by one of the other Contracting States concerned. It is likewise understood that the Convention does not prescribe the rights and duties of belligerents and neutrals in time of war. It shall, however, continue in force in time of war, so far as such rights and duties permit.

“ The coming into force of the Convention shall not abrogate treaties, conventions and agreements on questions of transit concluded before the 1st May, 1921. In consideration of such agreements being kept in force, the Contracting States undertake, either on the termination of the agreement or when circumstances permit, to introduce into any agreement so kept in force, which contravenes the provisions of the Convention, the modifications required to bring it into accord with such provisions, so far as geographical, economic and technical circumstances of the countries or areas concerned allow. Except when geographical, economic or technical circumstances justify exceptional deviations, the Contracting States further undertake not to conclude in future treaties, conventions or agreements which are inconsistent with the provisions of the Convention.

“ Any Contracting State which can establish a good case against the application of any provision of the Convention on some or all of its territory, on the ground of the grave economic situation arising out of the acts of devastation perpetrated on its soil during the war of 1914-1918, shall be deemed to be relieved temporarily of the obligations arising from the application of such provisions.

“ Lastly, the Convention does not entail in any way the withdrawal of facilities which are greater than those provided for in the Convention, which have been accorded to transit traffic under conditions consistent with its principles, nor

does it entail any prohibition of such grant of greater facilities in the future.

“ Disputes which may arise as to the interpretation or application of the Convention, and which are not settled directly between the parties themselves, shall be brought before the Permanent Court of International Justice, under a special agreement or a general arbitration provision. In order to settle such disputes, however, as far as possible in a friendly way, the Contracting States undertake, before resorting to any judicial proceedings, to submit such disputes for an opinion to the Advisory and Technical Organization of the League of Nations in matters concerning communications and transit.

II.—CONVENTION AND STATUTE ON THE RÉGIME OF NAVIGABLE WATERWAYS OF INTERNATIONAL CONCERN

“ The following are declared to be navigable waterways of international concern :

“ (a) All parts which are naturally navigable to and from the sea of a waterway which in its course, naturally navigable to and from the sea, separates or traverses different States, and also any part of any other waterway naturally navigable to and from the sea, which connects with the sea a waterway naturally navigable which separates or traverses different States. Any natural waterway or part of a natural waterway is termed “ naturally navigable ” if now used for ordinary commercial navigation, or capable, by reason of its natural conditions, of being so used.

“ In applying the definition, tributaries are to be considered as separate waterways.

“ (b) Waterways or parts of waterways, whether natural or artificial, expressly declared to be placed under the régime of the Convention, either in unilateral Acts of the States under whose sovereignty or authority they are situated, or in agreements made with the consent, in particular, of such States.

“ On the navigable waterways thus specified, each of the Contracting States shall accord the free exercise of navigation

to the vessels flying the flag of any one of the other Contracting States. In the exercise of such navigation, the nationals, property and flags of all the Contracting States shall be treated in all respects on a footing of perfect equality. No distinction shall be made between the nationals, the property and the flags of the different riparian States, including the riparian State exercising sovereignty or authority over the portion of the navigable waterway in question; similarly, no distinction shall be made between the nationals, the property and the flags of riparian and non-riparian States.

“ Nevertheless, every riparian State has the right of reserving for its own flag the transport of passengers and goods loaded at one port situated under its sovereignty or authority, and unloaded at another port also situated under its sovereignty or authority. A State which does not reserve the above-mentioned transport to its own flag may, nevertheless, refuse the benefit of equality of treatment with regard to such transport to a co-riparian which does reserve it.

“ Likewise, when a natural system of navigable waterways of international concern, which does not include waterways subject to the jurisdiction of an international Commission upon which non-riparian States are represented, separates or traverses two States only, the latter have the right to reserve to their flags by mutual agreement the transport of passengers and goods loaded at one port of this system and unloaded at another port of the same system, subject to certain reservations. On the navigable waterways of international concern situated under its sovereignty, each Contracting State maintains its existing rights in respect of general policing and application of laws and regulations relating to customs, public health, etc., in accordance with Article 6 of the Statute.

“ No dues of any kind may be levied anywhere on the course or at the mouth of a navigable waterway of international concern, other than dues in the nature of payment for services rendered, and intended solely to cover in an equitable manner the expenses of maintaining and improving the navigability

of the waterway and its approaches, or to meet expenditure incurred in the interests of navigation.

“ Transit on navigable waterways of international concern is regulated in accordance with the Statute on Freedom of Transit. In addition, the following special facilities are provided for :

“ Subject to the other provisions of the Statute, the nationals, property and flags of all the Contracting States shall, in all ports situated on a navigable waterway of international concern, enjoy, in all that concerns the use of the port, treatment equal to that accorded to the nationals, property and flag of the riparian State under whose sovereignty or authority the port is situated. In the application of customs of other analogous duties, local octroi or consumption duties, etc., no difference shall be made by reason of the flag. In the absence of special circumstances justifying an exception on the ground of economic necessities, the customs duties must not be higher than those levied on the other customs frontiers of the State interested, on goods of the same kind, source and destination. Each riparian State is bound to refrain from all measures likely to prejudice the navigability of the waterway, or to reduce the facilities for navigation, and to take as rapidly as possible all necessary steps for removing any obstacles and dangers to navigation which may arise. If such navigation necessitates regular upkeep of the waterway, the Convention lays down the reciprocal duties and obligations of the riparian States with a view to assuring this upkeep. The Convention likewise stipulates the conditions under which improvements are to be carried out where necessary. In the case of navigable waterways of international concern which fall under the jurisdiction of an International Commission, special provisions are applicable in respect of works.

“ In the absence of any provisions to the contrary contained in a special agreement or treaty, the administration of navigable waterways of international concern is exercised by each of the riparian States under whose sovereignty or authority the navigable waterway is situated. Each of these States

has the power and duty of publishing regulations for the navigation of the waterway, and of seeing to their execution. These regulations must be framed and applied in such a way as to facilitate the free exercise of navigation. Provision is also made for measures tending to make these regulations as far as possible uniform over the whole course of one and more navigable waterways. If, in virtue of special agreements or treaties, certain functions have been or shall hereafter be entrusted to an International Commission which includes representatives of States other than the riparian States, the minimum powers to be accorded in all cases to such Commissions are defined in the Statute.

“ The Convention does not prescribe the rights and duties of belligerents and neutrals in times of war. It shall, however, continue in force in time of war so far as such rights and duties permit. In the absence of any agreement to the contrary, the Convention has no reference to the navigation of vessels of war, or of vessels performing police or administrative functions, or in general exercising any kind of public authority.

“ In exceptional cases, when an emergency arises which affects the safety of a State or the vital interests of a country, a deviation may be made from the provisions of the Convention, it being understood that the principle of the freedom of navigation, and especially communication between the riparian States and the sea, must be maintained to the utmost possible extent.

“ The provisions of the Convention on Freedom of Transit relating to the grant of greater facilities or exemptions on the ground of the grave economic situation arising out of acts of devastation perpetrated during the war of 1914-1918, and also to the settlement of disputes, are likewise stipulated in the Convention of the International Régime of Navigable Waterways.

III.—RECOMMENDATIONS RELATIVE TO PORTS PLACED UNDER AN INTERNATIONAL RÉGIME

“ It is recommended that the following provisions should be applied to the ports or parts of ports, with or without free zones, which may be placed under an international régime, it being well understood that such a régime can only be applied in consequence of a special act involving the consent of the State under whose sovereignty or authority the said port is situated.

“ (a) General Provisions.—The nationals, property and flags of all nations shall enjoy complete freedom in the use of the port, on a footing of absolute equality. No distinction shall be made between the nationals, property and flags of the different States and those of the States under whose sovereignty or authority the port is situated. There shall be no restrictions other than those arising from stipulations concerning customs, police, public health, emigration or immigration, or the import or export of prohibited goods, whilst these stipulations must not impede traffic without good reason.

“ All charges shall be levied under the conditions of equality prescribed above, and shall be reasonable having regard to various expenses incurred.

“ All charges other than those imposed for the use of the port or of the approaches thereto, or of the facilities afforded in it, are prohibited.

“ In the absence of any special organization it shall be the duty of the State under whose sovereignty the port is situated, to remove as quickly as possible any danger or obstacle to navigation and to facilitate the operation of vessels in the port. The State may undertake all work for the upkeep and improvement of the port or its approaches, but shall be bound to suspend them if it is proved that they are calculated to prejudice the use of the port and of its approaches. It may also undertake works for territorial defence.

“ (b) Provisions applicable only to zones which are not free.—Customs, local octroi, or consumption duties imposed

on imports or exports through the port shall be levied without any differential treatment on account of the flag. In the absence of special circumstances justifying an exception on account of economic needs, the customs dues must not be higher than those imposed at the other customs frontiers of the State concerned.

“(c) Free zones.—With the exception of the duties imposed for the use of the port, and as a return for expenses incurred, the only due which may be levied in free zones is a statistical duty not exceeding 1 *per mille ad valorem*. The facilities granted for the erection or use of warehouses, as also for the packing and unpacking of goods, shall be in accordance with trade requirements for the time being. Persons, baggage and goods and also vessels, coaches and goods stock and other means of transport, proceeding from or to the free zone and crossing the territory of the State under whose sovereignty or authority the port is situated, shall be considered in transit across the said State, if proceeding from or to the territory of any other State.

“(d) Miscellaneous Provisions.—These stipulations do not affect the régime to be applied to national maritime coasting trade. Those provisions of the Convention on Freedom of Transit which relate to a period of war, as also those concerning the settlement of disputes arising between States, also apply to ports placed under an international régime.

IV.—RECOMMENDATIONS RELATIVE TO THE INTERNATIONAL RÉGIME OF RAILWAYS

“It is recommended :

“(a) That the various States should adopt all possible measures which will facilitate the international transport of goods, with special reference to : through transport on the basis, as far as possible, on a single waybill, subject throughout to the same obligations ; treatment of goods during the journey ; trans-shipment, when this operation cannot be avoided ; the form in which international tariffs are to be established, and the conditions of their application.

“(b) That the various States should adopt all possible measures which will facilitate the international transport of passengers and baggage under conditions of speed and comfort corresponding to the importance of each train service, special regard being paid to the question of the establishment of services with through-booking facilities without change of carriage, and to that of through-booking of baggage.

“(c) That the various States should take all possible measures which will permit and facilitate the reciprocal utilization and exchange of their rolling stock, as long as modifications in the essential characteristics of a railway system or of rolling stock are not involved.

“(d) That the transport facilities and tariffs shall not depend, under the same conditions, either on the nationality of the passengers, on the ownership or commercial origin of the goods, or on the flag or ownership of the vessels employed either before or after their transport by rail, etc. The foregoing provision does not preclude the establishment of different tariffs according as operations in respect of internal import, export or transit traffic are concerned. The question of combined rail and sea tariffs is not affected.

“Provision is further made for exchange of information, as also for deviation from the terms of the Convention in cases of any emergency affecting the safety of the State or the vital interests of the country.

ANNEX II

A.—AGREEMENTS

CONCLUDED AT PORTO ROSA, BETWEEN THE SEVEN SUCCESSION STATES OF THE FORMER AUSTRO-HUNGARIAN EMPIRE, FOR THE REGULATION OF INTERNATIONAL RAILWAY TRAFFIC

“In order to facilitate the international transport of passengers, baggage, and goods, the High Contracting Parties, pending the coming into force of a general European Convention, and without prejudice to the stipulations of that Convention, agree to the following provisions :

ARTICLE I

“ The Contracting Parties undertake to take all measures calculated to put an end to the special difficulties in the way of regular carriage of passengers and goods in Central Europe, and especially as regards international traffic on the railway systems of the Succession States.

“ In this connection, they undertake to open as soon as possible, and to maintain open to international traffic, without distinction as to the goods carried, all frontier stations which are of importance for such traffic and which are still closed.”

ARTICLE 2

“ In order to accelerate the crossing of frontiers and to simplify the formalities thereby entailed, all frontier services should, as far as circumstances permit, be concentrated in a common station.

“ In this connection, the Contracting Party in whose territory the common station is situated shall permit the other Contracting Party to establish a railway agency at that station.

“ The Contracting Parties agree that the regulations for the working of frontier stations shall be established as soon as possible by special agreements concluded in a spirit of mutual conciliation.”

ARTICLE 3

“ In cases in which traffic is stopped or limited by difficulties of operation, the administrations of the system affected by these difficulties should come to an agreement as soon as possible with the railway administrations of the other State concerned, as to the conditions under which traffic coming from, or destined for the territory of one of the Contracting Parties may be maintained.

“ The railway administrations should make every endeavour to prevent any interruption of traffic, and should, if necessary, apply for assistance to the railway administrations of the other Contracting Party concerned.

“ In cases in which the traffic in any country is restricted, reciprocal traffic between the Contracting States, and transit traffic coming from the territory of one of the Contracting Parties, should not be subject to restrictions more severe than those applied to national traffic or to transit traffic destined for the same country.”

ARTICLE 4

“ The Contracting Parties shall endeavour to meet the requirements of direct international traffic passing over their railway system, by establishing good connections both for passenger and for goods traffic and by affording each other, in so far as is possible, mutual aid and assistance.”

ARTICLE 5

“ The Contracting Parties undertake, without prejudice to existing conventions, to co-operate in the re-establishment of direct international passenger services, and in the establishment of new services corresponding to present traffic requirements, provided with suitable rolling stock and schedules and, where possible, with through carriages.”

ARTICLE 6

“ The Contracting Parties shall see to it that their railway administrations shall, as soon as possible, conclude agreements with regard to the establishment of through long-distance goods trains, and to the acceleration of certain traffic in whole wagons or groups of wagons, more particularly with a view to facilitating carriage of foodstuffs, live-stock, fuel, mineral oil and its derivatives.

“ The Contracting Parties shall request the railway administrations to give each other notice of large consignments to be carried on complete trains, and to agree together as to the best means of carrying such traffic.”

ARTICLE 7

“ Goods traffic by rail between the Contracting Parties shall be carried under the régime laid down by the International

Convention of October 14th, 1890, on Goods Traffic by Rail, with the modifications provided for in the supplementary Agreement of July 16th, 1895, and the additional Conventions of June 16th, 1898, and September 19th, 1906, and the supplementary uniform conditions and uniform Conventions drawn up by the International Transportation Committee.

“ Nevertheless, in view of the difficulties which still hinder certain kinds of traffic, provision may be made for certain exemptions from this Convention in any agreements which are concluded between the railway administrations.

“ Exceptions to the Berne Convention should only be admitted in these Agreements, submitted for ratification by the various Governments, for such period and within such limits as are absolutely necessary.

“ The Contracting Parties agree to recognize that it is highly desirable in the interests of commerce that such exceptions should not affect the responsibility of railways for loss, damage or delay in delivery.”

ARTICLE 8

“ Through rates for passenger, baggage and goods traffic between the territories of the Contracting Parties, and for traffic between their territories and those of a third State, passing through the territory of one of the Contracting Parties, should be provided for as soon as circumstances permit.

“ In the meantime, the Contracting Parties shall take measures to ensure that, as far as the exchange allows, through rates are provided as soon as possible for passenger traffic and for the most important classes of goods traffic, at least on the routes most employed, and that, as far as possible, steps should be taken to allow through rates for all traffic.”

ARTICLE 9

“ If the payment of transportation charges and other liabilities resulting from the Carriage Contract, and expressed in a foreign currency, is made in the national currency, the

rate of conversion will, in conformity with the present practice, be fixed by the receiving railway administration.

“ The rate of exchange adopted should not, however, serve as a means of competition in favour, or to the detriment of another line.”

ARTICLE IO

“ The Contracting Parties recognize that it is highly desirable that railway administrations should conclude an agreement regarding the settlement of accounts, and based upon the following principles :

“ (a) Mutual debts and liabilities resulting from the settlement of accounts of international traffic shall be converted, for clearance, into the currency of the country whose liabilities are the highest.

“ (b) Payments shall be made in this currency.

“ (c) Conversion shall be made upon the basis of the average rate of the Zurich exchange during the period in which the debts and liabilities are contracted.

“ (d) Measures shall be taken to provide against exchange fluctuations.”

ARTICLE II

“ In order to meet the special requirements of international railway traffic, and more especially to avoid loss of time, customs services at the frontier should be organized in such a manner as to allow the transit of goods across the frontier at any time in accordance with traffic requirements, avoiding unnecessary delay at the frontiers.

“ As regards passenger traffic, customs formalities should therefore be regulated so as to allow the examination of registered baggage, destined for a station in the interior possessing a Customs Office, to take place at that station. The examination of other registered baggage and of hand luggage should, if circumstances permit, be carried out on the trains.

“ As regards goods traffic, customs formalities should be regulated so as to avoid any unloading, verification or sealing

at the frontier of goods assigned to another Customs Office, on condition that the regular collection of customs duties is not compromised thereby.

“Without prejudice to greater facilities which may later be accorded, the Contracting Parties consider that the adoption of the regulations laid down in the annex is highly desirable.”

ARTICLE 12

“The present Agreements may be denounced by any one of the Contracting Parties by giving six months' notice.

“No such denunciation shall, however, be accepted until a year after the coming into force of the present Agreements.”

ARTICLE 13

“Any disputes between States regarding the interpretation or application of the present Agreements shall be settled in accordance with the procedure laid down for the settlement of disputes regarding the interpretation or application of the provisions of the Peace Treaties concerning communications and transit.

“The present Agreements shall be ratified as soon as possible.

“Each State shall forward its ratification to the Italian Government, which shall notify the other signatory States.

“The ratifications shall be deposited in the archives of the Italian Government.

“The present Agreements shall come into force, for each signatory State, from the date of deposit of its ratification, and the said State shall from that moment be bound by these Agreements in respect of other States whose ratifications have already been deposited.”

B.—REGULATIONS

FOR THE CUSTOMS SERVICE ON RAILWAYS, DRAWN UP AT
PORTO ROSA

I.—GOODS TRAFFIC

PARAGRAPH 1

“ Goods trains shall be allowed to cross customs boundaries at any time, including Sundays and holidays, by day or night, and customs operations should be performed under the same conditions. The arrival of every goods train from abroad should be notified, in conformity with the Customs Regulations, to the frontier Customs Office to which the documents prescribed by the Customs Regulations should, at the same time, be presented.”

PARAGRAPH 2

“ Railway administrations shall be required to notify Customs Offices located in stations and Customs Agencies (Railway Customs Offices) of the schedules of all trains crossing the frontier and trains connecting with these, as well as alterations in these schedules, at least eight days before they are put into operation.

“ The Railway Customs Offices shall also be informed, as soon as possible, of any considerable delays, of the cancelling of trains, and of the running of special trains, and light engines.”

PARAGRAPH 3

“ 1. Goods, the despatch of which has been regularly notified, and which are loaded in wagons duly sealed, and consigned, without trans-shipment, to a station in the interior of the country with a duly qualified Customs Office, need not be unloaded and examined at the frontier, and such packages need not be sealed.

“ 2. Goods loaded in wagons duly sealed passing over the territory of one of the Contracting Parties, without breaking bulk, to the territory of another Contracting Party, if duly notified as in transit, need not be unloaded and examined by the Customs at the frontier or within the country, and such packages need not be sealed.

“ 3. The putting into force of the provisions of Paragraphs 1 and 2 shall be subject to the condition that the railway administrations concerned shall be responsible for the arrival of wagons at the competent Customs Office, whether at the frontier or within the country, within the period laid down, and with seals intact.

“ 4. As a general rule, goods not subject to customs duties arriving at frontier Customs Offices in order to undergo customs formalities, need not be unloaded and weighed, if the customs formalities can be carried out without unloading. In determining the weight of goods the Customs Authorities shall in general accept as the weight of the truck the weight marked thereon.

“ 5. The foregoing exemptions from customs examination and sealing of packages shall be exceptionally applied even in the case of trans-shipment of goods (from one wagon to another) under customs supervision, without involving the necessity of carrying out the regular customs formalities, when the trans-shipment of goods is unavoidable by reason of any circumstance attributable to the railway.

“ 6. The facilities provided in this paragraph shall not be given in cases where there is reasonable ground to suspect fraud.”

PARAGRAPH 4

“ The Customs Administrations of all the Contracting Parties shall recognize as sufficient any affixing of customs seals by the administration of any one of the Contracting Parties, which they shall have ascertained to comply with the conditions prevailing within their own customs area for the affixing of seals to trucks which are to pass the Customs.”

2.—PASSENGER AND LUGGAGE TRAFFIC

PARAGRAPH 1

“ Passenger trains crossing frontiers shall enjoy the same facilities as regards days and times of crossing as those laid down for goods trains in Part 1.”

PARAGRAPH 2

“ At the time of crossing the customs boundary, passenger coaches shall contain only hand baggage.”

PARAGRAPH 3

“ Hand baggage and passengers' registered baggage shall in general undergo customs examination at the frontier Customs Office. Other facilities may, nevertheless, be granted to meet the needs of passenger traffic. In particular, efforts shall be made to take the necessary steps to have registered baggage examined at the Customs Office of the destination station. Customs Administrations shall also provide, as far as possible, for examination of passengers' baggage in the train, even on through trains or coaches.”

PARAGRAPH 4

“ Customs formalities in frontier stations should be carried through sufficiently rapidly for all baggage, especially baggage in transit, to continue the journey by the connecting train.”

PARAGRAPH 5

“ Fast or ordinary goods traffic carried on passenger trains shall be subject to the same conditions and formalities as similar goods carried on goods trains.

“ Notwithstanding, fast goods traffic or highly perishable goods which are carried on passenger trains shall be forwarded by the same accelerated procedure as baggage.”

APPENDIX VII

The following letter was addressed by the Pope to Cardinal Gasparri, Secretary of State :

“The Vatican,

“April 29th, 1922.

“Signor Cardinale,—Our intense desire to see the final establishment in the world of true peace, which consists principally in the reconciliation of hearts and not simply in the cessation of hostilities, causes us to follow with eagerness, not unmixed with anxiety, the course of the Conference at Genoa, for which we have already invited all faithful people to implore fervently the benediction of God. We cannot conceal, Signor Cardinale, our satisfaction at knowing that, by the good will of all, those obstacles are removed which seemed to make the possibility of any agreement very remote. No one can doubt that such a great council, which includes in itself the representatives of nearly all civilizations, will mark an epoch for Christian civilization, especially in Europe. The peoples who have suffered so much through the past conflict and its sad consequences naturally desire that as far as possible, through the agency of this Conference, the danger of new wars should be removed, and provision be made as quickly as possible for the economic restoration of Europe. By the fulfilment of these noble intentions, or by laying the foundation for a future and not distant fulfilment, the Conference of Genoa will have deserved well of humanity, which will owe to that event a new era in which it will be possible to say in the Biblical phrase that ‘Justice and Peace have kissed one another,’ charity not being divorced from the requirements of justice.

“Such a return to the normal state of society in its essential elements will be a consummate advantage to all, victors and

vanquished alike, but especially to those unhappy populations of Eastern Europe, which, having been already desolated by war, by intestine strife, by religious persecution, are now in addition decimated by famine and disease, though the vast resources which they embrace in their territories might contribute greatly to the social restoration of the world.

“ To these populations, although divided from our communion by unhappy events in the past, we, like our lamented predecessor, offer our expression of sympathy and comfort, together with the ardent prayer of our paternal heart that they may enjoy with us those same gifts of unity and of peace which spring from a common participation in the holy mysteries.

“ But if, to crown all disasters, the attempts at a real pacification and an enduring accord should fail in this Conference also, who can think, Signor Cardinale, without trembling, how much the condition of Europe, already painful and threatening, would be aggravated, with the prospect of even greater sufferings and the danger of conflagrations which would overturn all Christian civilizations; for St. Thomas well said (*‘ De Regimine Principum,’* i. 10), and experience confirms: *‘ Desperatio audaciter ad quælibet attentanda præcipitat? ’*

“ Thus it is that we, in the universal mission of charity entrusted to us by the Divine Redeemer, entreat all men to unite in furthering that common good which will result in the end in the greater and more enduring advantage of the individual peoples. But since this cannot be fully realized without the efficacious favour of that God who is, and ought to be recognized as, the Prime Author and Supreme Ruler of society—*‘ Rex regum et Dominus dominantium ’*—we exhort all Christian people once more to turn to Him, repeating on behalf of civil society the beautiful prayer we offered for the Church in Holy week: *‘ Deus Dominus Noster pacificare, adunare et custodire dignetur toto orbe terrarum, detque nobis quietam et tranquillam vitam degentibus glorificare Deum Patrem omnipotentem. ’*

“ Thus truly shall we attain that public prosperity which is the natural object of every civil society, and which the Church also promotes, directing humanity to its supernatural end: ‘ Ut sic transeamus per bona temporalia ut non amittamus æterna.’

“ While thus communicating our sentiments and prayers to the delegates, and through them to their respective Governments and peoples, we heartily extend to them the Apostolic benediction.

“ Pius P. P. XI.”

APPENDIX VIII

REPLY OF THE RUSSIAN DELEGATION TO THE MEMORANDUM OF MAY 2ND, 1922

Before examining the clauses of the Memorandum signed by a group of Powers and enclosed with the letter of M. Schanzer, President of the Political Sub-Commission, which was communicated to the Russian Delegation on May 2nd, the latter, to its great regret, feels compelled to observe that this Memorandum does not provide the equitable solution of the Russian problem which was hoped for, and that in certain respects it is less satisfactory than the conditions accorded to Russia by the Agreement of the Villa Albertis of 20th April, and even than the London Memorandum. At the same time, the contents of the Memorandum of May 2nd constitute a marked deviation from the lines laid down for the Genoa Conference by the Cannes decisions.

The Inviting States, in convening Russia to the present Conference at the same time as the other States, gave as the reason for the invitation "the necessity of remedying the paralysis of the European system." The means for the attainment of this object were to be the "economic reconstruction of Central and Eastern Europe." It was unanimously agreed that Russia was the State whose economic reconstruction was of the greatest importance for Europe and for the whole world.

In its first Memorandum, sent as a reply to the London Memorandum, the Russian Delegation had drawn the attention of the Conference to the fact that the problem of the reconstruction of Russia should be the basis of its work. The Russian Delegation declared its willingness to consider, in conjunction with the other Powers, this fundamental problem, the solution of which, by restoring to the industry of the world 140,000,000 consumers and an immense quantity of raw

material, would contribute towards the alleviation of the present crisis, the prevention of unemployment, and the relief of the misery due to the World War, the intervention and the blockade.

In compliance with the Cannes invitation the Russian Delegation came to Genoa with a number of schemes and proposals regarding the credits and loans required by Russia in exchange for real guarantees, and specifying the legal guarantees already embodied in Russian legislation, for the purpose of ensuring to foreign nationals desirous of bringing to Russia their technical knowledge and their capital, security for their property, rights and profits. It was the intention of the Russian Delegation to present a list of industrial, mining, agricultural and other concessions which it was desirous of according to foreigners.

Up to the present, however, this, the most important aspect of the Russian problem and of the economic problem of the world, has not even been touched upon.

The efforts of the Russian Delegates to bring this question before the Committee of Experts appointed to examine the Russian question were of no avail.

The Committee of Experts laid down, as a preliminary condition of any examination of these questions, the obligation on the part of Russia to agree to the repayment of State debts and private claims. This method was bound to frustrate the most important part of the work of the Conference. Instead of beginning by examining those aspects of the Russian problem which would give rise to least controversy, both the Committee of Experts and the Memorandum of May 2nd gave precedence to a question which, owing to its political and legal complexity, was bound to give rise to most animated discussions.

As a result of this initial mistake the problems of the future, which affect everyone, have been subordinated to the interests of the past, which affect only certain groups of foreigners. The statement that the recognition of the debts of former Russian Governments and of private claims is an essential condition for the co-operation of foreign capital in improving

the credit of the new Russia, is contradicted by the fact that many capitalists have begun to contribute towards the recovery of Russia without waiting for the settlement of the question of debts. Capital will not be attracted to Russia by any one solution of this question ; that will depend on the guarantees which the Russian Government can provide for the future and on the international consolidation of its position which will result from its *de jure* recognition.

Suspicion has been cast upon the attitude of the Russian Government towards future creditors owing to its reluctance to agree blindly to proposals of too onerous a nature ; this suspicion arises from interested motives.

The repudiation of the debts and obligations contracted under the old régime, which is held in abhorrence by the people, cannot in any way predetermine the attitude of Soviet Russia, the product of the revolution, towards those who may come forward with their capital and their technical knowledge to assist in her recovery. On the contrary, the fact that the Russian Delegation, in considering the question of the settlement of debts, pays most careful attention to the interests of the Russian people and to the economic possibilities of Russia, proves that it only desires to contract obligations which it is certain that Russia will be able to carry out.

It may be observed that more than one of the States present at the Genoa Conference has in the past repudiated debts and obligations which it had contracted, and that more than one has confiscated or sequestered the property of foreign nationals, as well as of its own nationals, without for that reason being exposed to the ostracism inflicted upon Soviet Russia.

It is difficult to explain the persistence with which certain Powers are endeavouring to exclude Russia from international economic and political intercourse, and to refuse her equality of treatment, by the mere fact that certain financial claims have not been met. If one reflects upon the cost of this attitude to the world at large, to the States which have adopted it, and to Russia herself, which, for nearly five years, has suffered from its disastrous consequences, it will seem scarcely credible that

the only interests involved are those of bond-holders, or of former holders of nationalized property. The discussions of the last few days, particularly on the question of the restitution of nationalized property to its former owners, show clearly that a purely material question has been complicated by the introduction of a political issue. The controversy which is being waged at Genoa on the Russian problem has a wider and deeper significance. The political and social reaction which in most countries followed the war is aiming at the complete triumph of capitalistic individualism through the defeat of Soviet Russia, which represents collectivist tendencies in the organization of Society. The Soviet Delegation has refused, and still refuses, to introduce political considerations of any kind into the negotiations in progress, but it cannot refrain from pointing out that this attempt to secure at Genoa the triumph of the programme of one party or of one social system is contrary to the letter and to the spirit of the first Cannes Resolution. If the work of the Conference is jeopardized, the responsibility will rest entirely with those Powers which are thwarting the general desire for agreement by placing the interests of certain social groups above the common interests of Europe.

EXAMINATION OF THE PREAMBLE OF THE MEMORANDUM OF MAY 2ND.

The Russian Delegation realizes that the preamble of the Memorandum of May 2nd seeks to justify the opinion that the prolonged economic isolation of Russia would be harmful to her alone, while the rest of Europe would always find means of escaping from its economic embarrassments. The object of this assertion is clear: Russia, which needs the co-operation of the other Powers for her economic restoration, must alone bear the sacrifices which that co-operation entails.

This assertion is contrary to public opinion, which, as shown by the expressed views of competent judges and by the repeated manifestations of the working masses, insists that Russia cannot be replaced and that her absence from the world's

market causes a dislocation for which there is no remedy. Russia's place can be filled by no other country. The isolation of Russia leads to political consequences which are no less disastrous than its economic consequences. The safety of Europe and the peace of the world require that this abnormal state of affairs should be brought to an end. As long as Russia remains in a kind of economic and political quarantine, certain States which are near or distant neighbours of Russia will be encouraged by this provisional state of affairs to embark on military enterprises and, by arrogating to themselves the functions of a "police force of European civilization," will seek to trouble the peace of the world and to seize the territory and riches of Russia and of the other Soviet Republics. The solution of the Russian problem will not, therefore, be brought a day nearer unless the Powers assembled at Genoa fully realize that the sacrifices which they require of Russia must find their counterpart in similar sacrifices on their side.

In its letter addressed to Mr. Lloyd George on April 20th the Russian Delegation made important concessions, but at the same time raised the question of the credits and loans to be granted to the Russian Government. At the first meeting of the Committee of Experts the Russian Delegation requested the members of that Committee to undertake the detailed examination of this question. The Committee, however, as has already been noted, rejected the proposal. This question, which is so important for Russia, remains unanswered in the Memorandum of May 2nd. Instead of specifying the credits to be granted to the Russian Government, the preamble of the Memorandum merely enumerates the credits which the various Governments are prepared to grant to those of their nationals who desire to trade with Russia. This question, however interesting it may be for the private traders of other countries, has nothing to do with the question raised by the Russian Delegation. Moreover, private traders and manufacturers themselves could not make use of the credits to the desired extent if the financial resources necessary for restoring the productive forces of the country were not assured to the

Russian Government ; and this restoration is an indispensable condition of commercial relations of any importance between Russia and other States. If the Russian Government has not financial resources or credits for restoring industry and agriculture, for renewing means of transport and for establishing a currency with a stable exchange value by stopping the issue of constantly depreciating paper roubles, it will be practically impossible to realize any substantial volume of trade with foreign countries. Furthermore, measures designed to achieve the restoration of Russia can only be carried into effect by the Government itself, and in accordance with a pre-arranged plan. It was the intention of the Russian Delegation to submit to the Conference a scheme on these lines, drawn up by qualified scientific and industrial experts.

EXAMINATION OF CLAUSE I

A.—PROHIBITION OF SUBVERSIVE PROPAGANDA

The Russian Delegation notes with some surprise a striking contrast in the Memorandum of May 2nd. Whereas, in the main part of the Memorandum, which deals with the restoration of Russia, no exact proposals are put forward, but only general considerations, the question of the settlement of State debts and of private claims is dealt with in the form of a definite Agreement, in which an attempt has been made to provide for the smallest details.

The Russian Delegation is no less surprised to find that political clauses, which have never yet been mentioned in the discussions of the Russian Delegation with the other Delegations, have been included in this financial Agreement at the head of all the other clauses.

From among the Cannes Resolutions, which were of a political character and which, moreover, were accepted by the Russian Government, the Memorandum singles out one provision, the fifth, concerning subversive propaganda, and gives it a new meaning, by transforming it into a unilateral obligation for Russia. The Russian Government has more than once proved that the really subversive propaganda,

carried on by means of the organization and despatch of armed bands, has been the work of certain countries which are the neighbours of Russia and which have actually signed the Memorandum.

By an extension of the meaning of this Resolution the Memorandum requires that Russia shall "suppress all attempts in its territory to assist revolutionary movements in other States." If, by this phrase, the Memorandum means prohibiting the activity of political parties or of workers' organizations, the Russian Delegation cannot agree to such prohibition, except in cases where the activity in question is contrary to the laws of the country.

In the same clause the Memorandum requires Russia to "refrain from any action which might disturb the territorial and political *status quo* in other States." The Russian Delegation regards this proposal as a veiled attempt to make Russia recognize the treaties concluded by other States. Russia is prepared, at the proper moment, to discuss this political question with the Powers concerned.

Another political question which has been imported without relevance into the Memorandum is that of the relations between Rumania and Russia, provided for in Clause 13. As this question forms part of the general body of political, territorial and other questions in dispute between Russia and Rumania, it cannot be considered apart from them.

B.—RE-ESTABLISHMENT OF PEACE IN ASIA MINOR

The Russian Delegation is particularly surprised to observe that allusion is made in the Memorandum to the question of peace in Asia Minor. This is the more surprising, seeing that Turkey was excluded from the Conference of Genoa in spite of Russia's proposal that she should be invited. The presence of Turkey at the Conference would, as a matter of fact, have greatly contributed to the re-establishment of peace in Asia Minor. Russia also, in view of her friendly relations with Turkey, would have contributed to the achievement of the object in view.

The strict neutrality which the Memorandum of May 2nd demands from Russia in the war which is being waged on Turkish territory cannot differ from that imposed upon all the Powers by International Law and International Conventions.

FINANCIAL CLAUSES

With regard to the other clauses of the Memorandum the Russian Delegation must point out that the claims which they contain are as a whole based upon the changes consequent upon the Russian Revolution.

It is not for the Russian Delegation to defend that great movement of the Russian people before an Assembly of Powers, many of which have experienced more than one revolution in the course of their history; but the Russian Delegation feels obliged to recall the principle that revolutions, which constitute a violent break with the past, give rise to new legal standards in the external and internal relations of States. Governments and administrations created by revolutions are not bound to respect the obligations of the Governments which have been overthrown. The French Convention, from which modern France claims direct descent, proclaimed, on September 22nd, 1792, that "the sovereignty of peoples is not bound by the treaties of tyrants." In conformity with this declaration, revolutionary France not only destroyed the political treaties entered into with foreign countries under the old régime, but also repudiated her National Debt. She only consented to pay one-third of it, and that for motives of political expediency. This was the "Tiers consolidé," the interest upon which was not regularly paid until the beginning of the nineteenth century.

This procedure, exalted into a doctrine by eminent legal experts, has been almost universally followed by Governments created by revolutions or by wars of liberation.

The United States repudiated the treaties of their predecessors, England and Spain.

Moreover, the Governments of the victorious countries, during the war, and, above all, at the time of the conclusion

of the Peace Treaty, did not hesitate to seize property belonging to nationals of the vanquished countries, situated in their territory, and even in foreign territory.

In conformity with these precedents, Russia cannot be forced to assume any responsibility towards foreign Powers and their nationals for the cancellation of national debts, and for the nationalization of private property.

Another point of law may be submitted. Is the Russian Government responsible for damage caused by the civil war to foreign property, rights and interests, beyond such damage as was caused by the action of the Government in cancelling debts and nationalizing property? Here, again, legal tradition is in favour of the Russian Government. The Revolution, which, like all great popular movements, was an enforcement of the will of the majority, does not admit any obligation to indemnify those who suffered by it. When the Tsarist Government was asked by foreign nationals, supported by their Governments, to compensate them for the losses which they had suffered during the revolutionary disturbances of 1905 to 1906, it rejected their claims, basing its rejection on the fact that, since it had not granted compensations to its own subjects for similar losses, it could not place foreigners in a privileged position in this respect.

THE CANNES CONDITIONS

From a legal point of view Russia is, therefore, in no way bound to pay debts contracted in the past, to restore property or compensate its former owners, or to pay indemnities for other losses occasioned to foreign subjects, either by the legislation established by Russia in the exercise of her sovereignty, or by the events of the Revolution. Nevertheless, in a spirit of conciliation, and in the hope of reaching an agreement with all the Powers, Russia has accepted the principle contained in the third of the Cannes Conditions, under reserve of reciprocity. Such reciprocity—that is to say, the obligation of all Governments to compensate for losses occasioned by their action or negligence—has already been

established by the official interpretation of the third of the Cannes Conditions, which was referred to in the first Russian Memorandum.

The war debts, having been incurred for a specific purpose, were automatically cancelled by the fact that Russia, having retired from the war and having had no share in its advantages, could not be expected to share its cost. With this exception, the Russian Delegation has expressed its readiness to agree to the payment of State debts, on condition that the losses caused to Russia by intervention and blockade are recognized.

In law, the Russian counterclaims are far more justified than the claims of foreign Powers and their nationals. Tradition and practice both lay down that the responsibility for losses caused by intervention and blockade should be borne by the Governments which were the authors of these measures. It will be sufficient to recall the decision of the Court of Arbitration of Geneva on September 14th, 1872, by which Great Britain was condemned to pay the United States fifteen and a half million dollars for losses caused by the privateer *Alabama*, which, during the Civil War between the Northern and Southern States, had assisted the latter.

The campaign of intervention and blockade carried on by the Allies and Neutrals against Russia constituted official acts of war. The documents published in Annex II. of the first Russian Memorandum proved clearly that the chiefs of the counter-revolutionary armies were such only in appearance, and that the real commanders of these armies were the foreign generals despatched specially for that purpose by certain Powers. These Powers not only took part directly in the Civil War, but were the actual authors of it.

In its desire to obtain a practical agreement, however, the Russian Delegation, following on the conversations which took place at the Villa de Albertis, decided to pursue a policy of liberal concessions, and expressed its readiness to abandon its counter-claims on certain conditions, and to assume the obligations of the Governments which have been overthrown

in exchange for a series of concessions on the part of the Powers ; the most important of which is the placing at the disposal of the Russian Government of real credits to an amount fixed in advance. Unfortunately, this condition has not been fulfilled. The Memorandum says nothing of the credits which the signatories are definitely and finally prepared to grant to the Russian Government ; moreover, the credits which they undertake to grant to their own subjects for the purpose of trading with Russia are purely optional.

Similarly, the Memorandum raises again in its entirety the question of war debts, the cancellation of which was one of the conditions on which Russia was willing to abandon her counter-claims. The Memorandum also raises the question of the moratorium and the cancellation of interest on pre-war debts, referring the final decision on this question to an arbitral tribunal, instead of deciding it in the Agreement itself. This again is contrary to the provisions of the London Memorandum.

In so doing, the signatories of the Memorandum release themselves from their obligations, and recognize that the opposite party is equally released. In this way, the laborious negotiations which led to the Agreement of the Villa de Albertis have been rendered vain. The Russian Delegation has no desire to fix the responsibility for this on any particular Power ; but, in any case, Russia is not to blame.

The negotiations have been rendered still more difficult by the persistent attempt of certain States to impose on Russia, in Article VII., obligations inconsistent with her social system and with Article I. of the Cannes Resolutions.

PRIVATE PROPERTY (CLAUSE 7)

Clause 7 begins with an admirable preamble recognizing the sovereign right of Russia to regulate within her own territory as she thinks fit her system of ownership, economy and government, but the operative part of the clause is in flagrant contradiction to its preamble. The sovereignty of the Russian State becomes the sport of chance. It may be

impaired by the decisions of the Mixed Arbitral Tribunal consisting of four foreigners and one Russian, which will decide, in the last resort, whether the property of foreigners should be reinstated, restored or compensated.

On this question the Russian Delegation must point out that, in the consideration of disputes of this kind, the particular points of disagreement will inevitably lead to the pitting, one against the other, of two forms of ownership, the conflict between which has assumed to-day for the first time in history a real and practical importance. In these circumstances there cannot be an impartial supreme arbiter, and, under the provisions of Clause 7, the part of supreme arbiter would inevitably be taken by one of the interested parties. This would necessarily lead to the intervention of foreigners in the internal affairs of Russia, and would in practice do away with the inviolability of the system of ownership existing in Russia, which is recognized at the beginning of Clause 7.

Moreover, the Russian Delegation can see nothing of any practical importance in Clause 7. Its inclusion in the Memorandum of May 2nd can only be explained as the result of a desire to satisfy certain class or party resentments, rather than of any adequate knowledge of the state of affairs in Russia. Apart from the perpetual conflicts between claimants and the Russian Government, and between the latter and foreign Powers, to which this clause will give rise, Clause 7, so far from creating that mutual tolerance between the Soviet régime and the capitalist régime which is the condition of any fruitful co-operation, will only embitter the relations of these two systems. Foreigners coming to Russia, not as the result of an amicable agreement with the Russian Government, or for the purpose of working under the protection of the Russian laws, but by virtue of the decision of a Mixed Arbitral Tribunal, would soon be conscious of a general feeling of hostility against them.

In order to make it possible for the former owners of nationalized property to apply their technical knowledge and

their capital in the economic restoration of Russia for their own profit, the Russian Government has, on its side, recognized their preferential right in all cases in which their former property is the subject of a concession, either in the form of a lease or in the form of a mixed partnership between State and foreign capital, or in any other form providing for the participation of foreigners.

The Russian Delegation also notes that the States concerned, reserving all their solicitude for a small group of foreign capitalists, and maintaining on theoretical points a quite inexplicably uncompromising attitude, have sacrificed a large number of foreign capitalists who are desirous of profiting by the facilities and guarantees afforded them by the Russian Government to enable them to return and resume work in Russia. They have also sacrificed the interests of the numerous small holders of Russian bonds, and small foreign proprietors whose property has been nationalized or sequestered, whom the Russian Government intended to include amongst the claimants whose claims it recognized as just and equitable. The Russian Delegation cannot refrain from expressing its surprise that the Powers, such as France, whose nationals include the majority of the small Russian bondholders, should have insisted most strongly upon the necessity of restoring property, thus subordinating the interests of small holders of Russian bonds to those of certain groups which demand the restoration of property.

CONCLUSIONS AND PROPOSALS

The Russian Government sent its representatives to the Genoa Conference in the hope of concluding there an agreement with other States which, without affecting the social and political régime established as a result of the Revolution and of the successful repulse of the attempts at intervention, would lead not to an aggravation but to an improvement of the economic and financial situation of Russia, and would at the same time pave the way for an improvement in the economic situation of Europe.

But the achievement of this end presupposed the willingness of the foreign Powers which had organized armed intervention in Russia, to cease employing towards Russia the tone of victor to vanquished, since Russia was not vanquished. A common agreement could only have been reached if the tone adopted had been that of States negotiating on a footing of equality. Russia is ready to consent to substantial concessions to foreign Powers in order to ensure the success of the negotiations, but only on condition that equivalent concessions will be made by the other contracting party in favour of the Russian people. The Russian masses cannot be a party to an agreement in which the concessions made are not balanced by real advantages.

Another solution suggested by the difficulties of the situation would be the reciprocal cancellation of claims and counter-claims arising out of past relations between Russia and the other Powers. But even in the event of such a solution the Russian Government fully intends to respect the interests of small bondholders.

If, nevertheless, the Powers desire to find a solution of the financial difference between themselves and Russia, it is suggested that since this question requires a most exhaustive examination of the nature and the scope of the claims presented to Russia, and a more precise estimate of the credits available for her, the work might be entrusted to a mixed committee of experts appointed by the Conference. This Committee would begin work at a date and in a place to be fixed by agreement.

The Russian Delegation observes that the chief obstacle which the Conference has met up to the present time is the fact that all the Powers are not yet sufficiently imbued with the idea of reciprocity referred to above. At the same time, the Delegation cannot but emphasize the fact that the negotiations which have taken place have paved the way for a closer understanding between Soviet Russia and foreign Powers. The Russian Delegation considers that the divergencies of view which have arisen in the discussion of the financial

differences between Russia and foreign Powers should not constitute an obstacle to the settlement of other problems which affect all countries alike, and, in particular, those problems which concern the economic recovery of Europe and Russia, and the establishment of peace—problems which can and must be settled here at Genoa. Russia has come to the Conference in a spirit of conciliation, and still cherishes the hope that her efforts will be crowned with success.

APPENDIX IX

REPORT OF THE ECONOMIC COMMISSION

INTRODUCTION

The Third Commission, appointed to consider the proposals of an economic character, met for the first time on April 13th, 1922. On the motion of the Italian delegate, M. Maurice Colrat, French delegate, was elected to the chair.

After deciding to base its labours on the joint report of the London Experts, the Commission appointed two Sub-Commissions. The First Sub-Commission, under the chairmanship of M. Colrat, examined Articles 41 to 53 of the London Report. The Second Sub-Commission, under the chairmanship of M. J. H. Ricard, French expert, examined Articles 54 to 57 of the Report. A technical Committee presided over by M. Fagnot, French expert, was entrusted by the First Sub-Commission with the consideration of questions relating to Labour. The First Sub-Commission held seventeen meetings, from April 14th to May 5th, and the Second Sub-Commission eight meetings from April 14th to 27th.

The Commission considered the reports of the two Sub-Commissions at two Plenary meetings on April 28th and on May 5th, and approved the following recommendations, which are submitted to the Conference for adoption.

CHAPTER I

CUSTOMS TARIFFS ; CUSTOMS RESTRICTIONS ; TREATIES AND CONVENTIONS

ARTICLE I

In order that the economic reconstruction of Europe may proceed with the necessary assurance of rapidity and security, it is desirable :

(1) That the territorial adjustments consequent on the world war should change as little as possible the normal channels of trade ;

That, accordingly, the States resulting from these adjustments, or which have acquired ceded territory, should set themselves to take, in the full exercise of their sovereignty, all legal and administrative measures for this purpose, and to proceed in case of need to come to arrangements or agree upon recommendations such, for example, as those of Porto Rosa.

(2) That, in order to assure to all the countries of Europe the possibility of returning to the normal exchange of goods and to the prosperity resulting therefrom, security should be given to international commerce by all States, that imports and exports will not be subjected to the grave inconveniences caused by instability in administrative and legal measures.

A. CUSTOMS TARIFFS

ARTICLE 2

All Customs tariffs should be published ; such publication should be accompanied by a clear and precise indication in regard to each category of goods of all the duties collected by the Customs authorities which are leviable on the importation or exportation of the goods concerned. In giving this indication, Customs duties should be distinguished from other charges collected by the Customs authorities at the time of importation or exportation, in such a manner as to show clearly and exactly in the case of each kind or category of goods the total amount payable upon each unit of measure forming the basis of taxation.

Efforts should be made to render comparable so far as possible the nomenclature of Customs tariffs, and to assimilate it to commercial terminology.

It is desirable that common principles should be adopted generally for economic statistics.

ARTICLE 3

The tariffs should be made so far as possible applicable over substantial periods of time, and changes in rates and in Customs regulations should be made as rarely as possible, and duly published.

Countries are invited to consider the possibility of taking the necessary steps to allow goods accompanied by direct bills of lading, proving that the said goods were despatched before the date of the publication of any new tariff, to benefit by the application of the old rate of duty, other than goods already warehoused in the country of destination.

The practice of frequent modification for the purpose of economic warfare should be entirely abandoned.

ARTICLE 4

The right of States must be recognized to dispose freely of their natural resources, and to reserve to themselves, by all appropriate means, their output of raw materials, where this appears to be insufficient in quantity to meet the consumption of the national industry, or to be threatened with a deficit owing to the increased demand from foreign countries resulting from exceptional financial or economic conditions.

On the other hand, if the output of raw materials is considerably in excess of the needs of the country of origin, it is desirable that their exportation should not be subjected to conditions putting foreign users in a markedly inferior position.

To this end, no export duty should be maintained or established upon raw materials, the output of which exceeds home needs, except duties of a purely fiscal character which, on account of this very character, should not exceed a low percentage of the value of the product, although they may vary according to the country and the nature of the product.

While the principles above cited should be adopted so far and so soon as possible, it is recognized that certain States cannot, having regard to the exceptional conditions in which

they find themselves, put them into practice so long as these circumstances exist.

Subject to treaties and agreements, export duties should not vary according to the foreign country of destination.*

ARTICLE 5

Subject to the existing Treaties and Agreements with regard thereto, the régime applied by each of the States to the merchandise of the other States, whether imported or exported, should not depend in any case upon the flag of the vessel in which the goods are carried, or upon the nationality of its owner.

B. IMPORT AND EXPORT PROHIBITIONS

ARTICLE 6

Whatever may be the importance of the reasons of an economic or financial character which certain States allege, in the exceptional circumstances in which they find themselves, as justifying the maintenance or institution of import or export prohibitions or restrictions, it is agreed that these measures constitute at the present time one of the gravest obstacles to international trade.

In consequence, it is desirable that no effort should be spared to reduce them as soon as possible to the smallest number.

ARTICLE 7

Certain exceptions to this rule must be anticipated, notably in the case of goods subject to a monopoly, or for the purpose of providing for national necessities, the safeguarding of public health, morals or security, or the protection of animals and plants from pests and diseases.

But the restriction of imports or exports by means of a system of prohibitions subject to licences, for whatever reason it may be established, interferes to such an extent with international trade that its inconveniences should be reduced as much as possible by arrangements which will permit traders

* Spanish reserve regarding the whole Article.

to ascertain easily and in advance the conditions under which licences can be obtained.

ARTICLE 8

It is accordingly agreed that, if licences are granted, the conditions under which they can be obtained should be publicly announced and clearly stated; that the licensing system should be as simple and unvarying as possible, and that every arrangement should be made to secure that applications for licences addressed to the authorities or organizations which are declared to be competent for the purpose should be dealt with rapidly.

C. TREATIES AND CONVENTIONS

ARTICLE 9

The Conference recalls the principle of the equitable treatment of commerce set out in Article 23 of the Covenant of the League of Nations, and earnestly recommends that commercial relations should be resumed upon the basis of commercial treaties resting on the one hand upon the system of reciprocity adapted to special circumstances, and containing on the other hand, so far as possible, the most-favoured-nation clause.*

NOTE 1.—The majority of the countries represented on the Commission, while recognizing the temporary difficulties which may preclude the general adoption of the most-favoured-nation treatment, declare that this is the goal at which they should aim.†

NOTE 2.—The majority of the States also declare that it is desirable that the States should not bind themselves in any commercial treaties which they may make either among themselves or with other States, by any stipulation which would prevent the extension to other States of reductions of Customs duties or Customs facilities accorded by one to another.

* Spanish reserve regarding the whole Article and Notes.

† French reserve regarding Note 1.

ARTICLE 10

Where the admission or transit of goods of any description into any country or the duties leviable thereon are dependent on the fulfilment of particular technical conditions with regard, for instance, to their constitution, their purity, their district of origin, or their sanitary condition, it is desirable that the Governments should make with each other and put into operation arrangements providing for the acceptance, in accordance with rules and principles mutually agreed, of certificates issued by competent scientific institutions, or recognized authorities or bodies in the country of origin of the goods.

D. GENERAL PROVISIONS

ARTICLE 11

The questions relating to dumping and differential prices being among those which concern most closely the equitable treatment of commerce, it is desirable that the League of Nations should undertake at an early date an inquiry on the subject.

ARTICLE 12

The League of Nations, in collaboration with the other competent organizations, such as the International Institute of Agriculture, established by international convention, is invited to facilitate the carrying into effect of Articles 2 and 8 by all the means which are at its disposal, or which are furnished by the States represented at the Conference.

ARTICLE 13

It is desirable that all the Governments concerned should inform the League of Nations without delay of all modifications introduced in their Customs tariffs and in their regulations relating to import or export prohibitions or restrictions.

CHAPTER II

COMMERCIAL ARBITRATION

ARTICLE 14

It is desirable that the inquiries now being made by the League of Nations, as to the best means of safeguarding the validity of voluntary agreements to refer to arbitration disputes arising out of commercial contracts, should be continued.

CHAPTER III

TREATMENT OF FOREIGNERS IN THE CONDUCT OF BUSINESS

ARTICLE 15

Without prejudice to existing Treaties or Agreements, or to further conventions which it is desirable should be concluded in regard to the treatment of foreigners, it is recognized that, in order to facilitate economic relations between different countries, persons, firms or companies, whether commercial, industrial, financial or insurance, should not be subjected, in the event of their exercising their industry or trade or other occupation abroad, to taxes or impositions of any kind which place them in a less favourable position than nationals. National treatment should therefore be the rule in fiscal matters, save in exceptional cases which can only be justified by the necessities of the public interest, and such exceptions from national treatment should be applicable to all foreigners, whether persons, firms or companies, commercial, industrial, financial or insurance, without distinction of nationality.*

The provisions above indicated should similarly be applied in the case of persons, firms or companies, commercial, industrial, financial or insurance, established in a foreign country in accordance with the laws of the country.

It is further necessary, that the taxes and impositions

* Rumanian reserve regarding the last sentence of the paragraph.

referred to in the two preceding paragraphs should be strictly limited to that part of the capital effectively engaged within the country in which they are levied, and to those operations only which are undertaken in that country.*

It is recognized that double taxation should be avoided by agreements between nations, the principles of which may suitably be elucidated by the examination of the matter which is being undertaken by the League of Nations.

The Italian Delegation draw attention in this connection to the draft Convention prepared at Rome on the 6th April, 1922, by Italy and the other Succession States of Austria-Hungary, and it is recognized that this constitutes a first initiative in the international regulation of this question. (See Annex.)

ARTICLE 16

It is desirable that, in the matter of passport visa regulations, all countries should apply as soon and as widely as possible the recommendations and resolutions of the International Conference on Passports, Customs Formalities and Through Tickets, held at Paris in October, 1920, under the auspices of the Provisional Committee on Communications and Transit of the League of Nations.

Among these resolutions the most urgent are the following :

(a) The abolition of the visa for exit.

(b) In general all entrance visas to be valid for one year. The validity of a transit visa to be the same as the period of the validity of the visa of the country of destination.

(c) The maximum fees charged for visas to be :

Entrance visa.....10 francs gold

Transit visa..... 1 franc gold

NOTE.—It is desirable that the Governments concerned should consider the possibility of a considerable reduction in the case of emigrants.

(d) The transit visa, unless for exceptional reasons (e.g. undesirables), to be issued without inquiry solely upon

* Spanish reserve regarding the first three paragraphs of the Article.

production of the entrance visa for the country of destination, in addition to transit visas for the intermediate countries.

It is further desirable that all States should adopt the recommendations of the Conference above referred to concerning the suppression of the examination of registered luggage in transit, and of travellers and securities in transit, and that States with a common frontier should come as far as possible to arrangements to facilitate Customs examinations in accordance with the proposals of the Conference.

CHAPTER IV

PROTECTION OF INDUSTRIAL, LITERARY AND ARTISTIC PROPERTY

ARTICLE 17

It is desirable that all European States which have not already adhered to the International Convention of Paris of the 20th March, 1883, as revised at Washington in 1911, for the protection of industrial property, and to the International Convention of Berne of the 9th September, 1886, revised at Berlin on the 13th November, 1908, and completed by the additional protocol signed at Berne on the 20th March, 1914, for the protection of literary and artistic work, should adhere to these Conventions, and should take the necessary steps for this purpose as soon as possible.

ARTICLE 18

Pending the adhesion referred to in Article 17, every European State in which foreign industrial, literary and artistic property is not now protected undertakes to give effective protection to such property on condition of reciprocity. Without prejudice to the treaties and agreements which regulate the question for the present and for the future, each State shall recognize, restore and protect all rights in such property belonging to the nationals of other States which would now be in force in its territory, but for any exceptional legislative or administrative action taken in consequence of war or

revolution between the 1st August, 1914, and the present date.

NOTE.—In the opinion of some of the experts, it is highly desirable that any European State which is not already a party thereto should adhere to the arrangement signed at Madrid on the 14th April, 1891, for the suppression of false indications of origin.

CHAPTER V AGRICULTURE

ARTICLE 19

Agriculture being from the economic and social point of view an essential factor in the reconstruction of Europe, it is desirable that the States should encourage in every way the development of agricultural production.

ARTICLE 20

It is further desirable that the States should give special attention to the labours of the International Institute of Agriculture, and that, in development of the practice of the international agricultural congresses, the agricultural representatives both of the Government and of the industry of the various countries concerned should meet in international conference to agree upon the measures to be recommended to their respective Governments.

CHAPTER VI

LABOUR

ARTICLE 21

The economic reconstruction of Europe requires intensified production, which depends essentially on labour.

The greatest importance should be attached to the assistance which the workers, men and women of the whole world, and their associations are willing and able to give, in association with other elements of production, to the economic restoration of Europe.

In order to obtain the fullest effort on the part of the workers, and in order to avoid regrettable competition between nations, the attention of all States is drawn to the importance of the Conventions and Recommendations adopted by the International Labour Conferences, it being understood that each State reserves its right with regard to the ratification of any one or more of the Conventions.

ARTICLE 22

The present economic crisis, which affects not only production but also the consuming capacity of the people, weighs heavily on the workers, both morally and materially.

While it may be true that measures of economic reconstruction are alone capable of remedying this crisis, direct measures to deal with the resulting unemployment appear to be none the less efficacious for ensuring sustained effort and efficiency on the part of the workers.

ARTICLE 23

In consequence, and in addition to any arrangements providing insurance or assistance against unemployment, the following measures are recommended :

(a) The systematic distribution of all the labour available by the national organization of employment agencies and by the international co-ordination, by means of agreements between the countries concerned, of such agencies (emigration and immigration).

(b) In countries in which conditions permit, the placing in agriculture of as large a number as possible of such of the unemployed in industry as are capable of being employed in agricultural work.

(c) The systematic allocation of public contracts with reference to the occurrence of unemployment and to the trades and districts affected, so far as may be consistent with the general interest.

(d) Development of public works in aid of unemployment provided that they are useful and productive.

ARTICLE 24

In order to accelerate the effects of the measures set out in Article 23 :

1. It is recommended that all States which are members of the International Labour Organization should ratify the Convention relating to unemployment adopted by the Washington Conference, and that all the States should take into consideration the measures against unemployment envisaged by that Conference.

2. It is suggested that the International Labour Office should collect and publish periodically all information available on the experience gained by the different countries in dealing with unemployment.

3. It is further recommended that all the States should co-operate in the inquiry relating to unemployment, decided upon by the International Labour Conference of 1921.

ADDITIONAL ARTICLE RELATING TO EXTRA-
EUROPEAN COUNTRIES

The recommendations presented by the Economic Commission will be transmitted by the convening States and by all the invited European States to their respective Governments.

Having regard to the fact that all the principles voted by the Genoa Conference are an assurance, not only of the restoration of Europe, but also of the equitable treatment of commerce throughout the world, the Economic Commission, while recognizing the conditions peculiar to overseas countries, would highly appreciate it if the delegates of the invited extra-European States would be good enough to submit for the consideration of their Governments the principles voted by the Conference, and desires that all other extra-European countries should accept the same principles.

ANNEX

CONVENTION TO PREVENT DOUBLE TAXATION

(between Italy and the other Austrian Succession States,
April 6th, 1922)

ARTICLE 1

Taxation on income derived from immovable property may be levied only by the State in which such immovable property is situated, even if it belongs to a national of another contracting State.

ARTICLE 2

Taxes on income derived from the use of capital, and taxes on annuities, shall be levied by the State in which the recipient is domiciled, and, in the case of an encumbrance, by the State in which the immovable property is situated. For the purposes of this article the principal place of business of the tax-payer shall be deemed to be his domicile.

In the case of interest on securities issued by the State, provinces, municipalities, or other corporations duly constituted in conformity with the internal legislation of the Contracting States, or on securities issued by Joint Stock Companies, Banks, and other credit institutions, the tax shall be levied by the State in which the body in question is situated.

The provision contained in the foregoing paragraph shall apply also to the taxation of interest on savings bank deposits or deposits on current accounts in banks and other credit institutions. If the institution has its headquarters in one of the Contracting States and branches in one or more of the other Contracting States, the part of the interest payable by the branches shall be taxed by the State in which the latter are situated.

ARTICLE 3

Taxes on earned income, including income derived from the exercise of a liberal profession, shall be levied by the State in whose territory the work from which the income is derived is done.

In the case of salaries, allowances, pensions, wages, and other remuneration paid by the State, provinces, municipalities, and other public corporations duly constituted in conformity with the internal legislation of the Contracting States, the tax shall be levied by the State in which the body in question is situated.

ARTICLE 4

Taxes on income derived from an industry or business of any kind shall be levied by the State in whose territory the industry or business in question has its headquarters, even when its operations extend to the territory of another Contracting State.

If the business has its headquarters in one of the Contracting States, and if it has in another Contracting State a branch, affiliated company, establishment, or permanent commercial agency, or representative, each of the Contracting States shall tax that part of the income which is produced in its own territory. For this purpose, the financial authorities of the States concerned may require the tax-payer to produce general balance sheets, special balance sheets, and any other document required by legislation.

ARTICLE 5

Taxes on Directors' fees which exist or may be introduced in the Contracting States shall, in the absence of special agreements, be levied according to the internal legislation of each State.

ARTICLE 6

Taxation on the whole of the income of the tax-payer shall be levied by each of the Contracting States according to the following regulations :

1. The same regulations as laid down for such income by the preceding Articles shall apply to income derived from :

- (a) Immovable property,
- (b) Mortgages and liens,
- (c) Industry or commerce,
- (d) Work.

2. In the case of any other kind of income, taxation shall be levied in the State in which the tax-payer has his residence.

For the purposes of the present provision, residence shall be deemed to be the place where the tax-payer has an habitual domicile in circumstances which justify the supposition that he intends to retain it.

When the tax-payer has two or more residences, the income above mentioned shall, in the absence of special conventions to the contrary, be divided proportionately to the length of his residence in each of the Contracting States.

In the absence of any residence in the sense above defined, the dwelling-place alone may be made the basis of taxation.

ARTICLE 7

A tax on capital, collected once only, may be levied by each of the Contracting States on the part of the property of the tax-payer which is in the territory of that State.

In the case of property consisting of :

- (a) Immovable property,
- (b) Mortgages and liens,
- (c) Industry or commerce,

location in the territory of one of the Contracting States shall, for the purpose of the application of the tax on capital, be determined by the principles adopted in the foregoing Articles regarding the taxation of income derived from such property.

The treatment of capital (including registered and bearer securities) other than that covered by (b) of the foregoing paragraph, shall be governed by special agreements to be

concluded between the Contracting States. In the absence of such agreements, each of the Contracting States shall apply its internal legislation.

ARTICLE 8

If the tax-payer has property abroad situate in the territory of another Contracting State and acquired after the date determining the application of the tax on capital in that State, such property shall, in the absence of proof to the contrary, be presumed to have been acquired with the proceeds of property liable to the tax on capital in the State to which the tax-payer belongs.

ARTICLE 9

The regulations contained in Article 7 of the present Convention in regard to a tax on capital collected once only, shall apply also to a tax on capital of a permanent character which exists or may subsequently be introduced in any of the Contracting States.

ARTICLE 10

If it is proved that the action of the financial authorities of the different States has resulted in the levying of double taxation on the tax-payer, the latter may appeal to the State to which he belongs. If his appeal is allowed, the State in question may in the interest of the tax-payer demand through diplomatic channels that the financial authorities of the States which have levied the taxation in question shall agree on some equitable arrangement for avoiding double taxation.

ARTICLE 11

The agreements established by the present Convention shall in no way prejudice the provisions concerning taxation contained in the Treaties of St. Germain and Trianon, nor any separate Conventions which have been or may be concluded between the High Contracting Parties.

ARTICLE 12

The High Contracting Parties undertake to render each other mutual assistance for the purpose of facilitating the application and collection of direct taxation.

A separate Convention shall be concluded fixing the regulations governing such assistance.

ARTICLE 13

The present Convention shall come into force :

1. In the case of the tax on Capital, on the day on which the law relating to such tax comes into force in each of the Contracting States.

2. In the case of the taxes referred to in Articles 1 to 6, as from 1st January, 1923, as regards taxation for the year 1923 and subsequent years.

ARTICLE 14

The present Convention shall be ratified as soon as possible. Each State shall forward its ratification to the Italian Government, which shall notify all the other signatory States.

The ratifications shall be deposited in the archives of the Italian Government.

The present Convention shall be binding reciprocally on the Contracting States which have ratified it, and it shall not be necessary to await ratifications by all the other Contracting States.

Each of the High Contracting Parties may denounce the present Convention in respect of one or more of the Contracting States for the following calendar year, by giving notice eight months in advance.

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